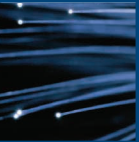
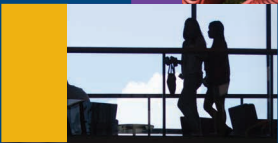


2014

# Annual Report

The University of Auckland | Our contribution to New Zealand



**10,954**  
Qualifications awarded

including **388**  
Doctorates

to **1,356**  
International students

to **735**  
Pacific students

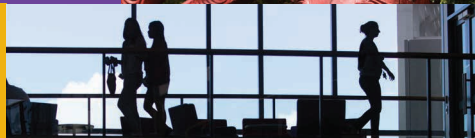
to **738**  
Māori students

**\$183M**  
Invested in new capital works

**61**  
Research patents

**727**  
New research contracts

**\$235M**  
Earned on research and contracts



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Dr Ian Parton - Chancellor

## Chancellor's Review

**During 2014, the Pro-Chancellor Peter Kiely and I personally awarded degrees and diplomas to some 6,774 graduands across 15 ceremonies. A further 3,125 graduands received their qualifications in absentia, making a total of 9,899 graduands. As I pointed out in my last Graduation address of the year, "Capping is a time for celebration... and, in this ceremony, you will experience the pomp and tradition befitting your well-deserved day of celebration. You are unique too in graduating from the University of Auckland in the same month as His Excellency Ban Ki-moon, Secretary-General of the United Nations, on whom we bestowed an honorary Doctor of Laws degree at the beginning of September".**

Of course Graduation represents much more than simply a day of celebration because achieving a qualification from a leading university will have a lifetime impact on the recipient, his/her family and the community at large. We know that, compared to those whose formal education ends in high school, graduates have lower unemployment rates, higher salaries and better health outcomes. In other words, the university experience and the qualifications gained at university add real value to the lives of graduates and those around them. So too does university research. Our academic staff and postgraduate students regularly make contributions to research, discovery and learning across a very wide range of disciplines. For example, our research company, Auckland UniServices Ltd, has over the last decade filed 860 patents based on University of Auckland intellectual property, and so has contributed to the growth of new and existing businesses in New Zealand and abroad.

The fact that our university can add value in these ways reflects the abilities and achievements of our staff and students. Those achievements continued to be recognised in a variety of ways during 2014, including:

- Distinguished Professor Jane Harding was awarded the Howard Williams Medal for 2014 at the Royal Australasian College of Physicians Congress for her outstanding contribution to Paediatrics and Child Health.
- Senior Lecturer in Law Khylee Quince won a National Tertiary Teaching Excellence Award.

- Professor Alistair Gunn won the Royal Society of New Zealand (RSNZ) MacDiarmid Medal for his pioneering research on using brain cooling to prevent brain injury in babies who experience low oxygen at birth.
- Professor Simon Malpas won the RSNZ Pickering Medal for the development and commercialisation of implantable wireless sensors that can monitor physiological processes such as heart activity or lung function.
- Distinguished Professor Brian Boyd received the RSNZ Humanities Aronui Medal for research or innovative work of outstanding merit in the humanities.
- Distinguished Professor Marston Conder won the RSNZ Hector Medal for his outstanding contribution to mathematics.
- Professor Alison Jones was awarded the Dame Joan Metge Medal for her research on Māori-Pākehā educational relationships and women's education at tertiary level.
- Dr Michelle Dickinson won the New Zealand Association of Scientists (NZAS) Science Communicator of the year for her work in making science accessible to a wide range of New Zealanders. She also received the Prime Minister's Science Media Communication Prize.
- Professor Wei Gao won the NZAS Shorland Medal for his research into nanostructured materials, light metals and alloys, electronic properties of materials and advanced coating and surface technologies.

## The university experience and the qualifications gained at university add real value to the lives of graduates and those around them.

- Professor Mick Clout was jointly awarded the NZAS Marsden Medal for his contribution to conservation biology.
- Professor Merryn Gott was jointly awarded the NZAS Research Medal for her research on how to reduce suffering at the end of life within the context of a rapidly ageing population and constrained health budgets.
- Professors Alan Merry, John Windsor and Peter Watts were elected Fellows of the Royal Society of New Zealand.
- Conjoint Law and Arts student Finn Lowery won a prestigious Rhodes scholarship to undertake postgraduate study at the University of Oxford.

Anyone contemplating these kinds of achievements in just one year has to ask the question: "How can we do even more to serve New Zealand and the world?"

In one sense, the answer is simple. First, we need to attract students of high academic potential and give them an outstanding academic and extracurricular experience. In this respect, we are doing very well: the proportion of domestic students entering the University with a grade point average greater than or equal to 5 was 52 percent this year compared to 38 percent only three years ago. Second, we need to attract, develop and retain outstanding staff. This we are doing, as illustrated by the achievements listed above and by our having undertaken a major project during 2014 to enhance specialisation and career opportunities among our professional staff. And third, we need to create the kind of academic environment that supports and encourages excellence. In this respect, 2014 was notable for our excellent progress in creating the Engineering research facility at our Newmarket Campus and for having commenced construction of the new Science Tower on the City Campus. Together, these two projects represent an investment of over \$300 million in the provision of high-quality facilities for our outstanding staff and students.

Although it is evident that we are making great progress, the reality is that the University could deliver much more for New Zealand. We are regularly approached by top-quality academics seeking positions at the University, many of them young New Zealanders looking to return home, but our ability to strategically employ them outside of established positions is very limited. Many more students, both domestic and international, could be attracted into our postgraduate programme were we able to provide scholarships for them. They would then go on to add to our nation's capacity to innovate. With research, it is not the lack of ideas, but rather a lack of early stage investment funding that limits our ability to deliver new intellectual property to industry and other sectors of our society.

Thus, while we can celebrate the many achievements of the University of Auckland there is also a sense of "lost opportunity". This will not be resolved until there is a willingness to address the highly constrained funding environment within which we are forced to operate.

I do however want to acknowledge, on behalf of Council, the many staff, students and supporters of the University who have contributed to another year of outstanding achievements and helped make this such a prestigious university.





Professor Stuart McCutcheon - Vice-Chancellor

## Vice-Chancellor's report

**The 2014 year was one in which the University of Auckland again made positive progress toward its ambitious Strategic Plan targets, despite continuing to operate in a highly constrained environment. However, as the Chancellor has noted, we are inevitably left with a sense of frustration that there is so much more we could do in the service of New Zealand were we to be permitted a greater level of freedom to operate than the current public policy environment allows.**

In terms of enrolments, we are beginning to observe across the sector the long-predicted levelling off of numbers of domestic students leaving secondary schools. Nevertheless, we continue to experience strong demand for access to our programmes despite having (or perhaps because we have) the highest entry standards in the country. In 2014, our total domestic Equivalent Full Time Students (EFTS) were 29,594, which was 339 EFTS above 2013 enrolments (about 1.0 per cent growth, in line with the modest growth path projected by our Strategic Plan.) The number of unfunded positions (enrolled places in excess of those which the government has agreed to fund) has remained at the same level, around 620 EFTS (2.1 per cent).

The proportion of high-achieving domestic students (grade point average greater than or equal to 5) entering the University increased again in 2014 (as it has done in every year since we limited entry to all programmes) to 52 per cent, up from 46 per cent in 2013. We also continued to experience strong demand from Māori and Pacific students for access to programmes designed to support their successful transition into the University. International student enrolments were a little slow at the beginning of the year, perhaps reflecting the weakening of the Australian dollar, but then picked up such that by the end of 2014 we had enrolled 3,654 international EFTS, some 208 more than the previous year. The overall effect of these enrolments, together with shifts in the mix of provision and PBRF revenue, was that our total teaching revenues for the year were up \$1.3m on budget. The continued growth in our postgraduate

programme was reflected in 388 doctoral completions in 2014, up from 318 the year before. Taught masters completions have increased to a little over 640 while research masters completions were down by about 130 to 737. 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.

Research and contract revenues were up nearly \$5 million on 2013 but still slightly behind the budget figure of \$241 million. Overall, the picture was one of a constrained environment for commercial research but enhanced performance in research funded through the public sector. Our staff performed very well in the Ministry of Business, Innovation and Employment (MBIE) round, and won the hosting or co-hosting of four of the six new Centres of Research Excellence (CoREs) while employing the deputy directors of the other two, as well as involvement in most of the National Science Challenges (NSCs). However, the research funding system in this country remains of concern. On the one hand, public funding agencies continue to exert downward pressure on the funding of legitimate research overheads, which runs the risk of undermining national research infrastructure. On the other, government requirements for semi-independence of the multi-institutional CoRE and NSCs means that they incur very high overhead costs (e.g. in having governance and other procedures that duplicate those already existing in the host and partner institutions and funding agencies) despite being of relatively small scale (typically turning over just a few million dollars a

## The generous support of our many friends continues to play an increasing role in underpinning scholarship and research at the University.

year). This is not an issue unique to the University of Auckland but it is one of particular concern to us given that we are the largest research institution in the country and maintain a high degree of collaboration with other national institutions. As a country, we need to ensure that our very limited supply of research funding is used to the greatest extent possible at the research “coal face” to create the new intellectual property and ideas on which we will increasingly rely to strengthen our economy and our society.

The generous support of our many friends continues to play an increasing role in underpinning scholarship and research at the University. During 2014, a total of \$36 million was gifted to the University or its associated trusts. A significant proportion of this philanthropic funding will be in endowments or is to be used over several years, so that the actual philanthropic income to the University in 2014 was \$21 million. Although a small proportion of our total revenue, it is critical to the success of the University because it creates opportunities to attract and support new students and staff, and to undertake innovative new research that could not otherwise be achieved through an increasingly constrained University budget and research funding system.

One of the reasons that our budget is becoming more constrained is that we are having to deal with the increased impact of our campus renewal programme on depreciation and operating costs. This is unavoidable because the state of many of our facilities, together with the impact of expansion in our postgraduate student numbers and research activities, has demanded that we invest to create the kind of campus environment that will support learning and research of international quality. During 2014 we embarked on the redevelopment of existing buildings on the Newmarket Campus, together with the construction of a new structures hall, to create exciting new research and postgraduate facilities for our Faculty of Engineering. The transfer of Colin Maiden Park to Auckland Council was the first step in the process of divesting the Tāmaki Campus. It was undertaken in such a way as to preserve Colin Maiden Park as open space for the community, provide stability for the University and other sports clubs located there, and free up resources that the University could invest in the Newmarket Campus, thereby

progressively concentrating our academic activities in the central city.

A second major project which commenced in 2014 was the construction of the new Science Tower on the corner of Symonds and Wellesley Streets. This development, which will cost in excess of \$200 million, will allow us to co-locate the Schools of Environment and Psychology with most of the other schools in the Faculty of Science, enhancing collaboration between those schools and allowing us to address the accommodation needs of the Faculties of Arts and Education. We also opened the 433-bed student accommodation block at Carlaw Park, and commenced work on the second stage of that public-private partnership.

Finally, the need to achieve continual improvements in efficiency saw us complete what has been one of the most challenging projects for the University, the Faculty Administration Review (FAR). Through this project we achieved a reorganisation of the administration services in all of our faculties, standardising roles (from 350 different job titles for the 600 staff in scope to just 36), increasing role specialisation (moving from 34 percent to 90 percent of staff in standard roles) and improving opportunities for professional staff to progress into more senior positions. We also created a Shared Transaction Centre to streamline the processing of financial transactions and a Staff Service Centre to support staff in the many processes that need to be undertaken if the University is to run efficiently. The overall impact of these changes was a saving of \$7 million per annum in administrative costs, as well as much improved processes.

While the FAR project has been demanding, I do not doubt that it will position the faculties and the wider University well for the future. Late in the year, the Senior Leadership Team also had the opportunity to consider how to reinvest the savings, including the support of new postgraduate taught programmes, enhanced recruitment of international students, increasing the number and value of scholarships, supporting a major new philanthropic campaign, and strategic hiring of academic staff. These are opportunities that will ensure we can continue to enhance our contribution to New Zealand into the future.



## Key facts and figures

Full-Time Equivalent staff (FTE)	2012	2013	2014
Academic	2,112	2,131	2,154
Professional	2,764	2,778	2,789
<b>Total</b>	<b>4,876</b>	<b>4,909</b>	<b>4,943</b>

Students	2012	2013	2014
Equivalent Full-Time Students (EFTS)	32,657	33,050	33,468

Gender (students)	2012	2013	2014
Male	17,654	17,888	18,118
Female	23,130	23,475	23,835
<b>Total</b>	<b>40,784</b>	<b>41,363</b>	<b>41,953</b>

Workload (students)	2012	2013	2014
Full-Time	26,337	26,597	26,891
Part-Time	14,447	14,766	15,062
<b>Total</b>	<b>40,784</b>	<b>41,363</b>	<b>41,953</b>

Ethnicity (students)	2012	2013	2014
European	17,349	17,451	17,372
Maori	2,807	2,882	2,932
Pacific Island	3,153	3,277	3,531
Asian	14,858	15,291	15,769
MELAA	1,239	1,267	1,327
Other	1,378	1,195	1,022
<b>Total</b>	<b>40,784</b>	<b>41,363</b>	<b>41,953</b>

### Note

- MELAA - Middle Eastern, Latin American, African.

Age group (students)	2012	2013	2014
18 or less	2,039	2,091	2,141
19 - 20	10,787	11,319	11,665
21 - 23	12,924	13,031	13,179
24 - 29	7,094	7,158	7,211
30 - 39	3,982	3,988	4,090
40+	3,958	3,776	3,667
<b>Total</b>	<b>40,784</b>	<b>41,363</b>	<b>41,953</b>

Student enrolment by qualification (EFTS)	2012	2013	2014
Doctor of Philosophy	1,635	1,719	1,808
Other doctoral degree	75	76	84
Master Degree	1,740	1,778	2,079
Bachelor Honours	731	764	790
Postgraduate/Certificate Diploma	2,236	2,183	2,120
Bachelor Degree	24,673	25,091	25,132
Undergraduate Diploma	382	300	255
Certificate	1,129	1,118	1,180
<b>Total</b>	<b>32,600</b>	<b>33,028</b>	<b>33,468</b>

**Note**

- EFTS from formal qualifications only are included.

Completions by qualification	2012	2013	2014
Doctor of Philosophy	288	297	367
Other doctoral degree	26	26	24
Master Degree	1,446	1,282	1,297
Bachelor Honours	614	753	553
Postgraduate/ Certificate Diploma	1,931	1,973	2,309
Bachelor Degree	5,608	5,394	5,749
Undergraduate Diploma	830	679	202
Certificate	440	451	453
<b>Total</b>	<b>11,183</b>	<b>10,855</b>	<b>10,954</b>

**Note**

The completion of a conjoint degree is counted as one qualification.



Programme enrolments (students)	2012	2013	2014
Arts	8,375	8,261	8,178
Auckland Bioengineering Institute	69	78	79
Business and Economics	7,068	7,160	7,173
Creative Arts and Industries	1,952	1,887	1,878
Education	3,906	3,780	3,741
Engineering	3,630	3,842	4,106
Law	1,789	1,818	1,789
Liggins Institute	37	42	42
Medical and Health Sciences	5,188	5,526	5,769
Science	8,057	8,435	8,517
University Programmes	2,574	2,470	2,588
<b>Total</b>	<b>42,645</b>	<b>43,297</b>	<b>43,860</b>

#### Note

- Conjoint degrees, PhD and other doctorate enrolments are reported with their sponsoring faculty. For example, a student enrolled in BA/BSc will be distributed between Science and Arts at a ratio of 50/50.
- Students enrolled in more than one qualification during the year are counted in each qualification.
- University programmes includes Inter-faculty offerings as well as University Certificates and Tertiary Foundation Certificates
- Adult and community education enrolments are not included

Undergraduate enrolment (EFTS)	2012	2013	2014
Arts	5,092	5,021	4,928
Business & Economics	4,826	4,872	4,875
Creative Arts and Industries	1,216	1,201	1,228
Education	2,006	1,834	1,803
Engineering	1,909	2,055	2,218
Law	1,216	1,249	1,235
Medical and Health Sciences	2,673	2,831	2,911
Science	5,943	6,225	6,317
University Programmes	487	461	423
<b>Total</b>	<b>25,368</b>	<b>25,749</b>	<b>25,937</b>

#### -Note

- University programmes include Tertiary Foundation Certificate and University of Auckland at Manukau enrolments
- Only formal enrolments are included; adult and community education enrolments are excluded

Postgraduate enrolment (EFTS)	2012	2013	2014
Arts	848	769	762
Auckland Bioengineering Institute	62	70	70
Business & Economics	707	703	800
Creative Arts and Industries	485	484	485
Education	1076	1136	1173
Engineering	1175	1146	1159
Law	152	130	146
Liggins Institute	30	32	34
Medical and Health Sciences	1,291	1,402	1,435
Science	1,396	1,400	1,437
University Programmes	10	7	11
<b>Total</b>	<b>7,232</b>	<b>7,279</b>	<b>7,511</b>

Qualifications awarded (by faculty)	2012	2013	2014
Arts	2,323	1,845	2,305
Auckland Bioengineering Institute	10	5	15
Business & Economics	2,124	1,834	2,041
Creative Arts and Industries	687	621	521
Education	1,485	1,359	1,371
Engineering	885	843	916
Law	406	286	438
Medical and Health Sciences	1,711	1,886	1,837
Science	2,022	1,952	2,026
University Programmes	174	224	193
<b>Total</b>	<b>11,827</b>	<b>10,855</b>	<b>11,663</b>

**Note**

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

International students (students)	2012	2013	2014
China	1,576	2,016	2,397
United States	529	474	525
Malaysia	591	513	425
Korea, Republic of	456	426	361
India	246	253	301
Japan	139	147	151
Hong Kong	78	94	130
Indonesia	74	97	125
Iran (Islamic Republic Of)	90	104	120
United Kingdom	100	89	106
Vietnam	85	90	98
Germany	124	114	90
Taiwan	76	83	76
Canada	84	76	71
Singapore	50	57	70
Thailand	49	55	68
France	63	57	57
Russian Federation	50	46	47
Norway	106	67	44
Philippines	28	29	44
Saudi Arabia	40	45	43
Brazil	18	18	43
Pakistan	61	53	42
Others	588	594	576
<b>Total</b>	<b>5,301</b>	<b>5,597</b>	<b>6,010</b>

# 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, students and graduates; Council appointees; and Ministerial appointees. Two executives — the Vice-Chancellor and one of the Deputy Vice-Chancellors — are also members 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.

## 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) and (Strategic Engagement)
- The Pro Vice-Chancellors (Equity) and (Māori)
- The Deans
- The Director of Administration and Registrar, and the directors of Human Resources,



## 2014 Council

From top left: Elected by academic staff: Professor Louise Nicholson; ex-officio: Deputy Vice-Chancellor, Professor John Morrow; elected by professional staff: Steve Warrington; appointed by Council: Cecilia Tarrant; elected by Court of Convocation: Chancellor Dr Ian Parton, Dr Di McCarthy and Jan Dawson; elected by professors: Professor Tim Hazledine; elected by lecturers: Associate Professor Alex Sims.

From bottom left: Ex-officio: Vice-Chancellor, Professor Stuart McCutcheon; elected by students: Cate Bell and Hayden Hughes; appointed by the Minister of Education: Mike Daniell, Peter Kiely, Sir Ralph Norris and Andrew Ferrier, appointed by Council: Scott St John, Sarah Roberts.

Planning, Finance, Property Services, ITS and the University Librarian

- The Chief Executive of Auckland UniServices Ltd
- 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 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 General Library and 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 the administrative activities of that particular faculty. Each faculty has established its own structure of associate and assistant deans, and committees. Deans have primary financial responsibility for their faculties. Every year, faculties are required to prepare an annual plan and an annual report that provides detail of planned activities and achievements. In 2008 faculties developed strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will push the University, collectively, towards its targets.

## 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

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 measures and targets contained within the Plan provide a basis for measuring progress toward achieving the objectives.

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 (page 30).

### Capital Plan and Financial Projections

The long-term Capital Plan is updated annually and sets out the investment required to maintain and enhance the University's infrastructure and resources over a ten-year period. 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 IT Strategy Plan, 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 as part of the Capital Plan. 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 internal 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 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 is appointed by the Office of the Auditor-General for a three-year term. The Audit and Risk Committee receives regular reports on any matters that arise in connection with the performance of the external audit, including the adequacy of internal

controls and the truth and fairness of the financial reports.

