



THE UNIVERSITY OF AUCKLAND

2006 ANNUAL REPORT



THE UNIVERSITY OF AUCKLAND

NEW ZEALAND

Te Whare Wānanga o Tāmaki Makaurau



Celebrate **THINKING**

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CHANCELLOR'S INTRODUCTION

THIS ANNUAL REPORT COMPREHENSIVELY DOCUMENTS THE UNIVERSITY OF AUCKLAND'S ACHIEVEMENTS FOR 2006. I WILL NOT DUPLICATE THE VICE-CHANCELLOR'S REVIEW OF THE YEAR, OR THE MANY SUCCESSES RECORDED IN THE FACULTY REPORTS AND THE STATEMENTS OF SERVICE PERFORMANCE. I WILL THOUGH, RECORD MY ADMIRATION FOR THE BREADTH AND DEPTH OF THE CONTINUING STRONG PERFORMANCE BY THE DIVERSE COMMUNITY THAT MAKES UP THE UNIVERSITY. MY CONGRATULATIONS AND THANKS GO TO THE VICE-CHANCELLOR AND ALL THE GENERAL AND ACADEMIC STAFF OF THE UNIVERSITY, ITS DIVERSE AND TALENTED STUDENT BODY AND MY COLLEAGUES ON COUNCIL.

I want to concentrate on the University's future, because the future of the University is foremost in the minds of Council members when we debate the University's Strategic Plan and work with the Vice-Chancellor on its implementation. The Strategic Plan describes a future laden with challenge and opportunity in equal measure – both for the country and for the University.

The challenge for the country – represented by the Government and by private supporters and philanthropists – is to find creative ways of investing in this University so that it can maximise its benefit to the nation by being among the world's best. The Government took several steps during 2006 that suggest that it realises how serious are the problems with past funding policies. At the same time as applauding these initial steps, we have to recognise that there is much further to do.

The opportunity the country has, in strengthening Auckland's position as a world-class university, is exciting, enormous, and worth the necessary investment many times over. Top flight universities are powerful drivers of economic growth and social development. A better educated population works more productively, generates more wealth and pays more tax. Businesses and industry grow and prosper better with skilled workers trained to think and solve problems. The world's best universities are by far the world's most productive generators of new knowledge, and also function as powerful engines for converting ideas and innovation into real-world applications. The universities' submissions to Government adduce convincing evidence in support of these arguments, and prove the long term benefits of the decisions we urge the Government to take now.

We cannot think solely in terms of how a world-class university in New Zealand benefits New Zealand, although it is clear that addressing this country's relatively low and slowly



growing GDP per capita will unlock solutions to many of the nation's problems. We must also look at our contribution to the world, something of which we have always been conscious on many fronts. The world faces an array of complex and intensely threatening challenges, such as climate change and sustainability. Fundamental university research, and capable university graduates, will be the keys to understanding issues like these, finding solutions and implementing them. We cannot leave this burden to the rest of the world, and have to make our own contribution. This means following the example of leading nations which already invest in research universities at a much higher level than we do, and in some cases are stepping up their level of investment at a dramatic rate.

The University already stands amongst the top 1% or 2% of universities in the world. The challenge it faces, to perform and to contribute at an even higher level, cannot be underestimated, and requires energy, application, focus and determination on our part. We need to attract and retain additional world-class academic staff. New Zealand and Auckland offer one of the most attractive working environments in the world, but competitive remuneration, and a physical environment that enables outstanding research, teaching and learning, are also necessary. We need top quality undergraduates from throughout New Zealand and around the world, and more students proceeding to postgraduate work here. We need more external funding, from more sources than we currently tap. The Strategic Plan sets out a carefully developed set of objectives which, taken together, detail the transition the University needs to make to achieve the high standards it has

set for itself. While we are energetically making the case for the higher levels of public funding to get there, we are equally energetically working on how best to productively and effectively utilise that investment.

New Zealanders are proud of their country, and of their compatriots' achievements on the world stage, many of which are disproportionate to our population and wealth. We exult in our successes, whether they are in sport, culture or business. All of New Zealand loves and supports any Kiwi who takes on the world and succeeds. Only a handful of New Zealand institutions of any type are performing as strongly on the world stage as is the University. We are truly one of New Zealand's global success stories. Our challenge is to win stronger public and Government support for the continued success of The University of Auckland.



Hugh Fletcher
Chancellor



The opportunity the country has, in supporting the development of Auckland as a world-class university, is exciting, enormous, and worth the necessary investment many times over.



VICE-CHANCELLOR'S REVIEW



Contributing as “a world-class university in New Zealand” neatly captures, in a simple phrase, the aspiration driving the University’s Strategic Plan. As a world-class university, The University of Auckland is not only helping New Zealand meet its national goals, but it is also contributing to the Asia-Pacific region and the rest of the world. It is providing New Zealanders with greater opportunities and creating the skills and knowledge that offer our country a better future.

Building on this aspiration, and looking to achieve even greater levels of performance from the base of our current high international standing, the Strategic Plan develops a set of focused objectives. These relate to the University’s international standing, research and creative work, teaching and learning, the Treaty of Waitangi, engagement with our communities, excellent people, and resourcing and organising for quality. Our objectives are wide-ranging and ambitious. In current management jargon they are “stretch”

objectives. If we achieve them, we would expect to be consistently ranked among the top 50 of the world’s 7,000 universities.

The most widely-cited rankings of universities world-wide are those published annually by the *Times Higher Education Supplement (THES)*. This year The University of Auckland ranked 46th, up from 52nd in 2005 and 67th in 2004. This was a very pleasing result, as were our high and improving rankings in a number of discipline areas: 58th in Science (up from 72nd), 43rd in Technology, including Engineering and IT (up from 49th), 33rd in Social Sciences (up from 65th) and 26th in Biomedicine (up from 33rd). In the Arts and Humanities we ranked very strongly, at 29th, but were down marginally from 25th last year.

It is tempting to interpret these results as indicating that the University has met its strategic benchmark, but it would be unwise to do so. The *THES* is only one of several ranking systems. All rankings systems inevitably contain substantial subjective components,

We have recently increased significantly the number and value of postgraduate scholarships, reviewed postgraduate-focused marketing and recruitment activities and improving the handling of postgraduate enquiries and enrolments.

and each year some universities' rankings move by more than their underlying performance possibly could. Breaking into the top 50 is not the same as being there consistently. Nonetheless, doing so – and showing steady improvements each year – as well as having a number of major discipline areas well within or close to the top 50, indicates that the University is following the course charted in the Strategic Plan. It also indicates that we have a very strong platform on which we can build, as we pursue the substantial improvements in performance that will be required, in order to fully achieve our objectives. We have some way to go yet, particularly in the areas of postgraduate student numbers and externally-funded research activity, despite already being clear national leaders in these areas.

