



The impact of our research

Annual Report 2017



THE UNIVERSITY OF
AUCKLAND
Te Whare Wānanga o Tamaki Makaurau
NEW ZEALAND

The impact of our research



content

Overview

Chancellor's review 4

Vice-Chancellor's report 6

Key facts and figures 8

University governance 12

Academic performance

Why our research matters 18

Faculties, Institutes, UniServices 22

Statement of service performance

Statement of service performance 30

Statement of costs of outputs 41

Compulsory student services fees 41

Financial statements

Statement of responsibility 44

Statement of comprehensive income 45

Statement of financial position 47

Statement of cash flows 48

Statement of changes in equity 50

Notes to the financial statements 52

Report of the Auditor General 87

Statement of resources 90

Glossary 91

Chancellor's review

As I complete my first year as Chancellor, I reflect on the real joy of being associated with an institution like the University of Auckland. Most obvious, perhaps, is the Chancellor's role of presiding over 17 graduation ceremonies in which some 10,000 mostly young people and their families celebrate their very real achievements. The degrees and diplomas that our graduates leave the University with will enhance their own careers and lives but also the lives of their families. And those impacts will continue through generations, particularly in families that have not previously been able to benefit from the university experience. For that reason, one of the particular highlights for me has been my association with the Tertiary Foundation Certificate programme through which the University provides the opportunity for over 200 second-chance learners each year to begin their remarkable university journey.

As I have noted in my graduation addresses, the ability of a university like ours to deliver significant benefits to the community depends on our achieving three things, all of which are reflected in our strategy:

- Attracting students of high academic potential and giving them an outstanding academic and extracurricular experience
- Attracting, developing and retaining outstanding staff

- Creating the kind of academic environment and facilities that support and encourage excellence.

Despite having the highest entry standards in the country (or perhaps because of it) we continue to attract strong demand from outstanding students. This year, some 58 percent of our commencing domestic students entered the University with a grade point equivalent greater than 5, compared to just 35 percent seven years ago. Meanwhile, demand from international students – who have available to them a vast array of options – continues to accelerate, with numbers being up by 497 equivalent full-time students (12%) compared to last year.

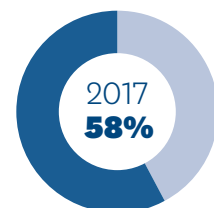
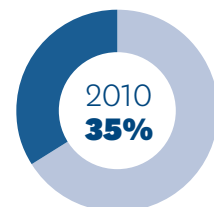
The outstanding quality of our staff was again recognised through a range of awards and honours. For example:


- Distinguished Professor Richard Faull KNZM (Centre for Brain Research) was knighted for his services to medical research.
- Professor Peter Gilling CNZM (Medicine), Mr Geoff Whitcher CNZM (Business School), Associate Professor Rob Jacobs MNZM (Optometry) and Dr Jacquie Bay MNZM (Liggins Institute) were also recipients of New Zealand Honours.
- Associate Professor Jay Marlowe (Counselling, Human Services & Social Work)

won a National Tertiary Teaching Excellence Award.

- Distinguished Professor Jane Harding (Liggins Institute) won the Norman J Siegel New Member Outstanding Science Award from the American Pediatric Society.
- Associate Professor Selina Tusitala Marsh (Humanities) was named New Zealand's Poet Laureate for 2017-2019.

Proportion of our commencing students with a grade point equivalent greater than or equal to five





Despite having the highest entry standards in the country
(or perhaps because of it) we continue to attract strong
demand from outstanding students

- Professor Peter Shepherd (Medical Science) won the Royal Society of New Zealand (RSNZ) Callaghan Medal for developing activities to increase the understanding of science by the New Zealand public.
- Professor Cris Shore (Social Sciences) was awarded the RSNZ Mason Durie Medal for his contributions to political anthropology and the study of organisations, governance and power.
- Professor Tracey McIntosh (Māori Studies and Pacific Studies) received the RSNZ Te Rangī Hīroa Medal for advancing our understanding of enduring social injustices that undermine Māori wellbeing and inhibit social cohesion and meaningful cultural diversity in Aotearoa.
- Professor Alistair Gunn (Medical Science) was awarded the Beaven Medal by the Health Research Council of New Zealand for pioneering the use of mild cooling to treat babies with brain injuries at birth.
- Dr Aroha Harris (Humanities) and Dr Danny Osborne (Psychology) were awarded the inaugural RSNZ Te Apārangī Early Career Researcher Awards in Humanities and Social Sciences respectively
- Dr Matire Harwood was awarded a fellowship in the L'Oréal UNESCO For Women in Science programme for her research into health inequities between indigenous and non-

indigenous people.

Many of our staff and students are achieving outstanding results but it is becoming increasingly difficult to provide them with the support they need. As we have clearly demonstrated, the University of Auckland has a level of income per student about 25 percent lower (on an equivalent purchasing power basis) than that of the Australian Group of Eight universities. Our University campaign "For All Our Futures" has so far been stunningly successful, raising over \$230 million towards our \$300 million target. The generosity of our more than 4,000 donors has provided what Sir Richard Faull accurately describes as "dream money", the resources that will help our staff and students to do special things. But donors cannot be expected to support the basic functioning of a university and in that regard we, like other New Zealand universities, continue to suffer from a low level of public investment.

I am sometimes asked why the University invests so heavily in its buildings and associated facilities. The answer is that we have, in common with all New Zealand universities, many heritage buildings and the need to cope with a high level of deferred maintenance, as well as meeting the requirements for seismic strengthening and removal of asbestos. More particularly,

if we do not provide facilities of international quality to our students and staff then we will not retain them. For that reason, the University Council has continued to support a major programme of campus development. During 2017, we opened a new 343-bed hall of residence for postgraduate students (with support from Canadian philanthropist John McCall MacBain) and the refurbished Alfred Nathan House, now home to several of our student support activities. We commenced work on the new Engineering Building 405, our largest investment ever, and we began planning for several significant new facilities. These will support the move of Population Health and the clinics to Grafton; create new homes for Biological Sciences, the Auckland Bioengineering Institute and the Design programme; and provide further high-quality residential facilities for our undergraduate students.

Together, they represent a real expression of confidence in the long-term future of our University and its contributions to New Zealand and the world.

Scott St John
Chancellor

Vice-Chancellor's report

As the largest public tertiary institution in the country, the University of Auckland has the advantages of scale and diversity. Yet despite those advantages, we too are coming under pressure as staffing and building-related costs rise and domestic revenues remain tightly regulated. We see that pressure reflected in tighter budgets and less flexibility. It might also make us wonder how the smaller institutions (which have as little as two percent of our turnover) are coping.

In 2017, our operating surplus of 3.3 percent was marginally above target. The result was impacted by a number of one off expense and revenue items. At \$1,147 million, total revenue was ahead of the 2016 actuals by \$54 million. This was, in broad terms, a consequence of growth in revenues from international students and public-good research but a more constrained environment for domestic students and private good research.

Total domestic equivalent full-time students (EFTS) were 28,567, which was down on both the 2017 target (28,887) and the 2016 actual (28,855). This reflected national demographic shifts, changes in course preferences, lower than targeted student retention rates and a very competitive market. However, the rate of decline has slowed, and most of this year's drop is a consequence of the lower "pipeline"

of domestic students from previous years. The trend of declining EFTS in the Arts and Creative Arts has been arrested to some degree, but falling enrolments in Education and Social Work remain of concern. This is particularly so in initial teacher education programmes, where a sustained decline in enrolments is part of a national trend.

We clearly have a crisis in the compulsory education sector – particularly for teachers in the sciences and mathematics – and one that will be felt most keenly by students from disadvantaged communities, where the shortage of specialist science and maths teachers is most acute. It seems clear that graduates in these disciplines have many career options available to them that are more attractive than teaching. Given the unwillingness of successive governments to offer science and mathematics teachers competitive salaries, the problem is unlikely to be resolved in the near future. We are therefore developing the "STEM Online NZ" programme, which will offer online NCEA-based modules to support both teachers and students, particularly in subject areas for which there are teacher shortages.

The proportion of high-achieving domestic students (grade point equivalent greater than or equal to 5) entering the University

remained high at 58 percent, up an astonishing 23 percentage points from 2010. Proportions of both Māori and Pacific students remained similar to those of recent years. International student enrolments were up considerably on 2016 (4,514 versus 4,013 EFTS) and up on budget by 306 EFTS. This continues the recent trend in which international enrolments have increased even as domestic enrolments have declined. While in a revenue sense this is a welcome trend (since international student fees are not constrained by government), we do have to think carefully about the appropriate balance of domestic and international students in a New Zealand public university.

Across the whole student body, the rate of satisfaction with the overall University experience, both academic and extra-curricular, was an impressive 95 per cent. The high quality of our academic offerings is reflected in the fact that, in the 2017 QS subject rankings, we ranked first in New Zealand in 37 of the 40 subjects we teach, with 16 subjects ranked in the top 50 in the world (out of 4,300 institutions assessed).

Postgraduate completions were ahead or on budget. Both completions of taught masters (960 versus 820) and doctorates (435 versus 417) were ahead of budget. Research masters completions (762 versus 762) were on budget.

The change in research masters completions is in part a consequence of the increasing trend for students in some disciplines to proceed directly to the doctoral programme from an honours degree. Thus while doctoral completions were up on the 2016 figures, research masters completions were down.

At nearly \$252 million, research and contract revenues were up by \$9 million on 2016. It has clearly become challenging for researchers to generate external research funding in a national environment that is highly competitive and characterised by very low success rates relative to those in comparable university systems overseas. Thus, during 2017, we spent considerable time reorganising our research support systems so as to enhance the ability of our researchers to write successful grant applications and manage a larger portfolio of research projects. Under the new arrangements, all of the “business development” engagement with funding agencies (public and private, national and international) will be led by Auckland UniServices Ltd. The company will also continue to commercialise intellectual property generated by our researchers and to manage our research-related technology transfer and business units. A single Research Operations Centre will provide financial management and reporting services to all those involved in research within the University/UniServices. An additional 40 specialist support staff, twice the present number, will be employed in the faculties and Large Scale Research Institutes. Our hope is that this enhanced level of specialist support will allow our researchers to further

increase their already outstanding level of research performance.

The University’s “For All Our Futures” campaign is also providing wonderful support to our researchers and to our students. The campaign seeks to focus our attention on the major questions of relevance to New Zealand and the world that a comprehensive research university such as ours can help to answer. By the end of 2017, the campaign had generated some \$230 million, a significant step forward in our quest to raise the campaign target of \$300 million. More importantly, the support of our more than 4,000 donors is allowing our staff and students to achieve successes in research and teaching that would simply not otherwise be possible. So too our extensive capital programme, which the Chancellor has already commented on, and which is critical to our future if we are to be a university of genuinely international standing.

Finally, of course, 2017 was marked by the election of a new government. For the last nine years, National-led governments focused on supporting modest increases in the number of domestic students attending university and controlling the costs to students by limiting the ability of universities to increase tuition fees. They did little to support enhanced quality in

our universities. Now, despite the fact that New Zealand has a very high level of investment in student support while our universities have one of the lowest levels of income per student in the western world, the balance of investment will shift even more strongly in favour of lowering the cost to students. The new government’s policy of providing domestic tertiary students with a year of free study will cost about \$2.5 billion over five years. It has been claimed that this policy will significantly increase the number of students from deprived backgrounds (including some Māori and Pacific students) who are able to gain a tertiary qualification. That seems highly unlikely. In our experience, these students are precluded from entering university primarily because of their lack of achievement in the compulsory school sector, particularly in the sciences and mathematics. Reducing the cost of study for the large numbers of middle class students who already attend university will do nothing to address that problem and it will do nothing to improve the quality of the institutions themselves. That seems like a huge missed opportunity.

Stuart McCutcheon
Vice-Chancellor

RANKED #1

IN NEW ZEALAND

in 37 of the 40 subjects we teach



TOP 50

IN THE WORLD

for 16 of our subjects

In the 2017 QS subject rankings, we ranked first in New Zealand in 37 of the 40 subjects we teach, with 16 subjects ranked in the top 50 in the world



Key facts & figures

Note: figures on these pages are rounded

5,358

Full-Time Equivalent Staff (FTE)

2,232

Academic

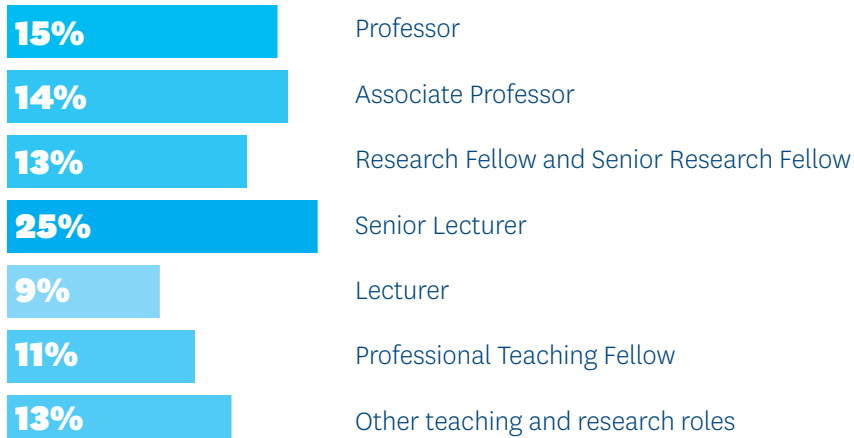
3,126

Professional

FTE (Staff)	2015	2016	2017
Academic	2,183	2,209	2,232
Professional	2,892	3,041	3,126
Total	5,075	5,250	5,358

Gender (FTE Staff)	2015	2016	2017
Male	2,786	2,898	2,978
Female	2,287	2,348	2,374
Not provided	2	4	6
Total	5,075	5,250	5,358

Academic staff by position (FTE)



33,366

Equivalent Full-Time Students (EFTS)



	2015	2016	2017
EFTS	33,489	33,118	33,366



18,168

Male

24,134

Female

Workload (headcount of students)	2015	2016	2017
Full-time	26,899	26,478	26,632
Part-time	15,201	15,388	15,670
Total	42,100	41,866	42,302

Ethnicity (headcount of students)	2015	2016	2017
European	16,771	16,095	15,587
Māori	3,183	3,183	3,116
Pacific	3,582	3,609	3,620
Asian	16,219	16,683	17,607
Middle Eastern, Latin American and African	1,349	1,389	1,460
Other	996	907	912
Total	42,100	41,866	42,302

Age group (headcount of students)	2015	2016	2017
18 or less	2,032	2,042	1,950
19 - 20	11,649	11,566	11,510
21 - 23	13,576	13,645	13,993
24 - 29	7,402	7,363	7,590
30 - 39	4,031	4,028	4,126
40+	3,410	3,222	3,133
Total	42,100	41,866	42,302

Student enrolment by qualification (EFTS)	2015	2016	2017
Doctoral	1,997	2,031	2,133
Masters	2,095	2,262	2,546
Bachelor Honours	710	664	656
Postgraduate/ Certificate Diploma	2,046	2,061	1,949
Bachelors	25,127	24,685	24,645
Undergraduate Diploma/Certificate	1,496	1,400	1,425
Total	33,472	33,103	33,353

Note: EFTS from formal qualifications only are included.

18.2 Student:Academic staff ratio

EFTS : AFTE (Academic full-time equivalents)



18.2 EFTS

1 AFTE

Undergraduate enrolment (EFTS)	2015	2016	2017
Arts	4,767	4,526	4,376
Business and Economics	4,798	4,895	4,867
Creative Arts and Industries	1,205	1,135	1,119
Education	1,845	1,630	1,539
Engineering	2,286	2,288	2,429
Law	1,250	1,270	1,260
Medical and Health Sciences	2,993	3,020	3,086
Science	6,233	6,112	6,151
University Programmes	377	374	370
Total	25,754	25,250	25,197

Note: Only formal enrolments are included; adult and community education enrolments are excluded

Postgraduate enrolment (EFTS)	2015	2016	2017
Arts	756	718	719
Auckland Bioengineering Institute	81	81	79
Business and Economics	832	836	961
Creative Arts and Industries	476	527	574
Education	1,170	1,131	1,056
Engineering	1,237	1,249	1,374
Law	123	155	150
Liggins Institute	33	36	38
Medical and Health Sciences	1,495	1,567	1,590
Science	1,514	1,552	1,615
Total	7,717	7,851	8,156

Note: The award of conjoint degrees is recognised in each awarding faculty.

Completions by qualification	2015	2016	2017
Doctoral	377	365	435
Masters	1,551	1,511	1,669
Bachelor Honours	630	660	486
Postgraduate Diploma/Certificate	2,154	2,476	2,267
Bachelors	5,277	5,656	5,798
Undergraduate Diploma/Certificate	636	623	635
Total	10,625	11,291	11,290

Qualifications awarded by faculty	2015	2016	2017
Arts	2,082	2,064	1,949
Auckland Bioengineering Institute	12	7	20
Business and Economics	2,010	1,965	2,120
Creative Arts and Industries	451	615	456
Education	1,230	1,165	1,169
Engineering	978	947	1,157
Law	367	381	425
Medical and Health Sciences	1,868	2,260	2,139
Science	2,049	2,349	2,348
University Programmes	199	209	206
Total	11,246	11,962	11,989



International students (headcount)	2015	2016	2017
China	2,740	3,021	3,382
United States	563	558	620
Malaysia	433	485	520
India	291	319	465
Korea, Republic of	296	248	245
Indonesia	132	145	169
Iran (Islamic Republic Of)	133	133	136
Hong Kong	130	143	135
Japan	123	126	129
United Kingdom	118	121	115
Others	1,392	1,384	1,510
Total	6,351	6,683	7,426

University governance

The University of Auckland was founded in 1883 as a constituent college of the University of New Zealand. Under the University of Auckland Act 1961 the college became an autonomous university. The University is currently administered under the 1961 Act and the Education Act 1989 and its amendments.

University autonomy and academic freedom

The Education Act 1989 gives statutory protection to the institutional autonomy of the University and the academic freedom of its staff and students. The Act also binds

the Council, the Vice-Chancellor, Ministers and agencies of the Crown to act in all respects so as to preserve and enhance University autonomy and academic freedom.

University leadership: the Council

The University's governing body is the Council, which comprises: elected staff and students; a member appointed to advise on Māori issues; a member appointed from the alumni; Council appointees; and Ministerial appointees. The Vice-Chancellor is also a member of Council. Council is chaired by the Chancellor, who is a lay member of Council. Under the Education Act 1989, Council has the following functions:

- Appoint a chief executive
- Carry out long-term planning for the University
- Adopt the Investment Plan
- Ensure that the institution is managed in accordance with the Investment Plan
- Determine the policies of the institution in relation to the carrying out of the Investment Plan and, subject to the State Sector Act 1988, the management of its affairs.

2017 Council



From top left: Elected by academic staff: Associate Professor Alex Sims; elected by professional staff: Catherine Dunphy; appointed by relevant Minister: Michael Daniell, Andrew Ferrier, Peter Kiely, Sir Ralph Norris.

From bottom left: Ex officio: Vice-Chancellor Professor Stuart McCutcheon; elected by students: Will Matthews; appointed to advise on Māori issues: Associate Professor Amokura Kawharu; alumna, Cecilia Tarrant; to provide skills specified by Council, Jan Dawson, Scott St John.

The University's statutory role

In carrying out its functions, and particularly when considering the University's Investment Plan, Council is guided by the statutory characteristics of universities, which are defined in the Education Act 1989.

- They [universities] are primarily concerned with more advanced learning, the principal aim being to develop intellectual independence.
- Their research and teaching are closely interdependent and most of their teaching is done by people who are active in advancing knowledge.
- They meet international standards of research and teaching.
- They are a repository of knowledge and expertise.
- They accept a role as critic and conscience of society.

A university [according to the Act] is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates and assists the application of knowledge, develops intellectual independence and promotes community learning.

Responsibilities of Council

Council is required, when performing its functions, to fulfil various duties. These include:

- Striving to ensure that the University attains the highest standards of excellence in education, training and research
- Acknowledging the principles of the Treaty of Waitangi
- Encouraging the greatest possible participation of the communities served by the University, especially by under-represented groups
- Ensuring that the University does not discriminate unfairly against any person
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources.

The Vice-Chancellor

The Education Act 1989 entrusts the Chief Executive Officer (Vice-Chancellor) with the management of the academic and administrative matters of the University. The Vice-Chancellor is the employer of all staff. The Vice-Chancellor is supported by a Senior Leadership Team comprising:

- The Deputy Vice-Chancellors (Academic), (Research), (Strategic Engagement) and (Operations)
- The Pro Vice-Chancellors (Equity) and (Māori)
- The Deans
- The Directors of Human Resources, Planning, Finance, Property Services, ITS and the University Librarian
- The Chief Executive of Auckland UniServices Limited
- The Chair of the University Budget Committee.

The Senate

On academic matters, Council is bound to consult the Senate, which the Vice-Chancellor chairs. This body includes all the professors, and representatives of sub-professorial and professional staff and of students. The Senate takes advice from the Education and Research Committees and from a number of other committees. Council has delegated to Senate the following responsibilities and functions:

- Making recommendations or reports to Council
- Furthering and coordinating the work of faculties and departments, the University Library and Auckland University Press
- Encouraging scholarship and research
- Appointing standing committees as required
- Delegating authority to its committees.

As a delegate of Council, the Senate operates as a committee of Council.

The faculties

Each faculty is headed by a Dean who is responsible for management of the teaching, research and administrative activities of that particular faculty. Each faculty has established its own structure of academic governance. Deans have primary financial responsibility for their faculty. Every year, faculties are required to prepare an annual plan and an annual report that provides detail of planned activities and achievements. Faculties develop strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will move the University, collectively, towards its goals.

Governance documents

The Charter

The Charter is a high-level governance document which incorporates the mission, purpose, values and character of the University of Auckland. The Charter is no longer required by the Education Act. The University Council,

however, determined that the Charter is of benefit as a guiding document to the University and has endorsed its retention. The Charter mission and values have been incorporated in the Strategic Plan.

The Strategic Plan 2013-2020

The Strategic Plan is the key document in the University's cycle of planning, delivery and accountability. The Strategic Plan articulates the University's vision and strategic direction for the period of the Plan. The objectives contained within the Plan form the basis for annual planning and resource allocation as faculties, large scale research institutes and service divisions consider how they can best use resources to maximise progress towards the higher performance and international standing sought by the University.

The University's annual performance is measured against the Plan objectives, and progress each year is reported in the Annual Report's Statement of Service Performance.

Capital Plan and Financial Projections

The Long-Term Academic and Capital Plan sets out the priority strategic initiatives of faculties and service divisions and identifies the investment required to support these initiatives and to maintain University infrastructure and faculties. The property capital expenditure programme is reviewed by senior management with specific project approvals sought from Council. Faculty capital requirements are established subject to an annual Asset Management Plan. The Information Technology spending programme is established subject to the Digital Strategy, and the Library Committee oversees the University Library's capital expenditure allocation. A projection of the University's financial performance and position over ten years is prepared periodically. Projections of operating income and expenditure are combined with the capital requirements determined in the Capital Plan to establish an overall projection of the University's financial position and financing requirements over a ten-year period.

Council committees

Audit and Risk Committee

Risk management and audit activities are overseen by the Audit and Risk Committee.

The principal task of the Audit and Risk Committee is to ensure that all financial statements released to the public, stakeholders, lenders or any regulatory body comply with accounting standards, and are true and fair. The Committee reviews the effectiveness of internal controls and risk mitigators in the University and the way in which they are applied.

The committee also oversees the relationship with the University's external auditors. Ernst & Young has been appointed as the University's current external auditor by the Office of the Auditor-General. The Audit and Risk Committee receives regular reports on any matters that arise in connection with the performance of the external audit.

Health and Safety monitoring and internal audits are an integral aspect of the University's risk management framework. PricewaterhouseCoopers is contracted to provide internal audit support.

Capital Expenditure Committee

The Capital Expenditure Committee is responsible for considering all capital expenditure proposals over \$2.5 million, with a particular focus on the contribution each proposal would make to achievement of Strategic Plan objectives, and the financial sustainability of each proposal.

Equity Leadership Committee

The Equity Leadership Committee, chaired by the Pro Vice-Chancellor (Equity), provides strategic equity leadership and advises Council, via Senate, and the Vice-Chancellor on fulfilling statutory and compliance obligations, including under the State Sector Act 1988 and the Education Act 1989. Committee membership comprises a range of senior academic and professional staff, student representatives and representatives of the Equity Community of Interest.

The Equity Leadership Committee, Equity Office and Equity Community of Interest contribute to the University of Auckland being a safe, inclusive and equitable place to study and work. Equity leadership enhances the University's reputation and helps attract, retain and support talented people to succeed and contribute to New Zealand's social and economic wellbeing.