Internal audit is an integral part of the University's risk management framework. Certain internal audit services are contracted in from PwC for a three-year term. To provide an effective service as well as the required level of assurance on a wide range of issues, a core audit programme has been developed, consisting of financial audits and audit areas matching the expertise of the principal audit provider.

### Capital Expenditure Committee

The Capital Expenditure Committee is responsible for considering all capital expenditure proposals over \$2.5 million and up to \$25m, 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 Committee

The University is committed to equitable participation and advancement of staff and students. Successful achievement of equity in employment and education can bring about innovation, a more effective use of human resources, and ultimately benefits the creative and intellectual life of the University and its communities.

The Equity Committee is chaired by the Pro Vice-Chancellor (Equity) and supports Council in fulfilling its responsibilities under the State Sector Act 1988 and the Education Act 1989. The Equity Committee advises on staff and student equity policy; develops University plans for staff and student equity; and monitors and reports on the implementation of policies, and plans and progress towards student equity.

The Equity Office produces plans, strategies, policies and procedures. It develops "good employer" initiatives for staff and programmes for students. These encourage participation, eliminate barriers and risks of discrimination, and maximise the potential of groups that are under-represented or disadvantaged in their ability to attend the institution.

Representatives from Council, the Pro Vice-Chancellor (Māori), faculties, service divisions, the Students' Association, Pacific Reference Group, the Equity Office and equity interest groups, such as academic women, participate in the Equity Committee.

### 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 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 standards

The University of Auckland maintains high ethical standards 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 instigated 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 and Safety

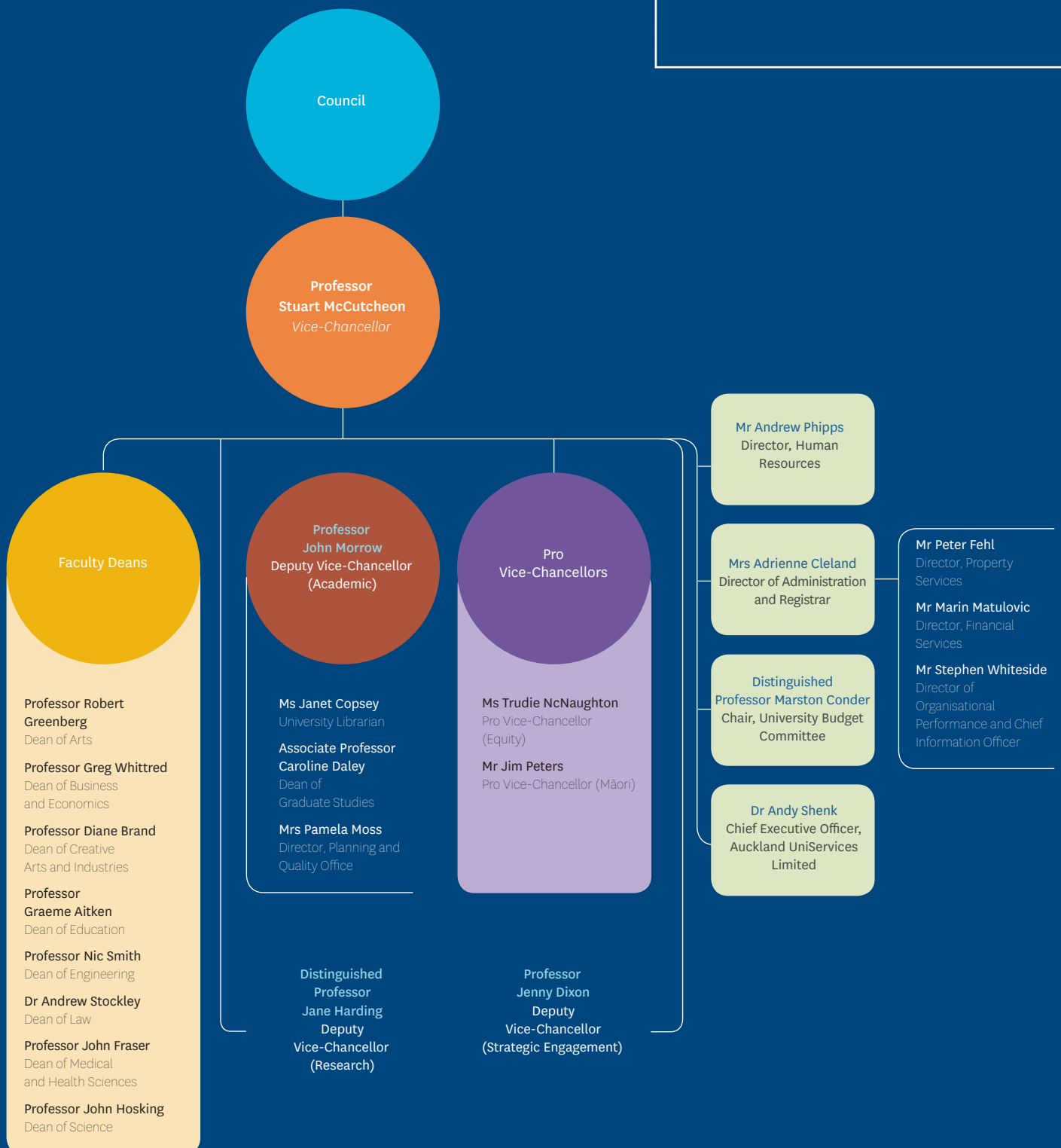
The Occupational Health and Environmental Safety and Health Advisory Committee is a forum of nominated and elected management and staff representatives that enables staff and unions to communicate to management issues of interest and concern related to health and safety, and to encourage staff participation in the ongoing maintenance and improvement of a safe and healthy environment. The committee reports to the Staff Advisory Committee, an advisory committee to the Vice-Chancellor.

### Business details

<b>Bankers:</b>	Bank of New Zealand, ANZ Bank, Commonwealth Bank of Australia
<b>Auditors:</b>	Ernst & Young – on behalf of the Office of the Auditor-General
<b>Valuers:</b>	Darroch Limited ART + OBJECT

# University management structure

as at 31 December 2014





The image features a molecular model in the background, composed of white spherical atoms connected by thin rods. The model is set against a dark background with various colored geometric shapes overlaid: a large blue trapezoid at the top right, a cyan triangle on the left, and a green triangle at the bottom left. The text '2 Teaching and Learning' is positioned within the blue header area.

# 2

## Teaching and Learning





## Changing the world

**Most days, we change the world. The change is bigger on some days than others, but every day the lives of the people in the communities we serve are made better through the activities of our staff, our students and our graduates.**

Both the University and the government articulate a high expectation that we will have a substantial impact on the world around us. The University's Strategic Plan notes that "our outstanding graduates will go on to have a positive impact in their communities ... and [our] research contributes to social, economic and environmental development". In its opening statement, the Tertiary Education Strategy (TES) 2014-2019 recognises that 'tertiary education ... helps people improve their lives and the lives of those around them ... and is the engine of knowledge creation'. The TES asks us to build on our international relations, support business and innovation, and improve outcomes for all.

The 10,954 graduates, \$234 million spent on research and \$183 million on new capital works in 2014 will have a huge impact on all three of these areas but, in many cases, the full impact will only be clear years from now. However, in 2014 we celebrated numerous achievements that demonstrate the real and long-term impact of the University of Auckland's teaching and research.

### Benefits of international relationships

Our place in the global research and innovation arena is essential to achieving outcomes that change the world. Relationships with governments, universities, businesses and other organisations provide opportunities to showcase

the University's and New Zealand's excellence to the world, create openings for collaboration in cutting-edge research, and attract the best and brightest to New Zealand.

UniServices, the University's commercialisation arm, is important in building our international relationships through its role as an enabler of technology transfer between researchers and business. The 2014 recipients of the University's commercialisation medal illustrate our researchers' ability to use their research to benefit industry and society worldwide.

- Professor Colin Green, co-founder of CoDa Therapeutics, which is focused on wound care and tissue repair, has raised over \$90 million from venture capital investors in New Zealand and internationally for treatment trials.
- Distinguished Professor Viviane Robinson has led educational leadership research and consultancy work in Australia, London, Norway, Singapore and the USA. Her work has had a global impact on education policy and practice.
- Professor David Williams has been involved in three successful start-up companies turning cutting-edge basic research into highly valuable products and services for data capture. For example, Aeroqual, a Mt Eden based sensor company, has its origins in Williams' 1980



Top left. Deidre Brown. Top right. David Budgett and Simon Malpas (right) with a prototype for implantable pressure sensors. The prototype stands on top of a Paralene machine (pictured centre).

research and now has global clientele including NASA, Samsung and BR Petrobras. Professor Williams also plays a strong role in mentoring young scientists into their own commercialisation activities.

Each year, the University hosts visits and lectures from international public figures, many of whom are attracted by our strong research and commercialisation reputation. Hosting German Chancellor Dr Angela Merkel was a highlight in 2014. Part of her visit was the signing of an agreement between the University's Auckland Bioengineering Institute (ABI) and Germany's Fraunhofer Institute to develop a bionic joint that will reduce workplace injury and assist stroke patients. The project includes two ABI spin-out companies (both of which have won NZ Innovator Awards) and builds on the impressive research of ABI since its inception in 2001, much of it undertaken in collaboration with the best universities in the world such as MIT and Oxford.

The University was also greatly honoured by the visit of His Excellency Mr Ban Ki-moon, Secretary of the United Nations, who was awarded an Honorary Doctor of Laws degree. Mr Ban urged students to be global citizens and reminded us that the imagination of young people is the most powerful force in the world.

With a diverse student body, including 6,010

international students, the University is well-placed to nurture global citizens. Our graduates become long-term ambassadors for both the University and New Zealand due to their positive experiences here. Every year, the University celebrates six distinguished alumni, and always finds it very difficult to select so few from the many graduates who have a positive impact on the nation and the world every year. The awards for 2014 were presented to alumni now based in Canada, Singapore, Tonga and London who have made major contributions in business, music, education, film, university and research administration, and sports.

Our strong international connections and collaborations keep us at the forefront of innovation and enhance the expertise our staff and students provide to business, government and industry.

### Business and innovation

The University is an innovation engine that has a huge impact on our economy and our society through its students, graduates and researchers.

Many of our current students are already being recognised for their achievements, and are destined to be the economic, social and political leaders of our future. For example, the University's consistent success in the MicroSoft

Imagine Cup (placing in the finals for the last five years) is illustrative of our students' significant contribution to innovation in ICT. In 2014, a team of University of Auckland students took out first place in the Innovation category (one of the three grand prizes in the event) for a social interaction app they created.

At its heart, innovation is about creativity, and the University has a strong reputation for using the creative arts to improve outcomes for communities. The strengths of our community dance programmes have been recognised with the introduction of a dual masters programme with Beijing Dance Academy, one of the world's largest and most prestigious tertiary dance institutions. Pacific artist Luke Willis Thompson was the latest of many Elam graduates to win the Walters Prize, New Zealand's pre-eminent art prize. Luke's work questions our understanding of art, demonstrating the role it might play in preserving memories that are deeply entwined in places such as the family home.

Our 1,892 doctoral students - the largest number of any university in the country - are the epitome of student achievement in a research-intensive university. For example,

- Dr Kimiora Henare (Te Aupouri, Te Rarawa) completed his research on a drug for the treatment of melanoma. Dr Henare will build



Left. Wei Gao.  
Below. SPARX e-therapy for adolescents with depression.



on this research as part of a Māori Health Research Postdoctoral Fellowship to develop novel treatments for cancer by harnessing the natural abilities of immune cells to kill cancer cells.

- Doctoral graduates in Engineering continued the University's strong record of research in inductive power transfer with Dr Michael Neath investigating a high vehicle smart controller charging system for wireless vehicles, and Bob Wang researching efficient wireless power supply for Heart Assist devices.

In 2014, 388 of our doctoral students graduated. Together with our established and emerging research staff members, they mean that the University has the largest innovation workforce in the country. Teachers and researchers make a huge impact on the world around them, not just through their students, but through their own research. Some make ground-breaking discoveries that have a global impact, while the contribution of many others is demonstrated by the long-term impact in substantive bodies of research over their careers. In 2014, some of these career achievements were recognised through professorships and awards.

- Professor Paul Kilmartin, one of 14 academic staff members promoted to professor in 2014, established the University's wine science programme, and has worked closely with some of

the country's largest producers in the \$1.3 billion wine export industry. Among other contributions, his research has informed wine storage and grape harvesting techniques.

- Professor Simon Malpas, one of our five Royal Society of New Zealand medal awardees, was recognised for the development and commercialisation of implantable wireless sensors that can monitor physiological processes such as heart activity or lung function in the body.
- Associate Professor Deidre Brown (Ngāpuhi, Ngāti Kahu) was part of an international team of authors who won the Art Book Prize – the most prestigious award of its kind in the world. Funded by a Marsden Grant, the book was a collaboration among anthropologists, art historians and curators. The book encourages people to interpret Pacific art in new ways. Deidre also collaborated with

anthropologists and art historians in her work with Ngāpuhi to demonstrate the provenance of the Te Pahi medal. Their work was instrumental in building the case for the repatriation of the medal when it came up for auction in 2014.

- Professor Wei Gao was one of the four University of Auckland researchers who made a clean sweep of New Zealand Association of Scientists Awards, for his significant contributions in a range of fields. The nanostructure alloy/composite coatings his group developed are being used in machinery, tool and device industries in New Zealand and overseas.
- Associate Professor Mark Bolland, Associate Professor Andrew Grey and Distinguished Professor Ian Reid, were one of the three teams or individuals recognised in the inaugural 2014 University Research Excellence Awards. The team's initial





## The University is an innovation engine that has a huge impact on our economy and our society through its students, graduates and researchers.

research into the impact of calcium supplements on bone density led to the surprising finding that the supplements may have a detrimental effect on the heart. Further research confirmed that there was an increased risk of cardiovascular events. As a result, treatment practices have changed, resulting in a significant decrease in the call on PHARMAC funding.

- Associate Professor Sally Merry, who has received recognition locally and abroad (such as being recognised as NEXT Magazine's Health and Science Woman of the Year) led the development of SPARX, an e-therapy for adolescents with depression. SPARX was rolled out nationally in 2014 with over 1500 12-19 year olds signed up in the six months after its launch, with a particularly high uptake in post-earthquake Christchurch.

It is clear, even if clichéd, that the University of Auckland's students, graduates and researchers make the world a better place. It is vital that all sections of society benefit from these outcomes, and the University invests considerable resources in the pursuit of this goal.

### Improve outcomes for all

Achieving equity in outcomes starts with ensuring access for all. This is more than just providing students with a place in a degree programme. It is about ensuring that these students are primed for study at one of the best universities in the world.

The majority of our students from equity groups have been well-prepared for university study by the compulsory education sector. For these students, our role is in the provision of an inclusive and welcoming learning environment.

However, there are disparities in outcomes from the compulsory sector, and the University has a long history of initiatives to assist equity groups in their transition to the University. The Certificate in Academic Preparation (CTACP) is an exemplar of these initiatives that illustrates the opportunities and challenges faced in improving outcomes. In 2014, the 138 students enrolled in the programme achieved an overall pass rate of 77 percent, and 72 of these students progressed to degree level study at the University. These pass and progression rates are high for foundation programmes and ensure that these students will be far more successful in degree studies than if they had gone directly into a degree. Students who have not continued to a degree have had the opportunity, at low cost to themselves and the government, to experience study at the University and decide that it is not for them – or, in some cases at least, not yet.

There are still challenges in achieving parity for those CTACP graduates who are enrolled in degree level study, and other equity students who enrol directly in a degree. In some subject areas, particular those with high mathematical content, these students are at a significant disadvantage. There is no one

single programme or initiative that will provide parity for equity students. Instead, multiple research-informed programmes and a high-quality learning environment are leading to incremental improvement in outcomes for all of our 3,531 Pacific and 2,932 Māori students. We are very pleased that the opportunity to progress to the highest levels of achievement was taken up by 24 Māori and 11 Pacific students who graduated with doctorates in 2014.

Changing the world is a hard task. It takes time. It takes smart people. It takes curiosity and creativity. It takes a willingness to invest in long-term projects. And it takes a willingness to accept that although we might not know how our students, graduates and researchers of today will change the world, we do know that they are responsible for the future prosperity and well-being of the communities that we serve, and it is the University's responsibility to prepare them well for this role.



## Faculties, Institutes, Uniservices

### Arts

Major initiatives for the faculty in 2014 have included growing our visibility and prominence through the Value of the Arts campaign; re-engaging with alumni worldwide; and enhancing cohesion and common vision in the faculty following the implementation of the four new schools and the new professional staff structure.

The faculty continues to enjoy high international standing, and its disciplines have been ranked consistently in the top 100 in both the QS and Times Higher Education (THE) rankings. In the 2014 QS World University Rankings, we were ranked 30th in Arts and Humanities, and 35th in Social Sciences and Management.

As part of the Value of the Arts initiative, we hosted several distinguished visitors who spoke to this theme. In 2014, the faculty also took concrete steps — including the development of a new internship programme — to enhance the value of the degrees it offers. The aim is to contribute to New Zealand society through our training of

graduates with excellent communication and analytical skills. The faculty also conducted a review of its postgraduate degrees, including the Bachelor of Arts (Hons), Post Graduate Diploma in Arts, and the Master of Arts with the aim of making these degrees more appealing. During 2014, the faculty continued its efforts to attract and retain Māori and Pacific students, and to support the First Year Experience Programme, Tuākana, and the Certificate in Academic Preparation. The Dean of the faculty also continued to partner with Deans of Arts from New Zealand and the Australian Group of 8. These efforts led to several media interviews and the publication of opinion pieces.

The faculty achieved very positive results in the area of research during 2014. Twelve Marsden grant proposals were advanced to the second round, and five academic staff were successful in obtaining Marsden funding. We supported the development of a Pacific Research Initiative that will bring together Pacific researchers from across the University, and several academics received prizes and national recognition for their research.

The faculty has continued to support and recruit excellent people. We welcomed ten new academic staff into permanent positions in 2014. We also appointed a new team of professional staff to serve in the roles created by the Faculty Administration Review (FAR) process. In addition, we were successful in concluding three searches for academic staff in 2014.

The faculty held its first Best of Arts award ceremony, at which teaching excellence awards, research excellence awards, and professional staff excellence awards were presented. At the ceremony, the faculty also bestowed awards on students who had distinguished themselves as Tuākana mentors and leaders in our First Year Experience Programme.

During 2014, we developed priorities for the upcoming University philanthropic campaign. The Dean was a featured speaker at three major alumni events in New Zealand and overseas and cultivated relationships with prospective donors throughout the year.

## Business and Economics

In 2014 our primary focus was on capitalising on the initial success of the Postgraduate Taught project; commencing a review of the MBA portfolio and finalising the organisational structure for the Graduate School of Management; maximising our readiness for three international accreditations; increasing our engagement in strategic cross-faculty research initiatives; and managing the roll-out of FAR.

Two cohorts of taught masters students were successfully recruited in 2014 and the first cohort of 55 Master of Management students completed their studies in December.

Results for all three international accreditations (AMBA, AACSB and EQUIS) have been advised, with the maximum possible period approved in each case.

Māori and Pacific achievement is positive and ongoing. The school has improved participation over the last three years.

Fifteen Marsden applications were submitted in 2014, a record for the faculty. One was successful: Dr Helen Delaney, Management and International Business. The Mira Szasz Research Centre participated in two successful cross-faculty Ministry of Business, Innovation and Employment (MIBE) bids in Advanced Materials and Food Security.

We achieved favourable rankings in 2014. The QS World University Rankings by Subject placed Accounting and Finance at 24 and Law/Commercial Law at 28. Remaining disciplines sit comfortably within the band of 50-100. Particularly noteworthy was recent international benchmarking that ranked the University of Auckland's Innovation and Entrepreneurship ecosystem, of which the Business School is a key component, as one of the top five globally operating in more "challenging" environments. (Ruth Graham, "Creating University-based entrepreneurial ecosystems: evidence from emerging world leaders," MIT Skoltech Initiative (June 2014)). The Business School's careers service was also recognised as "Best New Zealand University Careers Service" by the New Zealand Association of Graduate Employers in October.