Our objectives with respect to the size and composition of the student body are to hold growth to a relatively low 1% pa, but at the same time to drive a substantial rebalancing, lowering undergraduate numbers and increasing postgraduates to 22% of the total. This will help us to make an even greater contribution to the creation of knowledge in support of New Zealand's aspirations for social, economic and cultural development.

Although postgraduate numbers are increasing slowly, and reached 17% of total EFTS in 2006, more rapid increases are necessary. We have recently increased significantly the number and value of postgraduate scholarships, reviewed postgraduate-focused marketing and recruitment activities and improved the handling of postgraduate enquiries and enrolments. We are also looking at how postgraduate work is supported within each student's department and by the University as a whole. Postgraduate space needs are a significant factor in the University's accommodation planning. The recent Government policy of providing domestic funding for international PhD students enabled the University to charge only domestic fees to new international PhD candidates, and is quickly proving extremely beneficial. International PhD numbers are already increasing rapidly, and substantial further increases are expected.

Disappointingly, but mostly as projected, overall student numbers again fell, by 4% in 2006. Over the last three years EFTS have fallen by 1,924, or 6%. Most of this fall, 872 EFTS (19%), is in international students, and in turn most of that change is a reversal of the rapid expansion in students from China experienced in the early years of this decade. The result will be a more sustainable balance (by country of origin) in the international student population. Successive increases in the budget for international

marketing have been focused on diversifying the number of countries from which we recruit students, and there are signs that this is bearing fruit. Domestic student numbers have also fallen, to a much lesser extent – only 1,052 EFTS (4%) over the past three years. During 2006 we reorganised our internal and external marketing and communications activities, and again increased our level of investment. The result has been a more active, better co-ordinated and more effective function. This should turn around the decline in domestic student numbers, and increase the number of top students from outside of Auckland who recognise our leading position and aspire to be accepted into a programme here.

This year's Annual Report highlights the breadth and depth of the University's research activity. This is an area where, despite considerable success to date, we still have much progress to make if we are to achieve our Strategic Plan objectives. 2006's results were very positive in this regard. New research contracts and grants won were \$157 million (\$63 million through the Research Office and \$94 million through UniServices). Although this was \$8 million less than the record \$165 million figure contracted last year, this figure was boosted by the mid-term re-contracting of the Centres of Excellence. Putting this one-off amount aside, the amount contracted in 2006 represents a continuation of the steady and substantial increase in the value of research contracts won by the University. The University is increasingly looking to offshore sources for increases in research revenue, given the low levels of investment in research and development expenditure by both the private and public sectors in New Zealand. Greater domestic expenditure in this area is vital to both the University's and the country's future, as is the maintenance of an emphasis on quality and contestability in investment decisions. I recently visited a number of the leading funding agencies in the United States and was struck by their wholehearted commitment to investing in fundamental research and a competitive system which seeks to support preferentially the best ideas and the best people. This is an approach that New Zealand would do well to emulate.

The substantial and continually increasing volume of research funding that the University's academics win attests to the University's position as home to the largest and highest quality concentration of researchers in New Zealand. Several prestigious awards and honours won in 2006 underline the point. Distinguished Professor Ted Baker won the Rutherford Medal, the highest science award in New Zealand, and Distinguished Professor Peter Hunter was elected a Fellow of the Royal Society of London, an honour currently held by only eight other New Zealanders. Professor Bruce Baguley was awarded the prestigious Sir Charles Hercus Medal by the Royal Society of New Zealand, and was also named New Zealander of the Year by the *New Zealand Herald*. Professors Howard Carmichael, Tim Cundy, Bruce Melville and Peter Lobie were all elected Fellows of the Royal Society of New Zealand. Professor James Sneyd and Associate Professor Catherine Casey were awarded James Cook Fellowships and Associate Professor Penny Brothers and Dr Melanie Anae were awarded Fulbright Scholarships.

Developing large-scale research institutes of excellence is an important Strategic Plan objective, and in 2006 the Liggins Institute became the University's first such institute. While it is too early to evaluate the success of this initiative, early feedback from both the Institute and the Faculty of Medical and Health Sciences, out of which the Liggins grew, is very positive. Such institutes are by no

means the only location of excellent research within a university, but they are an important part of any highly-ranked research university and a powerful vehicle for research teams capable of achieving the necessary critical mass and focus on excellence.

2006 was a notable year for developments relating to teaching and the University's academic programmes. A major restructuring of all programmes, to a 120 credit year, and the introduction of a general education component in undergraduate degrees both came into effect, and did so very smoothly thanks to extensive planning and preparation led by Professor Raewyn Dalziel. Expansion and improvement of the University's excellent library facilities continued, led by the opening of a new Library and related study facilities in the School of Engineering. A major programme of refits of the University's pool lecture theatres was approved, and work started. The University was again successful in the National Tertiary Teaching Excellence Awards, with Professor Rick Bigwood receiving an award for sustained excellence in teaching. The close relationships between the University and the professions, and the professions' high level of confidence in the University's degrees, were evident in several successful re-accreditations, this year in Engineering, Architecture and Social Work.

The University's financial management systems again performed well during the year, and saw the University meet its key financial targets, despite an unexpected shortfall in EFTS and related revenues of \$6 million. Other revenues, principally externally-funded research, however, were well ahead of budget and revenue overall was \$673.1 million, \$10.1 million (15.2%) better than budget. Costs were held back in a number of areas in response to lower EFTS numbers, but in other areas costs necessarily increased in tandem with higher research revenues. Total expenditure was \$652.3 million, \$9.0 million (1.4%) higher than budget. The net result was an operating surplus of \$20.7 million \$2.0 million better than budget, and at 3.1% of revenue is at the TAMU minimum and right at the bottom of the University's target operating range.

Management of the University during the year was dominated by the need to respond to falling EFTS in the Faculties of Arts, Business and Economics and Education by reducing permanent academic staff numbers. This will always be an extremely hard and contentious process for any university to work through, and that was certainly true in our case, but at the same time it was necessary and unavoidable, and undertaken only as a last resort.