Finance Committee

The purpose of the Finance Committee is to monitor the finances of the University so as to satisfy Council that they are managed in a way that:

- Maintains solvency at all times
- Minimises the risk of external intervention in the affairs of the University
- Promotes achievement of the University's annual budget, mission and strategic objectives.

The Finance Committee supports the Council in carrying out its duty under s.181(e) of the Education Act 1989 to "ensure that the institution operates in a financially responsible manner that ensures the efficient use of

resources and maintains the institution's long-term viability".

The committee is responsible for reporting and recommending to Council matters concerning:

- Approval of major financial decisions
- Financial policy and regulatory matters
- Financial strategy and planning
- The financial position and performance of the University
- Any other matter that Council or the Vice-Chancellor may refer to the committee.

Rūnanga

The Rūnanga is a committee of Senate and Council, constituted as a Committee of Council and chaired by the Pro Vice-Chancellor (Māori).

The Rūnanga has five primary roles:

- To advise Council on the appropriateness of relevant sections of the Charter, Strategic Plan and Council policies in terms of the University's aspirations to partner with Māori and support Māori development
- To advise Council on the progress and achievements of the University towards its strategic objectives for Māori
- To advise management on operational matters relevant to the delivery on strategic objectives for Māori
- To consider and advise appropriate Senate committees, and through them Council, on academic matters that have direct relevance to Māori curriculum content, delivery and research
- To provide to Council and senior management other advice as may be requested from time to time.

The Rūnanga reports to Council through Senate.

Ethical and safety standards

The University of Auckland maintains high standards of safety and integrity for research and teaching involving animals and humans. The following three committees report directly to Council.

Animal Ethics Committee

The Animal Ethics Committee ensures that the protocols for use of animals in research and teaching are of the highest ethical standard in accordance with legislative requirements. The committee reviews proposals and undertakes ongoing monitoring of the use of animals in accordance with the University's Code of Ethical Conduct, approved by the Ministry of Primary Industries under the Animal Welfare Act.

Biological Safety Committee

The Biological Safety Committee assesses applications for the use of genetically modified organisms in the University, in accordance with the delegation by Environmental Protection Authority (EPA), in order to identify all potential risks to people including researchers and the community, and the environment. Applications are determined in accordance with the Hazardous Substances and New Organisms (HSNO) Act and any relevant supporting protocols issued by EPA. In addition, the Biological Safety Committee monitors ongoing work within the University and makes recommendations on containment issues as appropriate. The committee has a system for consultation with Māori.

Human Participants Ethics Committee

The Human Participants Ethics Committee reviews proposed research and teaching projects that involve human subjects, other than projects that require approval from a New Zealand Health and Disability Ethics Committee, to ensure compliance with the highest ethical standards. In addition, this committee provides advice and assistance to Council and the University community with respect to ethical standards and issues involving human subjects.

Other committees reporting to Council:

[Discipline](#)

[Student Appeals](#)

[University Honours](#)

[Vice-Chancellor's Review](#)

Health, Safety and Wellbeing

The University Health, Safety and Wellbeing Committee, chaired by the Vice-Chancellor, is a forum of nominated and elected management and staff representatives that enables staff, unions and students to communicate to management issues of interest and concern related to health and safety, and to encourage staff participation in the ongoing maintenance and improvement of a safe and healthy environment. The committee reports to the Audit & Risk Committee.

Business details

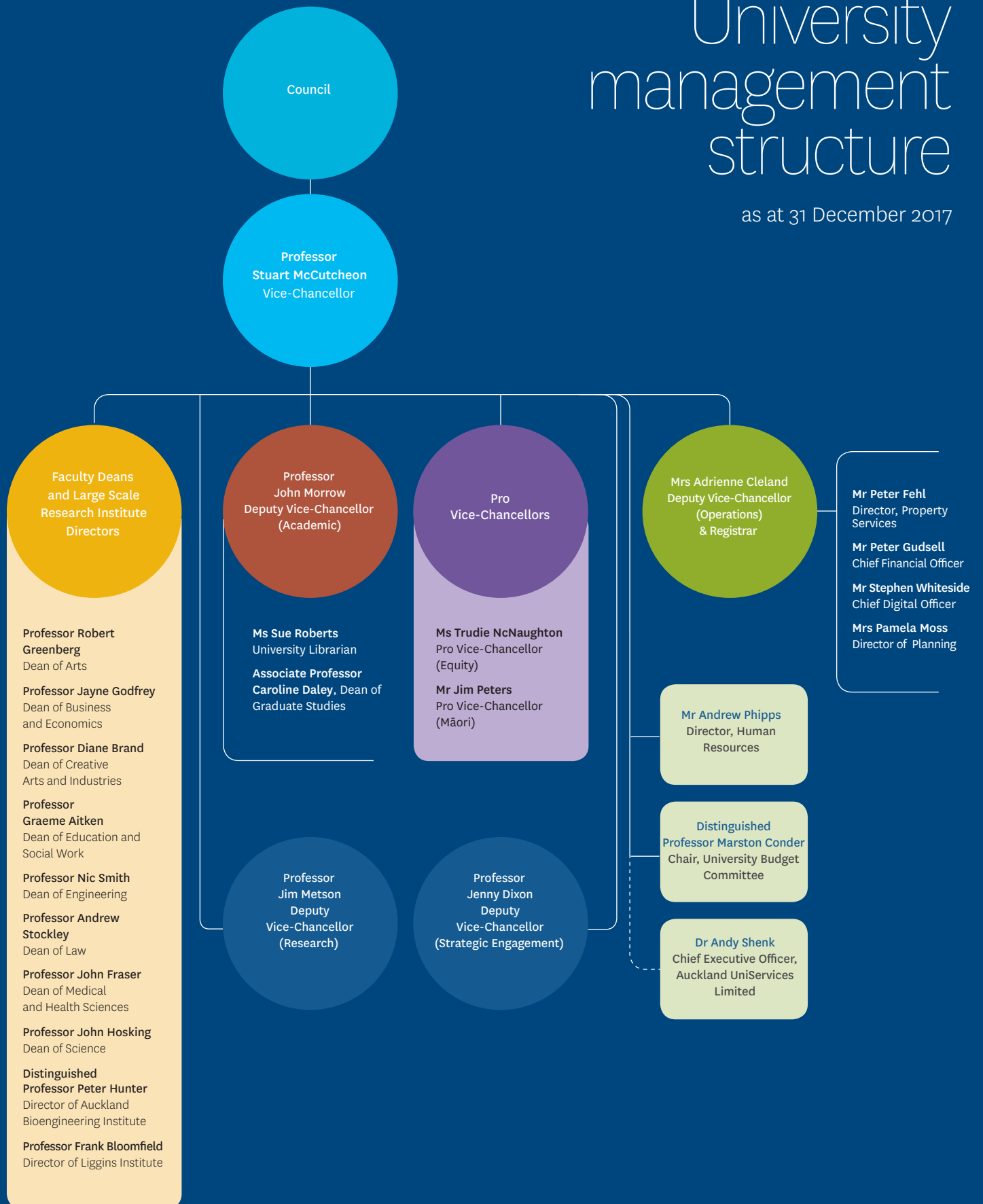
Bankers: Bank of New Zealand, ANZ Bank, Commonwealth Bank of Australia

Auditors: Ernst & Young – on behalf of the Office of the Auditor-General

Valuers: Darroch Limited
ART + OBJECT
Smith's Bookshop

University management structure

as at 31 December 2017





Academic performance



Why our research matters

18

Faculties, Institutes, UniServices

22

Why our research matters

The creation, dissemination and application of knowledge is, and always has been, fundamental to the social, environmental and economic development of any society.

Among the many institutions in our society, only one class of institution - the university - is mandated both to create knowledge (a process we call "research") and to disseminate it to students through teaching and, more widely, to the community.

The University of Auckland encompasses these key and interrelated contributions to the society and the communities, both national and international, that we serve.

Its mission is to be a "research-led, international university, recognised for excellence in teaching, learning, research, creative work and administration, for the significance of its contributions to the advancement of knowledge and its commitment to serve its local, national and international communities."

Although crucial to the advancement of any society, research is often also expensive to undertake. And so it is reasonable to ask: "What is the return that society receives

for its investment in university research?"

The immediate outputs of research - new discoveries, publications, creative works, patents and the like - can be measured with relative ease. However, the *impact* of that research on society - the benefits that it ultimately creates - is both complex and spread over many timescales. This is because those benefits can often trace their origins to many different research projects and because their realisation typically spans many spheres. Impact and the return society receives on its investment in research are often demonstrated, as opposed to measured, by illustrating the ways in which the research has changed people's lives.

During 2017, the University conducted research on an exceptional scale across all its disciplines, earning \$252 million in research and contracts revenue, producing 10,903 research publications and creative works, securing 28 patents for new intellectual property and spinning out 8 companies. For this essay we have selected just a tiny fraction of our research activity to demonstrate our impact on the social, cultural, environmental and economic well-being of New Zealanders and of people throughout the world.

THE SOCIAL IMPACT OF RESEARCH

One important area where the social impact of our research can be seen is on the lives of young people and their families.

Dr Louise Keown from the Parenting Research Group in the Faculty of Education and Social Work has focused on a cultural adaptation of the Positive Parenting Program (Triple P). Dr Keown was principal investigator of a Ministry of Health-funded project, in collaboration with Ngāti Hine Health Trust and the University of Queensland.

Her research identified Ngāti Hine values and aligned these with parenting principles from Triple P. Te Whānau Pou Toru, a culturally-

adapted programme for Māori families, has been shown to increase parents' confidence, reduce conflict between partners and improve children's behaviour.

The launch of the results took place in December 2017 and the research partners have requested government to make the programme widely available.

Treating adolescent depression with an interactive computer programme

With the help of game developers and young people, **Professor Sally Merry** from the Department of Psychological Medicine and her team of researchers and clinicians created the world's first interactive computer-based self-help tool effective at treating mild-to-moderate depression in adolescents.

Called SPARX – which stands for “Smart, Positive, Active, Realistic, X-factor” thoughts – the programme uses computer-game features to encourage five behaviours and psychological strategies used in Cognitive Behaviour Therapy to protect against depression: problem-solving skills, social skills, relaxation, positive thinking, and being active.

Accessible, cost-effective and appealing to young people, SPARX was named one of the world's ten most innovative and promising digital initiatives of 2013 by Netexplo (hosted by UNESCO).

Since April 2014, thanks to Ministry of Health funding, SPARX has been made freely available online to anyone in New Zealand at www.sparx.org.nz. By 30 September 2017, more than 10,000 young people had enrolled in the programme.

“Getting help early is critical as it helps to prevent problems escalating ... SPARX means we have something to offer young people who might be difficult to engage with other treatments,” says Mark Radford, health and wellbeing team manager, St John of God, Waipuna, Christchurch.



THE CULTURAL IMPACT OF RESEARCH

The cultural impact of research can be judged through what it adds to the cultural heritage and wealth of a nation.

Professor Annie Goldson from the School of Social Sciences in the Faculty of Arts uses documentary films to generate debate and understanding about events, issues and histories.

Her research into social issues such as the New Zealand involvement in the Afghanistan war comes to life in her movie *He Toki Huna: New Zealand in Afghanistan* (2013), described by Haunui Royal, then general manager of programming at Māori Television, as “an important documentary that all New Zealanders should see”. The research has continued, study guides have been developed; it can now be studied as part of the NCEA curriculum within History and Social Studies, and English and Media Studies. The DVD is distributed nationally across schools.

The longest-surviving cultural artefact to represent the connection between the Crown and Māori was repatriated to New Zealand



after more than 200 years thanks, in part, to research verifying its great historical and cultural significance, conducted by **Associate Professor Deidre Brown** (Ngāpuhi, Ngāti Kahu) from the School of Architecture.

Her research into a silver medal gifted to Māori chief, Te Pahi, in 1806, spurred the Museum of New Zealand Te Papa Tongarewa to bid with Auckland War Memorial Museum Tāmaki Paenga Hira for the medal in 2014, after it had been in private hands for over 200 years in Australia.

Te Pahi’s descendants believe the medal was one of many taonga looted by crew who fatally attacked Te Pahi after the chief was erroneously blamed for the 1809 attack on the ship Boyd.

After repatriation, the medal was ceremoniously returned to the Whangaroa hapū of Ngāti Rua and the Purerua hapū of

Ngāti Torehina. Hugh Rihari, Ngāti Torehina kaumātua, said: “[The medal’s return] brings closure to the pain and suffering that our people have endured for these past 204 years.”

Dr Brown shared her research with her fellow descendants of Te Pahi. “People were hanging on her every word,” recalls David Reeves, Director of Collections and Research at Auckland Museum. “It’s the personal stories that adhere to collections that bring them alive.”

The medal is currently on display in Te Papa and has its own multimedia page. Distinguished Professor Dame Anne Salmond has made an episode about the medal in her forthcoming documentary series *Artefact*, which will screen on Māori TV in April 2018.

THE ECONOMIC IMPACT OF RESEARCH

Research at the University is making a significant contribution to the national economy through the creation of new companies and support of existing industries.

The Auckland Bioengineering Institute, headed by **Distinguished Professor Peter Hunter**, has an impressive list of commercial entities which have developed from the institute’s research programme, including Fleximap, IMeasureU and Stretchsense. Companies like these contribute to the development of a

modern New Zealand economy, one that will provide high-quality jobs for future generations.

In 2017 the Energy Centre, located in the Business School but with close links to the Faculties of Engineering and Science, launched a free app to make an economic estimate of solar panel potential for Auckland homes, in line with its mission to help business and government confront energy issues of national significance.

Research by the University’s wine science team, led by **Professor Paul Kilmartin**, Chemical Sciences, has helped us understand the factors affecting flavour in New Zealand sauvignon blanc. This has led to changes in wine-making and storage procedures to improve the quality of an increasingly important export product.

The team has developed new methods of analysing aromatic compounds in wine,

allowing for an increased understanding of sauvignon blanc’s tropical and green flavours and how they can best be enhanced and preserved. One important discovery is that the degradation of aroma compounds (and therefore flavour) is primarily due not to oxidation, as was previously thought, but to storage temperature. Another discovery is that wines made from machine-picked grapes, with adequate antioxidant protections, produce more of the desirable aroma compounds than wines made from more expensively harvested hand-picked grapes.

These findings (and others) have led to a number of industry changes. For example, several wine companies are now storing their sauvignon blanc at colder temperatures prior to bottling, and better managing their harvesting procedures for their higher-end wines.

THE ENVIRONMENTAL IMPACT OF RESEARCH

Research can make an important contribution to the preservation and restoration of our unique natural environment.

In 2016 the New Zealand Government made international headlines by announcing the ambitious plan for a predator-free New Zealand by 2050.

Dr James Russell from the School of Biological Sciences is leader of the project, “Hi-tech solutions to invasive mammal pests” for the National Science Challenge: New Zealand’s Biological Heritage. There are a number of islands where rats and mice have been eradicated; in 2016 work started on the Million Dollar Mouse project, to eradicate mice on Antipodes Island. This is a result of Dr Russell’s investigations undertaken in 2011 and 2013 on the population biology of the mice on Antipodes Island and the impact the eradication would have on other species on the island.

Around 150 Bryde’s whales use the Hauraki Gulf. An investigation in 2009 by masters student **Stephanie Behrens** suggested that two of them die from ship-strike each year. Research led by **Associate Professor Rochelle Constantine**

showed why: the whales spend over 90 percent of their time close enough to the surface that they are likely to be struck by passing vessels.

Associate Professor Constantine has worked with industry, government, NGOs and tangata whenua to find acceptable, effective and evidenced-based solutions to this problem. As a result, a voluntary protocol was developed by Ports of Auckland and more than 30 shipping companies, who have agreed to reduce the speed of ships in the Gulf and follow other measures to reduce

whale fatalities. This has been incredibly effective, with average ship speeds voluntarily reduced to around ten knots for over two years now. There have been no reported Bryde’s mortalities from ship-strike since September 2014: an excellent outcome for the whales and conservation.

“It’s too easy for big industries to say that there’s no evidence that they’re causing the problem, when faced with difficult conservation challenges like Maui’s dolphins and Bryde’s whales. Having credible science to show that they are part of the problem (and therefore part of the solution) is a major step,” says Phil Brown, former Biodiversity Manager, Department of Conservation.



Conclusions

From better parenting, through the repatriation of taonga, to the conservation of our unique natural environment and the creation of new industries – these are just a few examples of the impact of research at the University of Auckland.

It is not possible to measure in precise terms the impact of each research project, nor to tell every impact “story”. Nevertheless, these examples, together with the scale of our research activity, make us confident that our academics, our students and those who support them are making a real difference to the lives of New Zealanders, and of people around the world, through their collective research endeavours.

Faculties, institutes, UniServices



Arts

The faculty has faced major challenges and achieved significant progress in terms of its first key objective, that of renewing the BA as a sustainable degree that prepares our graduates for the social, cultural and workplace challenges of the 21st century in New Zealand and the world.

Domestic undergraduate numbers continued to decline in 2017 – though not so markedly as in 2016. Contributing factors included the continued emphasis on STEM degrees; a reduced school-leaver demographic (which will continue for several years); the targeting by other New Zealand universities of more mobile, affluent students through scholarships; and declining numbers of new first-year students in 2015-16, which had an impact on the pipeline of students enrolling at second- and third-year level.

Strategic initiatives have been implemented to achieve and maintain performance and address these challenges. As part of an ongoing comprehensive review of the BA, the faculty has:

- introduced a new Communication major;
- established a more distinct new degree structure with a compulsory double-major requirement, optional three-course modules to help package and promote marketable skill-sets, and a dedicated Arts Scholars programme to appeal to

higher-achieving students;

- developed and approved a Graduate Profile to inform curriculum re-design and assessment methodologies;
- undertaken a “first phase” rationalisation of the undergraduate curriculum, resulting in a 20 percent reduction in numbers of undergraduate courses across all schools.

In addition, the faculty has led the development and introduction of a cross-faculty Bachelor of Global Studies.

In terms of its second key objective of continuing to improve the faculty’s capacity and profile as a national and global leader in research, significant achievements have also been made.

In 2017, the faculty strengthened its position as host of the New Zealand Institute of Pacific Research (NZIPR) and Ngā Pae o te Māramatanga (NPM) through the appointments of a Chair in Indigenous Studies; a new professor of Māori Studies and co-director for NPM; a new director for NZIPR; and a new acting head of Pacific Studies; and has appointed a new Kaiarahi, whose role includes supporting engagement with Vision Mātauranga in the faculty.

The faculty launched the Public Policy Institute; was confirmed as co-leader and host for the North Asia Centre for Asia-Pacific

Excellence (CAPE) with the Business School and as a partner in Latin America and South-East Asia CAPES; and received seven Marsden grants from 11 applications submitted. In addition, it implemented a comprehensive support structure to ensure high-quality submissions for the Performance-Based Research Fund (PBRF) Quality Evaluation in 2018. To advance its third key objective – to develop practices and structures that will enhance staff and student engagement – the faculty sought to foster greater school identity and staff collegiality through the following initiatives:

- a major co-location project to locate all of a School’s disciplines in the same building;
 - re-naming ceremonies for the newly co-located Schools and Public Policy Institute;
 - a review of school governance structures, leading to the implementation of new leadership roles and operating principles in July 2017;
 - introduction of single-topic faculty meeting agendas, regular “Dean’s pop-in hours” and professional staff “Fruity Friday” get-togethers to encourage greater dialogue and engagement between staff and faculty leadership.
- A major refurbishment which rejuvenated

Levels 3 and 4 of the Social Sciences Building and its quad was received positively by staff and students – delivering greater informal study space and a more attractive and appealing catering environment.

Business and Economics

In 2017 significant growth in international student numbers, especially in the taught postgraduate market, more than offset the decline in domestic equivalent full-time students (EFTS). This decline was in line with expectations, given the demographic profile of New Zealand and the competitive domestic market.

The Business School committed significant resources in 2017 to the Graduate Profile Project, designed to develop in graduates the attributes and capabilities they will need in order to thrive and have an impact on a complex and changing world. This endeavour engaged staff and students in creating a framework which will align curriculum development with achieving the best possible outcome for learners.

At the undergraduate level we advanced our development of the Design Thinking Project to explore both the implications of digital disruption for our accounting major and the skills that graduates of all disciplines will require in a radically changing work environment. We also progressed the First Year Experience Project, designed to ensure retention of students in the BCom.

At postgraduate level, a restructured 180-point MCom was introduced, a Global Human Resource Management degree was approved for introduction in 2018, and the national collaborative Māori masters programme underwent refinement for launch in April 2018. The cohort in the Business masters suite of programmes in October 2017 was the largest ever, by a significant margin.

Our students were successful in a variety of competitions in a range of locations from Sydney to Seattle, from Hong Kong to Bergen and Los Angeles, as well as Auckland and Wellington. These high-intensity competitions provide a unique and international environment for our students to demonstrate their capabilities; investment in these activities is seen as an important differentiator for the faculty in student recruitment.

In terms of our research activities, three academic staff members were awarded Marsden grants in 2017: each has

been appointed as principal or associate investigator for grants totalling \$2.4 million. We also participated in successful Ministry of Business Innovation and Employment (MBIE) grants exceeding \$7.4 million. Cross-faculty collaborations continue to strengthen the faculty profile in research activities.

Business School Research Centres – particularly the Energy Centre, the New Zealand Asia Institute and the Retirement Policy and Research Centre – retain their strong engagement with external stakeholders. Also, integration of the NZ Leadership Institute into the Business School will enable closer programme development with our Executive Education team.

The Centre for Innovation and Entrepreneurship evolved significantly during 2017. This was shown through the launch of new programmes, the growth of the “Solve It” innovation challenge, the hosting of “Climathon” (a global 24-hour ideas hack) and support of the Velocity \$100k Challenge. The centre engaged with other faculties in a continuing way to co-create relevant programmes. It also opened Unleash Space, a purpose-built facility to drive student innovation and entrepreneurship, student recruitment and community building.

Creative Arts and Industries

The Faculty of Creative Arts and Industries maintained its key objective of making relevant and effective contributions to society as educators and researchers. In 2017, this was manifest in outcomes across all areas of business and in the numerous honours and accolades received by our staff and students.

In research, we worked with our partners in the National Science Challenge: Building Better Homes, Towns and Cities.

The Shaping Places Research Hub, led by Professor Errol Haarhoff, aims to enhance housing affordability and wellbeing for the nation.

Professor Michael Parekowhai became a Fellow of the Royal Society of New Zealand. His artwork *Lighthouse* on Queens Wharf, Auckland, unveiled in early 2017, is the largest-ever gift of a public sculpture to the city, and a poetic comment on home and our place in the world.

Dance Studies staff have continued to work on the ARTSEQUAL research project in collaboration with the University of the Arts

Helsinki. The research includes exploration of the outcomes for children when art is viewed and treated as public service.

Associate Professor Nancy November from the School of Music, in partnership with the Faculty of Education and Social Work, received funding of \$200,000 from the Teaching and Learning Research Initiative to design pedagogies aimed at improving educational outcomes for Māori and Pacific students.

Elam School of Fine Arts is undertaking a major enhancement initiative, with a business case and programme planning under way for a new Design School. The new school will focus on student outcomes linked to employability, real world-learning, and participation in societal change through industry-partnered design solutions. The initiative is enhanced by the appointment of Elisabeth Vaneveld (formerly of The Big Idea) as the faculty’s Director of Creative Entrepreneurship, tasked with developing students’ entrepreneurial skills through new design thinking, media, networks and courses.

The School of Architecture and Planning celebrated its centenary year with a range of events including the launch of a 288-page book, edited by Associate Professor Julia Gately, detailing the school’s rich history.

The School of Music underwent an external review, leading to radical curriculum change and improvements in quality assurance.

Senior lecturer Dr Paola Boarin led the development of new embedded Graduate Profiles across 32 faculty programmes, while Associate Professor Nuala Gregory was one of a national three-person panel that reviewed and made recommendations on the Committee on University Academic Programmes (CUAP) quality assurance system for all academic programmes and qualifications in New Zealand universities.

The faculty also focused strongly in 2017 on improving its internal work culture and in providing leadership development for all staff. This year, staff and students won several awards including one for our technical team, led by Ramon Scurrah, whose innovative work in health and safety gained a University of Auckland Professional Staff Excellence Award and high commendation.

Education and Social Work

With an international ranking of 20th for education in the 2017 QS international rankings the faculty continued to improve its placement

and consolidated our reputation as New Zealand's leading university for education.

Individual excellence was recognised through a National Tertiary Teaching Excellence Award for Associate Professor Jay Marlowe, the election of Distinguished Professor Viviane Robinson to a Fellowship of the Royal Society, and the award of a Rutherford Discovery Fellowship to Associate Professor Melinda Webber. Research recognition and leadership was also achieved through funding success from the prestigious Marsden Fund, and the award of highly competitive grants through Ako Aotearoa and the Teaching and Learning Research Initiative.