## Creative Arts and Industries

The National Institute of Creative Arts and Industries continues to deliver excellence in teaching, research, creative practice and performance, and community initiatives. With refreshed professional and academic leadership in 2014, the faculty has focused on stabilisation of the budget; implementation of the Technical Services Review; renewal of key roles in academic and professional leadership; and the consolidation of committee structures.

The FAR structure was finalised and successfully implemented following a process of consultation with staff. The challenge now is to fully operationalise FAR in the coming year whilst embedding a culture of exceptional service delivery, inclusiveness and professionalism across all academic and professional functions. In 2014, the priority has been to enhance interdisciplinary relationships between NICA schools and with other faculties, to build internal capability to compete for external grants, to disseminate best practice in documentation of teaching and learning, to continue to strengthen key international partnerships in the Asia Pacific region, and to contribute expertise to our own communities in New Zealand.

International teaching partnerships have been activated. The Beijing Dance Academy (BDA) and the University of Auckland signed an agreement for a Dual Masters Programme in Community Dance at the BDA's 60th Anniversary Celebrations in October, with the first intake of students commencing in 2015 in China. The School of Architecture and Planning has entered into collaboration with the University of Applied Arts in Vienna and the University of Sassari to deliver a Masters in Sustainable Tourism in both hemispheres. More partnerships are planned for 2015.

NICA students, staff and alumni have received a number of major local and international prizes and honours. Highlights were Professor Jonathan Mane-Wheoki being made a Companion of the New Zealand Order of Merit and Companion of the Auckland Museum, and alumnus Luke Willis Thompson winning the coveted Walters Prize.

The faculty has commenced the planning and implementation of a number of vocational masters degrees in all schools to broaden the career opportunities for our students. We are also looking at potential better use of our technical and space resources, with particular attention to enhancing the quality of our digital and analogue technologies and the safety of our workshops. Significant progress was made in

2014 on development targets, with major funding initiatives for the School of Music (The Taurus Trust) and the School of Architecture and Planning (The Murray Wren Bequest).

It is with great sadness that we mourned the passing in October of Jonathan Mane-Wheoki, Professor of Fine Arts, and acknowledge the outstanding contribution he made to the faculty, the University of Auckland and the New Zealand art community as a pre-eminent teacher, scholar and leader.

## Education

The faculty has made significant progress in realising the gains from the 2013 implementation of a new professional staff structure. Roles and responsibilities have been clarified, new processes implemented, and communications improved. These achievements culminated in a University Professional Staff Excellence Award for leadership.

There have also been significant changes in academic staffing in 2014. An academic staffing review completed the final stage in the alignment of the faculty to the University since amalgamation in 2004, and achieved savings that enabled us to meet our contribution to the University and also to make a number of new research-active appointments.

Staffing changes have been accompanied by a re-envisioning of the faculty's purpose and mission. The new vision statement "Leading Learning: Changing Lives" reflects our commitment to advancing the boundaries of knowledge as researchers in the fields of education and social work; to challenging, engaging and inspiring our students; and to supporting the enhancement of practice and the improvement of policy.

Postgraduate growth continues to be strong, most significantly at doctoral level but also in research masters. In a continuing tight market the fall in undergraduate EFTS has been halted through much improved processing of enquiries and applications, assisted by the offer of Start Smart scholarships. The Top of the Class Campaign, aimed at promoting the value of teaching, was launched in June 2014. The website has received 20,000 page views and an additional 3,000 views on its blogs.

The First Year Experience Programme is now fully integrated into Orientation. All first year students are assigned, and meet regularly with, a mentor; grade data are regularly collected for two core Stage 1 courses; and a learning analytics project has been piloted in one of those courses. The learning environment has been enhanced with the refurbishment of five seminar rooms, much-improved internet connectivity, and strong pedagogical support from CreATE (Creative Application



in Earthquake Engineering and Composite Materials. Finally, and very encouragingly, existing staff have performed strongly in competitive external funding rounds and secured a number of national and international scientific awards.

## Medical and Health Sciences

The Faculty of Medical & Health Sciences (FMHS) enjoyed success across several priority areas set in the 2014 Annual Plan. This success was not achieved without considerable commitment and effort from both academic and professional staff through what has been a very challenging year.

FMHS experienced continued demand for our programmes, attracting high-quality students, with school-leavers entering with a GPE greater than five, representing just over 85.5 percent of that cohort.

Reaccreditation of the six-year MBChB programme has required a significant focus and effort ahead of the scheduled panel visit in March 2015. Accreditation of the newly established Nutrition and Dietetics programme was conditionally approved contingent on its first graduating year. The School of Pharmacy redesigned the current five-year Bachelor of Pharmacy degree to a four-year programme with entry planned at Year Two to meet accreditation requirements. The new programme was developed with wide consultation and stakeholder input and was finally endorsed by the faculty at its last meeting of 2014.

The faculty improved its long-term research revenue with the successful bid by the Brain Research New Zealand CoRE, co-hosted by the University of Auckland and University of Otago. Researchers also won funding from the Health Research Council, MBE, and Marsden funds. FMHS also received a donation of \$5 million in 2014 for an endowed Chair in Child and Adolescent Health through the generosity of Mr Rod Duke and the Cure Kids foundation. An appointment is likely in 2015. Increasing fully funded research, targeting international funding sources, and increasing philanthropy are vital to continuing our research agenda in a highly constrained and competitive funding environment.

There have been a number of academic leadership changes: Professor Steven Dakin commenced as Head of Optometry and Vision Science, Professor Ngaire Kerse resumed the role of Head of the School of Population Health following study leave, and Associate Professor Janie Sheridan served as Acting Head of School of Pharmacy during the 2nd semester while Professor Julia Kennedy took leave. Professor Ross McCormack will retire after 24.5 years of service. We end 2014 with a strong complement

of Technology in Education) for the use of the collaborative learning spaces.

The Postgraduate Diploma (Secondary Field-based), delivered in partnership with Teach First NZ, received a very positive evaluation from NZCER. Most pleasing were the tentative findings that school students reported their engagement in Teach First NZ participants' classes as similar to student engagement in classes taught by more experienced colleagues, and that NCEA standardised results in participants' classes compared favourably with those in other classes. The Master of Teaching Primary programme development has further strengthened our already strong relationship with partnership schools. The faculty is contributing to the Manaiaikalani development in Pt England and Tāmaki by running a Bachelor of Education Teaching (Hons) and Master of Professional Studies in Education programme for 12 beginning teachers and their mentors. This is the best current example of delivering postgraduate programmes to school clusters with a focus on school-identified problems of practice.

The appointment of a development manager has significantly lifted activity in the philanthropy area. A full stocktake of faculty research work has been completed and is being used to identify potential themes for the 2015 University Campaign.

## Engineering

Against a background of significant change, 2014 was a successful year for the faculty. Student demand and research productivity continued to be extremely strong. These underpinning drivers combined with the realisation of plans for increasing our capacity, and building on our

already strong levels of industry engagement, contributed to a strong position.

Growth in the intake of domestic undergraduate students in 2014 has continued, reaching 1794.5 EFTS. The international undergraduate cohort for 2014 (whilst showing an increase of 24 EFTS from 2013) was still 29.5 EFTS short of expectations, mostly due to a sharp downturn in students from Malaysia.

International postgraduate taught enrolment delivered excellent results with 36.5 EFTS over budget. Postgraduate research growth overall remains strong.

A number of teaching-focused initiatives within the faculty have been launched, including curriculum mapping, large course alignment and planning for the accreditation of the undergraduate BE (Hons). These projects will remain a significant focus until completion in 2015.

The commissioning of the space-intensive research facilities on the Newmarket Campus has progressed well over the year with practical completion at the beginning of September and official opening planned for March 2015. As the Newmarket facilities transition to a business-as-usual model, on the City site we are now focused on the opportunity to plan for a teaching and learning environment that will define activities in the faculty for the next 50+ years. While also an extremely positive development for the faculty, there are clearly risks related to not achieving the economies of scale and flexibility of space, along with potential logistical issues resulting from the decant process that we are working to mitigate.

We have recruited a number of high performing junior and mid-career staff along with chairs

## At its heart, innovation is about creativity, and the University has a strong reputation for using the creative arts to improve outcomes for communities.

of experienced senior managers ready to deliver on our 2015 Annual Plan priorities.

### Law

In 2014 Professor Paul Rishworth was appointed Queen's Counsel, a rare distinction for an academic lawyer. Professor Peter Watts was elected a Fellow of the Royal Society of New Zealand. Khylee Quince won a National Tertiary Teaching Excellence Award. Auckland Law School academics won two of the four New Zealand Legal Writing Awards, with Peter Devonshire named the joint winner of the JR Northey Memorial Book Award for his book *Account of Profits*.

During the year, the Faculty of Law hosted major conferences on capital gains taxes, corporate ownership and control, and the first ten years of New Zealand's Supreme Court. It

also hosted visits from a range of distinguished visitors, judges and public officials, including the former Prime Minister Rt. Hon Helen Clark; the President of the Special Tribunal for Lebanon, Sir David Baragwanath; this year's Cameron Fellow, Professor Stephen Bainbridge (University of California, Los Angeles); and the 2014 Legal Research Foundation Visiting Scholar, Professor Joe McCahery (Tilburg and Amsterdam Universities).

We are continuing to provide more opportunities for top students. Student exchanges have been agreed with the best law schools in Hong Kong and China, and in the second semester the first students arrived from Tsinghua and Renmin Universities in Beijing. The increasing importance of links with China for New Zealand companies and law firms means that the Auckland students who spend a semester studying in Beijing, Shanghai and Hong Kong will benefit considerably from learning about Chinese law and practice

at the very best Chinese and Hong Kong law schools.

The Auckland Law School has had considerable success in law student competitions during the last year, including reaching the quarter-finals of the Vis International Commercial Arbitration Moot in Vienna (competing against 300 other universities) and the quarter-finals of the International Chamber of Commerce International Mediation Competition in Paris. An Auckland Law School Mooting Society was established, with over 400 student members joining. Auckland students again won the Presidents' Shield for the top law school at the New Zealand Law Students' Association Championships, and will represent New Zealand at the Jessup Moot Competition, the world's most prestigious moot court competition, for the seventh time in the last eight years.







Alumni support has enabled a range of new scholarships and events to be established, including the Moana Schwalger Memorial Pasifika Scholarship, to encourage postgraduate study by Pacific law students, and the John Haigh QC Memorial Moot Competition, which was held for the first time in 2014 with 32 teams competing.

The Auckland Law School was again ranked among the best 30 law schools in the world in the 2014 QS World Universities Rankings.

## Liggins

We have made substantial progress in advancing our aspiration to be a sustainable, cohesive high-performing research institute. A comprehensive review of research strategy and support structures was undertaken to increase focus on research strengths and mitigate potential impacts of operating in an uncertain, constrained funding environment.

This included an updated strategic plan with the vision: “A healthy start for a healthy life” and mission: “To improve lifelong health through excellent research into long-term consequences of early life events”.

The institute consolidated its position as a research leader in areas of national importance related to its mission. Professors Wayne Cutfield and David Cameron-Smith are interim directors, developing two National Science Challenges hosted by the University of Auckland: “A Better Start” (currently in commencement phase) and “High Value Nutrition” (establishment phase), respectively. Staff are also contributing to the development of a National Strategic Plan for Science and Society.

New initiatives have added to already extensive international linkages through significant, active collaborations with respected research groups – including one of the world’s largest prospective birth cohort studies. Two collaborative studies, funded through the Bill & Melinda Gates Foundation “Grand Challenges” initiative, involve groups in Brazil, Singapore, China and Malawi. Professor Philip Baker is Site Principal Investigator for an international initiative, worth more than \$60 million over five years, to improve pregnancy and offspring outcomes through an early-life nutritional intervention.

The reputation of the institute and its academic staff is demonstrated in the flow of high-profile awards, appointments and speaking invitations. Distinguished Professor Sir Peter Gluckman co-chairs the World Health Organization Commission on Ending Childhood Obesity, is a Visiting Professor at University College London, received the European Society for Paediatric Endocrinology International Award and chaired the first global Conference on Science Advice to governments. Distinguished Professor Jane Harding received the Royal Australasian College of Physicians’ Howard Williams Medal, the University of Auckland Faculty of Medical and Health Sciences’ Gluckman Medal and nomination for New Zealander of the Year (*NZ Herald*). Additionally, Professor Cutfield was recognised with Honorary Life Membership of the Asia Pacific Paediatric Endocrinology Society, Professor Cameron-Smith leads an initiative for NZ-European research cooperation, while Professors Frank Bloomfield and Paul Hofman lead large, Asia-Pacific region professional societies.

Staff and students have achieved more than \$8 million in competitive research funding and

authored over 90 refereed articles in research journals such as *Nature*, *Science*, the *Lancet* and a Nucleic Acids Research “Breakthrough Article”. Postgraduate students, graduates and postdoctoral fellows have featured prominently in University, national and international early-career awards and leadership roles.

## Science

The Faculty of Science is well-positioned to assist with meeting national needs as espoused in the Government’s Tertiary Education Strategy. We provide research-rich learning through a comprehensive, high quality, academic portfolio and are privileged to lead the nation’s research in many science disciplines.

During 2014 we had exceptional outcomes in all of the major competitive funding rounds. Of particular note are the results of the Centres of Research Excellence round, with the faculty hosting two CoREs (Te Punaha Matatini and Maurice Wilkins), co-hosting a third (Dodd-Walls) and contributing substantially to three others (Centre for Brain Research, MacDiarmid and MedTech). Our relationships with Crown Research Institutes (CRIs) and other research organisations are flourishing via our Joint Graduate Schools.

Faculty members have received numerous awards this year, notably including the Hector Medal for Distinguished Professor Marston Conder, the Marsden Medal for Professor Mick Clout, and Professor Robin Kearns being named Distinguished New Zealand Geographer of the year.

Investment in our future continued in 2014. Major initiatives included new laboratories for our

polymer chemistry and light metals research units as part of the Newmarket Campus development, and substantial progress on the \$200 million Science Tower project which will co-locate the majority of our faculty schools and departments when completed in 2016. Reflecting the quality of this investment, our undergraduate chemistry lab development won the Refurbished Laboratory category at the S-Labs award ceremony in London.

In our education teaching we have introduced new postgraduate programmes aimed at producing industry-marketable skills; have increased enrolments significantly in areas of industry demand such as computer science; and have been shortlisted for hosting, with University of Waikato, one of the three new ICT Graduate Schools. We have also developed and rolled out faculty initiatives in embedded literacy and numeracy to ensure our graduates have appropriate skills for today's workplace. Our first MOOC (Massive Open Online Course) has been successfully delivered to 19,000 students; *Data to Insight: An Introduction to Data Analysis* was developed by a team led by Professor Chris Wild. Lessons from that experience are being incorporated into our campus-based teaching. Teaching innovation has been extended in other ways via our Teaching and Learning Innovation Group and a new Faculty Teaching and Learning showcase.

Our Tuākana programme, now adopted across the University, turns 25 in 2015 with much to celebrate. Tuākana has had a major impact on recruitment and retention of Māori and Pacific students, and has contributed significantly to an increase in their percentage enrolment over the past year and a significant enhancement in achievement rates, notably for Pacific students. As part of the FAR programme at-risk students in general are being better supported via specific resources targeting them.

## Auckland Bioengineering Institute (ABI)

The ABI was successful in bidding to host the Medical Technologies Centre of Research Excellence (MedTech CoRE). The MedTech CoRE will provide a focal point for New Zealand industries to connect with medical devices research capabilities. Personnel have been recruited into key transitional roles to establish operational and doctoral training support for the CoRE activities.

A large cohort of PhD students are completing in 2014/early 2015. The CoRE places us in a strong position to support new students. To encourage masters students to pursue PhD studies, we have offered five named masters' scholarships and fee waivers. The Julian Robertson (Aotearoa) Foundation generously supported two additional postdoctoral fellowships in 2014, and another will be available 2015. Dr Alys Clark was awarded a prestigious Rutherford Discovery Fellowship.

Three projects were funded in the 2014 HRC funding round to a tune of \$2.5 million over three years. They were: gastric dysmotility (Associate Professor Leo Cheng), implantable devices (Professor Simon Malpas and Associate Professor David Budgett) and an emerging researcher first grant. Three individual "Smart Idea" grants were awarded by MBIE: Saviour Energy, Phase II (Dr Daniel McCormick & Associate Professor David Budgett); Virtual Clinical Trials, Phase II (Associate Professor Thor Besier and Dr Justin Fernandez), and Attention Machines, Phase I (Dr Mark Sagar). Further funding successes included Marsden standard grants awarded to Professor Merryn Tawhai and Dr Vinod Suresh and a sub-contract on an National Institutes of Health (NIH) Bioengineering Research Partnership with University of California San Diego, led by Dr Kelly Burrowes and Professor Merryn Tawhai.

Commercial engagement was a key strategy in 2014, and monthly meetings with UniServices have been established to review all projects that have commercial engagement. Major international contracts are now into second or third phase renewal: Dr Mark Sagar's Laboratory for Animate Technologies has signed off a third contract with SONY, and Associate Professor Iain Anderson has a second contract with Lockheed Martin. The ABI has entered into a collaboration with the Fraunhofer

Institute, Stuttgart (under the ICON program, and with financial contribution from MBIE) to develop a bionic joint. The project will provide contacts and opportunities for local researchers and companies to engage with leading German counterparts.

## UniServices

Auckland UniServices Limited is the University of Auckland's commercial research, education and technology development company. It is the largest organisation of its type in Australasia and its contributions strongly support the University's international standing as a leader in commercialising research, education and intellectual property.

During 2014, UniServices earned substantial revenues for the University while at the same time significantly growing our dividend to the University. A growing proportion of UniServices' business is international, linking the research and education strengths of the University to a pathway for companies, students and commercial partners to engage with the University both here and abroad.

UniServices made a number of significant launches in 2014 including the Sparx programme for mild-to-moderate anxiety and depression in young people, supported by the Prime Minister, and the "Now We Are Two" report by Growing Up in New Zealand. We also continued a substantial expansion of our international education offerings and signed a major new international collaboration under the EpiGen global research consortium.

Two of the start-up companies we had been incubating at UniServices, Mohio and APIMatic, have raised significant new investment capital and "graduated" into being independent companies in 2014.

Key initiatives underlying the performance in 2014 included: faculty planning aligning UniServices' commercial offerings to the strategic research capabilities of key academics; providing financial support, in the form of seed investment capital, to adapt programmes for national or international roll-out and commercialisation; implementation of portfolio management disciplines for the intellectual property development pipeline; and a company-wide focus on high-priority Health, Safety and Wellbeing improvements in the way that our employees work in the community, in the field and on international assignments.





3

Statement  
of Service  
Performance

# 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 qualified 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 contributing to the University. 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 wider communities, nationally and internationally.

### Objective 1

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Student : academic staff ratio (EFTS : AFTE)	18.2	18.6	19.1	18.7
Academic : professional staff ratio (AFTE : Professional Staff FTE)	1.5	1.5	1.6	1.5
Number of prestigious awards held by academic and professional staff	194	268	200	239
Proportion of Māori staff in academic positions	5.6	5.8	6.0	5.5
Proportion of Pacific staff in academic positions	2.2	2.1	2.5	2.4
Proportion of Māori staff in professional positions	6.0	6.2	6.5	6.4
Proportion of Pacific staff in professional positions	5.3	5.3	5.5	5.3

- **The staff ratios (student to academic staff and academic to professional staff) are marginally above the 2013 ratios and lower than the target for 2014.** The University's monitoring of staff appointments and attention to achieving student EFTS targets has contributed to the student-to-academic staff ratio being maintained at 2013 levels.
- **Staff appointment processes and active engagement with Māori and Pacific communities as potential staff is an on-going activity.** The numbers and proportions of Māori professional staff and Pacific academic staff have improved compared to 2013 but remain below the targets for 2014. The number and proportion of Māori academic staff is lower than in 2013.
- **The number and proportion of women in senior academic and professional positions has increased in 2014.** Women comprise 48% of senior academic staff compared to 44% in 2013.
- **The quality of teaching at the University was recognised through success in the National Tertiary Teaching Excellence Awards 2014:** Ms Khylee Quince (Law) won a sustained excellence in tertiary teaching award. Staff of the University have been recognised for the excellence of their teaching in 11 of the 12 years in which the awards have been made.
- **The University's staff made significant contributions to the leadership of community and professional bodies which were recognised through awards and prizes including:**
  - New Zealand honours: Professor Paul Rishworth (Law) was appointed as a Queen's Counsel; Professor Robin Kearns (Environment) was named Distinguished New Zealand Geographer of the Year; Patsy Hulse, Libraries and Learning Services, was awarded a Fellowship of the New Zealand Library and Information Association (LIANZA).
  - Companion of the New Zealand Order of Merit: the late Professor Jonathan Mane-Wheoki (Ngāpuhi/Te Aupouri/Ngāti Kuri) for services to the arts; Professor Cindy Farquhar (Obstetrics and Gynaecology) for services to women's health.
  - Officers of the New Zealand Order of Merit (ONZM): Dr Margaret Nelson Agee (Counselling, Human Services and Social Work) for services to mental health education; Distinguished Professor Viviane Robinson (Learning, Development and Professional Practice) for services to education; Professor Stephen Munn (Surgery) for services to health; Professor Fred Seymour (Psychology) for services to psychology.