In 2006 The University of Auckland took a leading role in preparing some of the best-researched submissions on university funding issues that the New Zealand Vice-Chancellors' Committee has ever presented to Government.

However difficult and painful the process was for all concerned, and I am under no illusions as to how much that was so, the consequences for the University, if it had not made necessary adjustments to its cost base in response to changes in EFTS and revenue, would have been even worse.

The past achievements of the University, and its potential to succeed in the future, are as always critically dependent on the funding and policy settings under which the University operates. Students are treated very favourably in New Zealand. They pay, on average, much lower fees than their counterparts in those nations where the great majority of top universities are located (the US, the UK and Australia) and enjoy by far the highest level of Government financial support in the OECD. Funding of tertiary institutions, however, suffers from three serious deficiencies. The overall level of public funding of universities is low by international standards, the distribution of funding does not fairly recognise the particular cost structures of research-intensive universities as in other leading nations and the annual indexation of funding levels falls short of actual movements in university costs.

In 2006 The University of Auckland took a leading role in preparing some of the best-researched submissions on university funding issues that the New Zealand Vice-Chancellors' Committee has ever presented to Government. These submissions not only showed convincingly the deficiencies in current funding policies, but made very strongly the argument that the social and economic returns from higher and better targeted expenditure on tertiary education are high. Although we do not yet have a comprehensive response from the Government on future funding policies, there were some signs during 2006 that our message is being heard and understood. Postgraduate funding rates were increased, as was the PBRF. These two moves carefully targeted additional funding to areas of the system where there is both the greatest need for and the greatest benefit from increased resourcing. In a similar vein, the Government carried out a review of medical funding and responded very positively to a joint submission from the Universities of Auckland and Otago, increasing funding rates significantly. This will be of substantial benefit to an area of very high undergraduate quality and significant research intensity. Discussions with the Government through the Tripartite forum led to additional funding for salary increases of 1% for general staff and 3% for academic staff, over and above those already provided by the universities themselves. This was a very welcome,

but small, first step towards addressing the significant competitive disadvantage that New Zealand faces in international markets when recruiting academic staff. We hope that the Government will recognise the need for further, and significant, such adjustments to academic salaries.

Under-resourcing of universities generally and systematic underindexation remain areas of very great concern that must be addressed in the future, but the several and very favourable first steps taken by the Government in 2006 support an optimistic outlook. We also hope that the review of the fees maxima regime, deferred until 2007, will result in a system that does not expose the University to the continuing and material loss of revenue that the fees maxima cause.

In the new system, details of which are being progressively developed and unveiled, Government tuition funding will be negotiated in the context of Three Year Plans. The most significant, and very welcome, element of this approach is a shift away from focusing solely on tuition costs and numbers, to considering more broadly the different activities and cost structures of institutions. This offers the University the opportunity, for the first time, to state its objectives, cost them, and seek funding for them accordingly. Government may, of course, wish to provide a lesser level of funding, but will have to expect a lower level of output from the University as a result. The new model has the potential to link what the Government will invest in with the returns it will receive in a way that the EFTS funding system is incapable of doing.

In negotiating a Three Year Plan with the Tertiary Education Commission, a process that implies a move from "bulk funding" to more "targeted investment", we will have to ensure that the University retains its autonomy. The University's statutory role as a "critic and conscience of society" demands this, but so too does the need for the University to chart its own strategic course, informed but not determined solely by government objectives. While the Government is an important investor in the University, many other groups – staff, students, alumni, friends and the wider community – also have a stake in how the University undertakes its teaching, research, and community service, how it positions itself internationally, and how it meets the needs of its diverse stakeholders. Change always brings both opportunities and threats, and that is certainly so of the current tertiary reform process. Our challenge is to ward off the threats, and maximise the opportunities. We will be doing this in the context of greater opportunities, and a more favourable funding environment, than we have seen for many years. The Government's challenge is to recognise the future value to New Zealand and all New Zealanders of a world-class university in this country, and to invest accordingly.



Professor Stuart McCutcheon
Vice-Chancellor

FOCUS ON RESEARCH



A strong research and innovation culture is a key requirement for any modern international university. The research-teaching nexus ensures that undergraduate education evolves in response to new knowledge, and also ensures a ready supply of students going on to research training to become the discoverers and creators of new knowledge for the future. A vibrant multidisciplinary research culture which includes creative work helps universities to attract better staff and students, and to build a culture of inquiry and academic rigour that enables them to contribute more effectively to society in a rapidly changing world.

However, the role of research in the modern university is far greater than simply providing support for teaching activities and projects for graduate students. Since the middle of the 20th century most countries in the developed world have promoted their universities as the primary generators of new knowledge and technologies which drive the social, cultural, and economic development of their societies. Teaching and the advancement of knowledge work together synergistically in a way not found in any other type of organisation to provide a potent means of maintaining creativity, innovative performance, and competitive edge.

As universities have become increasingly important in driving innovation, the mix of research and knowledge-dissemination activities they undertake have changed. Of course, "blue skies"

investigation in a quest for new, fundamental, knowledge still remains a cornerstone of university research activity. However, for some time now it has no longer been good enough for our research activities to be purely curiosity-driven. In New Zealand, funding for fundamental research has always been low by international standards, and this has been thrown into sharp relief over the past ten years as government policies have sought to increase the direct relevance and applicability of centrally funded research.

The universities have responded to this, adding much strategic and applied research capability and engaging more in entrepreneurial activities. The continuing rapid growth in research contracting and commercialisation activities with business and industry (and The University of Auckland is one of the leaders in this trend internationally), and the growing number of companies spun out from academia, clearly attest to the fact that university research capability is one of the key drivers of local and international innovation systems.

As New Zealand's leading university, The University of Auckland is committed to national advancement through continuous improvement of research capability and focus. The University's research strategy is: to create and promote research of value to New Zealand's society and economy; to undertake high quality research which contributes to social, economic, environmental,

and cultural development; to build and consolidate areas of research excellence in the wide range of disciplines expected in an international, multidisciplinary university; to attract, encourage, and retain the best possible researchers; and to provide the appropriate infrastructure and resources to support research. In order to achieve this, the University Strategic Plan recognises the need to continuously improve the research performance and resourcing of the institution by setting ambitious targets for research quality improvement, postgraduate research activity, and research income growth over the next seven years.