The faculty continued to face the uncertainty of reduced student interest in teaching as a career. This national trend has led to falling numbers in some programmes. As a result, work has been undertaken to consider how best to position initial teacher education programmes for the future. Revisions to the Bachelor of Education (Teaching) and Graduate Diploma in Teaching programmes have been widely consulted on and re-approval for these new programmes will be sought in 2018. A new postgraduate programme in initial teacher education has also been developed. At the heart of these programmes is the aim to strengthen school/centre-university partnerships supported by a curriculum with a strong social justice mission.

Taught postgraduate programmes have also been reviewed in response to the growing demand from teachers for better access to flexible qualifications that integrate research with practice. A new Master of Education Practice has been developed and approved for offer from 2018. Active promotion for this new programme is underway, including discussions

with schools and clusters of schools about site-based delivery. Work is planned for 2018 to increase the number of courses, in this and other postgraduate programmes, that are available online.

In spite of a decrease in new doctoral enrolments in 2017 the demand for postgraduate research supervision continues to be strong. Supervision capacity is being expanded through consideration of a cohort approach to masters supervision, and through proactive identification of possible supervisors within the faculty's schools.

The faculty's Digital Learning Team was active in supporting the development of online and blended courses, and also developed a Tai Tokerau e-learning strategy to improve the experience of shared teaching between the Epsom and Tai Tokerau Campuses. Further expansion of the development of digitally-available shared content is planned for 2018.

A considerable, focused effort went into preparing for the 2018 PBRF Round, including writing retreats, numerous faculty workshops on Evidence Portfolio crafting and the provision of copy editing support. As of 22 November, from a research leadership perspective two strategic hires were made at professorial level.

The faculty continues to fund and experience high staff participation in the Te Akoranga Kairangi programme, aimed at developing basic competency in te reo and tikanga Māori and applications of Te Tiriti within the context of education and the work of the faculty.

Engineering

Against the background of significant change, 2017 was an extremely successful year for

the Faculty of Engineering. We continued to pursue our two main strategic goals, focusing on increasing our research impact to the maximum and delivering an excellent student experience.

Engineering continues to be an attractive option for our students. The overall student growth of the faculty has created new challenges and opportunities. In particular, the growth in undergraduate enrolments, in an environment of decreasing school leaver numbers, has been a success. In 2017 we saw a significant increase in equivalent full-time students (EFTS) across all areas. However, with the overall increase of students, along with the fact that the faculty is undertaking a multi-year building development project, availability of space and optimisation of space for existing facilities continued to be a key challenge.

The teaching and learning space has also undergone several developments. A curriculum revision is currently being piloted in Chemical and Materials Engineering and will be successively rolled out to the other specialisations. Additionally, the faculty focused on transformative teaching strategies leading to more active learning. Some of these are currently being trialled in our new multi-disciplinary learning spaces. The faculty also started work to introduce a Graduate School of Engineering, with the goals of creating faculty-level economies of scale and increasing the number of and the support for postgraduate students. Despite an increase in numbers, our overall undergraduate completion rates have remained steady at approximately 94 percent, which compares favourably with the University average.

In research, achievements in 2017 include winning significant external research funding (including an \$11.8 million MBIE Research Programme grant); five National Science Challenge grants, together worth \$1 million; \$2.6 million from Royal Society of NZ funds, and QuakeCoRE funding of \$531,000. In addition the faculty attracted over \$1.5 million in private good science funding from national and international funders and corporates.

The faculty is placing increasing emphasis on supporting researchers in the very earliest stages of planning their grant submissions. This included individual support for academics applying for MBIE Smart Ideas and Marsden grants, and a Faculty Support Package for teams applying for MBIE Research Programmes. We also created and supported opportunities for academic staff to form collaborations with their colleagues from within the faculty and other faculties, and we expect these activities to increase in 2018-2020 as the faculty concentrates





on its “Areas of Research Strength,” which are aligned with the University’s research strategy.

In the area of philanthropic support, the Faculty of Engineering campaign is progressing well. Significant funding has already been received from a range of individual philanthropists and corporate partners. These include a number of gifts in excess of \$1 million. The gifts received so far will support a variety of programmes and initiatives including named Chairs, undergraduate-focused equity and PhD scholarships, the new Unleash Space, The Dean’s Leadership Programme, and the Formula SAE workshop.

Law

The Auckland Law School continues to be ranked as a leading international law school. The University is 36th in the 2017 QS World University Rankings for Law. The School has higher entry standards for its degrees than any other New Zealand law school, offers the largest range of undergraduate courses, and has the most extensive postgraduate programme. The school continues to enjoy excellent international links and a strong relationship with the legal profession and judiciary. It is supported by the staff and extensive resources of the Davis Law Library,

New Zealand’s leading legal research library.

The Law School successfully implemented the increase in Part II student numbers from 330 to 380 students. New members of the permanent academic staff have been appointed, and there have been a number of fixed-term early career faculty hires, allowing for the introduction of workshop clinics to supplement lectures and tutorials in some Part II courses and for the appointment of two Māori (Nga Kai Whakaako) and two Pacific (Susuga Faiako) teaching fellows. New professional staff have been appointed, providing more support for Part I, Māori, and Pacific students, for coursework and examination processing, and for enhancing the student experience through engagement and careers guidance. The Law School has obtained significantly more space, providing more study, common room and office space, and giving considerably more flexibility for the next few years. Student entry standards to Part II Law increased slightly and the number of Pacific students in Part II Law increased significantly.

The Law School seeks to improve its research, teaching and learning, student support, and external engagement. This is supported by the faculty having obtained more space, restructured its administrative support. The recent Review of the Law School commented very favourably on its

teaching and research. A Faculty Consultative Committee has been established to provide input into a 10-year Academic Plan and this will be finalised in the first half of 2018.

Medical and Health Sciences

The Faculty of Medical and Health Sciences made significant progress on the University’s Strategic Objectives concerned with teaching and learning.

New postgraduate biomedical programmes have been developed, a new Postgraduate Diploma in Biomedical Science has commenced, and a new Bachelor of Medical Imaging (Hons) programme has been approved for development and will be introduced in 2019. A 180-point Master of Health Practice programme has been developed and approved, and development has commenced on a specialisation in Infant Child and Adolescent Mental Health within the School of Medicine

In addition a Postgraduate Health Science review was signed off by the Education Committee (November 2017), and HealthEX has been implemented and promoted.

By the end of 2017 we had developed embedded Graduate Profiles for most of the faculty’s qualifications and were well on the way to completing the work for the three remaining professional undergraduate degrees (MBChB, Bachelor of Optometry and Bachelor

The Faculty of Law is the only New Zealand law school to be ranked among the top 50 law schools in the world.

It was ranked the 36th best law school in the 2017 QS World University Rankings for Law.

of Pharmacy). In 2018 the task of mapping curriculum and assessment to the new profiles will need to be undertaken, with adjustments to content, pedagogy and assessment likely to be needed to demonstrate that the profile outcomes are being met.

A curriculum redesign was undertaken in postgraduate Clinical Pharmacy, with any regulatory or curricular changes approved for 2019 implementation, and a new prize was established: the Faculty of Medical and Health Sciences Doctoral Publication Excellence Prize.

In terms of the international Strategic Objectives, recruitment activity increased, with applications increasing by 21 percent, offers by 19 percent and enrolment by 7 percent. There has been a 40 percent increase in the number of FMHS students applying for Study Abroad and exchange programmes.

In relation to the research Strategic Objectives, the faculty increased its success in public good funding, especially Marsden, Health Research Council (HRC) and Ministry of Business Innovation and Employment (MBIE). For HRC there were 88 expression of interests in 2017, with 54 through to the second round and 19 successful. For the Marsden Fund grants there was a record number of applications in 2017 (up from 10 in 2016 to 66), and also a record number (15) that went through to the second round. The number of doctoral students, both domestic and international, has increased.

Concerning the Strategic Objective focused on property and facilities, demolition and site preparation for "Park West" (Building 507) commenced on 27 November, and Advanced Clinical Skills was relocated to the ground floor

of building 505 in December 2017

Progress on Strategic Objectives relating to external stakeholders was demonstrated in the launch of the Eisdell Moore Centre in Auckland (March 2017) – a multidisciplinary collaborative centre dedicated to research into hearing and balance disorders – and in the preparation now underway for the 50th Anniversary of the School of Medicine, with activities and celebrations planned for throughout 2018. Philanthropic revenue and development are on target, with the biggest-ever single donation from a staff member received in 2017.

For staff-related Strategic Objectives, a full wellness programme suite of activities and information was developed by FMHS Wellness Champions; high-quality appointments were made that support the strategic direction of the Schools; and there has been an increase in support for mentoring of junior staff by senior academic staff within Schools.

In relation to health and safety Strategic Objectives, faculty health and safety committee structures were implemented, and health and safety is a topic on all executive meeting agendas.

The faculty had an increased number of Māori and Pacific Admission Scheme (MAPAS) students in its programmes, had an increased percentage of Māori and Pacific staff; and introduced He Rau Aroha (scholarships for MAPAS students in the Bachelor of Pharmacy and Bachelor of Optometry). Additional staff were appointed to the Pacific Health Section in the School of Population Health and there was an increase in the number of new doctoral students from the Asian and Pacific regions.

FMHS Rainbow activities are improving visibility of LGBTI students and staff.

Science

The faculty's mission and values statement focuses on scientific and educational excellence and innovative contributions to societal and economic impact. In 2017 the faculty contributed strongly to this mission.

The excellent work of faculty members was recognised during the year through many prestigious national and international awards: a Fellowship of the US National Academy of Sciences to Professor Dame Carol Robinson; Fellowships of the Royal Society Te Apārangi to Professor Margaret Wetherell and Professor Jadranka Travas-Sejdic; a James Cook Fellowship to Associate Professor Stéphane Coen; the inaugural Royal Society Te Apārangi Early Career Research Award in Social Sciences to Dr Danny Osborne, and the Hill-Tinsley medal to Professor Christian Hartinger. Faculty members also led 15 Marsden grants and eight Ministry of Business, Innovation and Employment grants awarded during the year.

While science faculties are often recognised for their economic impact, our faculty's mission and values statement focuses on both economic and societal impact, to which it contributed significantly in 2017. Our largest societal impact is, of course, our more than 2000 graduates who, through their careers and activities, have a major influence on where the country and the world are heading. In 2017, we embarked on a major exercise, restructuring our BSc degree to streamline it and provide more opportunity for skills valued by society, such as teamwork, communication and critical thinking, to be better embedded within the degree.

The George Mason Centre for the Natural Environment, established through a generous gift from one of our alumni, aims to develop a range of interdisciplinary research activities that demonstrate a direct impact on the major societal issues of environmental restoration, conservation and sustainability. It has funded three flagship projects: investigating the impact of microplastics and associated chemicals that leach from plastic products; examining sediment and nutrient loads in freshwater and coastal ecosystems, leading to community-led projects in coastal ecosystem restoration with a focus on shellfish; and developing and using new approaches to transferring sustainable systems research into policy solutions.

Professor Chris Sibley from Psychology has been leading the New Zealand Attitudes and Values Study, which is a large-scale national longitudinal panel study of social attitudes,



religion, personality and health among adult New Zealanders. In the last eight years, the study has surveyed over 22,000 people, with the existing longitudinal sample following about 15,000 participants over time. The study results are having a significant influence on social policy development. Chris and his colleagues this year received a \$4.6 million Templeton Foundation grant to support this work.

Spinouts based on research activity from the faculty are growing in number. While these have economic benefit, they also solve societal issues. For example, Engender, from Professor Cather Simpson's lab, sorts bovine sperm by sex, potentially reducing the number of culled bobby calves. Upside Technologies, from Professor Rod Dunbar's lab, produces large quantities of skin for burn victims. This also provides an alternative to using animals for cosmetic testing.

Auckland Bioengineering Institute

The Auckland Bioengineering Institute is a world leader in computational physiology and in the development of novel bioengineering instrumentation.

The institute has enjoyed steady growth in external research funding and postgraduate student intake over the past several years. As the host of the Medical Technologies Centre of Research Excellence (MedTech CoRE) and a founding partner (with Callaghan Innovation) of the Consortium for Medical Device Technologies (CMDT), the ABI, together with the MedTech CoRE and CMDT partner organisations (AUT, Universities of Canterbury and Otago, Victoria University of Wellington and Callaghan Innovation), is helping to coordinate a national approach to medical device technologies in New Zealand. This links university research activity with the MedTech industry and the healthcare system.

The growth of public funding of New Zealand science in recent years has been largely business-facing: that is, the government expects outcomes from investment in the forms of research impact, economic benefits and the development of research talent that can add skills to the innovation sector of business. The challenge for the ABI is therefore to demonstrate continued delivery of excellent science and skilled graduates that add economic and/or societal value. We continue to use national funding sources (e.g. Marsden Fund, Health Research Council, Ministry of Business Innovation and Employment) and international funding sources (e.g. National Institutes of Health, Horizon 2020) for basic science research projects that may lead to translational research funded by the CoRE, or

to other non-CoRE outcomes.

We are attracting international students to the ABI by building relationships with leading universities in targeted countries such as China, India, Iran, Japan and Singapore, as well as continuing to foster our longstanding relationships with the US, UK, Australia and Europe. Our objectives for 2018-2020 reflect this strategy and are consistent with the University of Auckland Strategic Plan.

Liggins Institute

During 2017, the Liggins Institute continued to focus on increasing numbers of high-quality postgraduate students, from both New Zealand and overseas. It also consolidated its research portfolio under its vision of "A Healthy Start for a Healthy Life" and the four themes: Healthy mothers, healthy babies; Nutrition for life-long health; Determinants of a healthy life; and Research to reality.

Between 2016 and 2017 our doctoral enrolments increased by 36 percent. Our postgraduate students comprise 50 percent international students and 30 percent health professionals from a variety of clinical backgrounds. International advertising and a focus on increasing scholarships (in which philanthropic support has played a key role) contributed to increasing student numbers. We secured four philanthropic scholarships for students starting in 2017 but scholarship support remains a challenge, particularly for international students. The Liggins Institute has provided one-year scholarships strategically for several students this year to enable early career academics to supervise their first students.

The Liggins Institute specialises in research to improve the health of pregnant women and children, spanning basic science, clinical studies and knowledge translation, with an increasing portfolio of clinical research studies. Our Clinical Research Unit saw more than 1500 research participants in 2017, and we expect rapid growth in 2018 and 2019. Our successful perinatal studies are recruiting large numbers of mothers and young children in order to improve clinical care for at-risk pregnant women and long-term outcomes for at-risk newborns.

Our national network in Maternal and Perinatal clinical trials, the ON-TRACK network, now has an online research hub which has resources that will improve the efficiency and standards of clinical studies throughout New Zealand and is hosting annual trial development workshops. We host two National Science Challenges, High Value Nutrition and A Better Start, which rolled out a second tranche of research investment in 2017 in collaboration with CureKids. This focused on reducing obesity and improving learning and mental health for

children in New Zealand, particularly targeting the most in-need Māori, Pacific, and poorer children.

Substantial philanthropic support has enabled the GutBugs clinical trial to begin research into the potential impact of gut microbiome transplantation for treatment of obesity, and for vibration plate therapy trials to begin amongst even younger children with cerebral palsy.

Distinguished Professor Jane Harding was awarded the prestigious Norman J. Siegel New Member Outstanding Science Award from the American Pediatric Society for her research into the care of newborn babies, the first researcher outside of the US to receive this award. Dr Jacquie Bay was appointed Member of the Order of New Zealand for services to science and education.

Our research has featured extensively in print, broadcast and online media, with several in-depth features discussing the implications of our research to improve the health of children and young people.

UniServices

Auckland UniServices Limited is the commercial research, knowledge transfer and custom education company of the University of Auckland – dedicated to connecting the University's capabilities to business and investors, government and the community.

UniServices attracts substantial revenues for the University and, at the same time, delivers the institution significant financial and non-financial dividends. In 2017 UniServices continued to be effective at linking the research and education strengths of the University to companies, students and commercial partners both here and abroad. We also focused on improving the quality of our business by markedly strengthening our intellectual property commercialisation and investment capabilities, and we raised our internal profitability by a significant increment for the fourth year in a row.

Key initiatives underlying UniServices' performance in 2017 include: the formal launch of the new University of Auckland Innovation Institute China in May and the Innovation and Commercialisation Conference at the institute in December; the creation of a sizeable new, early-stage investment fund with our partners in the IPGroup Australia, providing access to a significant pool of capital for intellectual property commercialisation and new business start-ups; and the launch of a new purpose and identity, and values and branding for UniServices that will support our development for many years to come.



Statement of service performance

Statement of service performance

30

Statement of costs of outputs

41

Compulsory student services fees

41

Statement of service performance

Accomplished and well-supported staff

Leading universities are defined primarily by their ability to attract and foster the best students and the most accomplished teachers, researchers and administrators. The University of Auckland aims to recruit and retain a high quality and diverse body of academic and professional staff, who are passionate about their work and enthusiastic about their contribution to the University's objectives. We seek to provide staff with an environment that develops and rewards talent, is flexible to their needs, and fosters high levels of engagement. Staff are encouraged to provide leadership in their professional capacities outside the University, extending benefits to the national and international communities.

Objective 1

A work environment characterised by a commitment to clear expectations, development of potential, inclusiveness, high achievement and rewarding performance.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Student : academic staff ratio (EFTS : AFTE)	18.2	18.2	18.5	18.2
Academic : professional staff ratio (AFTE : Professional Staff FTE)	1.6	1.5	1.5	1.5
Peer reviewed publications per AFTE	4.1	4.0	4.2	4.3
Citations per AFTE	117.1	132.5	151.0	171.0
Number of prestigious awards held by academic and professional staff	267	296	≥ 300	319
Proportion of staff in academic positions who are Māori (%)	5.9	6.1	6.4	6.0
Proportion of staff in academic positions who are Pacific (%)	2.4	2.4	3.0	2.6
Proportion of staff in professional positions who are Māori (%)	6.2	6.7	7.0	6.8
Proportion of staff in professional positions who are Pacific (%)	5.3	6.1	6.2	6.1

- The student-to-academic-staff ratio (SSR) in 2017 remained at the same level as in the previous two years. The SSR remains lower than the target for the third successive year. Changes to the composition of the student body, especially the shift toward subject areas such as Engineering and the increased proportion and number of postgraduate students (where lower staff student ratios are the norm) have contributed to the lower ratio.
- Active engagement with Māori and Pacific communities as potential staff is an on-going activity. The proportion and number of Māori staff in academic roles have stabilised, after the increase in 2016. Although marginally below target, the number and proportion of Māori staff in professional roles have grown. The proportion and number of Pacific staff in academic roles have also increased, but the proportion remains below target. The number of Pacific staff in professional roles has increased, and the proportion remains just under the target.
- The number and percentage of women in senior academic positions have increased again in 2017. Thirty-three percent (211 FTE) of senior academic positions were held by women at the end of 2017, compared to 31% (189 FTE) in 2016. The number of senior professional staff positions held by women has now reached 203 FTE, an increase compared to 2016, although the proportion (52%) has remained the same as in 2016.
- The quality of teaching at the University was recognised through success in the National Tertiary Teaching Excellence Awards 2017: Associate Professor Jay Marlowe (Counselling, Human Services and Social Work) received a Tertiary Teaching Excellence Award in the General category. Staff of the University have been recognised for their teaching excellence in 15 of the 16 years in which the awards have been made.
- The significant contributions made by University staff to the leadership of community and professional bodies were recognised through awards and prizes including New Zealand honours:
 - Knight Companion of the New Zealand Order of Merit: Distinguished Professor Sir Richard Faull (Centre for Brain Research) for services to brain research.
 - Companion of the New Zealand Order of Merit: Professor Peter Gilling (Medicine) for services to urology.
 - Members of the New Zealand Order of Merit: Dr Jacquie Bay (Liggins) for services to science and education; Associate Professor Robert Jacobs (Optometry and Vision Science) for services to optometry and education.
 - Officers of the New Zealand Order of Merit: Geoff Witcher (Centre for Innovation and Entrepreneurship).

Objective 2

An outstanding staff experience where success is celebrated and high levels of engagement achieved.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Proportion of staff positive about staff engagement in staff surveys	79	79	≥ 80	80

The University acknowledges the achievements and successes of its staff, including through awards such as:

- Teaching Excellence Awards:
 - Sustained Excellence in Teaching: Dr Sara Buttsworth (Humanities); Associate Professor Christine Woods (Management & International Business)
 - Early Career Excellence in Teaching: Dr Melissa Inouye (Asian Studies); Dr Hazim Namik (Mechanical Engineering)
 - Leadership in Teaching: Professor Susan Geertshuis (Graduate School of Management)
- Early Career Research Excellence Awards, which recognise and promote excellence and research leadership potential among the University's emerging researchers, were awarded to six emerging researchers: Dr Timothy Angeli (Auckland Bioengineering Institute); Dr Maria Armoudian (Social Sciences); Dr Francis Hunter (Medical Sciences); Dr Jenny Malmstrom (Chemical and Materials Engineering); Dr Ritesh Shah (Critical Studies in Education); Dr Gabriel Verret (Mathematics).
- Research Excellence Awards, which recognise the University's most exceptional and outstanding research achievements, were awarded to: Professor John Windsor, Associate Professor Anthony Phillips, Dr Max Petrov and Scott Aitken (Medicine); Dr Danny Osborne, Professor Chris Sibley and Associate Professor Nickola Overall, Dr Sam Manuela, Dr Carla Houkamau and Dr Tim West-Newman (NZ Attitudes and Values Study); Professor Gary Barkhuizen (Cultures, Languages and Linguistics); Professor Helen Sword (Centre for Learning & Research in Higher Education).
- The Vice-Chancellor's Excellence Awards: Leadership: Antoinette Keshu (Organisational Performance and Improvement); Customer/ Stakeholder Experience: The Digital Student Data Project Team (Organisational Performance and Improvement; IT Strategy, Policy and Planning; Academic Services; and ITS); Enabling People: Faculty of Arts Shadowing and Mentoring Group; Community Engagement: The Education and Social Work Inaugural Showcase Event Team (Strategic Engagement, Education and Social Work); Delivering Results: The School of Chemical Sciences Technical Staff Relocation Team (Science); Health, Safety and Wellbeing: CAI Technicians and Facilities Team (Creative Arts and Industries); Environmental Sustainability: Faculty of Science Sustainability Network.
- Staff from around the University were recognised for their contributions nationally and internationally: Professor Ed Gane (Medicine) won the Sanitarium Innovator of the Year award at the New Zealander of the Year awards. Professor Gary Barkhuizen (Cultures, Languages and Linguistics) won the 2017 TESOL Award for Distinguished Research. Dr Ngarino Ellis (Art History) won the Māori Art Book Award at the 2017 Ngā Kupu Ora Awards and the Judith Binney Best First Book Award for Illustrated Non Fiction at the 2017 Ockham New Zealand Book Awards for *A Whakapapa of Tradition: 100 Years of Ngāti Porou Carving, 1830–1930*. Professor Deborah Levy received the Lifetime Achievement Award from the Royal Institution of Chartered Surveyors for her dedication to educating generations of property professionals. Dr Melanie Cheung (Medical Sciences) was honoured as NEXT Woman of the Year (Health and Science).
- The University was placed fifth in the top 10 most attractive employers in New Zealand and top in the highly competitive education sector at the Randstad Awards.

Objective 3

An environment in which distributed leadership is developed and valued.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Proportion of staff positive about leadership in staff surveys	59	59	≥ 65	62

- The biennial staff engagement survey was held in May 2017. Sixty-seven percent of eligible staff participated in the survey which contributes to the prioritisation and development of initiatives to improve the experience of staff. The results were presented to a number of fora across the University and they allow us to compare ourselves over time and against similar organisations, locally and globally. The University's investment in innovation and staff engagement contributed to improved results in the proportion of staff positive about University innovation and empowerment, and working relationships and collegiality relative to the 2015 survey results.
- One senior management appointment taken up during 2017 was Dean of the Business School: Professor Jayne Godfrey
- In our 2017 promotions round, 20 associate professors were promoted to professor; 13 of these were women. Other professors were also appointed or promoted outside the round.

Able students, successful graduates and alumni

The capabilities of our graduates, enhanced through their university experience, provide our largest impact on society. A high-quality teaching and learning environment, combined with extracurricular opportunities, helps to ensure that our qualifications are of international standing, and that our graduates are independent and critical thinkers who have mastery of a body of knowledge and professional skills, and a broad world view.