## Objective 2

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Proportion of staff positive about staff engagement in staff surveys	75	74	74	74

- **The University acknowledges the achievements and successes of its staff including through awards and prizes such as:**
  - **Professional Staff Excellence Awards**, where staff received awards for Excellence in Contributing to Global Standing (Priscilla Lobo), Innovation (Vedika Taunk), Teamwork (the OGGB DC Resilience Project Team), Leadership and Staff Engagement (the Faculty of Education Professional Staff Leadership Team), Student and Alumni Engagement (Learning Support Services Team), Advancing Research (Nic Mason), and Sustainability (Sandra Anderson).
  - **Teaching Excellence Awards**
    - › **Sustained Excellence in Teaching:** Dr Eleanor Hawe (Learning, Development and Professional Practice), Ms Marie McEntee (Environment).
    - › **Early Career Excellence in Teaching:** Dr Julia Novak (Mathematics), Mrs Gail Ledger (Curriculum and Pedagogy).
    - › **Excellence in Postgraduate Supervision:** Professor Andrew Hill (Surgery).
    - › **Innovation in Teaching:** Dr Elana Curtis (Te Kupenga Hauora Māori).
  - **Early Career Research Excellence awards**, which recognise and promote excellence and research leadership potential among the University's emerging researchers, were awarded to six staff.

## Objective 3

An environment in which distributed leadership is developed and valued.

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Proportion of staff positive about leadership in staff surveys	55	56	56	56

- **The biennial staff engagement survey was conducted in 2013.** The focus in 2014 was on implementing the action plans that resulted from the 2013 survey.
- **University initiatives for evaluating and rewarding teacher performance and developing leadership capability were recognised in the University's Academic Audit report.**
- **Senior management appointments that were taken-up during 2014 included:**
  - Professor John Hosking as Dean of Science
  - Associate Professor Damon Salesa as the University's Director of Pacific Strategy and Engagement
- **Seventeen associate professors were promoted to professor in 2014, five of whom were women.** Other staff were appointed to professorial positions or promoted outside the promotions round.
- **The University's Faculty Administration Review (FAR) led to new faculty professional staff structures taking effect from 1 October 2014.** The overall aims of the project were to provide clear and meaningful career pathways for professional staff; streamline and standardise roles and processes to increase efficiency and service delivery; establish consistent and strengthened support for academic heads; strengthen professional staff leadership capability in order that the University could more readily adapt and change; and reduce costs.

## Able students, successful graduates and alumni

One of the impacts we have on society is from the enhanced capabilities of our graduates. In offering an outstanding educational and extracurricular experience with a focus on excellence and equity, we give students of high potential the opportunity to become successful and influential graduates and to exert a positive force on the world of the future. A high-quality teaching and learning environment helps to ensure that our qualifications are of international standing, and that our graduates are independent and critical thinkers with 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	2012 Actual	2013 Actual	2014 Target	2014 Actual
Proportion of school leavers entering with a GPE greater than or equal to 5	45.3	45.8	48.0	52.2
% Maori undergraduate students (Domestic EFTS)	8.1	8.1	8.5	8.2
% Pacific students undergraduate (Domestic EFTS)	10.1	10.6	10.8	11.2
% Maori postgraduate students (Domestic EFTS)	5.7	5.8	6.2	5.8
% Pacific postgraduate students (Domestic EFTS)	5.9	5.9	6.5	5.6

- **The quality of the student intake, as measured by the percentage of school leavers with an entry score grade of five or better rose to 52%, exceeding the target for 2014 by 4%.** Over the last ten years the percentage of school leavers with a GPE of 5 or better has risen by 20% from 32% in 2005 to 52% in 2014.

- **Although the proportion of domestic EFTS generated by Māori students has changed only marginally in 2014, the number of EFTS increased by 2% to reach 2269 EFTS.**
- **The proportion of Pacific students at undergraduate level exceeded targets and grew compared with 2013 to reach 11.2%.**

The total number of EFTS generated by Pacific students increased by 160 EFTS (6%) to reach 2,963 EFTS in 2014. The number and proportion of Pacific students enrolled in postgraduate programmes dropped slightly compared with that in 2013. Increased employment opportunities and more stringent loans and allowances criteria combined to impact on enrolments.

### Objective 5

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
% Total EFTS (Domestic residency)	87.4	86.8	86.1	86.2
% Total EFTS (International residency)	12.6	13.2	13.2	13.8

- **Total EFTS increased by 1.3% to reach 33,468 compared with total EFTS in 2013 of 33,050.** Full fee International student EFTS increased by 6% from 2013 levels to reach 3,446. Domestic-funded student numbers increased by 1% to 29,711. Although the final EFTS were 163 EFTS below the budget target, the University still carried 629 unfunded EFTS amounting to 2.1% of the domestic -funded allocation.
- **The proportion of postgraduate enrolments increased only marginally in 2014 rising to 22.4% (22.0% in 2013).** Although postgraduate EFTS grew by 3%, all of the growth was from International postgraduate enrolments which grew by 260 EFTS (18% growth).

Much of the growth was in the conversion masters programmes offered by the Faculty of Business and Economics that commenced in 2013. Doctoral enrolments increased again in 2014, compensating for slightly lower research masters enrolments.

- **New doctoral enrolments grew significantly in 2014 with 594 new candidates enrolled providing 16% growth from 2013 numbers.** The numbers of new doctoral candidates from New Zealand grew for the first time for several years. The numbers of new international candidates continued to grow and in 2014 comprised just over 50% of the new intake.

- **The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme.** In 2014, 580 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally funded bursaries and awards; a further 62 students received payments from external sources administered via the University and 37 of these were international students. In 2014, thirty-six percent of the University of Auckland Doctoral Scholarships awarded were taken up by international students. In all, doctoral students received over \$17.4 million of funding and support in 2014.

## Objective 6

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Taught masters completions (Numbers)	672	533	613	641
Research masters completions (Numbers)	902	860	800	737
Doctoral completions (Numbers)	314	318	293	388

- **The number of doctoral completions exceeded the targets for the year and grew by 32% from 2013.**
- **Masters theses completions have continued to decline.** The targets for theses completions were established before the changes to the allowances regime which appears to have had an impact on the nature of masters enrolments and the resulting theses completions.
- **Taught masters enrolments have increased, as a result of which the number of completions has also increased, exceeding targets for 2014.**

The introduction of conversion masters programmes allowing students to move from generic undergraduate programmes to employment-focused masters degrees has contributed to the increase.

- **The quality of the University's doctoral programme was recognised through grants and awards, including two U21 Joint Doctoral Scholarships, awarded to PhD students to further their research.**

- **The winners of the annual Vice-Chancellor's prize for Best Doctoral Theses at the University of Auckland were:** Dr Deborah Harris (Liggins Institute), Dr Victoria McLelland (Psychology), Dr Robert Myles (Theology), Dr Rachel Simister (Biological Sciences) and Dr Marek Tesar (Critical Studies in Education).

## 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	2012 Actual	2013 Actual	2014 Target	2014 Actual
% Successful course completions - overall domestic (excl theses)	89	89	88	89
% of students expressing satisfaction with overall programme quality	94	94	≥ 90	94
Degrees accredited by professional associations/accreditation bodies	45	46	36	46
Investment in the learning environment (Total Assets \$ / Total EFTS)	53,614	58,242	55,910	58,645

- **The overall percentage of successful course completions remained unchanged and above target at 89% from that achieved in 2013 and 2012.**
- **Although it did not reach the 88% target for the year, the course completion rate for Māori students improved in 2014, reaching 85%.**
- **Course completion rates achieved by Pacific students declined again in 2014, falling to 73%.**
- **Accreditations: The Master of Teaching (Primary) was approved by the New Zealand Teachers Council and was offered for the first time in 2014.**
- **The University of Auckland was commended for the excellence of its services to staff and students in the report of the Academic Audit conducted in 2014.**

The report, issued by Academic Quality Agency for New Zealand Universities, praised a number of University processes and services. The University was commended on its exemplary processes for ensuring the student voice is sought and shared at all organisational levels. Access and transition arrangements for Māori and Pacific students, including the University's long-established Tuākana Learning Community, the extensive range of resources and support available for doctoral students, and the continued excellent service and outstanding resources of the University's Libraries and Learning Services were highlighted in the report. Recent initiatives, such as the development of the AskAuckland website and the University's mobile app, and the introduction of a mandatory academic integrity course for new students, were also commended.

- **Programme reviews conducted by external panels in 2014 encompassed the following programmes:**
  - Master of Arts/Bachelor of Arts (Honours)/ Postgraduate Diploma in Arts
  - Master of Health Sciences/ Postgraduate Diploma/ Postgraduate Certificate in Health Sciences; and Master of Medical Science/ Postgraduate Diploma/ Postgraduate Certificate in Medical Science
  - Doctor of Philosophy (PhD)
- **A new framework for the External Review of Academic Units and Disciplinary Areas came into effect, establishing a tighter focus on the quality of learning and teaching and research.** Two academic units were reviewed in 2014 under the new framework:
  - Philosophy discipline
  - Department of Physics



- **Action areas identified by Review Committees included curriculum review, retention, formalising the exchange of pedagogical innovations and realising the full benefits of research clusters.**
- **The Committee on University Academic Programmes has approved of a number of new specialisations and subjects, and the introduction of the following qualifications:**
  - Master of Teaching (Primary)
  - Master of Community Dance
  - Master of Information Technology
  - Postgraduate Certificate in Information Systems
  - Master of Teaching (Secondary)
  - Master of Planning
- **Graduating Year Reviews were completed and approved for the following**

**qualifications and specialisations:**

- Master of Architecture (Professional); Master of Energy; Master of Engineering Studies in Medical Devices and Technologies; Bachelor of Fine Arts (Honours); Bachelor of Science in Ecology; Criminology for the Bachelor of Arts
- **University of Auckland students were successful in gaining prestigious international scholarships.** Nelson Lam (BSc (Hons)) was awarded a Woolf Fisher Scholarship for doctoral study at the University of Cambridge; Finn Lowery was awarded a Rhodes Scholarship to undertake postgraduate study at the University of Oxford; Ella Tunnicliffe-Glass (BMus (Hons)) was awarded a Gates Cambridge Scholarship to

pursue postgraduate study at Cambridge University. The Royal Society of New Zealand awarded Mark Burrell the Cambridge-Rutherford Memorial Scholarship to undertake doctoral study at Cambridge University.

- **The University ran two Massive Open Online Courses (MOOCs) this year, in which students from around the world participated.** The courses hosted on the FutureLearn Platform were “Data to Insight an introduction to statistical analysis” and “Academic Integrity: Values, Skills, Action” which helps students understand the meaning of academic integrity and to develop the values and skills needed to avoid academic dishonesty.

## Objective 8

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
% of students expressing satisfaction with overall university experience	93	93	≥ 90	94
Alumni with whom the University is actively engaged (number)	24,962	26,763	≥ 24,000	31,385

- **The annual Teaching and Learning Survey was conducted.** It used a random sample of 10,000 students. The survey responses are an important source of student views and provide insights into many aspects of students’ 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. In the survey, 37% of second and higher year undergraduates and coursework postgraduate students had undertaken a work placement, internship or other practical experience during their studies. Of these, 95% of the undergraduates and 96% of the postgraduates agreed that this experience enhanced their studies.
- **The University has 112 formal exchange agreements with partner universities in 25 countries.** In 2014, 295 Auckland students took the opportunity to study for at least one semester overseas, and were represented at 80 of our 112 international partner institutions. New exchange partnerships were confirmed with a number of institutions including in Canada and the United Kingdom. The top destinations chosen by exchange students were the USA, UK, and Canada.

Korea, China, Germany, Australia 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.** Five University of Auckland students received awards: David Light (Boxing); Stacey Michelsen (Hockey); Kayla Imrie (Canoe Sprint); David Bishop (Gymnastics); and Raphaela Rose (Arts).
- **A number of University of Auckland students represented New Zealand in their sports disciplines in the Commonwealth Games in Glasgow.** David Bishop (Engineering) claimed a bronze in the men’s artistic gymnastics floor final; Sherwin Stowers (Education) was a member of the silver medal-winning Sevens rugby team; Stacey Michelsen (Law and Commerce) took home a bronze medal as part of the Women’s Black Sticks hockey team; David Light (Arts) received a silver medal in the Heavyweight Boxing; and Zeke Pullan (Medicine) represented Niue as a weightlifter.
- **Student teams participated successfully in national and international competitions.** Teem Esteem - Hayden Do, Jason Wei, Chris

Duan and Derek Zhu - competed against 33 teams from around the world to win in the Microsoft Imagine Cup World Finals with their Esteem App and take home \$US50,000 in prize money; a group led by Joshua Cesan from the Dance Studies Programme, and including five other students from the University, won a silver medal at the World Hip Hop Dance Championships in Las Vegas.

- **Student success in academic, recreational and cultural activities is celebrated each year with the award of prizes and scholarships.** Encouragement and support are provided to student-led initiatives such as Spark and Chiasma.
- **Twenty-six University of Auckland students received a scholarship for their overseas study experience in the two rounds of the Prime Minister’s Scholarship to Asia.**

## High-quality research that benefits society

Research-intensive universities have a key role in creating and disseminating knowledge that has a 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 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	2012 Actual	2013 Actual	2014 Target	2014 Actual
Number of peer reviewed research and creative outputs	13,153	9,166	n/a	9,749
Public good research income (New Zealand and international) (\$m)	109.41	110.27	108.59	112.99
Private good research income (New Zealand and international) (\$m)	120.01	119.9	132.6	121.7

- Royal Society of New Zealand Fellowships and other medals and awards were given to the following staff:** Professor Simon Malpas (ABI) was awarded the Pickering Medal for the application of technology for his physiological wireless sensors; Professor Alistair Gunn (Physiology) was awarded the MacDiarmid Medal for human benefit for his brain cooling method to prevent brain injury in babies; Distinguished Professor Marston Conder (Mathematics) was awarded the Hector Medal for outstanding contributions to mathematics; Professor Alison Jones (Te Puna Wānanga) was awarded the Joan Metge Medal for research and capacity building in the social sciences; and Distinguished Professor Brian Boyd (English) was awarded the Humanities Aronui award for research or innovative work of outstanding merit in the humanities. Professors Alan Merry (Medicine), John Windsor (Surgery) and Peter Watts (Law) were elected Fellows.
- Professor Peter Davis (Compass) was awarded a James Cook Research Fellowship.** Rutherford Discovery Fellowships for top young researchers were awarded to Dr Alys Clark (Auckland Bioengineering Institute), Dr Francis Collins (Environment), Dr Katie Fitzpatrick (Curriculum & Pedagogy), Dr James Russell (Biological Sciences) and Dr Alex Taylor (Psychology) from the University, and will bring Dr Kim Handley to Auckland from the University of Chicago.
- The University was recognised in every category at the New Zealand Association of Scientists (NZAS) Awards in 2014.** Professor Mick Clout (Biological Sciences) was jointly awarded the Marsden Medal for his contribution to conservation biology; Professor Merryn Gott (Nursing) was jointly awarded the NZAS Research Medal for her work on how to reduce suffering at the end of life; Professor Wei Gao (Chemical & Materials Engineering) won the NZAS Shorland Medal for his research into nanostructured materials, light metals and alloys, electronic properties of materials and advanced coating and surface technologies; and Dr Michelle Dickinson (Chemical & Materials Engineering) was named NZAS Science Communicator for her work in making science accessible to a wide range of New Zealanders.
- Dr Michelle Dickinson (Chemical & Materials Engineering) won the Prime Minister's Science Media Communication Prize.**
- Research into pancreatic diabetes was boosted with the award of a prestigious Sir Charles Hercus Health Research Fellowship to Dr Max Petrov (Surgery).**
- Associate Professor Leo Cheng (Auckland Bioengineering Institute) won a Fraunhofer Bessel Research Award.**
- The Marsden Fund distributed \$53 million to 96 research teams around the country in 2014.** 28 research projects from across the University of Auckland received a total of \$15.2 million, for projects addressing issues ranging from diabetic heart pathology to fine-scale imaging of the Alpine Fault zone and good neighbourliness in international law.
- The 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 2014 funding round, receiving a total of \$28.8 million. The funded research ranges from growing better placentas for healthy babies to augmenting neuroplasticity in the Huntington's diseased brain. The principal investigators are based in the Faculty of Medical and Health Sciences, the Liggins Institute, the Auckland Bioengineering Institute, the Faculty of Science and the Faculty of Arts.
- The University had outstanding success in the MBIE funding round, with 14 bids funded to a multi-year total of \$48 million, 35% of the funding allocated nationally.**
- University of Auckland researchers were awarded research grants and scholarships from a number of other external agencies.** These included the Auckland Medical Research Foundation, Alzheimer's New Zealand Charitable Trust and the Woolf Fisher Trust. These grants recognise the importance and quality of the University's research activities.

## Objective 10

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

### Measures

- **The 2014 Celebrating Research Excellence event included the presentation of the Vice-Chancellor's Commercialisation Medals to:** Professor David Williams (Chemical Sciences), Distinguished Professor Viviane Robinson (Learning, Development & Professional Practice) and Professor Colin Green (Ophthalmology).
- **Four CoREs were approved for funding to be hosted or co-hosted by the University. They are:**
  - The Maurice Wilkins Centre
  - The Medical Technologies CoRE
  - Te Pūnaha Matatini, The Centre for Complex Systems and Networks
  - Brain Research New Zealand; Rangahau Roro Aotearoa (co-hosted with Otago)
- **We are also partners in the two other CoREs approved for funding:** The MacDiarmid Institute for Advanced Materials and Nanotechnology; and the Dodd-Walls Centre for Photonic and Quantum Technologies.
- **The University of Auckland, Massey University and University of Otago, along with Crown Research Institutes AgResearch and Plant & Food Research, will team up for the Government's High-Value Nutrition National Science Challenge.** This ten-year challenge is approved with \$30.6 million subject to finalisation of contract conditions.
- **New Zealand's first Dementia Research Clinic was opened at the University's Centre for Brain Research, thanks to two major philanthropic donations.**
- **A new collaboration involving ABI and the University's Robotics Research Group under the New Zealand Japan Strategic Partnership Building in Robotics and Human Assistive Devices for Elderly Care received funding of \$150,000 from MBIE for two multi-institutional projects.**
- **Professor Helen Sword, Director of CLEAR (Centre for Learning and Research in Higher Education) has been awarded the TERNZ Medal for 2013 - for Tertiary Education Research in New Zealand.** This medal is presented annually by the New Zealand branch of HERDSA (the Higher Education Research and Development Society of Australasia) to a New Zealand scholar who has made a "sustained contribution to the tertiary education research environment" and whose research has had "major impact".