In aiming to fulfill its Strategic Plan for research, the University starts from a strong base.

In particular, the University is fortunate in having many internationally recognised, committed, and able staff engaged in research, including two Fellows of the Royal Society of London, 60 Fellows of the Royal Society of New Zealand, a Fields Medallist, and four Rutherford Medallists. In the 2003 PBRF research assessment exercise, 35% of all "A"-rated researchers in New Zealand were staff members at The University of Auckland.

The University also has several internal schemes to recognise and promote outstanding research achievement by both new and established researchers. These include: the Early Career Research Excellence Awards which were established to recognise and promote excellence and research leadership potential among emerging researchers; the Best Doctoral Thesis Awards which

acknowledge exceptional research achievement by doctoral candidates through original contributions of high significance in their field of research; and The University of Auckland Distinguished Professorships which recognise outstanding research contribution at an international level over a sustained period of time.

The University has more than 1500 research-active staff.

The University hosts four of the seven National Centres of Research Excellence, working in Molecular Biodiscovery, Mathematics, Growth and Development, and Māori Knowledge and Development. The seven Centres of Research Excellence were established at New Zealand Universities in 2002/03 via a new competitive government research fund, to be world-class research centres which provide incentives for researchers in the tertiary education sector to conduct research that is internationally acknowledged as excellent, contributes to New Zealand's future development, and incorporates knowledge-transfer activities.

In addition to the Centres of Research Excellence, the University has established several other world-class research institutes and centres amongst which are: the Bioengineering Institute, the Liggins Institute, the Bioinformatics Institute, the Institute of Earth Science and Engineering, the Auckland Cancer Society Research Centre, the Light Metals Research Centre, the Centre for Software Innovation and the Centre for Advanced Composite Materials. Other less formal research groups – particularly in the Humanities,



Social Sciences, and Law - are also recognised as world-class and brief information on some of their activities can be found in the Teaching and Research section of this Annual Report. In addition to these, several other research units offer international-class services and equipment in specialist fields, and these include: the Centre for Advanced Magnetic Resonance Imaging, the Biomedical Imaging Research Unit, the Centre for Surface and Materials Science, and the Clinical Trials Research Unit.

Postgraduate research activity is crucial to the success of any research-led university, and at The University of Auckland this is taken particularly seriously. Postgraduate research is promoted and coordinated through the School of Graduate Studies under the guidance of the Dean of Graduate Studies, and each faculty has an Associate Dean (Postgraduate) who works closely with the School of Graduate Studies and is responsible for promoting postgraduate student research in their faculty. The University has an extensive programme of scholarships and support for research students, and a programme of work to ensure continual improvement of the quality of supervision. Funding for Doctoral and Masters Scholarships was increased in 2006.

University-wide initiatives such as Exposure (the annual postgraduate poster and research seminar competition), Spark (the annual business plan competition), and Chiasma (a biotechnology networking group which runs competitions and facilitates internships in local biotechnology industries) are run by students with assistance from University staff and have contributed greatly to increasing the vibrancy of the graduate research community in recent years. As a result PhD completions grew from 107 in 2002 to 184 in 2006. Importantly there has been growth in annual doctoral enrolments from 275 in 2005 to 303 in 2006.

During the year there has been significant activity in the international recruitment of postgraduate research students and it is anticipated that this will have a positive flow-on effect in future years. Recruitment of a high quality student body for the doctoral programme is a priority for the University.

Research postgraduate students were successful at the MacDiarmid Awards (promoted by the Foundation for Research, Science and Technology) in 2006 where PhD student Claire French was named Young Scientist of the Year. The University provides support for postgraduate students to present their research findings at international conferences and encourages them to publish in international journals. Students are now able to submit their theses digitally which enhances the availability of their research work.

Specific effort is also made to engage undergraduates in the research culture of the institution by providing summer research scholarships for undergraduate students in penultimate and final years. These ensure that undergraduates have maximum opportunity to attend research seminars, and encourage prominent researchers to take active teaching roles at undergraduate as well as postgraduate level.

Effective interactions with business and industry are particularly important to the University's drive to create research of value to the economy. The University's commercialisation arm, UniServices, was established specifically to handle commercial contract research, protect and exploit the intellectual property of the University, and stimulate entrepreneurial activity through the creation of spin-out companies and research business opportunities for the institution. UniServices is a wholly-owned subsidiary company of



A vibrant research culture enables universities to attract better staff and students, and to build a culture of inquiry and academic rigour that enables them to contribute more effectively to society in a rapidly changing world.

— Professor Tom Barnes,
Deputy Vice-Chancellor (Research)

the University, and is governed by a separate Board which includes independent directors drawn from commerce and industry. Since it began operations in 1988, UniServices revenue has grown rapidly from \$1.1 million in its first year to more than \$75 million in 2006. While most of this comes from contract research through over 2000 contracts, UniServices also manages more than 180 patent families and the market capitalisation of its spin-out companies currently stands at some \$650 million.

Our strong research base is a credit indeed to the huge effort put in by colleagues at the University to advance knowledge, contribute to society, and integrate fully into the international research community. But we know we can do better still. Indeed, we are determined to do so and look forward to the challenges of the future with confidence.

Professor Tom Barnes

KEY FACTS AND FIGURES

	2004	2005	2006		2004	2005	2006
FULL-TIME EQUIVALENT STAFF (FTE)				STUDENT ENROLMENT BY QUALIFICATION (EFTS)			
Academic	1,933	1,974	1,956	Doctor of Philosophy	1,102	1,158	1,143
General	2,288	2,358	2,405	Other Doctoral Degree	87	83	72
Total	4,221	4,332	4,361	Master Degree	1,794	1,537	1,228
STUDENTS				Conjoint Degree	3,145	3,266	3,295
Equivalent Full-Time Students (EFTS)	31,375	30,800	29,451	Bachelor Honours	391	485	507
Gender				Bachelor Degree	20,405	19,947	19,188
Male	16,866	16,581	15,979	Diploma	2,782	2,725	2,530
Female	23,632	22,839	21,945	Certificate	1,427	1,421	1,367
Total	40,498	39,420	37,924	Other Programme	91	1	1
Workload				Total	31,224	30,623	29,331
Full-time	24,397	23,725	22,337	<i>Note</i>			
Part-time	16,101	15,695	15,587	EFTS from formal qualifications only included.			
Total	40,498	39,420	37,924				
Ethnicity							
European	16,901	15,756	14,970				
Māori	2,996	2,806	2,468				
Pacific Island	3,231	3,126	3,027				
Asian	12,871	13,081	13,129				
Other	2,074	2,107	2,177				
No response	2,425	2,544	2,153				
Total	40,498	39,420	37,924				
Age Group							
18 or Less	5,479	5,765	5,930				
19-20	9,235	9,335	9,168				
21-23	9,008	8,960	8,999				
24-29	5,698	5,224	5,011				
30-39	5,119	4,764	4,165				
40+	5,959	5,372	4,651				
Total	40,498	39,420	37,924				