Objective 4

Attract a diverse student body of the highest possible academic potential.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Proportion of school leavers entering with a GPE greater than or equal to 5	55.3	58.0	58.0	57.7
% Undergraduate students (Domestic EFTS) who are Māori	9.0	9.0	9.5	8.8
% Undergraduate students (Domestic EFTS) who are Pacific	11.8	12.0	12.0	12.2
% Postgraduate students (Domestic EFTS) who are Māori	6.4	6.5	7.0	6.7
% Postgraduate students (Domestic EFTS) who are Pacific	5.5	6.2	7.5	5.6

- Over the last decade the percentage of school leavers with a GPE of 5 or better has risen by almost 25 percentage points from 33% in 2006 to 57.7% in 2017.
- The proportion of Māori students at postgraduate level grew from 2016 by 0.2%, to 6.7%, closing in on the target of 7%. Overall, the number of domestic EFTS generated by Māori students has decreased by 57 EFTS. The overall proportion decreased by 0.1%, to 8.3%. The total number of Māori EFTS reached 2,374 in 2017.
- The proportion of Pacific students at undergraduate level exceeded targets and grew from 2016 to reach 12.2%. This is the second successive year in which the proportion has increased. Programmes to reach young Pacific learners are clearly having a positive impact at the undergraduate level. In postgraduate programmes the number and proportion of Pacific students enrolled dropped from 2016. The total number of EFTS generated by Pacific students decreased by 28 EFTS to 3,049 EFTS in 2017.

Objective 5

A student body growing at 1% per annum with increased proportions of international, postgraduate taught and postgraduate research students.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
% Total EFTS (Domestic residency)	85.3	84.5	84.3	82.8
% Total EFTS (International residency)	14.7	15.5	15.7	17.2

- A total of 33,366 EFTS was achieved. This is an increase of 249 EFTS from the 2016 total of 33,118 EFTS, a growth of 0.75%. Full fee international student EFTS increased by 12% from 2016 levels to reach 4,515 EFTS. Domestic funded student EFTS decreased by 1% to reach 28,567. Although the funded EFTS were below the budget target, the proportion of enrolments in high cost areas increased and resulted in the University achieving 100% of its funded allocation.
- The proportion of postgraduate enrolments increased marginally in 2017 rising to 24.4% (23.7% in 2016). Postgraduate EFTS grew by 303 EFTS (4%) though a significant proportion of the growth was from international postgraduate enrolments, which grew by 231 EFTS (23.1% growth). International doctoral enrolments increased by 104 EFTS (5%) and reached 2,136 EFTS. The enrolments for the research master declined marginally by 1% to 796 EFTS, while the taught postgraduate numbers grew by 6% to 4,786 EFTS.
- New doctoral enrolments remained stable in 2017 with 616 new candidates enrolled. The numbers of new International candidates grew by 17 (5%), but the numbers of new domestic doctoral candidates declined by 16 candidates (5%).
- The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. In 2017, 753 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally-funded bursaries and awards; a further 128 students received payments from external sources administered via the University and 75 of these were international students. In 2017, 33% of the University of Auckland Doctoral Scholarships awarded were taken up by international students. In all, doctoral students received over \$22.5 million worth of funding and support in 2017.

Objective 6

A substantial increase in annual completions of taught masters, research masters and doctorates.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Taught masters completions (numbers)	896	791	820	960
Research masters completions (numbers)	725	845	762	762
Doctorate completions (numbers)	373	365	417	435

- The number of doctoral completions exceeded the target for the year and increased by 70 (19%) from 2016. Over the last ten years, the numbers of doctoral completions have more than doubled from 183 in 2006 to 435 in 2017. In the last decade over 3,000 doctoral candidates have graduated from the University.
- Research master completions for 2017 were on target with 762 completions, however this is a decrease of 83 (10%) from 2016. As an increasing number of students are progressing directly to a doctorate from an honours degree, the numbers of research masters are expected to decline.
- Taught masters completions have exceeded targets for 2017 and increased by 21.4% from 2016. The University has continued to achieve enrolment growth in transition masters programmes that allow students to move from generic undergraduate programmes to employment-focused masters, and has expanded the range of these programmes across the University. Several of the new programmes that commenced in 2016 have contributed to the 2017 increase.
- The quality of graduates from the University's doctoral programme was recognised through grants and awards, including the annual Vice-Chancellor's Prizes for Best Doctoral Theses at the University of Auckland, received by: Kate Brett Kelly-Chalmers (Humanities), Sean Curry (Mathematics), Nicki Jackson (Population Health), Andrew Keane (Mathematics) and Deborah Williamson (Medical Sciences).
- Doctoral student Kate Riegle van West (Centre for Brain Research, Dance Studies) won the Future Leader Award in the '150 Years of Discovery: Emerging Research' video competition hosted by the Royal Society of New Zealand Early Career Researcher Forum.
- The Information and Communications Technology (ICT) Graduate School was launched in 2016 and showed strong growth in 2017. The ICT Graduate School offers two programmes, a Postgraduate Certificate and a Taught Masters programme. Students can follow the programmes either in Auckland or in Hamilton. The School proves to be popular, with a growth of 103 EFTS in 2017. Almost half of the students in the School are international students.

Objective 7

A high-quality learning environment that maximises the opportunity for all our students to succeed and provides them with an inclusive, intellectually challenging and transformative educational experience.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
% Successful course completions - overall domestic (excl theses)	88	88	88	89
% New undergraduate retention (re-enrolment)	86	86	87	87
Proportion of courses with an evaluation score of 80% or more	63	63	≥ 72	58
Degrees accredited by professional associations/accreditation bodies	52	52	≥ 50	53

- The overall percentage of successful course completions improved slightly to 89%, marginally exceeding both the target, and the completion rates for 2016 and 2015. Activities focussed on improving the pass rates and retention of first year students appear to have had a positive effect. In 2017, a new Retention Strategy was approved, and an action plan established. In 2017, the retention rate for new undergraduate domestic students went up from 86% to 87%, for international students it was stable at 92%.
- The course completion rate for Māori students improved fractionally in 2017 reaching 85.1%, compared to 84.7% in 2016. Course completion rates for Māori students in their first year improved marginally from 78.4% to 79%.
- The overall course completion rate achieved by Pacific students improved fractionally in 2017 to reach 74%. The course completion rate for Pacific students in their first year of University showed a marked improvement from 62.2% to 66.3%.
- The move to systematic on-line evaluations of courses in 2016 has raised the profile of course evaluation information. The University target of 72% of respondents to course evaluation surveys being satisfied with the quality of their courses is a high bar which will require significant effort to achieve.
- Eight Academic Unit and Disciplinary Area Reviews were conducted by external panels in 2017:
 - Discipline of Initial Teacher Education
 - School of Music
 - School of Medical Sciences
 - Discipline of Politics and International Relations
 - Department of Management and International Business
 - Department of Mathematics
 - Discipline of Classics and Ancient History
 - Department of Chemical and Materials Engineering

- Review Committees identified a range of recommendations for future action in such areas as curriculum redesign, Māori and Pacific recruitment and retention, diversification of assessment, employability, postgraduate research training, external research funding opportunities, and impact beyond academia.
- The Committee on University Academic Programmes has approved the introduction of a number of new specialisations and subjects, and the introduction of the following qualifications:
 - Master of Health Practice
 - Master of Human Resource Management
 - Bachelor of Global Studies (and conjoint degrees with BA, BCom, BE(Hons), LLB, LLB (Hons), BSc)
 - Postgraduate Diploma in Engineering
- Graduating Year Reviews were completed and approved for the following qualifications and specialisations:
 - Master of Health Psychology
 - Master of International Business
 - Master of Marketing
 - Master of Professional Accounting
 - Master of Management; Postgraduate Diploma in Management; Postgraduate Certificate in Management
 - Applied Linguistics for the Master of Arts; Nutrition and Dietetics for the Master of Health Science; Clinical Exercise Physiology for the Master of Science and the Postgraduate Diploma in Science; MRI, Medical Imaging and Ultrasound for the Postgraduate Diploma in Health Science; Medical Imaging and Mammography for the Postgraduate Certificate in Health Science; Innovation and Entrepreneurship for the Bachelor of Commerce; Food Science and Nutrition for the Bachelor of Science.
- The quality of our students was recognised through scholarships for further study at the University of Oxford. Marco de Jong (Social Sciences) received a Rhodes Scholarship to undertake postgraduate study at the University of Oxford and Johann Go (Humanities and Population Health) is the first to receive a new scholarship to the University of Oxford funded by international businessman Chris Liddell. The new scholarship is available exclusively to an outstanding University of Auckland student nearing the end of an undergraduate degree.

Objective 8

A distinctive, high-quality extracurricular experience that maximises the value to our alumni of their university experience.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
% of students expressing satisfaction with overall university experience	95	95	≥ 95	95

- The annual Learning and Teaching Survey was conducted using a random sample of 10,000 students. The survey responses are an important source of student views and provide insights into many aspects of student experience at the University. They are used widely to understand service and support needs as well as the delivery of courses and academic programmes across the University. The survey results show that 39% of second and higher year undergraduates and 43% of coursework postgraduate students had undertaken a work placement, internship or other practical experience during their studies.
- The University has 116 formal exchange agreements with partner universities in 24 countries. In 2017, 342 Auckland students took the opportunity to study for at least one semester overseas, and were represented at 97 of our international partners in 21 countries. New and renewed exchange partnerships were confirmed with 15 partner institutions in countries including the United States of America, the United Kingdom, China, Hong Kong, Taiwan, Iceland, Switzerland, Germany, Canada and Australia. The top destinations chosen by exchange students were the United Kingdom, the United States of America, and Canada. China, the Netherlands and Japan were also popular choices.
- The NZ Universities Blues Awards recognise students' commitment to sporting, cultural and leadership excellence as well as their studies. A total of 114 awards were bestowed on University of Auckland students in 2017. Major awards included: Sportswoman of the Year, Eliza McCartney (Pole Vault); Sportsman of the Year, Dylan Schmidt (Trampoline); Māori Sportsperson of the Year, Michael Brake (Rowing); Para-Athlete Sportsperson of the Year, Keegan Owen Pitcher (Para Athletics); Most Meritorious (Sport), Eliza McCartney; Most Meritorious (Arts and Culture), Sarah Foster-Sproull; Most Outstanding Contribution (Service and Leadership), Lucy McSweeney.
- Student teams participated successfully in national and international competitions. A multi-disciplinary student-led team won the Imagining Decolonised Cities urban design challenge. A team from the Auckland Law School placed second overall at the inaugural International Chamber of Commerce Australia Asia-Pacific Commercial Mediation Competition, held in Melbourne in July. The team, consisting of students Matthew Jackson, Rima Shenoy, Tunisia Napia, and Victor Liu, and coaches Ana Lenard and Andrew Yan Feng Lee, also received the Resolution Institute award for the best team in Australasia. The University of Auckland Waka Ama paddlers again won gold in the Queen Lili'uokalani race in Hawaii, the world's largest outrigger canoe race, and won a silver medal in the eight person relay. The Korimako Trio (Modi Deng, Diane Huh, Tahee Kim) won the 2017 Pettman Royal Over-Seas League Arts Chamber Music Scholarship.
- The University of Auckland won the University & Tertiary Sport New Zealand (UTSNZ) trophy, presented to the tertiary provider with the greatest combined points from UTSNZ sporting events and championships held throughout the year.
- Over 100 University of Auckland students received funding to take part in exchange and study programmes in the two rounds of the Prime Minister's Scholarships to Asia and Latin America. In total, 39 individual students and 4 groups totalling 60 students received scholarships to Asia and 8 students received scholarships for Latin America.
- University of Auckland students were recognised at a national level for excellence in the Creative Arts: Hash Perambalam won the Best Self-Funded Short Film award at the Rialto Channel NZ Film Awards for her film *Not Like Her*. Students and staff from the School of Architecture and Planning won an unprecedented ten prizes at the 2017 NZ Wood Resene Timber Design Awards, including the prestigious Supreme Award. Jordan Davey-Emms won first prize in this year's Glaister Ennor Graduate Art Awards with her installation entitled "Open Set / Sponge Mass".
- Five University of Auckland students were chosen to represent New Zealand in Futsal: Shivanthi Anthony (Science), Hannah Kraakman (Arts), Hannah Robert (Commerce), and Maxine Cooper (Medicine) were selected for the Futsal Ferns and Marvin Eakins (Science) for the Futsal Whites.
- The New Zealand Association of Graduate Employers awarded the University Runner-up in the "Best Careers Service" category at their annual industry awards.

High-quality research that benefits society

Research-intensive universities play a key role in creating and disseminating knowledge that has positive social, cultural, economic and environmental impact. As a comprehensive university we recognise the intrinsic value of knowledge and of diverse intellectual traditions. We are committed to research excellence across all our disciplines, and to the dissemination of high-quality research with various forms of impact: informing research-led education; contributing to building bodies of knowledge in different disciplines; addressing the world's major challenges; assisting in policy formulation; enriching the cultural life and wellbeing of our communities; and promoting commercial innovation.

Objective 9

A growing output of excellent research across all our disciplines.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Number of peer-reviewed research and creative outputs	6,899	6,790	7,230	7,348

- Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff in 2017: Professor Peter Shepherd (Medical Sciences), the Callaghan Medal; Professor Cris Shore (Social Sciences), the Mason Durie Medal; Professor Tracey McIntosh (Māori Studies and Pacific Studies), the Te Rangī Hīroa Medal; Dr Aroha Harris (Humanities), the Te Apārangi Early Career Researcher Award in Humanities; Dr Danny Osborne (Psychology), the Te Apārangi Early Career Research Award in Social Sciences; Distinguished Professor Viviane Robinson and Professors Michael Parekōwhai, Margaret Mutu, Michele Leggott, Margaret Wetherell and Jadranka Travas-Sejdic were elected Fellows.
- The Health Research Council of New Zealand awarded the Beaven Medal to Professor Alistair Gunn (Medical Sciences).
- Rutherford Discovery Fellowships for top early and mid-career researchers were awarded to four science and medical researchers from the University: Dr Emma Carroll (Science); Associate Professor Claire Charters (Law); Dr Max Petrov (Medicine) and Associate Professor Melinda Webber (Starpath).
- Professor Christian Hartinger (Chemical Sciences) received the Beatrice Hill Tinsley Medal at the New Zealand Association of Scientists Awards for his outstanding research, particularly in the development of metal-based anticancer drugs. The Foetal Physiology and Neuroscience Team, led by Professor Alistair Gunn (Physiology and Paediatrics) and Professor Laura Bennet (Physiology), including Dr Joanne Davidson, Dr Justin Dean (Physiology) and Professor Colin Green (Ophthalmology), received the Shorland Medal for their outstanding contribution researching the major causes of death and disability in early childhood.
- Researchers from the School of Medicine were awarded five of the ten clinical research training fellowships from the Health Research Council. They are Dr Varsha Asrani (Surgery); Dr Ahmed Barazanchi (Surgery); Dr Rebecca Griffith (Paediatrics, Child and Youth Health); Dr Wiremu MacFater (Medicine); and Dr Mark Zhu (Surgery).
- Researchers from across the University were awarded \$19.8 million from the Marsden Fund in 2017, for 31 research projects addressing issues ranging from searching for early life in terrestrial hot springs to using economic games to explore the foundations of political ideology to exploring the contribution of ATP release to perinatal brain injury after ischaemia. The fund distributed \$84.6 million to 133 research projects around the country in 2017.
- Health Research Council (HRC) is the principal government agency responsible for funding health research in New Zealand. The University was successful in the HRC's 2017 funding round, receiving a total of \$35 million for research programmes and projects over the next three to five years. This represents 42% of the national total. Two major research programmes over five years were awarded to: Professor Alistair Gunn (Medical Science), for research around perinatal brain injury; and Professor Martyn Nash (Engineering Science and ABI), for research looking at the biomechanics of heart disease.
- The University had outstanding success in the Ministry of Business, Innovation and Employment funding round, with 12 bids funded to a multi-year total of \$43.5 million, 18% of the funding allocated nationally. The projects to be funded from the Endeavour Fund include nine "Smart Ideas" and three research programmes: Development of robust IPT pavement systems for electric vehicles; Smart sensing of physiology to grow the NZ medtech industry; Fast, efficient and tailored pulsed laser micromachining and additive manufacturing.
- University of Auckland researchers were awarded research grants and scholarships from a number of organisations including public and private companies, and philanthropic agencies. These included the NZ Breast Cancer Foundation, the Auckland Medical Research Foundation and the Heart Foundation. These grants recognise the importance and quality of the University's research activities.
- Professor Margaret Hyland, (Chemical and Materials Engineering) was appointed Chief Scientist to the Ministry of Business, Innovation and Employment (MBIE).



Objective 10

Dissemination of high-quality research that has the greatest possible impact on and value for New Zealand and the world.

- The 2017 Celebrating Research Excellence event included the presentation of the Vice-Chancellor's Commercialisation Medals to Professor Cather Simpson, Photon Factory founder (Chemical Sciences, Physics); Associate Professor Charles Clifton, structural steel expert (Civil Engineering); and Associate Professor Patrick Hu, Telemetry Research and PowerbyProxi founding scientist (Electrical Engineering).
- A new collaboration between the Liggins Institute and the Murdoch Children's Research Institute received \$1.5 million from the Ministry for Business, Innovation and Employment's Catalyst Project fund, which supports international research partnerships and scientific cooperation.
- A virtual multidisciplinary collaborative research centre, the Eisdell Moore Centre, dedicated to research into hearing and balance disorders, was launched in Auckland. The Centre brings together researchers and clinicians at the University of Auckland with similar groups at the Universities of Otago and Canterbury, to develop prevention, treatment and interventions for these conditions and their consequences.
- UniServices and the Group of Eight Australian universities signed an agreement with UK-based IP Group plc. to invest \$215 million in finding and developing companies involved in "disruptive innovation". As part of the agreement, the IP Group will provide UniServices with business-building expertise, capital, networks, recruitment and business support.
- Distinguished Professor Jane Harding, received the Norman J. Siegel New Member Outstanding Science Award from the American Pediatric Association for her significant contributions to research and pediatrics. She is the first person outside of the United States to win the prestigious prize.
- New Zealand's research supercomputing organisation NeSI hosted by the University of Auckland announced a new integrated supercomputing platform to power computational and data-intensive research in New Zealand. The joint investment by NeSI and NIWA at the signing of a six-year contract worth \$31.7 million with global supercomputer leader Cray Inc. replaces and expands NeSI's national computer and data platform, extending its scope and performance to meet changing needs, and will be commissioned by early 2018.
- In December, the new Science Centre hosted the first ever international green chemistry conference. Conference speakers considered the search for less environmentally harmful, safer alternatives to existing technologies and chemical processes.

Treaty of Waitangi /Te Tiriti o Waitangi partnerships for mutual benefit

The University of Auckland has a strong history of developing partnerships with Māori that acknowledge the principles of The Treaty of Waitangi /Te Tiriti o Waitangi. We will maintain and strengthen our core of excellent Māori staff, provide programmes that attract Māori students and recognise their aspirations, and encourage teaching, learning and research that contributes to Māori intellectual and cultural advancement.

Objective 11

Partnerships in which the University and Māori work together to achieve their shared aspirations.

- The Office of the Pro Vice-Chancellor (Māori) has continued extensive local, regional and national engagement with Māori entities, hapū and iwi. Long-term engagement with Ngāpuhi has resulted in contributions to educational and art strategies for the next decade.
- There has been a continued focus on incorporating Mātauranga Māori in the design and development of present and future research programmes with MBIE and National Science Challenges. The office has contributed to the "Our Land and Water" Science Challenge in 2017.
- The University welcomed Professor Linda Waimarie Nikora (Te Aitianga a Hauiti, Ngī Tūhoe) as Professor of Indigenous Studies and as co-director of Ngā Pae o te Māramatanga, the Māori Centre for Research Excellence.
- The James Henare Māori Research Centre has developed a number of emerging relationships reflecting recognition of the developing Māori economy and value chains. The Office and Centre have gained "Ageing Well" Science Challenge funding to scope the present provision of health care for Māori in the Whangarei district.
- The Office of the Pro Vice-Chancellor (Māori) works closely with Māori groups, especially Nga Tauira Māori, Te Kahui Amokura, Comet and our Tai Tokerau Campus.

Strong partnerships with key organisations and communities

The University interacts with and serves many diverse communities locally, nationally and internationally, which contribute to and draw upon our research, teaching and ideas. Our ongoing relationships with employers, business, schools, other teaching and research institutions, government, councils, and regional and community groups play an important part in the achievement of the University's mission and goals. The University benefits from the political, intellectual and financial support of our many alumni and friends.

Objective 12

Strong relationships with key partners which have a positive impact on both parties.

- The Auckland community took the opportunity to engage with internationally-renowned researchers and their research. Public events included lectures by visiting fellows, inaugural professorial lectures, and the Winter Lecture series entitled 'Nation Transformed: the place of migration in 21st century Aotearoa-New Zealand'.
- The Distinguished Alumni Awards Dinner and Bright Lights panel discussion event showcased the exceptional contribution that the winners have made to their respective fields and to the wider community. The 2017 awardees were: Carol Hirschfeld, one of New Zealand's most iconic broadcasters (Arts); Ian Hunter, Professor of Mechanical Engineering at MIT (Science); Lance O'Sullivan, General Practitioner and public health advocate (FMHS); and Lisa Reihana, multi-disciplinary artist (CAI). The Young Alumna of the Year was Erna Takazawa, Samoa's first and currently only optometrist (FMHS).
- The Graduation Gala Concerto Competition was held at Auckland's Town Hall. Sara Lee won the top prize with her rendition of the first movement of Tchaikovsky's much-loved Piano Concerto in B flat minor. Viola player Julia Park won second prize, and third prize was awarded to violinist Joella Pinto.
- Alumni and donor-focussed events took place locally and internationally and included celebration dinners, receptions, reunions and lectures. Among the highlights for 2017 was the inaugural University of Auckland "Raising the Bar" event, at which academics gave 20 talks at 10 bars in central Auckland on one night. The annual Golden Graduates Luncheon attracted an enthusiastic attendance again in 2017.
- Honorary doctorates were bestowed on Julian Robertson (KNZM) and Roger France (ONZM).
- The University of Auckland became a founding partner of Newsroom, a new independent current affairs and news website.
- The University is the lead partner in the new Centre of Asia-Pacific Excellence (CAPE) specialising in North Asia, and a partner in the other two CAPEs focussed on South-East Asia and Latin America.
- The University's Alumni Relations and Development team won the Gold Medal in the Innovative Alumni Programs category in the Council for Advancement and Support of Education (CASE)'s annual Circle of Excellence Awards. The Circle of Excellence awards recognise outstanding work in advancement services, alumni relations, communications, fundraising and marketing at CASE member institutions worldwide. In the winning campaign, ARD asked alumni to share their "Words of Wisdom" to help prepare the class of 2016 for their next great adventure.
- The New Zealand Leadership Institute (NZLI) merged with the University of Auckland Business School in 2017, to formalise and strengthen the existing relationship. NZLI works at the forefront of leadership research and development, and the merger will enable the development of new programmes and the possibility of entering new sector projects such as those in the not-for-profit, governance, and youth worlds.

A sustainable, autonomous university

The success of research-intensive universities is determined by their degree of autonomy, the quality of their people, and their ability to resource and support their activities. The University's commitment to excellence extends to all of its financial, investment, government and management practices, helping to build capacity and to ensure the long-term sustainability of the institution for the benefit of Auckland and New Zealand.

Objective 13

A growing and increasingly diversified revenue base to support our activities.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Total revenue (\$m) See note below.	1,072	1,093	1,147	1,147
Total revenue \$ / EFTS See note below.	32,016	32,991	34,275	34,366
Total revenue per academic staff FTE (\$)	491,151	494,607	n/a	513,617

- Unrestricted University revenue has grown by 4.9% from 2016 to 2017. Increased revenue is associated with a number of factors, including an increase in International student enrolments and associated fees; a shift to higher cost courses; and improvements in the enrolment processes, which allowed students to enrol rapidly. These factors contributed to better than anticipated cash flow and improved revenue.
- Monthly and semestral reviews of financial performance against budget and forecast were undertaken at various levels of the University organisation structure. Explanations for variances were sought and, where appropriate, approved.
- Note: Revenue figures for 2017 and 2016 reflect Unrestricted Group revenue. Unrestricted Group financials align with the traditional consolidation which excluded the Foundation. The 2017 target and 2015 actuals reflect this traditional consolidation.