### 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 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.

### Measures

- **The Office of the Pro Vice-Chancellor (Māori) works in partnership with others both within the University and in other institutions on projects including the MANU Ao Academy, Te Wheke a Toi Postdoctoral Fellowship, LENSscience and MITE: Māori in Tertiary Education.**
- **The James Henare Māori Research Centre celebrated its 21st Anniversary.** The centre was established in 1993 and named in honour of the late Sir James Henare, an eminent Ngāti Hine leader and scholar. The centre focuses on providing excellent research to empower Māori groups living within the northern tribal district of Tai Tokerau.
- **The Office sponsored or participated in a number of community initiatives that allow the University to actively engage with local iwi and hapu including:** Ngāpuhi Arts Festival, Ngā Whetū Hei Whai: Charting Pathways for Māori Industry Futures Conference, and Kingitanga Day. The Office has also continued to develop a relationship with the Te Hana Cultural Centre and its community (Te Uri o Hau).
- **Māori research was successful in the Marden Fund round in 2014.** Professor Margaret Mutu of Te Wānanga o Waipapa was awarded a Marsden Grant to further her research into Māori views of the treaty settlements process and outcomes. A large number of claimants throughout the country have agreed to share their stories. By examining these previously undocumented perspectives the research will provide important information for future settlement processes.
- **Dr Marama Muru-Lanning from the James Henare Research Centre was also successful in being awarded a grant to research "Intergenerational investments or selling ancestors? Māori perspectives of privatising New Zealand's electricity-generating assets".**
- **Kaiarahi Jeremy Hema and Kaitakawaenga Māori (Māori Liaison Officer) Jason Tutara presented at the 2014 World Indigenous Peoples Conference on Education, held on the campus of Kapi'olani Community College in O'ahu, Hawaii.**
- **The Pro Vice-Chancellor's office and the James Henare Māori Research Centre hosted Professor Pedro Mege and Dr Francisca del Maza from the Interdisciplinary Centre for Intercultural and Indigenous Studies at Pontificia Universidad Católica in Chile.**

## 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, and with 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.

#### Measures

- 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 "1814: Settling the First Settlers – Ka māoritā te Pākehā". The 2014 Robb Lectures were delivered by Kate Pickett and Richard Wilkinson. The theme for the series of three lectures was "The Human Cost of Inequality".
- The 2014 Alumni Relations and Development events programme provided the University with a wide range of opportunities to celebrate philanthropy, promote significant research and update alumni, donors and friends on important objectives and goals for the University in line with the Strategic Plan 2013-2020.** The events took place locally and internationally and included celebration dinners, receptions, reunions and lectures. These included Jazz in the Neighbourhood, which brought the jazz school together with local businesses and alumni, an event associated with the annual Lantern Festival in Albert Park with key members of the Chinese community, and the Open Day at Goat Island Marine Discovery Centre.
- The 2014 Distinguished Alumni Awards Dinner and Auckland Live!, an interview with the six 2014 award winners, celebrated the contribution our alumni made in arts, law, business, performance music, film, medicine and science.** The 2014 award winners were: Bruce Aitken (Business), former President and CEO of Vancouver-based Methanex Corporation; Gareth Farr ONZM (NICAI), a leading composer and well-known performance artist; Dr Julie Maxton (Law), Executive Director of the Royal Society; Dr William Tan (FMHS), neuroscientist, medical doctor, paralympian and international speaker; Dr 'Ana Maui Taufe'ulungaki (Arts), Minister for Education and Training in the Kingdom of Tonga; Roseanne Liang (Arts and Science), award-winning filmmaker, writer and director (Young Alumna of the Year).
- Reunion events continue to be important links between the University and its graduates.** The 21st Birthday Celebration for the School of Biological Sciences, an MBChB reunion weekend for seven graduation years and a 30-year reunion celebration for law school graduates were among the events held for alumni. The annual Golden Graduates lunch for those who graduated 50 or more years ago was held in Auckland.
- International alumni receptions were held in Jakarta, Kuala Lumpur, San Francisco, Los Angeles, New York and London. In New Zealand, events were held in Auckland, Whangarei and Wellington.**
- The Creative Thinking Project was launched in New York at Saatchi and Saatchi and Bob Dylan was announced as the founding patron of the Creative Thinking Research Fund.**
- Donor recognition events included the annual Legacy Society lunch and the Chancellor's Dinner, at which 23 members were inducted into the Chancellor's Circle of major donors and annual donors were celebrated and thanked.**
- The Graduation Gala Concerto Competition was held at Auckland's Town Hall.** Hilary Hayes, violinist, took out the top prize with her moving rendition of Dvorak's Violin Concerto in A Minor. Hye-Won Suh was awarded second prize with her flute performance of Concerto for Flute and Orchestra by Ibert; and pianist Kento Isomura placed third with his rendition of Prokofiev's Piano Concerto No 3.
- Honorary doctorates were bestowed on three prominent New Zealanders:** Rt Hon. Sir Peter Blanchard, Sir Graeme Douglas and Sir David Levene, in recognition of their major contributions both to the University and to the wider community. An Honorary Doctor of Laws degree was bestowed on His Excellency Mr Ban Ki-moon, Secretary-General of the United Nations, in recognition of his role as an international statesman and his past engagement with the University.
- New marine research programmes for the Pacific region will be developed under an agreement between the University of Auckland and international conservation agency Conservation International.**
- High-quality research to help make Auckland the world's most liveable city is the basis for a major new alliance between the University of Auckland and Auckland Council.** The *Auckland Environment Observatory* is a new strategic partnership between the two organisations, consolidating the wide range of environmental research programmes the University carries out on behalf of the people of Auckland.

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Total revenue (\$m)	931	973	1,000	1,013
Total revenue \$ / EFTS	28,521	29,455	29,657	30,263
Total revenue per academic staff FTE (\$)	431,274	456,814	n/a	468,609

- **Overall University revenue has grown by 4.1% from 2013 to 2014 and exceeded the target for 2014 by 1.2%.** Growth in International student enrolments contributed to the higher revenue as did earlier enrolments as a result of process improvements. This contributed to better than anticipated cash flow and thus contributed to the improved financial performance.
- **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.
- **The University's teaching and learning revenue from government funding for student enrolments increased in 2014 in targeted areas.** Increased funding was made available for science and engineering EFTs; additional places were made available for growth in engineering, Māori and Pacific enrolments.

### 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 and research chairs as well as specific research projects.

### Objective 15

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Space benchmarks (AFA m <sup>2</sup> / EFTS)	9.0	9.1	9.5	9.5

- **The University's Campus re-development planning continued in 2014 as scheduled. The first buildings at our Newmarket Campus were handed over to the University. Existing warehouses have been transformed into state-of-the-art research facilities to be occupied by research groups from the Faculty of Engineering.**
- **The new Chemistry Undergraduate Teaching Laboratories won a coveted international S-Lab Award for Laboratory Improvement and Innovation.** The labs are smart, with columns that re-circulate water — saving on water consumption — and mobile trolleys that can be swapped over instead of having to take instruments apart, ensuring flexibility when running different experiments at different places in the lab. Separate write-up rooms offer a comfortable and quiet space to study away from the lab.
- **Major information technology infrastructure developments implemented this year included the Library system, which was upgraded to the Alma library management software, enabling better management of back-end processes and improved discovery of print and electronic resources via Library Search.** This is the University's first enterprise-level system to operate from the cloud. The conversion of faculty and other websites to the Adobe Content Management System was completed.
- **The Staff Service Centre (SSC) was established to connect staff to information and administration services through a single point of contact.** A Shared Transaction Centre has also been established to ensure efficient processing of invoices and other transactions.

## Objective 16

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Energy consumption (KWh/m <sup>2</sup> GFA)	155	162	n/a	157
Wastewater (m <sup>3</sup> / m <sup>2</sup> GFA)	0.7	0.7	n/a	0.7
Paper (A4 reams / EFTS)	3.1	2.7	n/a	2.3
Solid waste to landfills (m <sup>3</sup> / EFTS)	0.4	0.4	n/a	0.4
CO <sub>2</sub> emissions (t CO <sub>2</sub> -e / EFTS)	0.8	0.8	n/a	0.8

- **The University was nominated as a finalist in the Australasia-wide Green Gown Awards.** These awards, organised by the Australasian Campuses Towards Sustainability (ACTS), recognise excellence in sustainability within the tertiary sectors in both Australia and New Zealand.
- **New Zealand's first sustainability practitioners' forum for tertiary education was hosted by the University in September.**

## Objective 17

A safe and healthy environment.

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Numbers of accidents and injuries	617	540	≤ 650	488
Rating in self-assurance review	Tertiary	Tertiary	Tertiary	Tertiary

- **A new Health and Safety Policy was developed and consulted on.** The policy seeks to establish a University culture that is proactive in supporting the health and safety of all its members. In addition to providing an outline of the University's intent and approach towards Health and Safety, the policy details the specific responsibilities for different roles within the organisation.

## Objective 18

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

Performance indicators	2012 Actual	2013 Actual	2014 Target	2014 Actual
Operating surplus as a % of revenue	3.1	3.0	3.2	4.4
Operating cash receipts as a % of operating cash payments	115.0	118.3	117.0	122.2
Revenue achieved as a % of Budget	100	101.6	100.0	101.2

- **University management reported quarterly to the Audit Committee on key issues in risk management.**
- **The Council approved the 2015 Budget and noted the University and Faculty Key Performance Indicators that measure progress toward the Strategic Plan objectives.** Progress toward the annual targets for 11 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' mid-year and annual reports and through the Semestral Review Process.
- **Faculties, service divisions and LSRI submitted progress and end of year reports against their 2014 Annual Plans.** 2015 Annual 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 negotiated a new Investment Plan 2015 to 2017 with the Tertiary Education Commission.** The Plan and associated performance commitments will form the basis of our funding allocation for 2015 and indicative allocation for 2016.

## A public university of global standing

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	2012 Actual	2013 Actual	2014 Target	2014 Actual
Rankings in the Times Higher Education	161	164	≤ 155	175
QS Rankings	83	94	≤ 80	92

- 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 92. In the QS individual subject rankings, the University was in the top 50 for ten of the 30 subjects, with Accounting and Finance (24), Politics (26), Law (28), Psychology (34) and Education (34) ranking particularly well.
- In the Times Higher Education World University Rankings, the University of Auckland ranked 175 in the world.**
- In 2014, the University ranked in the 201-300 band in the Shanghai Jiao-Tong World Ranking of Universities.**
- 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 (APRU), 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.
- Participation 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 hosted the Annual U21 graduate student interdisciplinary conference, which provides opportunities for students to enhance their research and career development through discussion, short papers and other presentations. The 2014 conference topic was "Ageing".
- WUN continued to nurture high-impact collaborative research programmes, and increasingly focused on strengthening relationships with key agencies, including the World Health Organisation, UN Foundation and Wellcome Trust.**
- In 2014, the University hosted distinguished international visitors including German Chancellor Angela Merkel, the Prime Minister of Croatia, His Excellency Mr Zoran Milnović, the Netherlands Minister of Education, Mariëtte Bussemaker (who was interested in understanding New Zealand's experiences with student loans), and His Excellency Ban Ki-moon, UN Secretary General.**
- The 2014 round of the University's International Central Network Fund awarded 12 academic and three professional staff members funding to develop strategic activities with our three international network partners.**
- A world-first dual masters agreement between the University of Auckland and Beijing Dance Academy was signed this year in Beijing, China.** The programme will offer a three-year dual Masters in Dance Education and Community Dance.
- An innovative new secure website, the International Resource Hub (IRH), was launched at the end of June.** The IRH was created to assist our authorised offshore agents to promote the University more effectively and confidently to prospective students.

# 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			
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2012 Actual \$000
Teaching and learning	637,651	642,104	624,070	590,464
Research	288,835	291,176	284,323	273,812
Community Service	41,744	35,062	35,390	37,770
<b>Total cost of outputs</b>	<b>968,230</b>	<b>968,342</b>	<b>943,784</b>	<b>902,046</b>

## Output classes

## 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	Actual \$000
	Advocacy and legal advice	Careers information advice and guidance	Counselling pastoral and care	Employment information	Financial support and advice	Health services	Disability services	Media	Childcare services	Clubs and societies	Sports, recreation cultural activities	Other	Total
Compulsory Student service fees												20,138	20,138
Other	-	-	71	-	-	1,644	-	-	4,870	-	-	-	6,585
Total revenue	-	-	71	-	-	1,644	-	-	4,870	-	-	20,138	26,723
Expenses	1,452	1,852	4,054	123	52	2,833	11	61	5,064	1,254	9,967	-	26,723
Total expenditures	1,452	1,852	4,054	123	52	2,833	11	61	5,064	1,254	9,967	-	26,723
Surplus/ (deficit)	(1,452)	(1,852)	(3,983)	(123)	(52)	(1,189)	(11)	(61)	(194)	(1,254)	(9,967)	20,138	(0)

### Advocacy and legal advice

Advocacy support is provided to students needing help to resolve problems. Advocacy is undertaken by an impartial person on behalf of students, and they provide legal advice as necessary. All issues are resolved or escalated to a higher level to be heard and resolved.

### 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, 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 target groups for Maori, Pacific, International and Post Graduate students.

### Counselling services and pastoral care

Counsellors are available for one-on-one appointments to provide students with counselling and pastoral care. Workshops are also held to support students to cope with anxiety and prepare for exams. A Chaplain is also available to provide pastoral care and counselling.

### Employment information

Information about employment opportunities to support current students is provided on campus by faculties. There is also a job board on the CDES website which is accessible to all students and alumni up to 3 years after graduation.

### Financial support and advice

Budgeting advice is freely available for students. Hardship situations are assessed and help may be provided with financial assistance and food parcels.

### Health services

The University of Auckland has a Student Health

Centre, with doctors and nurses available for students to access as needed. They provide a variety of services to support students to stay well, receive timely advice and gain medical assistance.

### Media

The University sponsors the student newsletter *Craccum*, and supports online communities for students across the University.

### Childcare services

Childcare facilities are available to parents across all campuses.

### Clubs and societies

University of Auckland students can access clubs and recreation facilities offered through the Auckland University Students' Association. The AUSA Recreation Centre provides amenities including meeting rooms, exercise space and equipment for hire. It organises tournaments, and is the base of student sports, religious and cultural clubs.





The background features a molecular model with interconnected rods and spherical nodes. Overlaid on this are several large, semi-transparent geometric shapes in various colors: teal, lime green, yellow, red, and light blue. The shapes are arranged in a complex, overlapping pattern that covers most of the page.

4

Financial  
Statements

## 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 2014 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 2 March 2015 and formally adopted these Financial Statements for issue on 2 March 2015.



Dr Ian Parton  
CHANCELLOR



Professor Stuart McCutcheon  
VICE-CHANCELLOR



Mrs Adrienne Cleland  
DIRECTOR OF ADMINISTRATION

# Statement of comprehensive income

for the year ended 31 December 2014

	Note	Consolidated			University	
		2014 Actual \$'000	2014 Budget \$'000	2013 Actual \$'000	2014 Actual \$'000	2013 Actual \$'000
<b>Operating revenue</b>						
Government grants	2	399,278	392,668	388,839	399,278	388,839
Tuition fees		257,764	260,908	238,796	257,764	238,796
Research and contracts	3	234,655	241,237	230,191	112,993	110,266
Service income		96,631	91,091	91,310	124,794	118,751
Donations		10,963	7,036	8,885	11,612	9,842
Interest received		3,993	1,662	3,172	3,877	3,045
Other revenue		9,555	5,862	12,278	9,546	8,576
<b>Total operating revenue</b>		<b>1,012,839</b>	<b>1,000,464</b>	<b>973,471</b>	<b>919,864</b>	<b>878,115</b>
<b>Operating expenses</b>						
People costs	4	585,598	573,592	568,007	509,698	489,666
Operating costs	5	264,271	286,735	265,041	247,391	250,993
Finance costs		413	200	161	2,484	1,976
Depreciation and amortisation	6	117,948	107,815	110,575	116,196	108,815
<b>Total operating expenses</b>		<b>968,230</b>	<b>968,342</b>	<b>943,784</b>	<b>875,769</b>	<b>851,450</b>
Net surplus before tax		44,609	32,122	29,687	44,095	26,665
Income tax expense	14	6		226		
<b>Net surplus after tax</b>		<b>44,603</b>	<b>32,122</b>	<b>29,461</b>	<b>44,095</b>	<b>26,665</b>
Gain on land and buildings revaluation	21	36,553	-	109,165	36,328	108,746
Gain/(loss) on cash flow hedges taken to equity	21	58	-	(8)	308	(111)
<b>Total comprehensive income for the year</b>		<b>81,214</b>	<b>32,122</b>	<b>138,618</b>	<b>80,731</b>	<b>135,300</b>
<b>Attributable to:</b>						
Members of the parent entity		81,214	32,122	138,618	80,731	135,300

The accompanying Notes to the Financial Statements on pages 49 to 75 form part of and should be read in conjunction with these financial statements.

## Statement of financial position

as at 31 December 2014

	Note	Consolidated			University	
		2014 Actual \$'000	2014 Budget \$'000	2013 Actual \$'000	2014 Actual \$'000	2013 Actual \$'000
<b>Current assets</b>						
Cash and cash equivalents		10,372	-	5,763	2,158	1,338
Short term bank deposits		22,771	-	21,803	22,671	20,687
Receivables	8	50,712	53,787	53,641	35,592	36,452
Research work in progress		11,437	7,522	13,568	7,417	9,370
Derivative financial instruments	25	443	298	382	343	35
Inventories	9	1,787	517	1,912	1,442	1,362
Held for sale property	10	-	-	60,655	-	60,655
Prepayments and other current assets		15,452	15,496	19,665	15,452	15,962
<b>Total current assets</b>		<b>112,974</b>	<b>77,620</b>	<b>177,389</b>	<b>85,075</b>	<b>145,861</b>
<b>Non current assets</b>						
Long term investments		24,681	17,205	23,332	24,659	23,289
Investment in subsidiaries	23	-	-	-	1,000	1,000
Property, plant and equipment	10	1,808,019	1,779,115	1,703,024	1,802,278	1,696,182
Intangible assets	11	17,087	39,604	21,154	16,725	19,978
<b>Total non current assets</b>		<b>1,849,787</b>	<b>1,835,924</b>	<b>1,747,510</b>	<b>1,844,662</b>	<b>1,740,449</b>
<b>Total assets</b>		<b>1,962,761</b>	<b>1,913,544</b>	<b>1,924,899</b>	<b>1,929,737</b>	<b>1,886,310</b>
<b>Current liabilities</b>						
Payables	12	136,186	117,076	125,134	118,211	110,207
Revenue in advance	13	104,105	98,073	101,375	77,175	71,132
Income tax payable		6	-	208	-	-
Loan and borrowings	16	618	617	618	47,618	40,618
Employee entitlements	15	43,565	41,944	39,719	40,676	38,241
<b>Total current liabilities</b>		<b>284,480</b>	<b>257,710</b>	<b>267,054</b>	<b>283,680</b>	<b>260,198</b>
<b>Non current liabilities</b>						
Employee entitlements	15	44,333	45,884	40,987	44,295	40,957
Revenue in advance	13	2,500	12,000	10,500	2,500	10,500
Loans and borrowings	16	6,711	127,949	62,835	6,711	62,835
<b>Total non current liabilities</b>		<b>53,544</b>	<b>185,833</b>	<b>114,322</b>	<b>53,506</b>	<b>114,292</b>
<b>Total liabilities</b>		<b>338,024</b>	<b>443,543</b>	<b>381,376</b>	<b>337,186</b>	<b>374,490</b>
<b>Net assets</b>		<b>1,624,737</b>	<b>1,470,001</b>	<b>1,543,523</b>	<b>1,592,551</b>	<b>1,511,820</b>
<b>Equity</b>						
General equity	20	1,091,036	1,030,473	998,051	1,060,369	965,227
Reserves	21	497,451	406,746	513,053	495,932	514,174
Trust and special funds	22	36,250	32,782	32,419	36,250	32,419
<b>Total equity</b>		<b>1,624,737</b>	<b>1,470,001</b>	<b>1,543,523</b>	<b>1,592,551</b>	<b>1,511,820</b>

The accompanying Notes to the Financial Statements on pages 49 to 75 form part of and should be read in conjunction with these financial statements.