	2004	2005	2006
PROGRAMME ENROLMENT (STUDENTS)			
Arts	7,268	7,233	6,994
Business and Economics	8,191	7,804	7,361
Creative Arts and Industries	2,027	2,056	2,043
Education	7,428	6,250	4,917
Engineering	2,647	2,762	2,810
Law	1,569	1,501	1,614
Medical and Health Sciences	3,366	3,670	4,044
Science	7,225	7,278	7,166
Theology	221	201	165
University Programmes	2,602	2,464	2,476
Total	42,544	41,209	39,590

Note

Conjoint degrees, PhD and other doctoral 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 Certificate.

Adult and community education enrolments are not included.



	2004	2005	2006		2004	2005	2006
UNDERGRADUATE ENROLMENT (EFTS)				QUALIFICATIONS AWARDED BY FACULTY			
Arts	4,779	4,645	4,450	Arts	1,897	1,684	1,707
Business and Economics	5,420	5,228	4,871	Business and Economics	2,011	2,205	2,363
Creative Arts and Industries	1,255	1,269	1,316	Creative Arts and Industries	505	549	594
Education	3,333	3,152	2,441	Education	–	1,622	1,623
Engineering	1,876	2,036	1,967	Engineering	457	576	634
Law	1,005	987	1,123	Law	285	334	327
Medical and Health Sciences	1,964	1,988	1,992	Medical and Health Sciences	916	1,023	1,045
Science	5,802	5,630	5,353	Science	1,572	1,829	1,905
Theology	130	108	90	Theology	51	65	43
University Programmes	685	654	595	Total	7,694	9,887	10,241
Total	26,249	25,697	24,199				

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.

	2004	2005	2006
INTERNATIONAL STUDENTS			
China	3,024	2,744	2,097
USA	427	487	460
Malaysia	209	275	374
Korea	231	279	345
Germany	207	229	274
India	142	104	97
Japan	81	82	88
Hong Kong	104	84	84
Vietnam	70	72	74
Canada	61	93	72
Norway	104	74	71
United Kingdom	68	66	69
Fiji	74	61	61
Russian Federation	49	57	61
Taiwan	48	61	58
Indonesia	63	57	50
France	33	42	47
Sweden	35	28	38
Singapore	35	36	31
Thailand	17	18	22
Tonga	0	19	15
Saudi Arabia	–	6	14
Sri Lanka	–	13	14
Other	249	254	261
Total	5,376	5,241	4,777

	2004	2005	2006
POSTGRADUATE ENROLMENT (EFTS)			
Arts	825	800	687
Business and Economics	855	783	700
Creative Arts and Industries	268	258	231
Education*	546	494	860
Engineering	347	352	390
Law	134	109	131
Medical and Health Sciences	801	903	953
Science	1,168	1,194	1,150
Theology	30	33	28
University Programmes			1
Total	4,974	4,926	5,132

*The change relates to the restructuring of the former ACE Graduate Diplomas of Teaching following the amalgamation with the University.

UNIVERSITY GOVERNANCE

The University 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.

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, and its amending Acts, Council has the following functions:

- Appoint a chief executive;
- Prepare, negotiate and adopt the University Charter;
- Adopt the Profile;
- Ensure that the institution is managed in accordance with the Charter and Profile;
- Determine the policies of the institution in relation to the implementation of its Charter and the carrying out of the Profile 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 Charter and Profile, Council is guided by the statutory characteristics of universities, which are defined in the Education Act 1989:

- They 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 the 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 by the communities served by the University, especially by underrepresented groups;
- Ensuring that the University does not discriminate unfairly against any person;



Professor Stuart McCutcheon
BAgrSc (Hons) PhD Massey
Vice-Chancellor
Ex officio

Lindsay Corban
MA
Appointed by Minister of Education

Janet Copsy
BA DipNZLS Well., DipBus, FNZLIA
Elected by General Staff

Hugh Fletcher
MCom, MBA Stanford, BSc
Chancellor
Appointed by Minister of Education

Professor Raewyn Dalziel
ONZM, BA (Hons) PhD Well.
Deputy Vice-Chancellor (Academic)
Ex officio

Peter Menzies
ME
Appointed by Council

Jennifer Gibbs
MA
Pro-Chancellor
Appointed by Council

Kate Sutton
MA
Elected by Court of Convocation

Xavier Goldie
BSc
Elected by Students

- 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 Management Team comprising:

- The Deputy Vice-Chancellors Academic and Research;
- The Pro Vice-Chancellors Equal Opportunities, International, Māori and Tamaki;
- The Deans;
- The Registrar and the Directors of Administration, Human Resources, External Relations, Systems Development, Planning, Finance, Property Services, Student Administration, Information Technology Services, and the University Librarian;
- The Chief Executive of Auckland UniServices Ltd.

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 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 on any matter affecting the University;
- Furthering and coordinating the work of faculties and departments, the Library and University Press;
- Encouraging scholarship and research;
- Appointing standing committees as required;
- Delegating authority to its committees;
- As delegate of Council, the Senate operates as a Committee of Council.

THE FACULTIES

Each Faculty is a Committee of Senate and is headed by a Dean who is responsible for management of the teaching, research and administrative activities of the Faculty. Each Faculty has established its own structure of Associate and Assistant Deans, and committees. Deans have primary financial responsibility for their Faculties.

GOVERNANCE DOCUMENTS: CHARTER AND PROFILE

The University's Charter is a high-level governance document that defines broad strategy and sets out the University's mission and role. The Charter was developed after a range of meetings and forums with key groups that provided the University's stakeholders with the opportunity to express their views on the direction of The University of Auckland.

The Charter has been approved by Council and the Associate Minister of Tertiary Education until December 2011.

The University's Charter provides the basis for the development of its Profile. The Profile is a rolling annual statement describing the University's plans and activities for the next three years. The Profile under the Education Act 1989 is also the base document which the Tertiary Education Commission must utilise to release general funding.