Objective 14

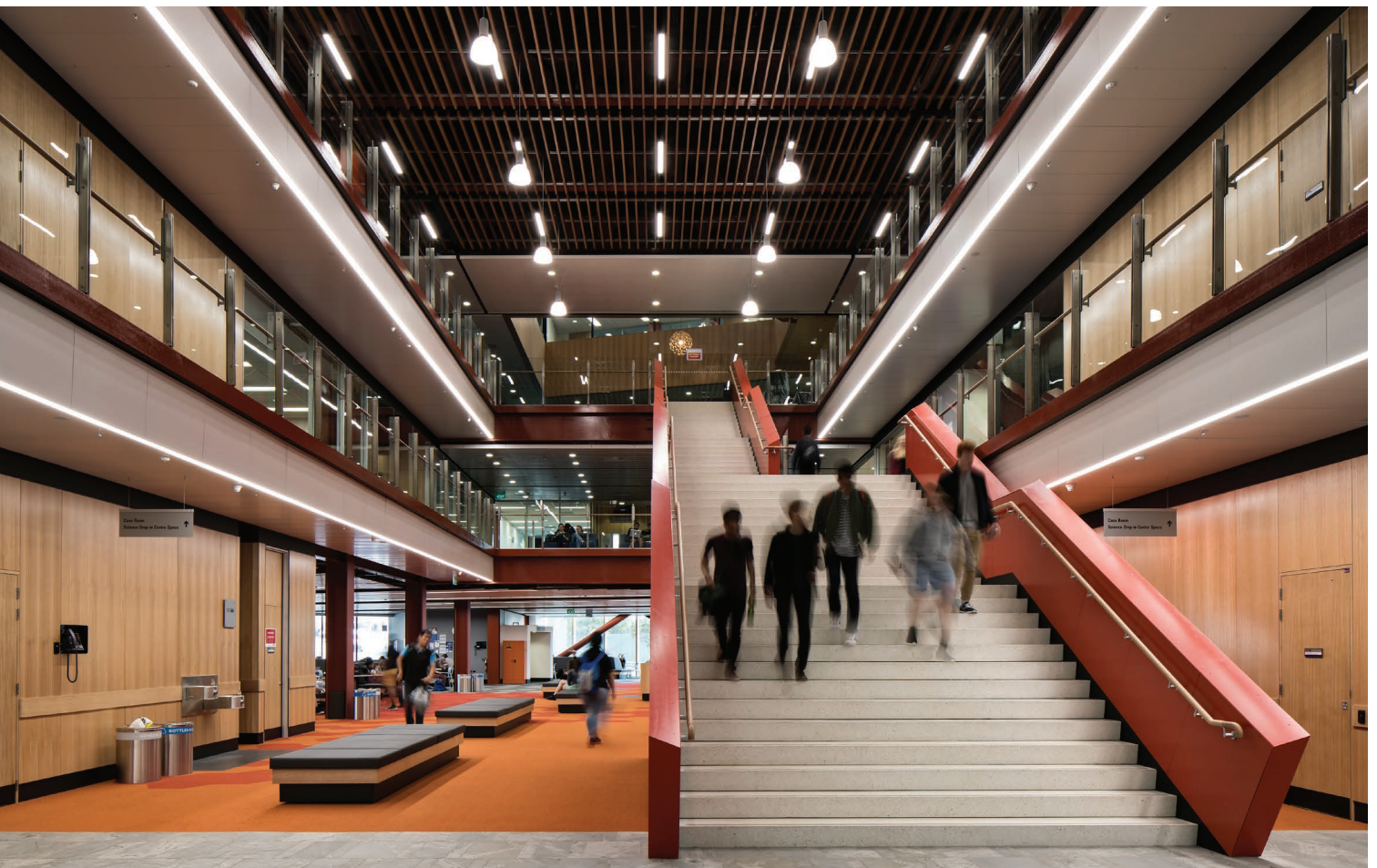
Deliver 1.5% of operating revenue from endowment income and current-use philanthropic gifts to provide broad and flexible support for future University initiatives.

- Endowment income and current use philanthropic gifts continue to be used to support a range of University activities including scholarships, research chairs and specific research projects.
- Building and maintaining strong relationships with philanthropic partners continues to deliver impact for the University and the communities it serves.
- Excellent results were achieved in 2017 for the University of Auckland Campaign "For All Our Futures", with donations for a single year exceeding \$64 million, the most successful fundraising year in the University's history. Publicly launched in September 2016, the campaign has already raised funds for multiple projects, including in the areas of cancer research, innovation and entrepreneurship, online STEM subject education, and scholarships for students.
- More than 320 people attended the Chancellor's Dinner, an annual event at which the University honours and thanks its major donors. The keynote speaker was Canadian philanthropist John McCall MacBain, who announced his support for establishing a new Rhodes-style scholarship programme with associated leadership training and mentoring. In 2017, 25 inductees joined one of the three societies in the Chancellor's Circle of top donors.

Objective 15

An infrastructure of the highest quality possible to support our teaching, learning, research, and community engagement.

- The University's campus re-development planning continued in 2017 as scheduled. The restoration work on Alfred Nathan House was completed. Work continues on the Engineering building, Grafton Hall, Newmarket and the Thomas Building. Design work commenced for the Recreation Centre and the new Gateway building on Symonds Street.
- Student accommodation is being expanded, with good progress made on three different projects at the City and Grafton campuses. The first phase of Waikohanga Hall, the heritage ex-Housing Corporation building at 44 Symonds Street, has been completed. Construction has started on the new 786 bed Waiparuru student hall at 35 Whitaker Place and work has continued on the replacement Grafton Hall complex of 321 beds.



Objective 16

Sustainable practices to make more efficient use of resources and enhance our environmental performance.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Energy consumption (KWh/m ² GFA)	166	160	162	153
Wastewater (m ³ / m ² GFA)	0.7	0.7	0.8	0.7
Paper (A4 reams / EFTS)	3.1	3.5	3.4	2.7
Solid waste to landfills (m ³ / EFTS)	0.5	0.6	0.5	0.5
CO2 emissions (t CO2-e / EFTS)	0.8	1.0	0.8	1.0

- The University has invested significant effort in refining its measurement of environmental performance, and monitoring performance to achieve improvements. The improvement in energy consumption per square metre in 2017 has been significant and consumption is far below our target. The use of the most recent innovations in our new building projects, like the “cold-aisle” containment system in the OGGB data centre, has contributed to our improved results.
- The use of paper has been reduced and is well below the 2017 target. The use of electronic devices results in a smaller amount of paper being used. Small examples of paper saving include matching the printing of *UniNews* to the number of people who want to read the articles on paper, limiting the number of Annual Plans printed and encouraging the use of electronic devices in meetings.

Objective 17

A safe and healthy environment.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Numbers of injuries	684	569	≤ 750	554
Rating in self-assurance review	Tertiary	Tertiary	Tertiary	Tertiary

- Following the revision of the Health, Safety and Wellbeing Policy and its application to all staff and students, a Health and Safety risk framework and a number of tools to support staff and leaders in meeting their health and safety obligations have been developed and distributed. A holistic approach to wellbeing has been established which includes both individual and team wellbeing, with a focus on the importance of leaders supporting health, safety and wellbeing in the workplace. The Vice-Chancellor’s Health, Safety and Wellbeing Excellence Awards has gone from strength to strength, celebrating examples of staff and student activity that show inspiration, innovation, and leadership across the University.
- The University was named as a finalist at the 2017 New Zealand Workplace Health and Safety Awards for ‘Best Leadership of an Industry, Sector, or Region’.
- The Department of Physics was awarded the Pleiades Bronze Award from the Astronomical Society of Australia (ASA). The scheme is run by the Inclusive, Diverse, Equitable Astronomy (IDEA) Chapter of the Society, and the award recognises a strong commitment to developing practices to improve the work environment for all staff and students.

Objective 18

High quality governance and management practices consistent with the mission and values of the University of Auckland.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Operating surplus as a % of revenue	4.1	3.7	3.1	3.3
Operating cash receipts as a % of operating cash payments	121.9	123.3	118.3	121.6
Revenue achieved as a % of Budget	101.1	n/a	n/a	n/a

- The University reported quarterly to the Audit Committee on key issues in risk management.
- The Council approved the 2018 Budget and noted the University and Faculty Key Performance Indicators that measure progress toward the Strategic Plan objectives. Progress toward the annual targets for eleven key indicators was reported to Council at each meeting. Progress toward faculty and LSRI annual targets was reviewed by the Vice-Chancellor as part of Deans' and Directors' annual reports and through the Semestral Review Process.
- Faculties, service divisions and LSRI submitted progress and end-of-year reports against their 2017-2019 Plans. 2018-2020 Plans were submitted and discussed at the Senior Leadership Team Planning Meeting in November. Compliance with University financial management policies, including treasury and transactional policies, was monitored on an on-going basis.
- The University's Service Essentials team were recognised for the work that enables staff to identify issues, see opportunities for improvements, propose solutions and take action. They won a national award for Organisational Change and Development at the Human Resources Institute of New Zealand awards and at the Association of Tertiary Education Management Conference (ATEM), they won the Best Practice Award for Excellence in People and Culture.
- Note: Revenue as a % of budget has been excluded for 2016 and 2017 as measurement differences render the result misleading.

A public university of global standing

To continue to realise our aspiration to be a leading public university of global standing, we will maintain and build strong partnerships with leading universities who share our commitment to excellence in research-led education. These relationships will help us to advance and measure our performance in an international context, and ensure that we are an integral part of the international community of leading public universities.

Objective 19

An international standing that places us in the top half of the groups of leading Australian, British and Canadian universities.

Performance indicators	2015 Actual	2016 Actual	2017 Target	2017 Actual
Rankings in the Times Higher Education World University Rankings	172	165	≤ 150	192
QS World University Rankings	82	81	78	82

- The University of Auckland retained its position as the top New Zealand University in the three main world university ranking systems. It was the only New Zealand university among the top 100 universities in the QS World University Rankings, attaining a ranking of 82. In the QS individual subject rankings, the University was in the top 50 for 16 of the 38 subjects in which we were ranked, with Archaeology (16), Education (20), English Language and Literature (29), Psychology (33), Geography (34), Anatomy and Physiology (34), Law (36) and Accounting and Finance (37) ranking particularly well.
- In the Times Higher Education World University Rankings, the University of Auckland ranked 192nd in the world.
- In 2017, the University ranked in the 201-300 band in the Shanghai Jiao-Tong World Ranking of Universities.
- In the Reuters Top 75: Asia's Most Innovative Universities rankings, the University was placed third in Australasia at 32nd; no other New Zealand university was ranked in the top 75.
- The University was ranked 146th in the Times Higher Education Global University Employability Ranking, and in the QS Employability Ranking was ranked 75th.
- The University's international relationships allow access to international forums and networks that provide staff with opportunities for development and collaboration. The University is an active member and participant in the World Universities Network (WUN), Universitas 21 (U21), the Association of Pacific Rim Universities (ARPU), and also in the Australian Group of Eight working groups and committees. A range of academic and professional staff enjoyed the benefits of the University's membership of these groups, through research collaborations and grants.
- Participating in the Annual Meetings of the networks and contributing to the policy agendas and decisions of those groups is key to maintaining and enhancing our international reputation, leading to further collaborative and research opportunities.
- The University celebrated the tenth anniversary of the New Zealand Centre at Peking University in Beijing. The New Zealand Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment and Education New Zealand also support the centre.

Statement of the cost of outputs

The University's Mission and Values establishes three broad classes of output that result from its activities. The outputs are research-informed teaching, learning and scholarship; fundamental and commercial applications of research and creative works; and contributions to its local, national and international communities.

	Consolidated			
	2015 Actual \$000	2016 Actual \$000	2017 Actual \$000	2017 Budget \$000
Teaching and learning	664,596	701,998	734,828	733,638
Research	296,847	301,622	339,009	345,559
Community Service	45,323	40,157	35,932	32,305
Total cost of outputs	1,006,766	1,043,777	1,109,769	1,111,502

Compulsory student service fees

	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
	Advocacy and legal advice	Careers information advice and guidance	Counselling and pastoral care	Employment information	Financial support and advice	Health services and Disability services	Media	Childcare services	Clubs and societies	Sports, recreation cultural activities	Other	Total
Compulsory Student service fees											21,037	21,037
Other			28			1,768		4,987		1,917		8,700
Total revenue	-	-	28	-	-	1,768	-	4,987	-	1,917	21,037	29,737
Expenses	1,494	2,238	3,997	76	54	4,460	82	5,388	1,700	10,246	-	29,737
Total expenses	1,494	2,238	3,997	76	54	4,460	82	5,388	1,700	10,246	-	29,737
Surplus/(deficit)	(1,494)	(2,238)	(3,970)	(76)	(54)	(2,692)	(82)	(401)	(1,700)	(8,329)	21,037	-

The Compulsory Student Services Fee (CSSF) was set at \$765.00 per full-time student in 2017. The administration of the CSSF is integrated within the University's normal operations. All income and expenditure associated with the provision of student services is separately identifiable in the University's accounting system.

Advocacy and legal advice

Advocacy support is provided to students by student organisations, including AUSA and PGSA. AUSA offers all students access to a free and confidential advocacy service, which is independent from the University. The Advocacy team provides professional advice on any issue, whether academic, financial or of a more personal nature. It offers advice about student rights and University procedures.

Career information and support

Career Development and Employment Services (CDES) assists current students and alumni for up to three years after graduation with all aspects of career development. The support provided enables students and graduates to develop the capabilities to successfully self-manage and navigate their world of work, life and learning. This includes online information and resources, and a range of tailored workshops and individual appointments. CDES provides opportunities for students to engage with employers through large expos, career events, employer presentations and a job board. Career development consultants have special responsibilities including being the lead consultant for specific faculties as well as for Māori, Pacific, international and postgraduate students.

Counselling services & pastoral care

Counsellors are available for one-on-one and group appointments to help students overcome barriers to academic progress arising from personal circumstances. A range of staff are also available to provide pastoral care including chaplains, resident assistants in halls of residence and faculty-based staff. The University's Student Proctor is available to address disputes between students and concerns about student behaviour.

Employment information

Part-time employment opportunities for current students are promoted on campus in a variety of ways. There is also a job board on the CDES website which is accessible to all students and alumni up to three years after graduation.

Health services

University Health Services provides primary health care services to students to help prevent and overcome personal difficulties relating to their physical and mental wellbeing. Primary health care services are delivered by GPs and nurses. Disability Services provides a range of support to students with physical and mental disabilities.

Media

The University supports the production and dissemination of information by students to students including web-site hosting, print-based media and online communities for students across the University.

Childcare services

Childcare facilities are available to parents across all campuses.

Clubs and societies

The University of Auckland supports clubs and societies through the provision of administrative support, grants, facilities and equipment.

Sports, recreation and cultural activities

The University provides sport and recreation facilities and services to students. The University Recreation Centre offers gym and fitness equipment, fitness classes and sports facilities such as a sports hall and squash courts. The sport and recreation department delivers student sporting tournaments, events, wellness programmes and supports sports club activities. The University also provides a range of cultural activities on campus.



Financial statements

Statement of responsibility

44

Statement of comprehensive revenue and expenses

45

Statement of financial position

47

Statement of cash flows

48

Statement of changes in equity

50

Notes to the Financial Statements

52

Report of the Auditor General

87

Statement of resources


90

Glossary

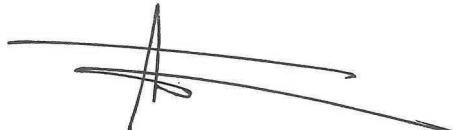
91

Statement of responsibility

- The Council and management of the University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- The Council and management of the University of Auckland accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Council and management of the University of Auckland, the Financial Statements for the year ended 31 December 2017 fairly reflect the financial position and operations of the University of Auckland.
- The Council of the University of Auckland has reviewed these Financial Statements at its meeting of 12 March 2018 and formally adopted these Financial Statements for issue on 12 March 2018.



Scott St John
CHANCELLOR



Professor Stuart McCutcheon
VICE-CHANCELLOR



Mrs Adrienne Cleland
DEPUTY VICE-CHANCELLOR
(OPERATIONS) & REGISTRAR

Statement of comprehensive revenue and expenses

For the year ended 31 December 2017

	Note	Consolidated					
		2017 Unrestricted \$'000	2017 Restricted \$'000	2017 Total \$'000	2016 Unrestricted \$'000	2016 Restricted \$'000	2016 Total \$'000
Operating revenue							
Government grants	2	429,315	-	429,315	418,589	-	418,589
Tuition fees		306,099	-	306,099	286,356	-	286,356
Research and contracts	3	252,357	-	252,357	243,353	-	243,353
Service income		121,083	-	121,083	105,000	-	105,000
Donations and legacies		741	25,903	26,644	5,428	29,601	35,029
Interest received		6,973	2,684	9,657	1,128	6,462	7,590
Other revenue		14,184	-	14,184	13,858	-	13,858
Other gains/(losses)	4	(2,099)	19,258	17,159	5,248	7,040	12,288
Transfer of funds from restricted to unrestricted	5	17,998	(17,998)	-	13,627	(13,627)	-
Total operating revenue		1,146,651	29,847	1,176,498	1,092,587	29,476	1,122,063
Operating expenses							
People costs	6	630,821	-	630,821	603,869	-	603,869
Operating costs	7	348,395	-	348,395	319,879	-	319,879
Finance costs		103	-	103	139	-	139
Depreciation and amortisation	10,11, 23	129,103	-	129,103	128,437	-	128,437
Total operating expenses		1,108,422	-	1,108,422	1,046,784	-	1,052,324
Net surplus before tax		38,229	29,847	68,076	40,263	29,476	69,739
Income tax expense/(benefit)		229	-	229	(32)	-	(32)
Net surplus after tax		38,000	29,847	67,847	40,295	29,476	69,771
Other comprehensive revenue and expenses							
Gain/(loss) on asset revaluation reserve	18	(12,208)	-	(12,208)	824,871	-	824,871
Gain/(loss) on cash flow hedges taken to equity	18	(83)	-	(83)	383	-	383
Gain/(loss) in foreign currency translation reserve	18	66	-	66	(58)	-	(58)
Gain/(loss) in available-for-sale reserve	18	842	-	842	11,044	-	11,044
Total comprehensive revenue and expenses		26,617	29,847	56,464	876,535	29,476	906,011
Surplus is attributable to:							
Members of the parent entity		26,617	29,847	56,464	876,535	29,476	906,011

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Statement of comprehensive revenue and expenses (continued)

For the year ended 31 December 2017

	Note	University		
		Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Operating revenue				
Government grants	2	429,315	427,622	418,589
Tuition fees		306,099	296,538	286,356
Research and contracts	3	164,891	166,206	143,121
Service income		141,483	133,937	137,984
Donations and legacies		12,578	7,912	11,845
Interest received		6,637	4,521	5,103
Other revenue		9,401	11,319	12,280
Other gains/(losses)	4	(2,040)	(2,068)	5,082
Total operating revenue		1,068,364	1,045,987	1,020,360
Operating expenses				
People costs	6	570,058	560,726	546,784
Operating costs	7	332,535	329,507	299,699
Finance costs		2,294	2,318	2,712
Depreciation and amortisation	10,11,23	127,849	120,656	127,207
Total operating expenses		1,032,736	1,013,207	976,402
Net surplus before tax		35,628	32,780	43,958
Income tax expense/(benefit)		-	-	-
Net surplus after tax		35,628	32,780	43,958
Other comprehensive revenue and expenses				
Gain/(loss) on asset revaluation reserve	18	(12,208)	-	824,871
Gain/(loss) on cash flow hedges taken to equity	18	44	-	284
Total comprehensive revenue and expenses		23,464	32,780	869,113
Surplus is attributable to:				
Members of the parent entity		23,464	32,780	869,113

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Statement of financial position

As at 31 December 2017

	Note	Consolidated		University		
		Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Current assets						
Cash and cash equivalents		111,395	53,642	97,775	50,946	42,942
Short term bank deposits		78,647	111,946	49,564	16,805	79,626
Receivables	9	48,756	51,338	62,185	39,411	59,553
Research work in progress		13,714	10,455	11,317	5,377	9,143
Derivative financial instruments	22.1	112	195	73	-	29
Inventories		1,959	1,750	1,959	1,850	1,750
Prepayments and other current assets		25,491	22,068	25,360	21,675	22,560
Total current assets		280,074	251,394	248,233	136,064	215,603
Non-current assets						
Investment in controlled entities	20.1	-	-	19,882	1,000	20,283
Property, plant and equipment	10, 23	2,825,297	2,786,386	2,819,794	2,073,623	2,782,154
Intangible assets	11	31,457	23,297	29,052	14,711	23,072
Other financial assets	22.1	205,430	177,299	8,684	18,466	9,499
Total non-current assets		3,062,184	2,986,982	2,877,412	2,107,800	2,835,008
Total assets		3,342,258	3,238,376	3,125,645	2,243,864	3,050,611
Current liabilities						
Payables	12	141,315	125,019	128,348	127,334	116,849
Deferred revenue	13	161,131	142,425	125,198	102,364	114,907
Income tax payable/(receivable)		229	(32)	-	-	-
Loans and borrowings	15	623	622	82,623	67,617	64,622
Employee entitlements	14	56,974	49,305	52,913	48,798	45,611
Total current liabilities		360,272	317,339	389,082	346,113	341,989
Non-current liabilities						
Employee entitlements	14	56,083	49,820	56,039	54,746	49,784
Deferred revenue	13	-	1,250	-	4,893	1,250
Loans and borrowings	15	1,771	2,299	1,771	1,705	2,299
Total non-current liabilities		57,854	53,369	57,810	61,344	53,333
Total liabilities		418,126	370,708	446,892	407,457	395,322
Net assets		2,924,132	2,867,668	2,678,753	1,836,407	2,655,289
Equity						
General equity	18	1,281,806	1,242,806	1,249,283	1,187,942	1,213,544
Reserves	18	1,401,380	1,414,148	1,388,181	607,936	1,401,730
Restricted and special funds	19	240,946	210,714	41,289	40,529	40,015
Total equity		2,924,132	2,867,668	2,678,753	1,836,407	2,655,289
Net assets						
Restricted		222,662	192,815	23,006	-	22,117
Unrestricted		2,701,470	2,674,853	2,655,747	1,836,407	2,633,172
Total net assets		2,924,132	2,867,668	2,678,753	1,836,407	2,655,289

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Statement of cash flows

For the year ended 31 December 2017

	Note	Consolidated		University		
		Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Cash flows from operating activities						
Government Grants		427,286	418,650	427,286	432,241	418,650
Tuition fees		311,591	290,840	311,591	298,729	290,840
Other operating receipts		401,463	386,279	319,621	322,979	319,035
Donations and legacies received		22,928	29,693	-	-	-
Goods and services tax (net)		2,884	3,886	3,661	(2,851)	3,429
Payments to employees		(556,614)	(536,682)	(512,493)	(510,624)	(496,138)
Other operating payments		(403,570)	(379,368)	(376,756)	(364,647)	(343,026)
Net cash provided by operating activities	8	205,968	213,298	172,910	175,827	192,790
Cash flows from investing activities						
Interest received		8,511	7,997	6,758	4,719	3,950
Proceeds of loan from controlled entities		-	-	18,000	3,000	2,000
Proceeds from disposal of financial assets		17,132	12,785	-	-	-
Acquisition of property, plant and equipment and work in progress		(181,505)	(58,850)	(175,859)	(214,295)	(57,215)
Borrowing costs capitalised		-	(237)	-	-	(237)
(Acquisition)/disposal of financial assets		8,689	(107,037)	36,030	(101)	(65,897)
Investment in controlled entities		-	-	-	-	(5,051)
Net cash provided by/(used in) investing activities		(147,173)	(145,342)	(115,071)	(206,677)	(122,450)
Cash flows from financing activities						
Proceeds from borrowings		-	20,000	-	-	20,000
Interest paid		-	-	(2,191)	(2,318)	(2,573)
Repayment of borrowings		(630)	(62,130)	(630)	(630)	(62,130)
Repayment of convertible loan		(250)	-	(250)	-	-
Net cash provided by/(used in) financing activities		(880)	(42,130)	(3,071)	(2,948)	(44,703)
Net increase/(decrease) in cash and cash equivalents		57,915	25,826	54,768	(33,798)	25,637
Cash and cash equivalents at the beginning of the financial year		53,642	28,134	42,942	84,744	17,549
Effects of exchange rate changes on cash and cash equivalents		(162)	(318)	65	-	(244)
Cash and cash equivalents at the end of the financial year		111,395	53,642	97,775	50,946	42,942
Reconciliation of cash and cash equivalents						
Current accounts at bank		100,729	45,935	94,141	47,690	40,597
Foreign currency current accounts at bank		10,666	7,707	3,634	3,256	2,345
Total cash and cash equivalents		111,395	53,642	97,775	50,946	42,942

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Statement of cash flows (continued)

For the year ended 31 December 2017

Cash flows are classified into three sources:

Operating activities

- The principal revenue producing activities of the Group generally result from the transactions and other events that are integral to the determination of the net surplus. Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities

- Those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments include securities not falling within the definition of cash and cash equivalents.

Financing activities

- Those activities that result in changes to the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash and cash equivalents.

Interest paid is classified as a financing cash flow and interest and dividends received are classified as investing cash flows.

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments and other short-term, highly liquid investments with original maturities of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are stated net of outstanding bank overdrafts when the bank has full right of set-off against accounts which are in funds. Bank overdrafts, for which the bank has no right of set-off, are shown within current liabilities in the statement of financial position.

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months approximates their fair value.