# Statement of cash flows

for the year ended 31 December 2014

	Note	Consolidated			University	
		2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Cash flows from operating activities</b>						
Government grants		396,215	393,485	385,342	396,215	385,342
Tuition fees		262,711	264,455	245,235	262,711	245,235
Other operating receipts		348,995	341,361	330,954	256,869	238,282
Goods and services tax (net)		2,953	2,991	226	1,411	1,567
Payments to employees		(514,415)	(507,857)	(506,139)	(456,357)	(445,470)
Other operating payments		(313,623)	(349,347)	(307,072)	(285,941)	(272,237)
Net cash provided by operating activities	7	182,836	145,088	148,546	174,908	152,719
<b>Cash flows from investing activities</b>						
Interest received		3,539	1,701	3,012	3,423	2,884
Proceeds of loan from subsidiary		-	-	-	7,000	-
Short term bank deposits		(2,320)	(902)	(4,381)	(3,354)	(3,362)
Proceeds from sale of held for sale property		60,655	-	-	60,655	-
Property, plant and equipment and work in progress		(183,353)	(223,674)	(177,618)	(182,989)	(175,779)
Borrowing costs capitalised		(312)	-	(686)	(312)	(686)
Net cash provided by (used in) investing activities		(121,791)	(222,875)	(179,673)	(115,577)	(176,943)
<b>Cash flows from financing activities</b>						
Interest paid		(158)	-	-	(2,228)	(1,816)
Proceeds from borrowings		64,000	78,417	195,750	64,000	195,750
Repayments of borrowings		(120,380)	(630)	(179,300)	(120,380)	(179,300)
Net cash provided by/(used in) financing activities		(56,538)	77,787	16,450	(58,608)	14,634
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,507</b>	<b>-</b>	<b>(14,677)</b>	<b>723</b>	<b>(9,590)</b>
Cash and cash equivalents at the beginning of the financial year		5,763	-	20,518	1,338	10,996
Effects of exchange rate changes on cash and cash equivalents		102	-	(78)	97	(68)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,372</b>	<b>-</b>	<b>5,763</b>	<b>2,158</b>	<b>1,338</b>
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		4,075	-	1,167	370	(40)
Foreign currency current accounts at bank		6,297	-	4,596	1,788	1,378
		<b>10,372</b>	<b>-</b>	<b>5,763</b>	<b>2,158</b>	<b>1,338</b>

The accompanying Notes to the Financial Statements on pages 49 to 75 form part of and should be read in conjunction with these financial statements..

## Statement of changes in equity

for the year ended 31 December 2014

	As at 1 January 2014	Net Surplus for the year	Other comprehensive income for the year	Transfer Surplus to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2014
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2014</b>						
General equity	998,051	44,603	-	(3,831)	52,213	1,091,036
Asset revaluation reserve	512,671	-	36,553	-	(52,213)	497,011
Hedging reserve	382	-	58	-	-	440
Trust and special funds	32,419	-	-	3,831	-	36,250
<b>Total</b>	<b>1,543,523</b>	<b>44,603</b>	<b>36,611</b>	<b>-</b>	<b>-</b>	<b>1,624,737</b>

<b>University 2014</b>						
General equity	965,227	44,095	-	(3,831)	54,878	1,060,369
Asset revaluation reserve	514,139	-	36,328	-	(54,878)	495,589
Hedging reserve	35	-	308	-	-	343
Trust and special funds	32,419	-	-	3,831	-	36,250
<b>Total</b>	<b>1,511,820</b>	<b>44,095</b>	<b>36,636</b>	<b>-</b>	<b>-</b>	<b>1,592,551</b>

	As at 1 January 2013	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2013
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2013</b>						
General equity	971,016	29,461	-	(1,555)	(871)	998,051
Asset revaluation reserve	402,635	-	109,165	-	871	512,671
Hedging reserve	390	-	(8)	-	-	382
Trust and special funds	30,864	-	-	1,555	-	32,419
<b>Total</b>	<b>1,404,905</b>	<b>29,461</b>	<b>109,157</b>	<b>-</b>	<b>-</b>	<b>1,543,523</b>

<b>University 2013</b>						
General equity	940,988	26,665	-	(1,555)	(871)	965,227
Asset revaluation reserve	404,522	-	108,746	-	871	514,139
Hedging reserve	146	-	(111)	-	-	35
Trust and special funds	30,864	-	-	1,555	-	32,419
<b>Total</b>	<b>1,376,520</b>	<b>26,665</b>	<b>108,635</b>	<b>-</b>	<b>-</b>	<b>1,511,820</b>

The accompanying Notes to the Financial Statements on pages 49 to 75 form part of and should be read in conjunction with these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies

### Basis of Preparation

#### Reporting Entity

The financial statements of The University of Auckland and its subsidiaries for the year ended 31 December 2014 were authorised for issue by the Council on 2 March 2015.

The University of Auckland was established by The University of Auckland Act 1961. The principal activities of the University and its subsidiaries are the provision of teaching and research services.

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 of Auckland and its subsidiaries are designated as public benefit entities for financial reporting purposes.

#### Compliance with NZ IFRS

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

#### 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, financial instruments held for trading, financial instruments classified as available-for-sale, 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.

#### Judgments and Estimations

In the application of NZ IFRS and the University's accounting policies management is required to make judgments, estimates and assumptions about the carrying value

of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the judgments and estimations that management has made in the process of applying the University'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 the fair value of 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 independent valuation and the carrying value of the land and buildings.
- The rate of future salary increases and the discount rate used to present value future cashflows, 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 cashflows of non-interest bearing loans.
- The designation of certain assets as fair value through profit and loss 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.
- 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 accounting policies set out below have been

applied consistently to all periods presented in these financial statements.

### Basis of Consolidation

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

### Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary 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 statement of comprehensive income. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the parent entity's financial statements.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the consolidated entity loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative foreign currency translation differences, recorded in reserves;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of comprehensive income;
- Reclassifies the University's share of components previously recognised in other comprehensive income to the statement of comprehensive income, or retained earnings, as appropriate.



# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies (continued)

### *Associates*

Associates are entities over which the consolidated entity has significant influence but not control and that are neither subsidiaries nor joint ventures, generally evidenced by holdings of between 20% and 50% of voting rights. Associates are equity accounted, but due to the investments being primarily non-trading or start-up, these are valued at cost less impairment.

### *Investments*

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

Unlisted investments are recognised at cost less impairment. Measurement of fair value of unlisted investments is not used as the fair value of these investments cannot be reliably measured. These investments relate to start-up and non-trading entities with limited financial information available. The consolidated entity invests only intellectual property and staff costs. All other investments are recognised in accordance with the 'Financial Assets' accounting policy below.

Non-controlling interests are allocated their share of net surplus in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Deficits are attributed to the non-controlling interest even if that results in a deficit balance.

### *Transactions Eliminated on Consolidation*

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

### *The University of Auckland Foundation*

The University of Auckland Foundation is a registered charitable trust that raises funds for a number of charitable purposes including achievement of knowledge and dissemination thereof by teaching and research, assisting students to pursue courses of study at The University of Auckland and general advancement of The University of Auckland. The University Council has received independent professional advice that the Foundation is a separate legal entity, is not under the control of The University of Auckland and determines its own financial and operating

policies with the power to distribute funds to parties other than the University. Accordingly the University Council is of the view that it should not consolidate the Foundation, as to do so would overstate the financial position of the University and may give the misleading impression that the Foundation is in some way controlled by the University.

The University has not calculated the financial effect of a consolidation. The latest published financial position of the Foundation shows that it had net assets of \$115.9 million as at 31 December 2013. The financial statements of the Foundation for 2014 are not publicly available as they have not yet been approved by the Foundation's trustees.

### *Foreign Currency Translation*

#### *Functional and Presentation Currency*

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that operation ("functional currency").

Both the functional and presentation currency of the University and its subsidiaries is New Zealand dollars (\$).

#### *Transactions and Balances*

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 statement of comprehensive income, 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.

### *Revenue*

#### *Government Grants*

Government grants are recognised as revenue

upon completion of services for which the grant was made. Where obligations are attached to a government grant, a liability is recognised. Once the obligation is discharged, the government grant is recognised as revenue.

#### *Tuition Fees*

Tuition fees are recognised as revenue throughout the period of course completion.

#### *Service Income*

Service income is recognised as revenue throughout the period of delivery of the service.

#### *Donations*

Unrestricted donations are recognised as revenue upon entitlement.

Where the consolidated entity receives a donation with obligations, a liability is recognised. Once the obligation is discharged, the donation is recognised as revenue.

Donated assets are recognised at fair value.

#### *Research and Contracts*

Revenue from a contract to provide research services is recognised by reference to the stage of completion of the contract at balance date.

The stage of completion of a research contract is determined by the outputs achieved to balance date.

#### *Revenue Received while Acting as an Agent*

Where the consolidated entity collects money from contracts as an agent for a third party, the consolidated entity only recognises the commission received from the collections as revenue.

#### *Sale of Goods*

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

#### *Dividend and Interest Revenue*

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue 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.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies (continued)

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

### Derivative Financial Instruments

The consolidated entity enters into foreign currency forward exchange contracts to manage foreign exchange risk on committed expenditure and highly probable forecast transactions denominated in foreign currencies.

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 statement of comprehensive income.

Amounts deferred in equity are recycled into the statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income. 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 statement of comprehensive income.

### Financial Assets

The consolidated entity holds financial assets in the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose of the financial

asset and is determined at the time of initial recognition.

### *Financial Assets at Fair Value through Profit or Loss*

The consolidated entity holds investments which have been designated as financial assets at fair value through profit or loss. These assets are stated at fair value. Fair value is determined in the manner described in Note 25. Any resultant gain or loss is recognised in the statement of comprehensive income and incorporates any dividend or interest earned on the financial asset.

The policy of the consolidated entity is to designate an asset as a financial asset at fair value through profit or loss 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.

### *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.

### *Impairment of Financial Assets*

Financial assets other than those at fair value through profit and loss 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 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.

For certain categories of financial assets, such as receivables, assets 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount 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.

### Prepayments

Prepayments are initially recognised at cost and are evenly recognised in the statement of comprehensive income over the expected period of benefit.

### 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.

### Research Work in Progress

Research grants which provide reciprocal benefits to the research funding provider can extend over balance dates. Research grants are usually subject to a contract for services which sets out the outputs expected and includes a payment schedule. Each research grant is recorded as a separate contract in the consolidated entity's financial records.

At balance date the aggregate balance of research projects for which research grant funding received exceeds costs incurred to date is recorded in the statement of financial position as a liability, being a future obligation to complete research.

At balance date the aggregate balance of research projects for which research grant funding received to date is less than costs incurred to date is recorded in the statement of financial position as an asset, Research Work in Progress, to be recovered in future periods from revenue from research funding providers.

### Property, Plant and Equipment

*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

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies (continued)

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 income, in which case the increase is credited to the statement of comprehensive income 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 income 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 to the statement of comprehensive income. On a sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to general equity. No transfer is made from the revaluation reserve to the retained earnings except when an asset is derecognised.

The consolidated entity applies the public benefit entity exemption to account for revaluations by class of asset.

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.

Certain land in Crown title 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 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 under NZ IFRS. 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 is 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. 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 statement of comprehensive income.

### Depreciation

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	20%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

### Intangible Assets

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity 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, 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.

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. These costs are amortised over estimated useful lives of 3 to 5 years on a straight line basis.

### Asset Impairment

The carrying amounts of tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment each reporting date or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the consolidated entity would, if deprived of the asset, replace its remaining future economic benefits. Where the economic benefits are deemed dependent on the assets ability to generate net cash inflows, value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. Value in use is calculated using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimated cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrement.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies (continued)

The consolidated entity applies the public benefit entity exemption to account for any impairment losses by class of asset for those items of property, plant and equipment subject to periodic revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increment.

### Employee Entitlements

Provision is made for the University's liability for general 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.

### Goods and Services Tax (GST)

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

### Taxation

The University and its subsidiaries are exempt from the payment of income tax in New Zealand as it is treated by the Inland Revenue Department as a charitable organisation.

Net profits derived from operations of a branch and subsidiary of the consolidated entity are taxed at the tax 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.

### Trust and Special Funds

The University has established Trust and Special Funds for specific purposes. The conditions for use of those funds are imposed by Council, deed of gift or by the terms of endowments and bequests. The balance of a fund is transferred to general equity when it is no longer required for a specific purpose.

### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Operating lease* rentals are recognised in equal instalments over the period of the lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Payments under finance leases are apportioned between finance charges and a reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income.

Assets held under finance leases are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

Where the consolidated entity is 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.

### Payables

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

### Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently 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 loans and borrowings.

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

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.

### Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

*University/subsidiaries as lessor*

# Notes to the Financial Statements

for the year ended 31 December 2014

## 1 Statement of accounting policies (continued)

Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

*Operating activities* are the principal revenue-producing activities of the consolidated entity and 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* are 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* are 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 is 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.

### Budget Figures

The budget figures are those approved by Council before the beginning of the 2014 financial year. They 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.

### Changes in Accounting Policy

The accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements.

Certain amounts in the financial statements and the accompanying notes have been reclassified to conform to current year's accounting practices.

### Change in Accounting Estimate

During 2014 the University Library undertook a detailed review of depreciation rates for electronic media, printed books and serials. The result of this review was that depreciation over a life of 5 years for electronic media and printed books and 1 year for serials was considered by management to better reflect generally accepted practice and the estimated useful lives.

Depreciation rates have been adjusted from 16.7 percent straight line to 20 percent straight line for electronic media and printed books and from 20 percent to 100 percent for serials accordingly.

An additional \$10.019 million of depreciation expense in relation to these assets has been recognised in 2014. The 2015 impact of this change in depreciation rate is estimated to be an increase in depreciation of \$4.314 million.

### Standards issued not yet effective

The External Reporting Board decided in 2011 to move to a multi-standards framework, with for-profit entities remaining on NZ IFRS and PBEs moving to a new set of accounting standards based on International Public Sector Accounting Standards. In May 2014 the New Zealand Accounting Standards Board of the External Reporting Board (XRB) issued its public sector PBE Accounting Standards that PBE's will need to apply from 1 July 2014. The University and its controlled entities will move to this new set of accounting standards for its December 2015 year end. The University is currently working on the the transition to the new accounting standards.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 2 Government grants

	Consolidated/University		
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000
Student component funding	303,160	301,884	295,391
Clinical Training Agency grants	4,384	3,324	4,371
Other Government grants	8,239	4,974	8,479
Performance Based Research Funding	83,495	82,486	80,598
<b>Total Government grants</b>	<b>399,278</b>	<b>392,668</b>	<b>388,839</b>

## 3 Research and contracts

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
External research income	140,022	134,679	101,902	98,691
Other research and contract income	94,633	95,512	11,091	11,575
<b>Total research and contracts</b>	<b>234,655</b>	<b>230,191</b>	<b>112,993</b>	<b>110,266</b>

## 4 People costs

	Consolidated			University	
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Academic salaries	272,355	272,571	265,716	256,423	248,997
Professional salaries	228,909	224,170	222,262	185,370	179,876
Defined contribution expense	17,721	17,044	16,709	17,721	16,709
Contracts for service	37,917	40,155	42,080	19,677	20,759
Other people costs	28,696	19,652	21,240	30,507	23,325
<b>Total people costs</b>	<b>585,598</b>	<b>573,592</b>	<b>568,007</b>	<b>509,698</b>	<b>489,666</b>

The consolidated entity and the University have termination benefits of \$5.23 million included in total people costs in the current year (2013: \$2.52 million).

## Notes to the Financial Statements

for the year ended 31 December 2014

## 5 Operating costs

	Consolidated			University	
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Operating costs include the specific expenses:					
<b>Losses</b>					
Loss on disposal of property, plant and equipment	83	221	14,503	69	14,505
Net foreign currency loss / (gain)	(443)	-	(247)	(172)	(125)
<b>Conferences, travel and accommodation</b>					
Conferences, travel and accommodation	24,947	21,177	23,756	18,697	18,081
<b>Consumable supplies</b>					
Consumable supplies	22,093	17,605	19,985	15,566	15,400
<b>Prizes and scholarships</b>					
Prizes and scholarships	20,245	20,371	20,466	20,245	20,466
<b>Repairs and maintenance</b>					
Repairs and maintenance	33,833	21,863	31,423	33,166	30,754
<b>Operating leases</b>					
Properties	14,930	13,385	12,028	12,670	8,647
Equipment	5,517	6,153	5,696	5,517	5,686
Motor vehicles	665	156	280	216	170
Total operating lease costs	21,112	19,694	18,004	18,403	14,503
<b>Auditor remuneration</b>					
Audit services	389	363	366	280	282
Other services - taxation engagement	26	-	25	-	-
Total auditor's remuneration	415	363	391	280	282

## 6 Depreciation and amortisation

	Consolidated			University	
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Depreciation</b>					
Buildings	47,591	49,212	45,470	47,572	45,446
Leasehold improvements	1,294	1,329	1,279	890	874
Library collection	28,141	15,471	25,614	28,141	25,614
Plant and equipment	30,086	30,259	28,690	29,111	27,703
Total depreciation	107,112	96,271	101,053	105,714	99,637
<b>Amortisation</b>					
Software	10,836	11,544	9,522	10,482	9,178
<b>Total depreciation and amortisation</b>	<b>117,948</b>	<b>107,815</b>	<b>110,575</b>	<b>116,196</b>	<b>108,815</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 7 Reconciliation of operating surplus and net cash flows from operating activities

	Consolidated			University	
	2014 Actual \$000	2014 Budget \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Net surplus for the year	44,603	32,122	29,461	44,095	26,665
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation	117,948	107,815	110,574	116,196	108,815
Donated assets	(140)	(1,293)	(139)	(782)	(1,097)
Foreign exchange fluctuation	(103)	(200)	(125)	(97)	(125)
Other non cash items	(3,000)	159	(3,500)	(3,000)	(3,500)
	114,705	106,481	106,810	112,317	104,093
<b>Add/(less) changes in net assets and liabilities:</b>					
Decrease/(Increase) in receivables	2,929	1,971	(3,485)	859	684
Decrease/(Increase) in prepayments and other current assets	4,213	(104)	(5,878)	510	(2,175)
Decrease/(Increase) in inventories	125	(46)	(264)	(80)	(318)
Decrease/(Increase) in research work in progress	2,131	(349)	(3,610)	1,952	(4,099)
Increase/(Decrease) in payables and provisions	10,851	3,026	19,613	8,004	18,876
Increase/(Decrease) in income in advance	(5,271)	1,714	(1,758)	(1,958)	(1,347)
Increase/(Decrease) in employee entitlements	7,191	3,645	928	5,773	1,679
	22,169	9,857	5,546	15,060	13,300
<b>Add/(less) items classed as investing activities:</b>					
Interest income	(3,993)	(1,663)	(3,172)	(3,877)	(3,045)
Loss on disposal of property, plant and equipment	69	221	14,505	69	14,505
Movements relating to capital expenditure	1,870	(1,930)	(8,265)	1,760	(8,276)
	(2,054)	(3,372)	3,068	(2,048)	3,184
<b>Add/(less) items classed as financing activities:</b>					
Finance costs	413	-	161	2,484	1,977
(Increase)/Decrease in income in advance	3,000	-	3,500	3,000	3,500
	3,413	-	3,661	5,484	5,477
<b>Net cash flow from operating activities</b>	<b>182,836</b>	<b>145,088</b>	<b>148,546</b>	<b>174,908</b>	<b>152,719</b>

## 8 Receivables

	Note	Consolidated		University	
		2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Trade receivables		52,330	54,594	32,305	31,542
Less provision for receivables impairment		(1,618)	(953)	(660)	(514)
Net receivables		50,712	53,641	31,645	31,028
Related company receivables	24	-	-	3,947	5,424
<b>Total receivables</b>		<b>50,712</b>	<b>53,641</b>	<b>35,592</b>	<b>36,452</b>



# Notes to the Financial Statements

for the year ended 31 December 2014

## 8 Receivables (continued)

Movements of the provision for doubtful debts are as follows

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Balance at 1 January	953	691	514	370
Charge for the year	896	582	377	342
Amounts written off	(192)	(281)	(192)	(159)
Unused amounts reversed	(39)	(39)	(39)	(39)
<b>Balance at 31 December</b>	<b>1,618</b>	<b>953</b>	<b>660</b>	<b>514</b>

### Aging analysis of trade receivables

The aging analysis of trade receivables is as follows:

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Current	37,821	40,299	30,044	29,975
31 to 60 days – past due not impaired	8,086	4,870	2,433	2,239
61 to 90 days – past due not impaired	1,543	2,049	754	947
61 to 90 days – considered impaired	4	14	4	14
91 days and over – past due not impaired	3,262	6,423	2,361	3,291
91 days and over – considered impaired	1,614	939	656	500
	<b>52,330</b>	<b>54,594</b>	<b>36,252</b>	<b>36,966</b>
Receivables past due but not considered impaired are:	12,891	13,342	5,548	6,477

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

## 9 Inventories

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Raw materials	100	68	100	68
Work in progress	53	-	53	-
Finished goods	1,634	1,844	1,289	1,294
<b>Total inventories</b>	<b>1,787</b>	<b>1,912</b>	<b>1,442</b>	<b>1,362</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 10 Property, plant and equipment

	Consolidated							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection at valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Gross carrying amount</b>								
Balance as at 1 January 2013	269,145	1,158,067	27,074	278,670	17,435	344,771	53,820	2,148,982
Additions	62,258	7,635	9	15,282	302	23,958	71,201	180,645
Disposals	-	(16,877)	(1,149)	(1,429)	-	(4,110)	-	(23,565)
Transfers	-	51,913	-	-	-	8,592	(60,505)	-
Transfers to held for sale	(54,947)	(5,843)	-	-	-	-	-	(60,790)
Net revaluation increments	121,278	(134,411)	-	-	-	-	-	(13,133)
<b>Balance as at 1 January 2014</b>	<b>397,734</b>	<b>1,060,484</b>	<b>25,934</b>	<b>292,523</b>	<b>17,737</b>	<b>373,211</b>	<b>64,516</b>	<b>2,232,139</b>
Additions	2,411	200	3,985	15,615	13	18,014	135,716	175,954
Disposals	-	-	(20)	(2,124)	-	(3,319)	-	(5,463)
Transfers	-	84,446	-	-	-	10,056	(94,502)	-
Transfers to held for sale	-	-	-	-	-	-	-	-
Net revaluation increments	34,365	-	-	1,281	912	-	-	36,558
<b>Balance as at 31 December 2014</b>	<b>434,510</b>	<b>1,145,130</b>	<b>29,899</b>	<b>307,295</b>	<b>18,662</b>	<b>397,962</b>	<b>105,730</b>	<b>2,439,188</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2013	-	82,735	20,525	215,958	-	239,750	-	558,968
Disposals	-	(2,805)	(599)	(1,404)	-	(3,665)	-	(8,473)
Depreciation expense	-	45,470	1,279	25,614	-	28,690	-	101,053
Transfers to held for sale	-	(135)	-	-	-	-	-	(135)
Net revaluation increments	-	(122,298)	-	-	-	-	-	(122,298)
<b>Balance as at 1 January 2014</b>	<b>-</b>	<b>2,967</b>	<b>21,205</b>	<b>240,168</b>	<b>-</b>	<b>264,775</b>	<b>-</b>	<b>529,115</b>
Disposals	-	-	(20)	(2,011)	-	(3,231)	-	(5,262)
Depreciation expense	-	47,591	1,294	28,141	-	30,086	-	107,112
Transfers to held for sale	-	-	-	-	-	204	-	204
Net revaluation increments	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>-</b>	<b>50,558</b>	<b>22,479</b>	<b>266,298</b>	<b>-</b>	<b>291,834</b>	<b>-</b>	<b>631,169</b>
<b>Net book value</b>								
<b>As at 1 January 2013</b>	<b>269,145</b>	<b>1,075,332</b>	<b>6,549</b>	<b>62,712</b>	<b>17,435</b>	<b>105,021</b>	<b>53,820</b>	<b>1,590,014</b>
<b>As at 31 December 2013</b>	<b>397,734</b>	<b>1,057,517</b>	<b>4,729</b>	<b>52,355</b>	<b>17,737</b>	<b>108,436</b>	<b>64,516</b>	<b>1,703,024</b>
<b>As at 31 December 2014</b>	<b>434,510</b>	<b>1,094,572</b>	<b>7,420</b>	<b>40,997</b>	<b>18,662</b>	<b>106,128</b>	<b>105,730</b>	<b>1,808,019</b>

## Notes to the Financial Statements

for the year ended 31 December 2014

## 10 Property, plant and equipment (continued)

	University							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Gross carrying amount</b>								
Balance as at 1 January 2013	<b>268,395</b>	<b>1,157,775</b>	<b>23,517</b>	<b>278,670</b>	<b>17,435</b>	<b>334,596</b>	<b>53,820</b>	<b>2,134,208</b>
Additions	62,258	7,632	9	15,282	302	23,606	71,201	180,290
Disposals	-	(16,877)	(766)	(1,429)	-	(3,579)	-	(22,651)
Transfers	-	51,913	-	-	-	8,592	(60,505)	-
Transfers to held for sale	(54,947)	(5,843)	-	-	-	-	-	(60,790)
Net revaluation increments	120,808	(134,358)	-	-	-	-	-	(13,550)
<b>Balance as at 1 January 2014</b>	<b>396,514</b>	<b>1,060,242</b>	<b>22,760</b>	<b>292,523</b>	<b>17,737</b>	<b>363,215</b>	<b>64,516</b>	<b>2,217,507</b>
Additions	2,411	200	3,985	15,615	13	17,711	135,716	175,651
Disposals	-	-	(20)	(2,124)	-	(3,195)	-	(5,339)
Transfers	-	84,446	-	-	-	10,056	(94,502)	-
Transfers to held for sale	-	-	-	-	-	-	-	-
Net revaluation increments	34,135	-	-	1,281	912	-	-	36,328
<b>Balance as at 31 December 2014</b>	<b>433,060</b>	<b>1,144,888</b>	<b>26,725</b>	<b>307,295</b>	<b>18,662</b>	<b>387,787</b>	<b>105,730</b>	<b>2,424,147</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2013	-	<b>82,689</b>	<b>18,843</b>	<b>215,958</b>	-	<b>234,191</b>	-	<b>551,681</b>
Disposals	-	(2,805)	(216)	(1,404)	-	(3,135)	-	(7,560)
Depreciation expense	-	45,446	874	25,614	-	27,703	-	99,637
Transfers to held for sale	-	(135)	-	-	-	-	-	(135)
Net revaluation increments	-	(122,298)	-	-	-	-	-	(122,298)
<b>Balance as at 1 January 2014</b>	-	<b>2,897</b>	<b>19,501</b>	<b>240,168</b>	-	<b>258,759</b>	-	<b>521,325</b>
Disposals	-	-	(20)	(2,011)	-	(3,139)	-	(5,170)
Depreciation expense	-	47,572	890	28,141	-	29,111	-	105,714
Transfers to held for sale	-	-	-	-	-	-	-	-
Net revaluation increments	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	-	<b>50,469</b>	<b>20,371</b>	<b>266,298</b>	-	<b>284,731</b>	-	<b>621,869</b>
<b>Net book value</b>								
<b>As at 1 January 2013</b>	<b>268,395</b>	<b>1,075,086</b>	<b>4,674</b>	<b>62,712</b>	<b>17,435</b>	<b>100,405</b>	<b>53,820</b>	<b>1,582,527</b>
<b>As at 31 December 2013</b>	<b>396,514</b>	<b>1,057,345</b>	<b>3,259</b>	<b>52,355</b>	<b>17,737</b>	<b>104,456</b>	<b>64,516</b>	<b>1,696,182</b>
<b>As at 31 December 2014</b>	<b>433,060</b>	<b>1,094,419</b>	<b>6,354</b>	<b>40,997</b>	<b>18,662</b>	<b>103,056</b>	<b>105,730</b>	<b>1,802,278</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 10 Property, plant and equipment (continued)

University land in crown title with a value of \$243.8 million (2013: \$209.6 million) is included in property, plant and equipment. Further details about Crown land have been outlined in the accounting policies.

Works of Art held by the University are independently valued by ART+OBJECT. The valuation basis is assessed at market value. The most recent valuation was effective 31 December 2014.

The consolidated entity engages 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 freehold land and buildings.

For land and buildings that are not specialised in nature, 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. 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 consolidated entity, 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.

The most recent valuation of land was effective 31 December 2014 and the most recent valuation of buildings was effective 31 December 2013.

Held for Sale

At 31 December 2014 the University had no land and buildings held for sale (2013: 60.655 million).

## 11 Intangible assets

	Consolidated			University		
	Software at cost \$000	Capital work in progress at cost \$000	Total \$000	Software at cost \$000	Capital work in progress at cost \$000	Total \$000
<b>Gross carrying amount</b>						
Balance as at 1 January 2013	<b>67,522</b>	<b>5,359</b>	<b>72,881</b>	<b>65,742</b>	<b>5,359</b>	<b>71,101</b>
Additions	1,510	5,884	7,394	1,465	5,398	6,863
Disposals	(992)	-	(992)	(992)	-	(992)
Transfers	8,007	(8,007)	-	8,007	(8,007)	-
<b>Balance as at 1 January 2014</b>	<b>76,047</b>	<b>3,236</b>	<b>79,283</b>	<b>74,222</b>	<b>2,750</b>	<b>76,972</b>
Additions	869	5,900	6,769	843	6,386	7,229
Disposals	(1,482)	-	(1,482)	(1,482)	-	(1,482)
Transfers	5,843	(5,843)	-	5,843	(5,843)	-
<b>Balance as at 31 December 2014</b>	<b>81,277</b>	<b>3,293</b>	<b>84,570</b>	<b>79,426</b>	<b>3,293</b>	<b>82,719</b>
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 January 2013	<b>49,218</b>	-	<b>49,218</b>	<b>48,427</b>	-	<b>48,427</b>
Disposals	(611)	-	(611)	(611)	-	(611)
Amortisation expense	9,522	-	9,522	9,178	-	9,178
<b>Balance as at 1 January 2014</b>	<b>58,129</b>	-	<b>58,129</b>	<b>56,994</b>	-	<b>56,994</b>
Disposals	(1,482)	-	(1,482)	(1,482)	-	(1,482)
Amortisation expense	10,836	-	10,836	10,482	-	10,482
<b>Balance as at 31 December 2014</b>	<b>67,483</b>	-	<b>67,483</b>	<b>65,994</b>	-	<b>65,994</b>
<b>Net book value</b>						
<b>As at 1 January 2013</b>	<b>18,304</b>	<b>5,359</b>	<b>23,663</b>	<b>17,315</b>	<b>5,359</b>	<b>22,674</b>
<b>As at 31 December 2013</b>	<b>17,918</b>	<b>3,236</b>	<b>21,154</b>	<b>17,228</b>	<b>2,750</b>	<b>19,978</b>
<b>As at 31 December 2014</b>	<b>13,794</b>	<b>3,293</b>	<b>17,087</b>	<b>13,432</b>	<b>3,293</b>	<b>16,725</b>

Aggregate amortisation expensed during the year is recognised as an expense and disclosed in note 6 to the financial statements.

## Notes to the Financial Statements

for the year ended 31 December 2014

## 12 Payables

	Note	Consolidated		University	
		2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Trade payables		136,186	125,134	117,141	108,571
Related company payables	24	-	-	1,070	1,636
<b>Total payables</b>		<b>136,186</b>	<b>125,134</b>	<b>118,211</b>	<b>110,207</b>

## 13 Revenue in advance

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Current liabilities</b>				
Revenue received in advance*	49,668	41,883	49,668	41,883
Research contracts obligations	54,437	59,492	27,507	29,249
<b>Revenue in advance – current</b>	<b>104,105</b>	<b>101,375</b>	<b>77,175</b>	<b>71,132</b>
<b>Non current liabilities</b>				
Revenue received in advance*	2,500	10,500	2,500	10,500
<b>Revenue in advance – non current</b>	<b>2,500</b>	<b>10,500</b>	<b>2,500</b>	<b>10,500</b>

\*As at 31 December 2014 the consolidated entity had \$2.5m of Partnerships for Excellence funding classified as non current liabilities (2013: \$10.5m) and \$6.5m of Partnerships for Excellence funding classed as current liabilities (2013: \$1.5m).

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 \$3.0 million of loans being forgiven (2013: \$3.5 million). The income is included in Government Grants in the statement of comprehensive income.

If certain key contractual milestones are not met, up to \$4 million is repayable on 30 June 2015 and \$5 million on 30 June 2018.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 14 Income tax

The University and its subsidiaries 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 consolidated entity relates to net profits derived from the subsidiary operating in Hong Kong and the branch in the Kingdom of Saudi Arabia being taxed at the applicable rates under the laws of those countries.

The major components of income tax expense are:

### Statement of comprehensive income

#### Current Income tax

Current income tax charge

Adjustments in respect of current income tax of previous years

#### Deferred income tax

Relating to origination and reversal of temporary differences

Income tax expense reported in net surplus

Consolidated	
2014 \$000	2013 \$000
6	226
-	-
-	-
<b>6</b>	<b>226</b>

Reconciliation between income tax expense recognised in net surplus as calculated per the statutory income tax rate:

Accounting surplus before tax

Less: Surplus generated in New Zealand operations (tax exempt)

Surplus generated in branch and subsidiary operations

At the branch statutory income tax rates

Income tax expense reported in net surplus

Consolidated	
2014 \$000	2013 \$000
44,609	29,687
44,759	28,530
(150)	1,157
6	226
<b>6</b>	<b>226</b>

## 15 Employee entitlements

### Current liabilities

Accumulated annual leave

Retirement allowance

Long service leave

**Total employee entitlements – current**

### Non current liabilities

Sick leave

Retirement allowance

Long service leave

**Total employee entitlements – non current**

Consolidated		University	
2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
27,961	25,287	25,072	23,809
15,187	14,019	15,187	14,019
417	413	417	413
<b>43,565</b>	<b>39,719</b>	<b>40,676</b>	<b>38,241</b>
708	371	670	341
41,549	38,771	41,549	38,771
2,076	1,845	2,076	1,845
<b>44,333</b>	<b>40,987</b>	<b>44,295</b>	<b>40,957</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 16 Loans and borrowings

	Note	Consolidated		University	
		2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Current liabilities</b>					
Non interest bearing loan		618	618	618	618
Interest bearing loan from subsidiary	24	-	-	47,000	40,000
<b>Total loans and borrowings - current</b>		<b>618</b>	<b>618</b>	<b>47,618</b>	<b>40,618</b>
<b>Non current liabilities</b>					
Non interest bearing loan		3,211	3,585	3,211	3,585
Interest bearing bank loans		3,500	59,250	3,500	59,250
<b>Total loans and borrowings - non current</b>		<b>6,711</b>	<b>62,835</b>	<b>6,711</b>	<b>62,835</b>

### 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 fair value of the current and non current portions of this loan with an average effective interest rate of 4.2% (2013: 4.6%).

### Interest bearing loan from subsidiary

The loan from subsidiary 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 12.5% on call, 67.5% 1 year and 20.0% 5 years as at August 2013 (2013: 12% on call, 68% 1 year and 20% 5 years, with interest rates as at August 2012).

### 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 4.1% to 4.2% (2013: 3.8% to 5.1%).

### 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 25.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 17 Leases

### Operating lease commitments

The University and its subsidiaries 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	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Non-cancellable operating leases</b>				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	24,831	27,291	22,905	24,842
Later than 1 year and not later than 5 years	57,090	70,082	55,182	65,495
Later than 5 years	79,174	80,758	79,174	80,758
<b>Total operating lease commitments</b>	<b>161,095</b>	<b>178,131</b>	<b>157,261</b>	<b>171,095</b>
<b>Operating lease commitments by type</b>				
Properties	153,446	170,266	149,686	163,381
Motor Vehicles	158	266	83	118
Equipment	7,491	7,599	7,491	7,596
<b>Total operating lease commitments by type</b>	<b>161,095</b>	<b>178,131</b>	<b>157,260</b>	<b>171,095</b>

### Operating lease receivables

Operating leases relate to property held by the University that is leased to external parties to provide additional services to students. The properties are not investment properties because they are either 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 21 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	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Within 1 year	2,007	2,283	3,561	3,796
Later than 1 year and not later than 5 years	2,770	3,021	4,722	6,492
Later than 5 years	244	413	244	413
<b>Total operating lease receivables</b>	<b>5,021</b>	<b>5,717</b>	<b>8,527</b>	<b>10,701</b>



# Notes to the Financial Statements

for the year ended 31 December 2014

## 18 Capital commitments

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

	Consolidated/University	
	2014 Actual \$000	2013 Actual \$000
Property Services projects	108,024	64,308
Other capital expenditure	4,302	1,721
<b>Total capital commitments</b>	<b>112,326</b>	<b>66,029</b>

## 19 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2014 (2013: Nil).

## 20 General equity

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Balance at beginning of financial year	998,051	971,016	965,227	940,988
Net surplus	44,603	29,461	44,095	26,665
Transferred in from revaluation reserve	52,213	(871)	54,878	(871)
Less net (surplus)/deficit transferred (to)/from trust and special funds	(3,831)	(1,555)	(3,831)	(1,555)
<b>Balance at end of financial year</b>	<b>1,091,036</b>	<b>998,051</b>	<b>1,060,369</b>	<b>965,227</b>

The University and consolidated entity do not have any share capital on issue.

## 21 Reserves

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
Asset revaluation reserve	497,011	512,671	495,589	514,139
Cash flow hedge reserve	440	382	343	35
<b>Total Reserves</b>	<b>497,451</b>	<b>513,053</b>	<b>495,932</b>	<b>514,174</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 21 Reserves (continued)

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Asset revaluation reserve</b>				
<b>Land and buildings</b>				
Balance at beginning of financial year	497,394	387,358	498,862	389,245
Transferred to general equity	(52,213)	871	(54,878)	871
Revaluation increments/(decrements)	34,360	109,165	34,135	108,746
<b>Balance at end of financial year</b>	<b>479,541</b>	<b>497,394</b>	<b>478,119</b>	<b>498,862</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	15,277	15,277	15,277	15,277
Revaluation increments/(decrements)	2,193	-	2,193	-
<b>Balance at end of financial year</b>	<b>17,470</b>	<b>15,277</b>	<b>17,470</b>	<b>15,277</b>
<b>Total asset revaluation reserve</b>	<b>497,011</b>	<b>512,671</b>	<b>495,589</b>	<b>514,139</b>

Land, Buildings, Works of Art and Library Special Collections are re-valued to fair value every three years, as determined by an independent valuer. The latest revaluation for Land, Library Special Collections and Works of Art was carried out in 2014 and the latest revaluation for Buildings was 2013.

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, that portion of the asset revaluation reserve which relates to that asset is transferred directly to general equity.

	Consolidated		University	
	2014 Actual \$000	2013 Actual \$000	2014 Actual \$000	2013 Actual \$000
<b>Cashflow hedge reserve</b>				
Balance at beginning of financial year	382	390	35	146
Gain/(loss) recognised	40	(357)	40	(357)
Transferred to initial carrying amount of hedged item	18	349	268	246
<b>Total cashflow hedge reserve</b>	<b>440</b>	<b>382</b>	<b>343</b>	<b>35</b>

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 statement of comprehensive income when the hedged transaction impacts the statement of comprehensive income, or is included as a basis adjustment to the non-financial hedged item, as per the University's hedging policy.

## Notes to the Financial Statements

for the year ended 31 December 2014

## 22 Trust and special funds

	Consolidated/University			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
<b>2014</b>				
Balance at beginning of financial year	1,754	17,485	13,180	32,419
Income	2,172	2,418	1,942	6,532
Less expenditure	1,899	350	452	2,701
Net surplus (deficit)	273	2,068	1,490	3,831
<b>Balance at end of financial year</b>	<b>2,027</b>	<b>19,553</b>	<b>14,670</b>	<b>36,250</b>
<b>2013</b>				
Balance at beginning of financial year	1,794	16,952	12,118	30,864
Income	1,630	858	1,439	3,927
Less expenditure	1,670	325	377	2,372
Net surplus (deficit)	(40)	533	1,062	1,555
<b>Balance at end of financial year</b>	<b>1,754</b>	<b>17,485</b>	<b>13,180</b>	<b>32,419</b>

The University has established Trust and Special Funds for specific purposes. The conditions for use of these funds are imposed by Council, deed of gift or by the terms of endowments and bequests.

The income and expenditure items presented above are included in the statement of comprehensive income and are presented above for information purposes.