Legislative changes signaled by the Government will see Profiles replaced with Three-year Plans with effect from 2008.

CAPITAL PLAN AND FINANCIAL PROJECTIONS

The 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 the Capital Planning and Budgeting Committee 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 reviewed by the IT Strategy and Policy



John Morris
MA
Elected by Court of Convocation

Greg Taylor
MA
Appointed by Minister of Education

Roger France
BCom, CA
Appointed by Council

Associate Professor Ken Larsen
PhL STL Rome, MA PhD Camb.
Elected by Lecturers

Justice Lyn Stevens
BCL Oxford, BA LLB (Hons)
Elected by Court of Convocation

Professor Dianne McCarthy
BA MSc PhD
Elected by Senate

Professor Richard Faul
ONZM, BMedSc MBChB Otago, PhD DSc, FRSNZ
Elected by Academic Staff

Dan Bidois
BCom
Elected by Students

Committee before being approved by the Capital Planning and Budgeting Committee, and the Library Committee oversees the 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

FINANCE COMMITTEE

This committee is appointed by Council to consider the financial affairs of the University, both long-term and short-term. The Finance Committee works closely with the Vice-Chancellor and management to review all aspects of the financial performance of the University. Council receives reports from, and relies upon the advice of, Finance Committee in relation to financial performance.

AUDIT COMMITTEE

The members of the Audit Committee are appointed by Council and are chosen from the lay members of Council. Audit Committee's principal task is to ensure that all financial statements released to the public, stakeholders, lenders or any regulatory body comply with accounting standards, are true and fair, and are not misleading. The committee meets quarterly to review 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, Deloitte. Deloitte is appointed by the Office of the Auditor-General for a three-year term. Audit Committee receives regular reports on any matters which 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 PricewaterhouseCoopers 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. Audit requirements not covered by the 'core' programme will be resourced on a flexible, co-sourced basis, to allow drawing on the knowledge, skills and resources of both the University staff and specialist providers. Central to this approach is the development of a business-wide 'risk based' audit plan, which considers all critical business issues, operational risks, risk management processes, compliance with key legislative requirements and the effectiveness of internal financial and operational controls.

RISK MANAGEMENT

Risk management and internal audit activities are overseen by the Audit Committee. The University's risk management framework directs activities towards a high-level, process-based approach taking into consideration the external operating environment and including strategic, operational and financial risks. Risk management activities focus on identifying control gaps in existing

processes and systems, and on aligning and embedding the various processes so that risk-based decisions can be made on a consistent basis.

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 and its subcommittees ensure that the protocols for use of animals in research and teaching are in accordance with legislative requirements.

The Biological Safety Committee assesses applications for the use of genetically modified organisms in the University in accordance with the delegation by Environmental Risk Management Authority (ERMA) in order to identify all potential risks to people including researchers, 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 ERMA. 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 reviews proposed research and teaching projects which involve human subjects, other than projects which require Regional Health Authority ethics approval, 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. The Occupational Health and Safety Advisory Committee is a forum of nominated or 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:

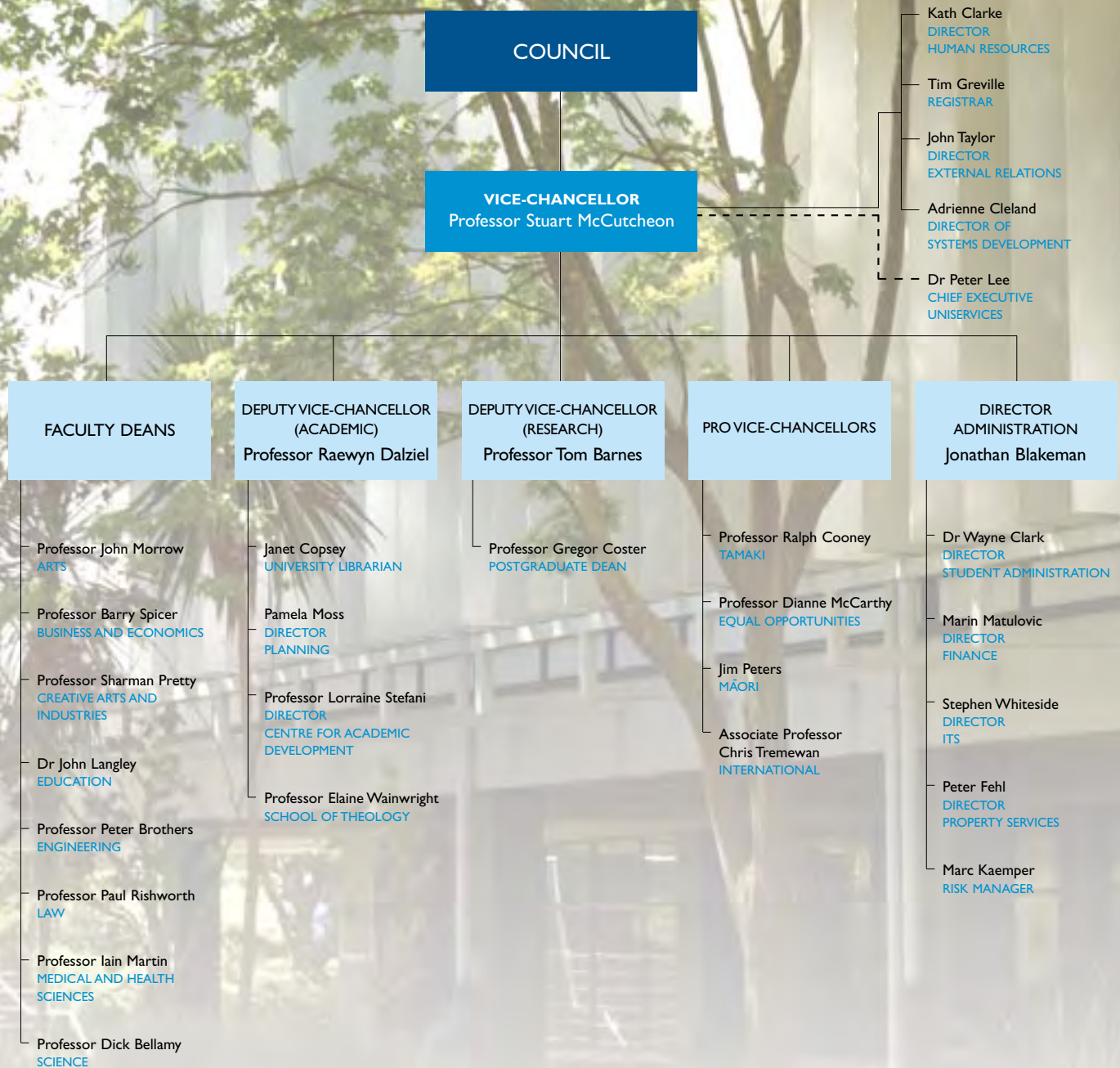
BUSINESS DETAILS

Bankers
Bank of New Zealand

Auditors
Deloitte – on behalf of the Auditor-General

Valuers
DTZ New Zealand Ltd

UNIVERSITY MANAGEMENT STRUCTURE



COMMERCIALISATION OF RESEARCH



While no part of a successful university ever stands still, few areas of activity have recently grown as quickly, or attracted as much attention, as the commercialisation of research. Governments are increasingly seeking tangible returns on investments in research and are drawn to universities as drivers of knowledge economies. For universities, success is a virtuous circle where today's revenue funds tomorrow's research.

The University of Auckland is a leader in this area. Its commercialisation company, UniServices, which has just marked its 18th year of unbroken revenue growth, is now the largest of its kind in Australasia. Success has been built on partnerships with academic staff and external clients, and an understanding of how to leverage new gains from inherently valuable fundamental research. 2006 also showed how further growth for UniServices will reflect key trends in the field of commercialisation.

Just as the Government is placing increased emphasis on commercial outcomes from research, large companies are looking to "Open Innovation", effectively outsourcing research and development, in a race to secure the best expertise. In addition, longstanding challenges in finding new sources of investment for viable new ventures coming from the university sector are being addressed, and this together with increasing contracting of universities by governments to provide consulting and other services is seeing university expertise making significant gains for the country.

The Government's commitment to innovation driven by

research was reflected in a national summit, *Capitalising on Research*, organised by the Ministry of Research, Science and Technology and Business New Zealand. Dr Peter Lee, CEO of UniServices was a keynote speaker at the summit, reflecting the fact that Government agencies recognise UniServices as a leader in commercialisation. These organisations now collaborate regularly with UniServices in order to increase the impact research has on national outcomes. For example, FRST and UniServices piloted the formation of strategic advisory groups of business people to more closely align research and commercial opportunities. The result has been discussions to form two new companies based on research at the Bioengineering Institute. UniServices also works with the University's Centres of Research Excellence and in 2006 was closely involved in the launch of new government-supported Partnerships for Excellence in Health Informatics and Plastics.

Major corporations are also looking more and more to universities as research partners as the "fortress model" of developing research and development in-house is abandoned in favour of innovation using external sources of expertise. For example, Procter & Gamble has committed to spend half of a \$US1.8 billion research and development budget on externally-sourced innovation. New Zealand is especially well-placed to benefit from this trend because of the international quality of much of our research capability and increasingly competitive global pressure to access new ideas and skills.

This makes the tyranny of distance largely irrelevant.

Importantly, open innovation is not about selling cheap. Indeed, a 2006 study by the Ewing Marion Kauffman Foundation, of more than 200 multinationals, found that companies sourcing research and development away from their home base value the ability to access intellectual capital and university collaboration far more highly than potential cost savings. This trend fits well with the innovative culture at The University of Auckland. A first-mover in New Zealand in this area, UniServices is promoted by the international technology exchange company, YET2.com and at the end of 2005 it undertook a pilot project with Procter & Gamble to identify new applications for University technologies. The University of Auckland was one of five participating universities around the world in this initiative from which two new projects are now under development at Auckland.

2006 also saw progress in building external support to address the so-called "Valley of Death". This is the phase in the development of new technologies where they move from being supported by publicly-funded research to attracting private investment. At this critical stage, the technologies are typically considered too "applied" for significant investment by government, but too high-risk for mainstream investors. As a result, the development track is very fragile and many promising technologies fail. UniServices has helped finance many such projects (including now highly successful companies such as Proacta and Neuren) through this phase. Recognising the potential in supporting many more technologies through this critical stage, it has identified and met with key potential investment partners to establish a new Growth Fund to leverage its own investment in the commercialisation of university

research with external funds and increase the number of spin-off companies and related revenue-generating opportunities.

Along with the benefits research has brought private partners and clients, a final key factor to note about 2006 is the establishment of an impressive critical mass of national public good research arising out of projects undertaken for Government agencies. Most of UniServices' revenue comes from commercial contracts. However, a large proportion of our income comes from Government contracts. Much of this work takes place cumulatively across scores of small projects, with some key larger projects clearly demonstrating significant contributions to health and education.

The University's researchers were able to demonstrate the efficacy and safety of the Meningococcal B Vaccine and thereby support its roll-out by the Ministry of Health. This roll-out has seen a reduction of the incidence of the disease by a factor of five in vaccinated groups

The Werry Centre for Child and Adolescent Mental Health at The University of Auckland is providing first-class training and support for the mental health workforce. The New Zealand Mental Health Survey has been recognised by the Minister of Health as identifying key target areas for service delivery.

The asTTle software teaching and assessment tools developed at the University have also attracted ministerial praise, with a former Minister of Education, hailing it as a "world-class resource." AsTTle is now being actively marketed overseas where it has been identified as significantly helping children to learn better. As with other commercial research, success will bring further revenues to the University and its staff and new benefits to the end users.



ACADEMIC ACTIVITIES

FACULTY OF ARTS

In 2006 the Faculty of Arts continued to pursue excellence in teaching, research and creative works across the full range of its disciplines, encompassing the study of culture, society, language and literature.

The high standing of the Faculty in research and scholarship in the Humanities and Social Sciences was recognised internationally with a number of significant appointments and awards for Faculty members. The *Times Higher Education Supplement* ranked the Humanities departments 29th amongst the world's top universities and Social Science departments 33rd.

In the face of softening undergraduate EFTS figures, recruitment of top quality students remains a priority for the Faculty. Particular emphasis has been put on the recruitment of high quality taught and research postgraduate students so that the Faculty can sustain and increase postgraduate enrolments. Initiatives in this area include the introduction of a PhD

Writing Programme aimed at supporting recently enrolled PhD students towards academic achievement, and the development of the Summer Scholarship programme aimed at supporting undergraduate students into postgraduate study. The Faculty has also focused on establishing a programme with low decile and non-traditional feeder schools in South and West Auckland to encourage and facilitate students' progression towards tertiary study. This programme will be developed further in 2007.