Statement of changes in equity

For the year ended 31 December 2017

	Note	Asset revaluation reserve \$'000	Hedging and statutory reserves \$'000	Foreign currency translation reserve \$'000	General equity \$'000	Restricted and special funds \$'000	Available for sale reserve \$'000	Total equity \$'000
Consolidated								
Balance as at 1 January 2017		1,403,207	289	(392)	1,242,806	210,714	11,044	2,867,668
Net surplus for the year		-	-	-	67,847	-	-	67,847
Other comprehensive revenue and expenses for the year	18	(12,208)	(83)	66	-	-	842	(11,383)
Transfer revaluation reserve on disposed assets	18	(1,385)	-	-	1,385	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(30,232)	30,232	-	-
Balance as at 31 December 2017		1,389,614	206	(326)	1,281,806	240,946	11,886	2,924,132
Equity								
Unrestricted		1,389,614	206	(326)	1,281,806	18,284	11,886	2,701,470
Restricted		-	-	-	-	222,662	-	222,662
Total equity		1,389,614	206	(326)	1,281,806	240,946	11,886	2,924,132
Equity								
Balance as at 1 January 2016		611,321	(94)	(334)	1,168,165	182,599	-	1,961,657
Net surplus for the year		-	-	-	69,771	-	-	69,771
Other comprehensive revenue and expenses for the year	18	824,871	383	(58)	-	-	11,044	836,240
Transfer revaluation reserve on disposed assets	18	(32,985)	-	-	32,985	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(28,115)	28,115	-	-
Balance as at 31 December 2016		1,403,207	289	(392)	1,242,806	210,714	11,044	2,867,668
Equity								
Unrestricted		1,403,207	289	(392)	1,242,806	17,899	11,044	2,674,853
Restricted		-	-	-	-	192,815	-	192,815
Total equity		1,403,207	289	(392)	1,242,806	210,714	11,044	2,867,668

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Statements of changes in equity (continued)

For the year ended 31 December 2017

University	Note	Asset revaluation reserve \$'000	Hedging and statutory reserves \$'000	Foreign currency translation reserve \$'000	General equity \$'000	Restricted and special funds \$'000	Available for sale reserve \$'000	Total equity \$'000
Balance as at 1 January 2017		1,401,705	25	-	1,213,544	40,015	-	2,655,289
Net surplus for the year		-	-	-	35,628	-	-	35,628
Other comprehensive revenue and expenses for the year	18	(12,208)	44	-	-	-	-	(12,164)
Transfer revaluation reserve on disposed assets	18	(1,385)	-	-	1,385	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(1,274)	1,274	-	-
Balance as at 31 December 2017		1,388,112	69	-	1,249,283	41,289	-	2,678,753
Balance as at 1 January 2016		609,819	(259)	-	1,138,196	38,420	-	1,786,176
Net surplus for the year		-	-	-	43,958	-	-	43,958
Other comprehensive revenue and expenses for the year	18	824,871	284	-	-	-	-	825,155
Transfer revaluation reserve on disposed assets	18	(32,985)	-	-	32,985	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(1,595)	1,595	-	-
Balance as at 31 December 2016		1,401,705	25	-	1,213,544	40,015	-	2,655,289

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2017

1 Statement of accounting policies

1.1 Reporting entity

The financial statements of The University of Auckland, the ultimate Parent, and its controlled entities (together the Group) for the year ended 31 December 2017 were authorised for issue by the Council on 12 March 2018.

The financial statements of the Parent and the Group have been presented to comply with good practice notifications from the Ministry of Education.

The Group consists of The University of Auckland (the University), Auckland UniServices Limited (AUL), and the University of Auckland Foundation (the Foundation). AUL operates in Hong Kong and China and has a branch in the Kingdom of Saudi Arabia.

The University of Auckland was established by The University of Auckland Act 1961. The principal activities of the University and AUL are the provision of teaching and research services. The principal activities of the Foundation are raising and stewardship of funds for charitable purposes and advancement of education and health care, assistance of students to pursue courses of study at the University of Auckland, and the general advancement of the University.

The central office of the University's management is located at the Clock Tower, 22 Princes St, Auckland, New Zealand.

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Section 203 of the Education Act 1989, which include the requirement to comply with generally accepted accounting practice in New Zealand.

The University and Group are designated as public benefit entities (PBE) for financial reporting purposes.

1.2 Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

GST is excluded from the financial statements except for Trade Receivables and Trade Payables which are stated inclusive of GST. The balance of GST payable to the Inland Revenue Department is included in Trade

Payables.

The net GST paid to, or received from, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Statement of compliance

These financial statements comply with PBE Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention except the following assets and liabilities are stated at their fair value: derivative financial instruments, assets held as available for sale, financial instruments which are designated at fair value through surplus or deficit, land and buildings, library special collections and works of art.

Works of art, library special collections and land and buildings are revalued every three years (unless there is evidence that suggests it should be done sooner in order to carry the assets at fair value) and are stated at revalued amount less impairment, if any, and subsequent accumulated depreciation on buildings.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the University and Group is New Zealand dollars.

Restrictions on net assets

Management views the Group's core operating activities as excluding receipts of donor restricted revenues and gains from contributions and investment income. In order to clearly identify the Group's core operating activities, the Group has voluntarily elected to classify its consolidated net assets as either restricted or unrestricted. Assets are classified as restricted when they are subject to donor imposed restrictions that prevent the Group from using them either permanently, or temporarily until certain restrictions are met. Assets are classified as unrestricted when they are not subject to any donor imposed restrictions. The movement in consolidated net unrestricted assets relates to the Group's core operating activities and as such provides

more relevant and reliable information.

Statement of comprehensive revenue and expenses

- Revenue and expenses are classified as movements in either unrestricted or restricted net assets.
- The line item 'Transfer of funds from restricted to unrestricted' represents the expiration of donor imposed restrictions.

Statement of financial position and statement of changes in equity

- Net assets are split into unrestricted and restricted.

Budget figures

The budget figures presented are for the University (the Parent) which form part of the Group budget figures that were approved by Council before the beginning of the 2017 financial year. The Group budget figures approved by Council excluded the Foundation. The budget figures have been prepared using the same accounting policies as those used in the preparation of these financial statements. The budget figures have not been audited.

Standards issued and not yet effective and not early adopted

The External Reporting Board issued PBE IFRS 9: Financial Instruments (PBE IFRS 9) on 12 January 2017 that PBEs will need to apply from 1 January 2021. The University and its controlled entities will adopt PBE IFRS 9 for its December 2021 year end. The impact of the adoption of this accounting standard is not known at this stage.

Changes in accounting policies

The University and Group have chosen to early adopt the Amendments to PBE IPSAS 21: Impairment of Non Cash Generating Assets and PBE IPSAS 26 Impairment of Cash Generating Assets, with a date of initial application of 1 January 2017.

These amendments bring assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets within the scope of PBE IPSAS 21 and PBE IPSAS 26.

1 Statement of accounting policies (continued)

As a result of these amendments, the University has changed its accounting policy for changes in useful life of buildings valued at Optimised Depreciated Replacement Cost (ODRC). Where buildings are identified as unable to be used or marked for demolition or closure, an impairment test is undertaken to determine if the recoverable service amount is lower than the carrying amount of the building.

As a result of this change, assets within property, plant and equipment that are revalued subsequent to initial recognition are also tested for impairment when indicators of impairment exist. Following impairment testing, an impairment with respect to buildings was recognised against the revaluation reserve through Other Comprehensive Revenue and Expense in 2017. Please refer to note 10.

This change in accounting policy aligns the University's treatment in the intervening periods to the methodology employed during revaluation processes.

During the year, AUL adopted a change in accounting policy to apply the Venture Capital Organisation exemption under PBE IPSAS 36 Investments in Associates and Joint Ventures to value its investment in associates at fair value, with changes in fair value recognised in surplus or deficit. This change did not have a material impact on the financial statements.

Critical accounting estimates

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the estimations and assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in these financial statements:

- The estimated useful lives of Property, Plant and Equipment and Intangible Assets.

- Whether Property, Plant and Equipment has been impaired during the year.
- The fair value estimation of Property, Plant and Equipment. Land, buildings, library special collections and works of art at the University are revalued at least every three years or when there is a material change between the fair value and the carrying value of the assets.
- The rate of future salary increases and the discount rate used to present value future cash flows, which are used to calculate the employee entitlements liabilities.
- The selection of the categories for reporting of Financial Assets and Liabilities within the financial statements.
- The discount rate used to present value future cash flows of non interest bearing loans.
- The designation of certain assets as fair value through surplus or deficit where the group of financial assets is managed and its performance evaluated on a fair value basis in accordance with the University's Treasury Management Policy and the Foundation's Statement of Investment Policy and Objectives (SIPO).
- The value of work in progress and expensing of any expenditure that will not contribute to the long term value of the asset being constructed.
- The classification of revenue as exchange or non-exchange in nature, and the accounting consequences related to each revenue class, in particular whether the assessment of a return obligation exists in non-exchange transactions.
- The classification and valuation of investments in associates and investments held as available for sale.
- The estimation of potential liabilities arising from areas of non-compliance with the Holidays Act. This liability is included in the annual leave liability within the employee entitlements note 14).

Critical accounting judgments

Management has exercised the following critical judgments in applying accounting policies for the year ended 31 December 2017:

Held-to-maturity investments

The Group follows the PBE IPSAS 29 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances explained in PBE IPSAS 29, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. Furthermore, the entity would not be able to classify any financial assets as held-to-maturity for the following two annual reporting periods.

Classification of investments as financial instruments

AUL hold a number of equity investments in entities, ranging from 14-50% of share capital. In the absence of contradictory evidence, a holding of over 20% of equity indicates significant influence and the investment is treated as an associate. For certain entities that AUL holds over 20% of the shareholding, AUL management has assessed that the company does not have significant influence or control over the entities due to Shareholders' Agreements, Terms Sheets and other key documentation. As AUL does not have significant influence over these entities, the investments are accounted for as financial instruments.

1.3 Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the University of Auckland and its controlled entities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Any accounting policies of controlled entities that differ from those of the University are adjusted for where material.

In preparing the consolidated financial statements, all material intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

1 Statement of accounting policies (continued)

Controlled entities

Controlled entities are those entities over which the Parent has power, exposure, or rights, to variable benefits from its involvement with these entities, and the ability to use its power over these entities to affect the nature or amount of the benefits from its involvement with these entities.

On acquisition, the assets, liabilities and contingent liabilities of a controlled entity are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the surplus or deficit in the statement of comprehensive revenue and expenses. Investment in controlled entities is recognised at cost on initial recognition, and at cost less accumulated impairment (if any) subsequent to initial recognition.

Associates

Associates are measured on initial recognition at cost. After initial measurement, associates are subsequently measured at fair value with changes in fair value being recognised as unrealised gains or losses through profit or loss.

Joint arrangements

Joint arrangements are arrangements where two or more parties share control.

If the parties have rights to the net assets of the arrangement this is classified as a joint venture. An interest in a joint venture is accounted for using the equity method.

Investments

Investments are all entities over which the Group does not have significant influence, joint control, or control and that are neither a controlled entity nor an interest in a joint venture or associate, generally but not always evidenced by holdings of less than 20% of the voting rights.

Where the fair value of investments cannot be reliably measured, they are held on the statement of financial position at \$1. These investments relate to start-up and non-trading entities with limited financial information

available and primarily where the intellectual property requires significant additional work to prove the commercial and/or technical viability.

All other investments are recognised in accordance with the 'Financial Assets' accounting policy.

Methodology used to determine nature of relationship with related entities

An entity controls another entity if it has all of the following:

- (a) Power over the other entity;
- (b) Exposure, or rights, to variable benefits from its involvement with the other entity; and
- (c) The ability to use its power over the entity to affect the nature or amount of the benefits from its involvement with the other entity.

Auckland UniServices Limited (AUL)

The University holds 100% of the shares in AUL and as a result has power over AUL, rights to variable benefits from AUL, and the power to affect the nature and amount of those benefits. AUL is accounted for as a controlled entity and consolidated into the Group.

University of Auckland Foundation (the Foundation)

The Foundation is a charitable entity and the majority of the trustees are independently appointed. The factors that led management to conclude that the University has control over the Foundation for financial reporting purposes and as such to consolidate the Foundation as part of the Group are as below:

(a) Power

The University does not have the power to appoint a majority of the board of Trustees. However, the board's decision making powers are limited by the University's involvement in fundraising activities, which are for University specific purposes. The University also funds a significant part of the Foundation's operations and provides key assets and management personnel to the Foundation.

(b) Exposure or rights to variable benefits

The University is exposed to or has rights to

financial and non-financial benefits as a result of its involvement with the Foundation.

The University is the beneficiary of the majority of the Foundation's assets, as donations to the Foundation are specified for this purpose. The activities of the Foundation are congruent with the University's objectives and support the University in achieving its objectives such that the University also receives non financial benefits from the activities of the Foundation.

(c) The ability to use its power over the entity to affect the nature or amount of the benefits from its involvement with the other entity.

The majority of donations received by the Foundation are for University-specific purposes, which are as a result of fundraising activities driven and funded by the University.

Even though the University does not control the investing activities of the Foundation, under the Trustees Act, the Trustees are required to act in the best interests of all present and future beneficiaries. As the majority of donations are for University-specific purposes, in making investment decisions, the independent board of trustees is acting in the best interests of, or on behalf of and for the benefit of, the University; that is, there is minimal conflict between the objectives of the University and the duties of the Trustees of the Foundation.

1.4 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date.

Non monetary items carried at fair value that are denominated in foreign currencies are translated to New Zealand dollars at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at balance date are recognised in the surplus

1 Statement of accounting policies (continued)

or deficit in the statement of comprehensive revenue and expenses, except where cash flow hedge accounting is used and the resulting fair value movements on the forward exchange contracts are deferred in the hedging reserve.

1.5 Significant accounting policies

Significant accounting policies which are pervasive throughout the financial statements or where there is no dedicated note disclosure are set out below. Other significant accounting policies which are specific to certain transactions or balances are disclosed within the particular note to which they relate.

The accounting policies set out in the financial statements and the accompanying notes have been applied consistently to all periods presented in these consolidated financial statements.

Revenue recognition

Tuition fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised at the amount received when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. Prior to the course withdrawal date domestic student tuition fees are treated as deferred revenue.

International student tuition fees are accounted for as exchange transactions. Revenue is recognised at the amount received over the length of the course when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. Prior to the course withdrawal date international student tuition fees are treated as revenue in advance.

Service income

Service income is recognised as revenue throughout the period of the service delivery where the transaction is classified as exchange in nature. Where the transaction is classified as non-exchange in nature and where there are in substance conditions to return the funds to the funder if performance stipulations are not met, service income is recognised as revenue at the time that the conditions are met. For non-exchange transactions where there are no in substance obligations to return the funds

service income is recognised as revenue at the point the Group has an enforceable claim to resources.

Donations and legacies

Unrestricted donations are recognised as revenue at the point the Group has an enforceable claim to resources. Where the Group receives a donation with conditions, a liability is recognised. Once the condition is met, the donation is recognised as revenue. Donated assets are recognised at fair value. Donations are considered non-exchange revenue.

Revenue received while acting as an agent

Where the Group collects money from contracts as an agent for a third party, the Group only recognises the commission received from the collections as revenue and is considered exchange revenue.

Sale of goods

Revenue from the sale of goods is considered exchange revenue and is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

Dividend and interest revenue

Dividend revenue from investments is considered exchange and is recognised when the shareholders' rights to receive payment have been established. Interest revenue is considered exchange and is recognised on a time proportionate basis using the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is used to calculate the amortised cost of a financial asset and to allocate interest income over the relevant period.

Restrictions on net assets

The Group's net assets are classified as either unrestricted or restricted.

Unrestricted net assets

Unrestricted net assets are not subject to

any donor-imposed restrictions. These assets consist primarily of the University's assets with the most significant category being property, plant & equipment.

Restricted net assets

Net assets are considered restricted when they are subject to donor imposed restrictions, that prevent the assets from being used for general or administrative purposes by the Group. The restrictions may be temporary or permanent. Temporarily restricted net assets have donor-imposed restrictions that will expire after the University performs certain actions (e.g. spends money on research in a particular field) or after a certain amount of time. Permanently restricted net assets are subject to donor imposed restrictions that they be invested to provide a permanent source of income to the University. The investment income from these endowments is usually subject to temporary restrictions. The majority of these restricted assets are in the Foundation.

Revenues from sources other than donations are generally reported as increases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulations. Expenses are generally reported as decreases in unrestricted net assets, even if they are financed from restricted sources.

Expenses cause any restrictions related to them to expire. Expirations of temporary restrictions on net assets are reported as reclassifications from restricted to unrestricted net assets and appear as "Transfer of funds from restricted to unrestricted" in the statement of comprehensive revenue and expense. The aggregate carrying amount of unrestricted and restricted net assets is presented on the face of the statement of financial position and statement of changes in equity. The statement of cash flows is unaffected.

Inventories

Inventories are valued at the lower of cost and net realisable value. The weighted average method is used to determine cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1 Statement of accounting policies (continued)

Prepayments

Prepayments are originally recognised at cost and are evenly recognised as expense over the expected period of the benefit.

Impairment

Impairment of financial assets

Financial assets other than those at fair value through surplus or deficit are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely impacted.

Objective evidence of impairment could include:

- Significant financial difficulty, or a downgrade in credit rating of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

Income tax

The University and its controlled entities are exempt from the payment of income tax in New Zealand as they are treated as charitable organisations by the Inland Revenue Department.

Income tax payable by the Group relates to net profits derived from Auckland UniServices Limited operating in Hong Kong and China and the branch in the Kingdom of Saudi Arabia being taxed at the applicable rates under the laws of those countries.

Current tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities of that country based on the current period's taxable income of the branch.

Deferred income tax is provided on all temporary differences, if any, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 Government grants

Student Achievement Component (SAC) funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. Prior to the course withdrawal date SAC funding is treated as revenue in advance.

The University considers Performance Based Research Fund (PBRF) funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as deferred revenue when received and recognised as revenue when the conditions of the grant are satisfied.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Student component funding	327,035	320,000	327,035	320,000
Clinical Training Agency grants	5,074	3,813	5,074	3,813
Other Government grants	8,218	5,562	8,218	5,562
Performance Based Research Funding	88,988	89,214	88,988	89,214
Total Government grants	429,315	418,589	429,315	418,589

3 Research and contracts revenue

The University and Group exercises judgment in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the Group considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool.
- Nature of the funder
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately when the funds become receivable, unless there are substantive conditions in the contract. If there are substantive conditions, a research contract obligation is initially recognised and revenue is subsequently recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

3 Research and contracts revenue (continued)

Judgment is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Research contract obligations are identified in note 13.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
External research income	168,403	150,872	134,231	123,063
Other research and contract income	83,954	92,481	30,660	20,058
Total research and contracts revenue	252,357	243,353	164,891	143,121

4 Other gains/(losses)

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Non-financial instruments				
Gain/(loss) on disposal of property, plant and equipment	(2,483)	5,508	(2,483)	5,546
Foreign exchange gains/(losses)	574	(812)	443	(464)
Financial instruments				
Fair value gain/(loss) on financial assets	19,068	7,592	-	-
Total other gains/(losses)	17,159	12,288	(2,040)	5,082

Gains/(losses) on financial assets comprise realised and unrealised gains/(losses) in the fair value of assets held in managed funds.

5 Transfer of funds from restricted to unrestricted

The transfer of funds from restricted to unrestricted represents external restrictions on funds being extinguished due to the restrictions being met (generally expenditure on specified activities). The transfer is shown by major categories of restrictions on funds expiring below.

	Consolidated	
	Actual 2017 \$'000	Actual 2016 \$'000
Research	7,960	6,744
Donations	7,813	5,575
Other	2,225	1,308
Total transfer of funds from restricted to unrestricted	17,998	13,627

6 People costs

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Academic salaries	286,993	279,002	276,965	269,804
Professional salaries	241,489	234,503	207,052	203,289
Defined contribution expense	21,739	20,231	20,834	19,441
Contracts for service	45,016	42,423	29,883	26,551
Other people costs	35,584	27,710	35,324	27,699
Total people costs	630,821	603,869	570,058	546,784

The Group and the University have termination benefits of \$0.83 million included in total people costs in the current year (2016: \$1.8 million).

7 Operating costs

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Operating costs includes the following specific expenses:				
Consumable supplies	25,272	24,648	20,763	19,638
Repairs and maintenance	37,689	45,303	35,949	44,304
Operating leases				
Properties	16,768	16,307	14,686	14,169
Equipment	5,408	5,731	5,391	5,716
Motor vehicles	543	927	172	281
Total operating lease costs	22,719	22,965	20,249	20,166
Auditor remuneration				
Audit fees to EY for audit of financial statements - current year	456	441	338	289
Audit fees to EY for audit of financial statements - prior year	-	25	-	25
Other services paid to EY	27	-	-	-
Audit fees to Grant Thornton for audit of Foundation's financial statements	-	37	-	-
Total auditors' remuneration	483	503	338	314

8 Reconciliation of operating surplus and net cash flow from operating activities

	Consolidated		University		
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
Net surplus for the year	67,847	69,771	35,628	32,780	43,958
Add/(less) non-cash items:					
Depreciation and amortisation	129,103	128,437	127,849	120,656	127,207
Donated assets	(64)	(199)	(1,001)	-	(1,072)
Foreign exchange fluctuations	162	318	(65)	-	244
Other non-cash items	(6,308)	477	(11,285)	(66)	(3,278)
Unrealised gain on investments	(19,120)	(6,677)	-	-	-
	103,773	122,356	115,498	120,590	123,101
Add/(less) items classified as investing or financing activities					
Interest income	(9,657)	(7,590)	(6,637)	(4,521)	(5,103)
(Gain)/loss on disposal of property, plant, and equipment	2,483	(5,508)	2,483	9,662	(5,546)
Movements relating to capital expenditure	(4,842)	2,109	(5,261)	3,372	2,747
Finance costs	103	139	2,294	2,318	2,712
(Increase)/Decrease in deferred revenue	2,375	-	2,375	-	-
Total items classified as investing or financing activities	(9,538)	(10,850)	(4,746)	10,831	(5,190)
Add/(less) changes in net assets and liabilities:					
Decrease/(Increase) in receivables	2,582	(3,072)	(2,633)	2,997	(155)
Decrease/(Increase) in prepayments and other current assets	(3,423)	798	(2,801)	2,564	301
Decrease/(Increase) in inventories	(209)	38	(209)	-	(58)
Decrease/(Increase) in research work in progress	(3,259)	1,198	(2,174)	(99)	(748)
Increase /(Decrease) in payables and provisions	16,557	3,204	11,499	(1,537)	3,397
Increase /(Decrease) in deferred revenue	17,706	25,162	9,291	2,223	23,811
Increase /(Decrease) in employee entitlements	13,932	4,693	13,557	5,478	4,373
Net movement in working capital items	43,886	32,021	26,530	11,626	30,921
Net cash inflow/(outflow) from operating activities	205,968	213,298	172,910	175,827	192,790

9 Receivables

Receivables are recognised initially at fair value, and subsequently at amortised cost less impairment. Due to the short term nature of receivables they are not discounted.

Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes past experience of collecting amounts due, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observed changes in economic conditions that correlate with default on receivables.

9 Receivables (continued)

The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

	Note	Consolidated		University	
		Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Trade receivables		49,457	52,245	32,646	32,016
Provision for receivables impairment		(701)	(907)	(615)	(821)
Net receivables		48,756	51,338	32,031	31,195
Related company receivables	21	-	-	30,154	28,358
Total receivables		48,756	51,338	62,185	59,553

The ageing profile of trade receivables at year end is as follows:

	2017			2016		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
Consolidated						
Current	38,364	-	38,364	36,163	-	36,163
Past due 31-60 days	5,351	-	5,351	7,610	-	7,610
Past due 61-90 days	2,175	-	2,175	1,479	-	1,479
Past due > 90 days	3,567	(701)	2,866	6,993	(907)	6,086
Total	49,457	(701)	48,756	52,245	(907)	51,338
University						
Current	55,791	-	55,791	53,210	-	53,210
Past due 31-60 days	2,711	-	2,711	2,066	-	2,066
Past due 61-90 days	1,065	-	1,065	722	-	722
Past due > 90 days	3,233	(615)	2,618	4,376	(821)	3,555
Total	62,800	(615)	62,185	60,374	(821)	59,553

All receivables greater than 30 days in age are considered to be past due.

Receivables past due but not considered impaired are \$10,392k (2016: \$15,175k) for the Group, and \$6,394k (2016: \$6,343k) for the University.

Payment terms on receivables past due but not considered impaired have not been re-negotiated. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movements in the provision for receivables impairment are as follows:

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Balance at beginning of financial year	907	981	821	800
Additional provisions made during the year	391	632	391	632
Provisions reversed during the year	(303)	(204)	(303)	(160)
Receivables written-off during the period	(294)	(502)	(294)	(451)
Balance at the end of the financial year	701	907	615	821

10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost, with the exception of donated assets, which are initially recorded at fair value.