## 23 Investments

## Investment in subsidiaries

The consolidated financial statements include the financial statements of The University of Auckland, the ultimate parent of the consolidated entity, and its subsidiary Auckland UniServices Limited.

Investment in subsidiaries of \$1 million (2013: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2013:100%). 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 each of its three subsidiaries: : Active Mobile Security Limited (ASML) (2013: 100%), Arataki Therapeutics Limited (ATL) (2013: 100%) and Auckland UniServices (HK) Limited (AUHK) (2013: 100%). AMSL and ATL were non-trading at year-end. AUHK began trading in 2013 and is consolidated in these financial statements. The value of each shareholding is \$1.00 (2013: \$1.00).

## Investment in associates

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

	Consolidated			
	Percentage of holding		Holding Value of Shares	
	2014 %	2013 %	2014 \$000	2013 \$000
DNA Diagnostics Limited	50.00	50.00	-	-
Engender Technologies Limited*	28.73	43.00	-	-
Bloktech Systems Limited (previously Intellicontrol Systems Limited)*	41.67	41.67	-	-
APIMatic Limited (previously Kumanu Limited)*	41.01	87.36	-	-
Mohio International Inc*	19.60	0.00	-	-
Mohio Limited*	0.00	25.25	-	-

The above associates were incorporated in New Zealand, with the exception of Mohio International Inc, which was incorporated in the USA.

\*Non-trading entities

# Notes to the Financial Statements

for the year ended 31 December 2014

## 23 Investments (continued)

### Other investments

Auckland UniServices Limited has acquired shares in the following entities: Airquality Limited, APIMatic Limited, CoDa Therapeutics (NZ) Limited, Corra Life Sciences Incorporated, Fastec Limited, Limbic IO Limited, Obodies Limited, Pathway Therapeutics Inc., PowerbyProxi Limited, Proacta Inc., Ruga Corporation, Southern Photonics Limited, Stretchsense Limited, VSPARS Limited, TiFiber Inc. and ZyGEM Horizon Corporation.

These entities are neither subsidiaries nor associates and each shareholding has a nil or nominal value of \$1 as at balance date (2013: \$1.00 each).

## 24 Related party transactions

Included within other revenue on the Statement of Comprehensive Income are dividends of \$Nil (2013: \$3.7 million). These dividends were received from an investee company of Auckland UniServices Limited.

### Auckland UniServices Limited

The University pays some of the salaries of Auckland UniServices Limited 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.

The amount of transactions charged by the University to Auckland UniServices Limited during 2014 was \$38.3 million (2013: \$35.0 million).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The amount of transactions charged by Auckland UniServices Limited to the University during 2014 was \$7.1 million (2013: \$7.9 million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$2.07 million (2013: \$1.82 million).

Balances outstanding at 31 December 2014 are:

1. Receivables	\$3,947,068	(2013: \$5,424,469)
2. Payables	\$1,069,707	(2013: \$1,635,557)
3. Loan from subsidiary	\$47,000,000	(2013: \$40,000,000)

Receivables are amounts owing to University departments for scholarship charges and sundry expenses paid on behalf of Auckland UniServices Limited. They are settled in the month following invoicing.

Payables are amounts owed by University departments for salaries, travel expenses and other charges paid on their behalf by Auckland UniServices Limited. They are settled in the month following invoicing.

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan has no fixed term and interest payments are set at the weighted average interest rate return on the University's deposits in any one month.

### Key management personnel compensation

Compensation of the key management personnel of the consolidated entity and the University is set out below:

	Consolidated/University	
	2014 Actual \$000	2013 Actual \$000
Short-term employee benefits	7,183	6,625
Post-employment benefits	1,038	1,049
<b>Total employee benefits</b>	<b>8,221</b>	<b>7,674</b>

No key management personnel had termination benefits in 2014 (2013: nil). Post-employment benefits include contributions to defined contribution plans of \$0.33m in the current year (2013: \$0.34m) and retirement gratuities of \$0.76m (2013: \$0.71m).

## 25 Financial instruments

### Financial risk management practices

Exposure to credit, interest rate and currency risks arise in the normal course of the University's operations. To manage and limit the effects of those financial risks, the Council has approved policy guidelines and authorised the use of various financial instruments. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Currency risk

Currency risk arises from movements in foreign exchange rates and can impact cash flows. 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 Treasury Management Policy. The following table details the financial instruments outstanding as at reporting date. All hedges are effective hedges and match both the timing and amount of cash flows for the hedged items.

## Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

## Cash flow hedges

	Consolidated							
	Average exchange rate		Foreign currency		Contract value		Difference to fair value	
	2014	2013	2014 FC'000	2013 FC'000	2014 NZ\$000	2013 NZ\$000	2014 NZ\$000	2013 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8433	0.8316		2,800	2,948	3,367	250	52
6 to 12 months	0.8056	0.8142		1,450	2,607	1,781	146	24
<b>Buy Australian Dollars</b>								
Less than 6 months	-	0.8752		2,446	-	2,795		(144)
6 to 12 months	-	0.9245		2,400	-	2,596		(7)
<b>Buy Japanese Yen</b>								
Less than 6 months	83.8049	-	13,330	-	159	-	(16)	-
<b>Buy British Pounds</b>								
Less than 6 months	0.4982	0.5129	300	400	602	780	(3)	26
<b>Buy Euros</b>								
Less than 6 months	0.6331	0.5848	400	657	632	1,123	(12)	(22)
<b>Sell US Dollars</b>								
Less than 6 months	0.7962	0.7804	1,839	4,236	2,310	5,428	(71)	234
6 to 12 months	0.7586	0.7681	1,173	1,472	1,546	1,917	(1)	83
12 to 24 months	0.7543	0.7530	468	964	620	1,280	(13)	34
24 to 36 months	-	0.7543	-	468	-	620	-	(6)
<b>Sell Australian Dollars</b>								
Less than 6 months	0.7994	0.8031	631	489	790	609	124	76
6 to 12 months	-	0.7932	-	568	-	715	-	93
<b>Sell Swiss Francs</b>								
Less than 6 months	0.7163	0.7367	113	113	158	154	10	(2)
6 to 12 months	0.7035	0.7264	31	31	44	43	3	(1)
<b>Sell Euros</b>								
Less than 6 months	0.6099	0.5981	20	57	33	95	1	(1)
12 to 24 months	0.5906	-	35	-	59	-	2	-
24 to 36 months	0.5671	-	15	-	26	-	-	-
<b>Sell British Pounds</b>								
Less than 6 months	0.5066	0.5020	39	1,526	78	3,040	(2)	(54)
6 to 12 months	0.4981	0.5119	26	26	53	51	(1)	(3)
12 to 24 months	-	0.5020	-	52	-	104	-	(6)
<b>Sell Norwegian Krone</b>								
Less than 6 months	4.9207	4.9741	125	150	25	30	4	1
6 to 12 months	4.8217	4.9585	125	150	26	30	4	-
12 to 24 months	4.7803	4.8707	100	250	21	51	3	-
24 to 36 months	-	4.7803	-	100	-	21	-	-
<b>Sell Singapore Dollars</b>								
Less than 6 months	1.0142	1.0131	1,070	252	1,055	249	15	5
<b>Sell Chinese Yuan</b>								
Less than 6 months	4.8319	-	744	-	154	-	-	-
6 to 12 months	4.8046	-	678	-	141	-	-	-
12 to 24 months	4.7716	-	126	-	26	-	-	-
					<b>14,113</b>	<b>26,879</b>	<b>443</b>	<b>382</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

As at the reporting date the consolidated entity had aggregate unrealised gains under foreign exchange contracts in relation to anticipated future transactions of \$0.443 million (2013: unrealised gains of \$0.382 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

	University							
	Average exchange rate		Foreign currency		Contract value		Difference to fair value	
	2014	2013	2014 FC'000	2013 FC'000	2014 NZ\$000	2013 NZ\$000	2014 NZ\$000	2013 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8433	0.8316	2,486	2,800	2,948	3,367	250	52
6 to 12 months	0.8056	0.8142	2,100	1,450	2,607	1,781	146	24
<b>Buy Australian Dollars</b>								
Less than 6 months	-	0.8773	-	2,386	-	2,720	-	(134)
6 to 12 months	-	0.9245	-	2,400	-	2,596	-	(7)
<b>Buy British Pounds</b>								
Less than 6 months	0.4982	0.5129	300	400	602	780	(3)	26
<b>Buy Euros</b>								
Less than 6 months	0.6331	0.5848	400	657	632	1,123	(12)	(22)
<b>Buy Japanese Yen</b>								
Less than 6 months	83.8049	-	13,330	-	159	-	(16)	-
<b>Sell US Dollars</b>								
Less than 6 months	0.8004	0.7962	465	742	581	932	(22)	21
6 to 12 months	0.7458	0.7646	610	843	818	1,103	13	52
12 to 24 months	0.7543	0.7543	468	861	620	1,142	(13)	29
24 to 36 months	-	0.7543	-	468	-	620	-	(6)
					<b>8,967</b>	<b>16,164</b>	<b>343</b>	<b>35</b>

As at reporting date the University had aggregate unrealised gains under forward exchange contracts in relation to anticipated future transactions of \$0.343 million (2013: unrealised gains of \$0.035 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

The consolidated entity and the University have entered into a number of contracts to purchase capital assets and other items priced in foreign currencies.

The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2014 the aggregate amount of unrealised losses under foreign exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.009 million (2013: unrealised losses of \$0.155 million).

The consolidated entity and the University have an active programme of acquiring library books and continued access to electronic databases at costs expressed in foreign currency. The consolidated entity and the University have entered into forward exchange contracts for terms not exceeding 12 months to hedge the exchange risk arising from these anticipated future transactions.

As at 31 December 2014 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these future anticipated transactions is \$0.374 million (2013: unrealised gains of \$0.103 million).

The consolidated entity and the University have entered into a number of education contracts to undertake research priced in foreign currencies. The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2014 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.078 million (2013: unrealised gains of \$0.443 million).

# Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

### Interest Rate Risk

The consolidated entity and the University receive interest income on surplus funds invested for periods from overnight up to 12 months at rates fixed for the term of each individual investment. The consolidated entity and the University invests surplus funds to meet future cash requirements. Investments are made to maximise interest income consistent with having funds available to meet commitments and Treasury Policy guidelines. Policy limits are applied to all counterparties and interest rate risk is managed as stipulated in the Treasury Policy.

The University's interest rate risk on loan facilities is managed through the use of products from approved counterparties in accordance with the University's Treasury Policy. A minimum Standard and Poor's long term credit rating of A+ is required to qualify as an approved counterparty.

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2014:

	Consolidated			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5years \$000	\$000
<b>Financial assets/ (liabilities)</b>				
Loan facility (revolving credit)	-		(3,500)	(3,500)
Cash and cash equivalents	10,473	-	-	10,473
Short term bank deposits	-	22,670	6,000	28,670
<b>Total financial instruments – consolidated entity</b>	<b>10,473</b>	<b>22,670</b>	<b>2,500</b>	<b>35,643</b>

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2013:

	Consolidated			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5years \$000	\$000
<b>Financial assets</b>				
Loan facility (revolving credit)	-	-	(59,250)	(59,250)
Cash and cash equivalents	5,763	-	-	5,763
Short term bank deposits	-	21,803	6,000	27,803
<b>Total financial instruments – consolidated entity</b>	<b>5,763</b>	<b>21,803</b>	<b>(53,250)</b>	<b>(25,684)</b>

# Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

The following table details the University's exposure to interest rate risk as at 31 December 2014:

	University			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5 years \$000	\$000
<b>Financial assets/(liabilities)</b>				
Loan Facility (Revolving Credit)	-	-	(3,500)	(3,500)
Loan from subsidiary	(47,000)	-	-	(47,000)
Cash and cash equivalents	2,158	-	-	2,158
Short term bank deposits	-	22,670	6,000	28,670
<b>Total financial instruments – University</b>	<b>(44,842)</b>	<b>22,670</b>	<b>2,500</b>	<b>(19,672)</b>

The following table details the University's exposure to interest rate risk as at 31 December 2013:

	University			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5 years \$000	\$000
<b>Financial assets/(liabilities)</b>				
Loan Facility (Revolving Credit)	-	-	(59,250)	(59,250)
Loan from subsidiary	(40,000)	-	-	(40,000)
Cash and cash equivalents	1,338	-	-	1,338
Short term bank deposits	-	20,687	6,000	26,687
<b>Total financial instruments – University</b>	<b>(38,662)</b>	<b>20,687</b>	<b>(53,250)</b>	<b>(71,225)</b>

### Fair values of financial assets and liabilities

The University and consolidated entity uses various valuation methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in active markets

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The fair value of the financial instruments as well as the methods used to estimate fair value are summarised in the tables on the next page.



## Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

	Quoted market price  (Level 1)  \$000	Valuation technique – market observable inputs  (Level 2)  \$000	Valuation technique – non-market observable inputs  (Level 3)  \$000	Total    \$000
<b>Consolidated entity</b>				
<b>2014</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,741	5,601	-	9,342
Externally managed bonds and cash portfolio	-	9,316	-	9,316
Derivative financial instruments - foreign exchange contracts	-	443	-	443
	<b>3,741</b>	<b>15,360</b>	<b>-</b>	<b>19,101</b>
<b>2013</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,519	5,167	-	8,686
Externally managed bonds and cash portfolio	-	8,602	-	8,602
Derivative financial instruments - foreign exchange contracts	-	382	-	382
	<b>3,519</b>	<b>14,151</b>	<b>-</b>	<b>17,670</b>
<b>University</b>				
<b>2014</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,741	5,601	-	9,342
Externally managed bonds and cash portfolio	-	9,316	-	9,316
Derivative financial instruments - foreign exchange contracts	-	343	-	343
	<b>3,741</b>	<b>15,260</b>	<b>-</b>	<b>19,001</b>
<b>2013</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,519	5,167	-	8,686
Externally managed bonds and cash portfolio	-	8,602	-	8,602
Derivative financial instruments - foreign exchange contracts	-	35	-	35
	<b>3,519</b>	<b>13,804</b>	<b>-</b>	<b>17,323</b>

Quoted market prices represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the University and the consolidated entity uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include foreign exchange contracts not traded on a recognised exchange.

# Notes to the Financial Statements

for the year ended 31 December 2014

## 25 Financial instruments (continued)

### Interest Rate Sensitivity

For the year ended 31 December 2014 if interest rates on cash and cash equivalents, loans and investments had fluctuated up or down by 100 basis points, the surplus for the consolidated entity would have been \$0.037 million higher/lower (2013: \$0.564 million higher/lower). For the University the surplus would have been \$0.591 million higher/lower (2013 \$1.019 million higher/lower).

The sensitivity analysis has been calculated by applying the sensitivity factor of 100 basis points to the financial instruments held at balance date.

### Credit Risk

Credit risk is the risk of the failure of a debtor or counter party to honour their contractual obligation. Financial assets, which potentially subject the University and consolidated entity to concentrations of credit risk, consist of cash and cash equivalents, short term investments, loans to subsidiaries, receivables and derivative financial instruments. The maximum credit risk as at 31 December 2014 is the gross amount of the financial assets less impairment. The University and consolidated entity manages this risk by placing cash and cash equivalents, short term investments and derivative financial instruments with institutions which have a high credit rating and by limiting the amount that can be invested in any one institution.

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

### Capital and liquidity risk management

The University and its subsidiaries manage their funds so as to ensure all entities will be able to continue as going concerns. The capital structure of the consolidated entity consists of general equity, reserves and trust and special funds as disclosed in Notes 20, 21 and 22 respectively. The consolidated entity does not have any share capital on issue. The University manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The University has an unsecured Fluctuating Committed Cash Advance Facility with a maximum limit of \$300 million (2013: \$300 million), and an expiry date of 31 July 2018. As at 31 December 2014, the University had drawn down \$3.5 million against this facility (2013: \$59.25 million).

## 26 Events after the reporting period

There were no significant events occurring after the reporting period.

**INDEPENDENT AUDITOR'S REPORT**

TO THE READERS OF  
THE UNIVERSITY OF AUCKLAND AND GROUP'S  
FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2014

The Auditor-General is the auditor of the University of Auckland (the University) and group. The Auditor-General has appointed me, Brent Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and non-financial performance information of the University and group on her behalf.

We have audited:

- the financial statements of the University and group on pages 45 to 75, that comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 30 to 40.

**Opinion**

In our opinion:

- the financial statements of the University and group on pages 45 to 75:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the University and group's:
    - financial position as at 31 December 2014; and
    - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and group on pages 30 to 40 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

**Capital contributions from the Crown**

Without modifying our opinion, we considered the recognition, presentation and disclosure of income in advance in the statement of financial position and note 13 on page 62 and the corresponding release of revenue in the income statement. In our view, the substance of the transaction relating to Partnership for Excellence funding is equity in nature given that the Crown has an in-substance ownership interest in the University and has appropriated the funds as a capital contribution in order to increase the capability of the University.

Our audit was completed on 2 March 2015. 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, and we explain our independence.

**Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the University and group's preparation of the financial statements and non-

financial performance information that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Responsibilities of the Council**

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non-financial performance information that fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

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

#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

#### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Ernst & Young Saudi Arabia has also provided tax compliance services to the branch of the University's subsidiary.

Other than the audit and tax compliance services, we have no relationship with or interests in the University or any of its subsidiaries.



Brent Penrose

Ernst & Young

On behalf of the Auditor-General

Auckland, New Zealand

# Statement of resources

## Buildings

	2012	2013	2014
Gross area of University buildings (m <sup>2</sup> )	561,140	555,599	574,468

## Land

The University is responsible for a total land area of 188.1ha. This includes 19.5ha on the City Campus, 12.8ha at the Tamaki Campus, 5.2ha at the Newmarket Campus, 3.3ha Grafton, 8.9ha Epsom, 1.5ha at Whangarei, 14.2ha at Waiheke and 122.6ha at Leigh Marine Research Laboratory and various bush reserves.

## Library resources

	2012	2013	2014
<b>Collections</b>			
Printed books & theses	1,725,224	1,739,503	1,733,492
Printed serials (volumes)	410,169	397,315	401,005
<b>Total printed volumes</b>	<b>2,135,393</b>	<b>2,136,818</b>	<b>2,134,497</b>
Electronic books	557,270	670,238	748,849
Print serial titles	4,772	4,662	4,507
Electronic serial holdings	124,927	127,949	118,662
<b>Services</b>			
Loans - total	805,140	697,675	626,536
Library web page sessions	7,233,718	6,705,369	6,346,143 †
Libraries and Learning Services teaching sessions	1,494	2,128 §	2,530
Attendance at teaching sessions	20,641	31,076 §	36,390
Number of Libraries / Information Commons	15	15	15
General Library average open hours per week	90	90	90
Information Commons average open hours per week	113	113	113
Study spaces	3,431	3,480 §	3,555
Study / training spaces with computers	1,155	1,176 §	1,175
Laptops for loan	155	160	160
<b>Total number of study spaces</b>	<b>4,586</b>	<b>4,656 §</b>	<b>4,730</b>

† All web statistics gathered using Google Analytics from 2014, reducing robots/crawler traffic

§ Student Learning Services and English Language Enrichment joined team in 2013

# Glossary

Acronym	Expanded meaning
ABI	Auckland Bioengineering Institute
ARWU	Academic Ranking of World Universities
APRU	Association of Pacific Rim Universities
AQS	Average Quality Score
CTACP	Certificate in Academic Preparation
CoREs	Centre of Research Excellence
CRI	Crown Research Institute
DELNA	Diagnostic English Language Needs Assessment
DHB	District Health Board
EFTS	Equivalent Full-Time Students
EPA	Environmental Protection Authority
ERI	External Research Income
FMHS	Faculty of Medical and Health Science
FTE	Full-Time Equivalent
GPE	Grade Point Equivalent
HSNO	Hazardous Substances and New Organisms
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
NICAI	National Institute of Creative Arts and Industries (also referred to as faculty of)
NIH	National Institutes of Health
NIWA	National Institute of Water and Atmospheric Research
OGGB	Owen G. Glenn Building
PBRF	Performance-Based Research Fund
PfX	Partnerships for Excellence
QS	Quacquarelli Symonds
SSC	Staff Service Centre
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
THE	Times Higher Education Supplement
UTAS	Undergraduate Targeted Admission Scheme
U21	Universitas 21
WUN	Worldwide Universities Network