University land in crown title with a value of \$391.9 million (2016: \$393.2 million) is included in property, plant and equipment. The University has unobstructed control of this land and derives substantial tangible benefits from its use. The University has sole and unrestricted use of buildings located on Crown land and has assumed ownership of these buildings. Although legal title has not yet been transferred, the University has assumed all the normal risks and rewards of ownership.

Library collection held as at 31 December 1991 was valued internally, based on the estimated volume of the collection and weighted average cost as at that date. This valuation is taken as deemed cost. The library collections are made up of two distinct asset classes (i.e. the general library collection, and library special collections which includes a range of historical and rare books). Except for library special collections all subsequent acquisitions are recorded at cost less accumulated depreciation and impairment, if any. At balance date the library collection is carried at deemed cost less accumulated depreciation and impairment, if any. Library special collections are carried at assessed market value. All permanent withdrawals from the collection are recorded at average cost less accumulated depreciation and impairment, if any.

Plant and Equipment are carried at cost less accumulated depreciation and impairment, if any.

Leasehold Improvements are carried at cost less accumulated depreciation and impairment, if any.

Assets under construction are carried at cost comprising expenditure incurred and certified Gross Progress Claim Certificates up to balance date less impairment, if any. Capital work in progress is not depreciated.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit in the statement of comprehensive revenue and expenses.

Land and Buildings, Library Special Collections and Works of Art are revalued to fair value at least every three years by an independent valuer. Fair value for land is determined on its highest and best use taking into consideration restrictions over the use of the land and the likelihood of re-zoning. For buildings which are specialised in nature, fair value reflects the depreciated replacement cost, and for non-specialised buildings, works of art and library special collections, fair value reflects the assessed market value.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the statement of comprehensive revenue and expenses, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings or works of art is charged as an expense in the statement of comprehensive revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset class.

Depreciation on revalued buildings is charged as an expense to the statement of comprehensive revenue and expenses. On a sale or retirement of a revalued property, the revaluation surplus remaining in the property's revaluation reserve is transferred directly to general equity. No transfer is made from the revaluation reserve to general equity except when an asset is derecognised.

All items of property, plant and equipment other than freehold land, works of art, library special collections and work in progress are depreciated using the straight line method at rates that will write off the cost or revalued amount of assets less their residual values, over their estimated remaining useful life.

The depreciation rates used for each class of asset are:

Buildings	1 - 10%
Library collection - serials	100%
- other	33%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

10 Property, plant and equipment (continued)

Property, plant, and equipment subsequently measured at cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. For assets carried at revalued amounts an impairment loss is recognised in other comprehensive income and expenditure to the extent it reverses previous recognised revaluation gains for that class of asset.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

10 Property, plant and equipment (continued)

	Consolidated							Total
	Land	Buildings	Leasehold improvements	Plant and equipment	Works of art	Library collections	Capital work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Gross carrying amount								
Cost	-	-	29,786	426,759	-	312,559	164,545	933,649
Valuation	591,262	1,221,127	-	-	18,974	8,166	-	1,839,529
Balance as at 1 January 2016	591,262	1,221,127	29,786	426,759	18,974	320,725	164,545	2,773,178
Additions	9,043	237	1,958	22,972	200	16,392	72,646	123,448
Disposals	(45,147)	(35,207)	(297)	(8,321)	-	(5,583)	-	(94,555)
Transfers	-	172,399	-	12,995	-	-	(185,394)	-
Net revaluation increments	369,093	311,746	-	-	-	-	-	680,839
Balance as at 1 January 2017	924,251	1,670,302	31,447	454,405	19,174	331,534	51,797	3,482,910
Additions	3,300	939	25	34,003	349	15,720	119,164	173,500
Disposals	-	(2,009)	(680)	(5,558)	-	-	-	(8,247)
Transfers	-	33,654	835	8,090	-	-	(42,579)	-
Impairment charge recognised in revaluation reserve	-	(18,923)	-	-	-	-	-	(18,923)
Net revaluation increments	-	-	-	-	4,766	773	-	5,539
Balance as at 31 December 2017	927,551	1,683,963	31,627	490,940	24,289	348,027	128,382	3,634,779
Accumulated depreciation								
Cost	-	-	23,640	318,442	-	295,083	-	637,165
Valuation	-	100,492	-	-	-	-	-	100,492
Balance as at 1 January 2016	-	100,492	23,640	318,442	-	295,083	-	737,657
Disposals	-	(3,739)	(257)	(8,199)	-	(5,587)	-	(17,782)
Depreciation expense	-	71,755	1,495	31,572	-	15,859	-	120,681
Net revaluation increments	-	(144,032)	-	-	-	-	-	(144,032)
Balance as at 1 January 2017	-	24,476	24,878	341,815	-	305,355	-	696,524
Disposals	-	(90)	(111)	(5,354)	-	-	-	(5,555)
Depreciation expense	-	70,514	1,115	31,712	-	16,348	-	119,689
Impairment charge recognised in revaluation reserve	-	(1,176)	-	-	-	-	-	1,176
Net revaluation increments	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	-	93,724	25,882	368,173	-	321,703	-	809,482
Net book value								
As at 1 January 2016	591,262	1,120,635	6,146	108,317	18,974	25,642	164,545	2,035,521
As at 31 December 2016	924,251	1,645,826	6,569	112,590	19,174	26,179	51,797	2,786,386
As at 31 December 2017	927,551	1,590,239	5,745	122,767	24,289	26,324	128,382	2,825,297

10 Property, plant and equipment (continued)

	University							Total
	Land	Buildings	Leasehold improvements	Plant and equipment	Works of art	Library collections	Capital work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Gross carrying amount								
Cost	-	-	26,582	416,625	-	312,559	164,502	920,268
Valuation	589,732	1,220,885	-	-	18,974	8,166	-	1,837,757
Balance as at 1 January 2016	589,732	1,220,885	26,582	416,625	18,974	320,725	164,502	2,758,025
Additions	9,043	237	1,958	22,516	200	16,392	72,416	122,762
Disposals	(45,147)	(35,207)	(92)	(8,161)	-	(5,583)	-	(94,190)
Transfers	-	172,399	-	12,995	-	-	(185,394)	-
Net revaluation increments	369,093	311,746	-	-	-	-	-	680,839
Balance as at 1 January 2017	922,721	1,670,060	28,448	443,975	19,174	331,534	51,524	3,467,436
Additions	3,300	939	-	33,687	349	15,720	117,232	171,227
Disposals	-	(2,009)	(664)	(5,414)	-	-	-	(8,087)
Transfers	-	33,654	224	6,520	-	-	(40,398)	-
Impairment charge recognised in revaluation reserve	-	(18,923)	-	-	-	-	-	(18,923)
Net revaluation increments	-	-	-	-	4,766	773	-	5,539
Balance as at 31 December 2017	926,021	1,683,721	28,008	478,768	24,289	348,027	128,358	3,617,192
Accumulated depreciation								
Cost	-	-	21,119	310,661	-	295,083	-	626,863
Valuation	-	100,384	-	-	-	-	-	100,384
Balance as at 1 January 2016	-	100,384	21,119	310,661	-	295,083	-	727,247
Disposals	-	(3,739)	(91)	(8,040)	-	(5,587)	-	(17,457)
Depreciation expense	-	71,736	1,084	30,845	-	15,859	-	119,524
Net revaluation increments	-	(144,032)	-	-	-	-	-	(144,032)
Balance as at 1 January 2017	-	24,349	22,112	333,466	-	305,355	-	685,282
Disposals	-	(90)	(95)	(5,174)	-	-	-	(5,359)
Depreciation expense	-	70,494	889	30,920	-	16,348	-	118,651
Impairment charge recognised in revaluation reserve	-	(1,176)	-	-	-	-	-	(1,176)
Net revaluation increments	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	-	93,577	22,906	359,212	-	321,703	-	797,398
Net book value								
As at 1 January 2016	589,732	1,120,501	5,463	105,964	18,974	25,642	164,502	2,030,778
As at 31 December 2016	922,721	1,645,711	6,336	110,509	19,174	26,179	51,524	2,782,154
As at 31 December 2017	926,021	1,590,144	5,102	119,556	24,289	26,324	128,358	2,819,794

10 Property, plant and equipment (continued)

Valuation

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Land and buildings

The Group engage Darroch Limited, an accredited independent valuer that uses the International Valuation Standards Committee, and International Valuation Standards as a reference, to determine the fair value of its land and buildings.

For land and buildings that are not specialised in nature, fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties.

Where buildings are specialised in nature, their value is determined on an optimised depreciated replacement cost basis, as limited market data is available for buildings designed for educational delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For the Groups earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The most recent valuation of land and buildings was effective 31 December 2016.

In 2017 asbestos was identified during the course of capital works in both the Thomas Building on the City Campus and the Exercise Science Building at Newmarket. The University's buildings are valued at Optimised Depreciated Replacement Cost, therefore the restoration cost approach was used as the basis for measuring the value in use for both assets to determine whether or not the assets should be impaired. In both cases, the estimated costs to restore the buildings resulted in the recoverable service amount being lower than the carrying value of the buildings. Consequently, impairment losses of \$15.9m for the Thomas Building and \$0.75m for the Exercise Science Building have been recognised in other comprehensive revenue and expenses through a reduction to the asset revaluation reserve.

Library special collections

Library special collections held by the University are independently valued by Rowan Gibbs of Smith's Bookshop Limited. The valuation basis is assessed at market value. Guidance for the valuation is taken from the New Zealand Government Treasury Valuation Guidance for Cultural and Heritage Assets (November 2002), and that valuation is designed to be consistent with the methodology and outcome of other comparable major heritage collections with established valuations held elsewhere in New Zealand, in particular those of the Alexander Turnbull Library, the Auckland City Libraries, Dunedin Public Library, and the University of Otago Hocken Collections.

Values are based on prices realised at auction for copies in similar condition and on prices asked by reputable dealers for similar copies, catalogues prices of rare books still available for sale, or in the absence of any current or recent sale records a 'best estimate' value is assigned, based on the valuer's experience in the book trade, taking into account the scarcity of the book and likely demand for it, and market prices for similar items.

The most recent valuation of Library special collections was effective 31 December 2017.

A revaluation surplus for library special collections of \$0.77 million was recognised in the revaluation reserve in 2017.

Works of art

Works of art held by the University are independently valued by ART+OBJECT. The valuation basis is assessed at market value. Guidance for the valuation is taken from the New Zealand Government Treasury Valuation Guidance for Cultural and Heritage Assets (November 2002), Te Papa National Services Valuing Collections Resource Guide and the New Zealand Property Institute Trans-Tasman and International Valuation Standards.

10 Property, plant and equipment (continued)

Fair value is determined by where an active market exists for the same or similar asset the market prices are deemed to be fair value, or where there is no active market fair value is determined by other market based evidence adjudged by the valuer as active and knowledgeable participants in the market.

The most recent valuation of Works of art was effective 31 December 2017.

A revaluation surplus for works of art of \$4.77 million was recognised in the revaluation reserve in 2017.

11 Intangible assets

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits and service potential, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Capital work in progress is not amortised (until it is reclassified to software), whereas completed/purchased software has a finite life and is amortised on a straight line basis. Amortisation expenses are included in the depreciation and amortisation expense line in the statement of comprehensive revenue and expenses.

Computer software that is not integral to the operation of hardware is capitalised as an intangible asset on the basis of costs incurred to acquire and bring to use the specific software.

The straight line amortisation rates used are:

Software 20 - 33%

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

11 Intangible assets (continued)

	Consolidated			University		
	Software \$'000	Capital work in progress \$'000	Total \$'000	Software \$'000	Capital work in progress \$'000	Total \$'000
Gross carrying amount						
Balance as at 1 January 2016	86,876	4,297	91,173	84,799	4,297	89,096
Additions	1,413	15,110	16,523	1,336	15,110	16,446
Disposals	(1,084)	-	(1,084)	(1,084)	-	(1,084)
Transfers	11,723	(11,723)	-	11,723	(11,723)	-
Balance as at 1 January 2017	98,928	7,684	106,612	96,774	7,684	104,458
Additions	5	18,105	18,110	-	15,714	15,714
Disposals	(1,661)	-	(1,661)	(1,661)	-	(1,661)
Transfers	20,717	(20,717)	-	18,450	(18,450)	-
Balance as at 31 December 2017	117,989	5,072	123,061	113,563	4,948	118,511
Accumulated amortisation and impairment						
Balance as at 1 January 2016	76,643	-	76,643	74,787	-	74,787
Disposals	(1,084)	-	(1,084)	(1,084)	-	(1,084)
Amortisation expense	7,756	-	7,756	7,683	-	7,683
Balance as at 1 January 2017	83,315	-	83,315	81,386	-	81,386
Disposals	(1,125)	-	(1,125)	(1,125)	-	(1,125)
Amortisation expense	9,414	-	9,414	9,198	-	9,198
Balance as at 31 December 2017	91,604	-	91,604	89,459	-	89,459
Net book value						
As at 1 January 2016	10,233	4,297	14,530	10,012	4,297	14,309
As at 31 December 2016	15,613	7,684	23,297	15,388	7,684	23,072
As at 31 December 2017	26,385	5,072	31,457	24,104	4,948	29,052

12 Payables

Payables are recognised at fair value on initial recognition.

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They are carried at amortised cost, are non-interest bearing and due to their short term nature they are not discounted.

	Note	Consolidated		University	
		Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Trade payables		141,315	125,019	127,649	115,298
Related company payables	21	-	-	699	1,551
Total payables		141,315	125,019	128,348	116,849

13 Deferred Revenue

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Current liabilities				
Deferred revenue *	63,751	57,556	63,638	57,556
Research contracts obligations	97,380	84,869	61,560	57,351
Deferred revenue - current	161,131	142,425	125,198	114,907
Non-current liabilities				
Deferred revenue *	-	1,250	-	1,250
Deferred revenue - non-current	-	1,250	-	1,250

This note should be read in conjunction with note 3.

*This balance also includes revenue received in advance. As at 31 December 2017 the Group had \$1.25m of Partnerships for Excellence funding, with the full amount being classified as current liabilities (2016: \$2.63m current liabilities and \$1.25m non current liabilities).

The Partnerships for Excellence funding from the Crown is in the form of suspensory loans. The loans are to be forgiven when key milestones have been achieved. The income is to be recognised when the milestones have been met and the loans are forgiven. During the year the University met key milestones that resulted in \$2.38 million of loans being forgiven and \$0.25 million was re-paid to the TEC relating to unmet milestones.(2016: Nil). The revenue is included in Government Grants in the statement of comprehensive revenue and expenses.

If certain key contractual milestones are not met, up to \$1.25 million is repayable on 30 June 2018.

14 Employee entitlements

Provision is made for the University's liability for professional and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and the liabilities are capable of being measured reliably.

- Annual leave is calculated on an actual entitlement basis at the rates expected to apply at time of settlement.
- Sick leave, long service leave and retirement gratuities have been calculated on an actuarial basis which estimates the present value of amounts payable in respect of existing employees based on assumed rates of sickness, death, disablement, resignation, retirement and salary progression.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Current liabilities				
Accumulated annual leave	38,987	32,185	34,926	28,491
Retirement allowance	17,410	16,699	17,410	16,699
Long service leave	577	421	577	421
Total employee entitlements - current	56,974	49,305	52,913	45,611
Non-current liabilities				
Sick leave	4,106	2,006	4,062	1,970
Retirement allowance	49,529	45,427	49,529	45,427
Long service leave	2,448	2,387	2,448	2,387
Total employee entitlements - non-current	56,083	49,820	56,039	49,784

15 Loans and borrowings

Borrowings are initially recognised at their fair value less directly attributable transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Current liabilities				
Non-interest bearing loan	623	622	623	622
Interest bearing loan from controlled entity	-	-	82,000	64,000
Total loans and borrowings - current	623	622	82,623	64,622
Non-current liabilities				
Non-interest bearing loan	1,771	2,299	1,771	2,299
Interest bearing loan facility	-	-	-	-
Total loans and borrowings - non-current	1,771	2,299	1,771	2,299

Non-interest bearing loan

On 30 June 2011 the University acquired a winery, which included property, plant and equipment, from the K & J Goldwater Family Trust. Consideration for the acquisition was made in three parts being a cash payment, a gift by way of reduction in the purchase price and an interest free loan with a term of 10 years. The non-interest bearing loans above represent the value of the current and non-current portions of this loan measured at amortised cost with an average effective interest rate of 2.6% (2016: 3.0%).

Interest bearing loan from controlled entity

The loan from controlled entity represents advances by Auckland UniServices Limited to the University. The loan is on demand and the University pays a rate of interest equivalent to an investment portfolio of 8% on call, 72% 1 year and 20% 5 years as at August 2016 (2016: 10% on call, 70% 1 year and 20% 5 years as at August 2015).

Borrowing costs capitalised

No borrowing costs were capitalised during 2017 (2016: \$237k).

Fair values

The carrying amount of current and non-current loans and borrowings approximate their fair value. The fair value has been calculated by discounting the expected future cash flows at prevailing market interest rates ranging from 2.4% to 2.7% (2016: 2.5% to 3.3%).

Assets pledged as security

All loans and borrowings are unsecured so there are no assets pledged as security.

Defaults and breaches

During the current and prior years there were no defaults or breaches on any of the loans or borrowings.

Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 22.

16 Operating leases and capital commitments

Operating leases as lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as expense on a straight-line basis over the lease term.

Operating lease commitments

The Group lease various offices, premises, motor vehicles and equipment under non-cancellable operating leases. The leases have various terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Not later than one year	34,642	31,826	33,084	30,159
Later than one year and not later than five years	105,100	86,643	101,948	84,082
Later than five years	170,068	187,376	170,068	186,813
Total operating lease commitments	309,810	305,845	305,100	301,054
Operating lease commitments by type				
Properties	304,182	297,665	299,556	293,019
Motor vehicles	118	312	43	196
Equipment	5,510	7,868	5,501	7,839
Total operating lease commitments by type	309,810	305,845	305,100	301,054

Operating leases as lessor

Where the Group are the lessor, assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

Operating lease receivables

Operating leases relate to property held by the Group that is leased to external parties to provide additional services to students. The properties are not investment properties because they are held by the University, as a public benefit entity, for strategic purposes or to meet its service delivery objectives where rental revenue derived is incidental to the purpose of holding the property. The lease terms range from 1 to 20 years. All operating lease contracts contain market review clauses in the event the entity exercises its option to renew. There is no option to purchase the property at the expiry of the lease period.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Not later than one year	3,441	2,564	5,029	3,681
Later than one year and not later than five years	8,277	5,044	12,871	7,898
Later than five years	2,660	1,224	2,660	1,961
Total non-cancellable operating leases	14,378	8,832	20,560	13,540

16 Operating leases and capital commitments (continued)

Capital commitments

Capital expenditures contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated/ University	
	Actual 2017 \$'000	Actual 2016 \$'000
Property Services projects	479,668	27,686
Other capital expenditure	13,969	1,997
Total capital commitments	493,637	29,683

17 Contingencies

As at 31 December 2017 the Group had no contingent liabilities or assets (2016: Nil).

18 General equity and reserves

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
General Equity				
Balance at beginning of financial year	1,242,806	1,168,165	1,213,544	1,138,196
Surplus/(deficit) for the year	67,847	69,771	35,628	43,958
Transferred in from revaluation reserve	1,385	32,985	1,385	32,985
Less net (surplus)/deficit transferred (to)/from restricted and special funds	(30,232)	(28,115)	(1,274)	(1,595)
Balance at end of financial year	1,281,806	1,242,806	1,249,283	1,213,544
Reserves				
Land and buildings	1,366,605	1,385,737	1,365,103	1,384,235
Works of art and special library collections	23,009	17,470	23,009	17,470
Cash flow hedge reserve	112	195	69	25
Foreign currency translation reserve	(326)	(392)	-	-
Statutory reserve - international entities	94	94	-	-
Available-for-sale investments revaluation reserve	11,886	11,044	-	-
Total reserves	1,401,380	1,414,148	1,388,181	1,401,730
Land and buildings				
Balance at beginning of financial year	1,385,737	593,851	1,384,235	592,349
Transferred to general equity	(1,385)	(32,985)	(1,385)	(32,985)
Impairment charge	(17,747)	-	(17,747)	-
Revaluation increments/(decrements)	-	824,871	-	824,871
Balance at end of financial year	1,366,605	1,385,737	1,365,103	1,384,235
Works of art and special library collections				
Balance at beginning of financial year	17,470	17,470	17,470	17,470
Revaluation increments/(decrements)	5,539	-	5,539	-
Balance at end of financial year	23,009	17,470	23,009	17,470

18 General equity and reserves (continued)

Land, buildings, works of art and library special collections are revalued to fair value every three years, as determined by an independent valuer. The latest revaluations for library special collections and works of art were carried out in 2017, and the latest revaluation for land and buildings was 2016.

The asset revaluation reserve arises on the revaluation of land and buildings and works of art and special library collections. Where a revalued land or building or work of art or an item from the special library collections is sold or disposed of, the portion of the asset revaluation reserve which relates to that asset is transferred directly to general equity.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Foreign currency translation reserve				
Balance at beginning of financial year	(392)	(334)	-	-
Currency translation gains/(losses)	66	(58)		
Balance at end of financial year	(326)	(392)	-	-

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Cash flow hedge reserve				
Balance at beginning of financial year	195	(188)	25	(259)
Gain/(loss) recognised	(282)	383	(92)	284
Transfers to initial carrying amount of hedged item	199	-	136	-
Balance at end of financial year	112	195	69	25

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges in relation to forward exchange contracts. The cumulative deferred gain or loss on the hedge is recognised in the surplus or deficit when the hedged transaction impacts the statement of comprehensive revenue and expenses, or is included as a basis adjustment to the non financial hedged item, as per the University's hedging policy.

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Available-for-sale investments revaluation reserve				
Balance at 1 January	11,044	-	-	-
Net revaluation gains/(losses)	842	11,044	-	-
Balance at 31 December	11,886	11,044	-	-

The available-for-sale investments revaluation reserve is used to recognise changes in the fair value and exchange differences arising on translation, such as equities, of investments classified as available for sale financial assets.

19 Restricted and special funds

The University has established Special Funds for specific purposes. Special purpose funds are not classified as restricted in the statement of financial position, as they are not subject to donor imposed restrictions. They do however have internal restrictions on their use and as such are disclosed separately from general equity. The balance of a special purpose fund is transferred to general equity when it is no longer required for a specific purpose.

Restricted purpose funds are subject to donor imposed restrictions that prevent the Group from using those funds until certain restrictions are met. Funds are classified as restricted if externally imposed restrictions prevent the assets from being used for general or administrative purposes by the Group. Restricted purpose funds are recognised in the unrestricted statement of comprehensive revenue and expenses at the time restrictions have been extinguished.

Restricted purpose funds consist of endowments and current use funds.

	2017 Special purpose funds \$'000	2017 Restricted purpose funds \$'000	2017 Total \$'000	2016 Special purpose funds \$'000	2016 Restricted purpose funds \$'000	2016 Total \$'000
Consolidated						
Balance at beginning of financial year	17,899	192,815	210,714	19,260	163,339	182,599
Income	1,104	47,845	48,949	1,607	43,103	44,710
Less funds released from restrictions	719	17,998	18,717	2,968	13,627	16,595
Net surplus (deficit)	385	29,847	30,232	(1,361)	29,476	28,115
Balance at end of financial year	18,284	222,662	240,946	17,899	192,815	210,714
University						
Balance at beginning of financial year	17,898	22,117	40,015	19,259	19,161	38,420
Income	1,104	5,074	6,178	1,606	4,256	5,862
Less funds released from restrictions	719	4,185	4,904	2,967	1,300	4,267
Net surplus (deficit)	385	889	1,274	(1,361)	2,956	1,595
Balance at end of financial year	18,283	23,006	41,289	17,898	22,117	40,015

The income and expenditure items presented above are included in the surplus or deficit in the statement of comprehensive revenue and expenses and are presented above for information purposes.

20 Investments

20.1 Investment in controlled entities

The consolidated financial statements include the financial statements of The University of Auckland, the ultimate parent of the Group, and its controlled entities being Auckland UniServices Limited, and The University of Auckland Foundation.

The University's interest in controlled entities is measured at cost.

Investment in controlled entities of \$1 million (2016: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2016:100%). The principal activity of Auckland UniServices Limited is commercial research, it is incorporated in New Zealand, and it has a 31 December balance date.

Auckland UniServices Limited has a 100% interest in two subsidiaries, Auckland UniServices (HK) Limited (AUHK) (2016: 100%) and The University of Auckland (Hangzhou) Innovation Institute Co. Limited (UOAI) (2016: 100%). The value of each shareholding is \$1.00 (2016: \$1.00).

Investment in controlled entities of \$18.9m (2016: \$19.3m) relates to the University's investment the Foundation, which represents funds transferred to the Foundation (previously held as restricted purpose funds by the University) in 2016. During 2017, the majority of these funds were converted to permanently restricted funds within the Foundation, aside from \$0.4m that could not be transferred to corpus, and is available for distribution to the University. This portion has been transferred to a receivable with a corresponding reduction in the University's Investment in the Foundation.

The Foundation holds net assets of \$206m (2016: \$180m). Of these \$1.8m (2016: \$1.4m) are available to the University for general expenditure and \$204.2m (2016: \$178.6m) are restricted to the University until they meet the specific restrictions imposed by the donor when the funds were gifted. The Foundation's trustees must approve applications from the University for funding prior to funds being transferred.

20.2 Investment in associates

Investments in associates are accounted for in the financial statements at fair value utilising the exemption for "Venture Capital Organisations" under paragraph 25 of PBE IPSAS 36 Investments in Associates and Joint Ventures.

The primary source of fair value for associates is the arm's length sale of equity in those investments to third parties involving transfer of cash or cash equivalents.

The Group has the following investments in associates through ordinary shares held by Auckland UniServices Limited:

	Principal activity	2017	2016	2017
		Fair value	Carrying value	Percentage ownership
		\$'000	\$'000	%
SapVax LLC (domiciled in the USA)	Commercialisation	1,224	-	33.00%
Southern Photonics Limited	Holding company	389	-	23.80%
Vortex Power Systems Limited	Commercialisation	100	-	29.50%
		1,713	-	

Fair values of investments in associates are based on non-market observable inputs, and fair values are therefore classified as Level 3 in note 22.2

20.3 Other investments

Auckland UniServices Limited has acquired shares in the following entities: Actigaze Ltd, Airquality Ltd, APIMatic Ltd, Cirrus Materials Science Ltd, CoDaTherapeutics (NZ) Ltd, Coherent Solutions Ltd, Double Helix Analysis Ltd, Energia Portior Ltd, Engender Technologies Ltd, Fastec Ltd, Formus Labs Ltd, Mohio International Inc., Objective Acuity Ltd, Obodies Ltd, Ruga Corp., Soul Machines Ltd, Stretchsense Ltd, Tectonus Ltd, TiFiber Inc., Tinnitus Tunes Ltd, Upside Biotechnologies Ltd and VSPARS Ltd.

These entities are neither controlled entities nor associates and are treated as investments under the financial assets policy.

21 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the University would have adopted in dealing with the party at arm's length in the same circumstances.

The University transacts with other Government owned or related entities independently and on an arm's length basis. Transactions cover a variety of services, including funding and grants for education and research services and purchases of postage, travel and tax. Therefore, transactions with Government owned and related entities are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

The University Council and Senior Leadership Team may be directors or officers of other companies or organisations with whom the University may transact. Such transactions are carried out independently on an arm's length basis.

Auckland UniServices Limited

The University pays some of the salaries of Auckland UniServices Limited's administrative staff and other administration costs which it recharges to the company. The University also charges Auckland UniServices Limited for costs incurred by departments and student scholarship costs against the company's projects and for rental on premises subleased from the University.

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University.

These transactions are consistent with the normal operating relationship between the University and Auckland UniServices Limited, and are carried out on an arm's length basis.

University of Auckland Foundation

The University pays some of the salaries of the Foundation. The University also pays administrative and associated services expenses for the Foundation, to enable the Foundation to operate, and this is treated as a donation. The University intends to continue to provide this support in the future. In 2017 the University donated \$303k (2016: \$309k) to the Foundation.

The Foundation pays grants and donations to the University on non arms length terms, for nil consideration.

Key management personnel compensation

	Consolidated/ University	
	Actual 2017 \$'000	Actual 2016 \$'000
Council members*	458	438
Senior Leadership Team	8,295	8,119
Total key management personnel compensation	8,753	8,557
Full-time equivalent members**		
Council members*	3	3
Senior Leadership Team	24.60	23.93
Total full-time equivalent personnel	27.60	27.93

The Senior Leadership Team comprises the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Deans and Directors of the major service divisions.

* Excludes the Vice-Chancellor, who is a member of Council, but also included in the Senior Leadership Team. Council members are not paid for their services to Council. Council members who are also employed by the University in other roles were paid \$458k (2016: \$438k) in their capacity as employees.

** Due to the difficulty in determining the full-time equivalent for Council Members, the full time equivalent figure is taken as the total number of Council Members who received compensation in their capacity as employees.

22 Financial instruments

The University and Group's activities expose it to a variety of financial risks (market risk, liquidity risk, credit risk and other price risk). The University and Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is able to use derivative financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures.

The University's treasury management is carried out under the Treasury Management Policy, which is approved by the Council. The policy does not allow any transactions that are speculative in nature to be entered into.

The Foundation's treasury management is carried out in accordance with its Strategic Asset Allocation policy, which consists of two diversified portfolios, the Current Use Investment Pool (CUIP) and the Endowment Investment Pool (EIP). The CUIP is utilised for funds required in the short term and includes highly liquid assets such as bank term deposits. The EIP is utilised for funds required for long term growth and income assets. The risks associated with the Foundation's investments are managed through the Statement of Investment Policy and Objectives (SIPO).

22.1 Financial instrument categories

Derivative Financial Instruments

The Group enters into foreign currency forward exchange contracts to manage foreign exchange risk on committed expenditure, highly probable forecast transactions denominated in foreign currencies and long term investments. These are either designated as cash flow hedges or fair value hedges at inception.

Cash flow hedge

A cash flow hedge is a hedge designed to limit the risks associated with the change in cash flows of a recognised asset, liability or a highly probable forecast transaction that could affect surplus or deficit.

All derivatives are initially recognised at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are re measured to their fair value at each reporting date .

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion or any derivative which is not designated as a hedge instrument, is recognised immediately in the surplus or deficit in the statement of comprehensive revenue and expenses.

Amounts deferred in equity are recycled into the surplus or deficit in the periods when the hedged item is recognised in the statement of comprehensive revenue and expenses. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative gains or losses deferred in equity at that time remains in equity until the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the surplus or deficit in the statement of comprehensive revenue and expenses.

22 Financial instruments (continued)

22.1 Financial instrument categories (continued)

Fair value hedge

A fair value hedge is a hedge designed to limit the risks associated with changes in fair value of a recognised asset or liability or an unrecognised firm commitment that could affect surplus or deficit. A gain or loss from re-measuring the derivative at fair value is recognised immediately in surplus or deficit.

The gain or loss on the hedged item is recognised as an increase/decrease in the carrying value of that item and immediately in surplus or deficit.

Financial assets/liabilities

The Group holds financial assets/liabilities in the following specified categories:

- financial assets at fair value through surplus or deficit;
- loans and receivables;
- financial liabilities measured at amortised cost;
- held-to-maturity investments; and
- available for sale financial assets.

The classification depends on the purpose of the financial asset or liability and is determined at the time of initial recognition.

The carrying value is equivalent to the fair value for all financial assets and liabilities.

Financial assets at fair value through surplus or deficit

The Group holds investments which have been designated as financial assets at fair value through surplus or deficit. These assets are held in managed funds (except for convertible notes) and are stated at fair value. Fair value is determined in the manner described in note 22(b). Any resultant gain or loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expenses and incorporates any dividend or interest earned on the financial asset.

The policy of the Group is to designate an asset as a financial asset at fair value through surplus or deficit if the asset is subject to frequent changes in fair value and the performance of the asset is evaluated by management on a fair value basis in accordance with investment policies.

The Group holds a number of hybrid financial instruments, containing embedded derivatives. All hybrid financial instruments are classified as at fair value through surplus or deficit and thus the derivative is not separated from the host contract.

Loans and receivables

Loans and receivables include trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

Financial liabilities measured at amortised cost

Financial assets measured at amortised cost include trade payables, loans and borrowings. After initial recognition, these liabilities are subsequently measured at amortised cost using the effective interest rate method.

Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are measured initially at fair value, and subsequently carried at amortised cost less impairment losses.

Available for sale financial assets

Available for sale financial assets are those non derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity or financial assets at fair value through surplus and deficit. They are initially measured at fair value and subsequent changes to fair value are taken through other comprehensive revenue and expenses. On derecognition any cumulative gain or loss is recycled to the surplus or deficit.

22 Financial instruments (continued)

22.1 Financial instrument categories (continued)

	Consolidated		University	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial Assets				
Derivatives that are hedge accounted				
Derivative financial instrument assets	112	195	73	29
Total derivatives that are hedge accounted	112	195	73	29
At fair value through surplus and deficit				
New Zealand fixed interests*	37,378	33,486	-	-
International fixed interests*	8,637	8,201	-	-
Australasian equities*	27,572	24,650	-	-
International equities*	56,902	45,666	-	-
Emerging markets*	11,118	8,757	-	-
New Zealand property*	7,500	-	-	-
Absolute return fund*	-	11,572	-	-
Private equity*	3,148	1,239	-	-
University's share of investments held by UniServices*	-	-	8,436	3,278
Convertible notes	350	150	-	-
Total at fair value through surplus and deficit	152,605	133,721	8,436	3,278
Held-to-maturity				
Short term bank deposits	29,083	32,321	-	-
Long term bank deposits*	40,782	31,353	-	6,000
Entrepreneurial challenge investments*	255	672	-	-
Total held-to-maturity	70,120	64,346	-	6,000
Loans and receivables				
Cash and cash equivalents	111,395	53,642	97,775	42,942
Short term bank deposits	49,564	79,625	49,564	79,626
Receivables	48,756	51,338	62,185	59,553
Advances to third parties*	286	259	248	221
Total loans and receivables	210,001	184,865	209,772	182,342
Available-for-sale financial assets				
Shares*	10,138	11,444	-	-
Total available-for-sale financial assets	10,138	11,444	-	-
Financial Liabilities				
Financial liabilities at amortised cost				
Payables	141,315	125,019	128,348	116,849
Borrowings:				
- non-interest bearing loan	2,394	2,921	2,394	2,921
- loan facility (revolving credit)	-	-	-	-
- loan from controlled entity	-	-	82,000	64,000
Total financial liabilities at amortised cost	143,709	127,940	212,742	183,770

* These assets are classified as other financial assets in the statement of financial position.

22 Financial instruments (continued)

22.2 Fair values of financial assets and liabilities

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Fair value in relation to investments held in managed funds is based on the Net Asset Value (NAV) unit/share price excluding adjustments for buy/sell spreads.

The primary source of fair value for available for sale assets is the arms length sale of equity in those investments to third parties involving transfer of cash and cash equivalents. If the transaction involves only existing shareholders, this will not normally result in a change in fair value. When available, fair value is determined using other valuation techniques (discounting cash flows, earnings multiple, net assets). Management also takes into consideration other qualitative information in determination of fair value.

Due to the age, stage and nature of the available for sale investments involving mainly pre-seed/seed funding and where the associated intellectual property often has unproven commercial or technical viability, actual performance may differ from management's estimate.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated 2017				
Financial assets				
NZ fixed interest	-	37,378	-	37,378
International fixed interest	-	8,637	-	8,637
Australasian equities	27,572	-	-	27,572
International equities	46,501	10,401	-	56,902
Emerging markets	-	11,118	-	11,118
New Zealand property	-	7,500	-	7,500
Absolute return funds	-	-	-	-
Private equity	-	-	3,148	3,148
Convertible notes	-	-	350	350
Shares	-	-	10,138	10,138
Derivative financial instruments - foreign exchange contracts	-	112	-	112
Total financial assets	74,073	75,146	13,636	162,855

22 Financial instruments (continued)

22.2 Fair values of financial assets and liabilities (continued)

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated 2016				
Financial assets				
NZ fixed interest	-	33,487	-	33,487
International fixed interest	-	8,201	-	8,201
Australasian equities	24,650	-	-	24,650
International equities	37,803	7,863	-	45,666
Emerging markets	5,956	2,801	-	8,757
New Zealand Property	-	-	-	-
Absolute return funds	-	11,572	-	11,572
Private equity	-	-	1,239	1,239
Convertible notes	-	-	150	150
Shares	-	-	11,444	11,444
Derivative financial instruments - foreign exchange contracts	-	195	-	195
Total financial assets	68,409	64,119	12,833	145,361

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
University 2017				
Financial assets				
University's share of investments held by UniServices	-	-	8,436	8,436
Derivative financial instruments - foreign exchange contracts	-	73	-	73
Total financial assets	-	73	8,436	8,509

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
University 2016				
Financial assets				
University's share of investments held by UniServices	-	-	3,278	3,278
Derivative financial instruments - foreign exchange contracts	-	29	-	29
Total financial assets	-	29	3,278	3,307

There were no transfers between the different levels of the fair value hierarchy.

22 Financial instruments (continued)

22.2 Fair values of financial assets and liabilities (continued)

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Private equities \$'000	Convertible notes \$'000	Shares \$'000	Total \$'000
Consolidated 2017				
Balance at 1 January 2017	1,239	150	11,444	12,833
Transfers into/(out) level 3	1,628	200	(1,237)	591
Distributions received	(57)	-	-	(57)
Gains or losses recognised in surplus or deficit	338	-	(911)	(573)
Gains and losses recognised in other comprehensive revenue and expense	-	-	842	842
Balance at 31 December 2017	3,148	350	10,138	13,636

	University's share of investments held by UniServices \$'000	Total \$'000
University 2017		
Balance at 1 January 2017	3,278	3,278
Transfers into/(out) level 3	-	-
Distributions received	-	-
Gains and losses recognised in surplus or deficit	5,158	5,158
Gains and losses recognised in other comprehensive revenue and expenses	-	-
Balance at 31 December 2017	8,436	8,436

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

22 Financial instruments (continued)

22.3 Financial instrument risks

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group holds a diversified portfolio of international fixed interest and equities investments through managed funds in the Foundation's Endowment Investment Pool (EIP). These investments are denominated in foreign currencies and accordingly are exposed to currency risk. In accordance with the SIPO forward contracts are entered into to hedge specific proportions of the currency risk. The SIPO restricts the total exposure to foreign currency to 30% of the portfolio's asset value. The University has exposure to currency risk from off shore transactions with suppliers. This exposure is mitigated through the use of financial instruments which are utilised in accordance with the University's Treasury Management Policy.

The University also holds foreign cash balances at year-end. The resulting currency risk is mitigated as the balances are used in the payment of foreign supplier invoices.

The derivatives are marked to market at the end of the reporting period. This has resulted in a gain of \$112k (2016: gain of \$195k). A shift in the NZD of +/- 10% would result in an equivalent change in the 2017 value of \$1,354k (2016: \$1,572k).

Auckland UniServices Limited have transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the New Zealand dollar.

Approximately 11% (2016: 14%) of Auckland UniServices Limited and group revenues are denominated in foreign currencies, whilst 9% (2016: 7%) of costs are denominated in foreign currencies.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cash flow interest rate risk. The Group does not currently hold any interest rate swaps.

Interest rate risk

Interest rate risk is managed in accordance with the Treasury Policy for the University and the SIPO for the Foundation. The University and Foundation apply maximum limits to approved counterparties to mitigate concentration of interest rate risk. There were no breaches of the Treasury Policy or SIPO for the 12 months to 31 December 2017.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, University surplus cash is invested in accordance with the Public Finance Act 1989, which gives rise to credit risk. The Foundation invests various funds for investment returns, which gives rise to credit risk.

The University's investment policy limits the amount of credit exposure to any one financial institution or organisation to no more than 50% of total operating investments held. The University invests funds only with entities that have a Standard and Poor's credit rating of at least A+ for long term investments. The Foundation manages credit risk with all cash and term deposits held by New Zealand registered banks, with credit ratings of Standard and Poor's A, Moody A2 or Fitch A or greater.

New Zealand and International fixed interest securities are managed by fund managers who adopt risk management procedures aimed at limiting credit risk exposure. Their portfolios are monitored for compliance with the individual mandate requirements of each investment class.

The Group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

There is no concentration of credit risk in Trade Receivables due to the relatively low value of individual amounts due.

22 Financial instruments (continued)

22.3 Financial instrument risks (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial assets will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk). The majority of instruments materially exposed to this risk are in the Foundation. The Foundation's investment policies acknowledge that the market prices of financial assets will fluctuate. Risk is minimised by ensuring that investment activities are undertaken in accordance with established mandated limits and the investments strategies set out in the Foundation's SIPO.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The University aims to maintain flexibility in funding by keeping uncommitted credit lines available. The Foundation liquidity requirements are evaluated on an on going basis including through managing the cash flows of the operating activities and the duration of term deposits.

In meeting its liquidity requirements, the University maintains a target level of operating investments that must mature within one month, and no more than 12 months. The University manages its borrowings in accordance with its funding and financial policies incorporated in the Treasury Management Policy.

The University has a maximum amount that can be drawn down against its uncommitted borrowing facility of \$300 million (2016: uncommitted borrowing facility of \$150 million). The University has complied with all banking covenants under this facility. The University's maturity analysis is presented below.

	2017 Mature within 1 year \$'000	2017 Mature within 1-5 years \$'000	2017 Total \$'000	2016 Mature within 1 year \$'000	2016 Mature within 1-5 years \$'000	2016 Total \$'000
Consolidated						
Payables	(141,315)	-	(141,315)	(125,019)	-	(125,019)
Cash and cash equivalents	111,395	-	111,395	53,642	-	53,642
Bank term deposits	78,647	40,782	119,429	111,946	31,353	143,299
Total financial instruments	48,727	40,782	89,509	40,569	31,353	71,922
University						
Payables	(128,348)	-	(128,348)	(116,849)	-	(116,849)
Loan from controlled entities	(82,000)	-	(82,000)	(64,000)	-	(64,000)
Cash and cash equivalents	97,775	-	97,775	42,942	-	42,942
Bank term deposits	49,564	-	49,564	79,626	6,000	85,626
Total financial instruments	(63,009)	-	(63,009)	(58,281)	6,000	(52,281)

22.3 Financial instrument risks (continued)

Sensitivity analysis

	Consolidated		University	
	Actual 2017 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2016 \$'000
Value at Risk	(2.34%)	(1.60%)	0.74%	0.74%
Assets available	338,360	306,145	115,064	114,528
Estimated impact on assets available	(7,911)	(4,891)	855	851

Value at Risk (VaR) analysis

The VaR analysis is a tool used to measure the market risk exposure of an investment portfolio. The VaR of a portfolio estimates the potential loss of a portfolio's net asset value over a given holding period at a specified confidence level. The VaR analysis is a statistically defined, probability based approach that takes into account market volatilities as well as risk diversification by recording offsetting asset class exposures and correlations between asset classes. The one year 95% VaR number reflects that there is a 5% probability over a one year period that the portfolio will perform in line or worse than the stated VaR. The VaR analysis is a forward looking Monte Carlo simulation that incorporates assumptions for each asset class in the Group and the University' portfolio.

Analysis Assumptions

This VaR analysis is based on underlying asset class assumptions. The relative portfolio weighting was calculated from the Group and the University's underlying asset class exposure as at 31 December 2017. In cases where cash assets were held within an investment sector these assets were treated as likely to be invested in that asset class and included as exposure to that asset class.

Limitations

The VaR analysis should be interpreted in light of the limitations of the methodologies used. These limitations include the following:

- The asset class assumptions used reflect behaviour in equilibrium market conditions and therefore may not capture the risk of possible extreme adverse market movements.
- VaR using a 95% confidence level does not reflect the extent of potential losses beyond that percentile. These limitations and the nature of the VaR analysis mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated nor that the losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

23 Restatement of comparative figures

The University has identified a prior period error in its financial statements relating to library collection assets that had passed their useful life but were not fully depreciated. This error resulted in an understatement of depreciation expense and an overstatement of the carrying value of Property, Plant and Equipment in the prior year financial statements. This has been corrected by restating the affected financial statement line items in the University and Group as at 31 December 2016. The adjustments are shown in the table below:

	Notes	Actual 2016		
		As previously reported	Prior period error adjustments	As restated
		\$'000	\$'000	\$'000
Consolidated				
<i>Operating expenses</i>				
Depreciation and amortisation	10,11	122,897	5,540	128,437
Impact on operating expenses		122,897	5,540	128,437
<i>Non-current assets</i>				
Property, plant and equipment	10	2,791,926	(5,540)	2,786,386
Impact on non-current assets		2,791,926	(5,540)	2,786,386
<i>Equity</i>				
General equity	18	1,248,346	(5,540)	1,242,806
Impact on equity		1,248,346	(5,540)	1,242,806

	Notes	Actual 2016		
		As previously reported	Prior period error adjustments	As restated
		\$'000	\$'000	\$'000
University				
<i>Operating expenses</i>				
Depreciation and amortisation	10,11	121,667	5,540	127,207
Impact on operating expenses		121,667	5,540	127,207
<i>Non-current assets</i>				
Property, plant and equipment	10	2,787,694	(5,540)	2,782,154
Impact on non-current assets		2,787,694	(5,540)	2,782,154
<i>Equity</i>				
General equity	18	1,219,084	(5,540)	1,213,544
Impact on equity		1,219,084	(5,540)	1,213,544

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF THE UNIVERSITY OF AUCKLAND AND GROUP'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of the University of Auckland (the University) and group. The Auditor-General has appointed me, Susan Jones, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and statement of service performance of the University and group on his behalf.

Opinion

We have audited:

- The financial statements of the University and group on pages 45 to 86, that comprise the statement of comprehensive revenue and expenses, statement of financial position as at 31 December 2017, statement of cash flows and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- The statement of service performance of the University and group on pages 30 to 40.

In our opinion:

- The financial statements of the University and group on pages 45 to 86:
 - Present fairly, in all material respects:
 - The financial position as at 31 December 2017; and
 - The financial performance and cash flows for the year then ended; and
 - Comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- The statement of service performance of the University and group on pages 30 to 40 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 12 March 2018. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the financial statements and the statement of service performance

The Council is responsible on behalf of the University and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the University and group for preparing a statement of service performance that is fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Crown Entities Act 2004 and the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the University and group's planning and budget report.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate the appropriateness of the reported performance information within the University and group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the financial statements and the statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 28, 41 and 90 to 91, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other

information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the University and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, Ernst & Young Saudi Arabia provided tax compliance services to the branch of the University's subsidiary. We have also carried out an engagement where we provided remuneration benchmarking services and advice for the group and have provided other assurance services in relation to PBRF funding. These engagements are compatible with those independence requirements, and other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.



Susan Jones
Ernst & Young

On behalf of the Auditor-General
Auckland, New Zealand

Statement of resources

Buildings

	2015	2016	2017
Gross area of University buildings (m ²)	593,960	621,452	606,557

Land

The University is responsible for a total land area of 159.1ha. This includes 20.3ha on the City Campus, 5.2ha on the Newmarket Campus, 4.8ha on Grafton Campus, 9.7ha on Epsom Campus, 1.5ha in Whangarei, 14.2ha on Waiheke and 103.3ha at Leigh Marine Research Laboratory and various bush reserves.

Library and Learning Services

	2015	2016	2017
Collections			
Total printed volumes (books, theses and serials)	2,158,142	2,134,434	2,060,063
Electronic books	914,129	1,071,839	1,122,576
Electronic serial titles	113,833	98,529	195,775*
Services			
Number of Libraries / Information Commons	15	13†	13
General Library average open hours per week	90	90	90
Information Commons average open hours per week	113	113	113
Study spaces	3,557	3,605	3,590
Study / training spaces with computers	1,170	1,112	1,093
Laptops for loan	160	155	155
Total number of study spaces	4,727	4,717	4,683
Loans - total	536,770	454,931	378,992
Library web page sessions	7,502,046	8,159,898	7,267,876
Library and Student Learning teaching sessions	2,642	2,162	1,641
Attendance at teaching sessions	33,411	29,718	26,320
CDES interactions with students on campus	29,593	32,489	32,876

CDES - Career Development and Employability Services

* Increase in electronic serial titles due to change in reporting processes. From 2017 includes all electronic serial titles available via the Catalogue.

† Audiovisual Library and Kate Edger Short Loan closed

Glossary

Acronym	Expanded meaning
ABI	Auckland Bioengineering Institute
ARWU	Academic Ranking of World Universities
APRU	Association of Pacific Rim Universities
CDES	Career Development and Employment Services
CSSF	Compulsory Student Services Fee
CTACP	Certificate in Academic Preparation
CoRE	Centre of Research Excellence
DHB	District Health Board
EFTS	Equivalent Full-Time Students
EPA	Environmental Protection Authority
ERI	External Research Income
FMHS	Faculty of Medical and Health Sciences
FTE	Full-Time Equivalent
GPE	Grade Point Equivalent
HRC	Health Research Council
ICT	Information and Communications Technology
KPI	Key Performance Indicator
LSRI	Large Scale Research Institute
MBIE	Ministry of Business, Innovation and Employment
NIH	National Institutes of Health
NIWA	National Institute of Water and Atmospheric Research
OGGB	Owen G. Glenn Building
PBRF	Performance-Based Research Fund
QS	Quacquarelli Symonds
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
THE	Times Higher Education Supplement
U21	Universitas 21
WUN	Worldwide Universities Network