The Faculty will continue its efforts to recruit international graduate students and has formalised agreements with the Beijing Foreign Studies University and participated in efforts to recruit Government-supported PhD candidates from China and Pakistan. Target markets for recruitment of international students are China, the Americas and Europe; in the last of these markets opportunities to recruit MA research students through the Erasmus Mundus programme will be a priority.

The Faculty Tuākana Arts Programme continued to develop innovative programmes for the recruitment and retention of Māori and Pasifika students. The Tuākana Leadership Programme is an initiative that is targeted at stage two and three Māori and Pacific students who are achieving well academically. Students attend workshops to develop both academic and leadership skills; the programme incorporates an internship component with public and private entities. The programme, based on the concept of negotiating the future with academic success, will be developed further in 2007.

In 2006 the Faculty considered a number of new proposals to enhance the teaching programme. The postgraduate diploma in Social Science Research Methods has been approved for introduction in 2007 and a postgraduate programme in Policy Studies is under development for introduction in 2008. A proposal to introduce a BA in Writing Studies in 2008 has been approved in principle by the University and the proposal for the introduction of a major in Anthropology (Biological Anthropology and Archaeology) in the BSc is being developed. A proposal to introduce Criminology as a subject for the BA will be developed early in 2007. These initiatives are expected to involve collaboration with other faculties.

Departments have targeted research support funding to the completion and advancement of staff research activities. The Faculty has also supported staff and postgraduate student research from funds administered as part of the Faculty Research Fund. In order to encourage participation in bids for external funding, and to assist staff in developing the skills necessary to make strong applications, the Faculty set up a series of grant writing workshops, supported by peer evaluation and mentoring. It also established a calendar of stipendiary fellowships in overseas institutions to broaden knowledge of the sources of external funding for work in the humanities and social sciences.

A significant programme of events ran throughout the year,



Primatologist Dr Boubli (Anthropology) holding a baby Bearded Saki of the new species he discovered on the Rio Negro region of Brazil. (Photo taken on Rio Araca, a left hand tributary of Negro River, where the monkey was found.)

designed to profile the diversity of the departments and their links to the University and the wider community. The Shakespeare Winter Lecture Series was a particularly successful event which showcased a series of lectures from leading academic and industry experts in collaboration with the Auckland Theatre Company. The Faculty continued to develop a high profile through public lectures, and a number of conferences were held over the course of the year, attracting internationally renowned scholars.

Highlights included:

- The Honourable Mike Rann, Premier of South Australia, gave the Chapman Lecture *"You campaign in poetry, you govern in prose"*, and journalist and columnist Gordon Campbell gave the Jesson Lecture which explored *"Getting personal: the trends towards tabloidisation, personalisation, and commercialisation, and how they are shaping the ways that the media and politicians deal with each other"*.
- The Faculty hosted three Hood Fellows in 2006: Professor Miles Taylor (York University), Professor Harold Lewis Dibble (University of Pennsylvania) and Sir Geoffrey Lloyd, Emeritus Professor of Ancient Philosophy and Science at Cambridge. The Hood Fellows contributed to departmental seminar programmes and a series of public lectures on themes as varied as Queen Victoria in New Zealand and research on Neanderthal behaviour.

Awards, scholarships and grants won by staff in the Faculty of Arts in 2006:

- Professor Raylene Ramsay (School of European Languages and Literatures), received the award of Chevalier de L' Ordre des Arts et des Lettres. The honour, conferred by the French government, is one of the highest in France in the field, and recognises significant contributions to the arts and literature and propagation of these areas of intellectual endeavour.
- Professor James Belich (Department of History) and Professor Andrew Sharp (Department of Political Studies) both received awards in the New Zealand Order of Merit in the Queen's Birthday Honours.

FACULTY OF BUSINESS AND ECONOMICS

The University of Auckland Business School aims to be recognised as one of Asia-Pacific's foremost business schools, known for excellence and innovation in research, learning and partnership with enterprise, and for contributions to enhancing New Zealand's competitiveness and capacity to create wealth and prosperity. The School is committed to educating individuals who will contribute to the enlightened management and leadership of private and public sector organisations, and to the development of sound economic and public policy in a globally connected world. The School continues to maintain the highest entry standards in New Zealand to its business programmes.

Initiatives in teaching and learning for 2006 included a new Auckland MBA designed on a flexible, quarter-based calendar to accommodate practitioners' work schedules and place greater emphasis on value creation, innovation and leadership. An initiative based on interfaculty collaboration designed to bring scientific ideas to the marketplace has resulted in the launch of the Postgraduate Diploma in Bioscience Enterprise by the School of Biological Sciences with the Business School and the Faculty of Law. The Master of Bioscience Enterprise will be offered in 2007.

At the undergraduate level there was further development of the language and communication skills programme, now regarded as a curriculum model. A pilot programme is underway using CECIL as a platform for mapping courses and curriculum against the Graduate Profile to provide a more sophisticated and interactive version of previous curriculum grids. Digital-based learning strategies, fast feedback student learning assessments and implantation of technologies such as e-portfolio have also been tested. Successful experimentation with voice-over PowerPoint technology took place, allowing lecture playback on demand.

To provide learning opportunities in applied areas, the Business School continued to foster a range of successful partnerships with enterprises, including EXCELERATOR – The New Zealand Leadership Institute and The ICEHOUSE. The Business School has also pursued innovative partnerships to help develop Māori

RESEARCH INTO MEDICAL AND PUBLIC HEALTH HISTORY IN NEW ZEALAND

Over the past decade Associate Professor Linda Bryder has created and led a very successful research group within the Department of History for the study of New Zealand public health and medical history. Members of this group include nine current or recently completed PhDs. Monthly two-hour workshops are held to discuss common issues and themes and to share ideas; this is additional to regular individual supervision. The students are mentored by Dr Bryder and by Dr Derek Dow, a medical historian based in the Department of General Practice, and an agenda is drawn up at the start of each year as a result of dialogue involving all attendees. One goal is the timely completion of theses, with the meetings encouraging students to remain focused and motivated. Two have recently completed and one is on the point of submission. Two others completed their provisional year in 2006.

Thesis topics have included the history of venereal disease, immunisation, tuberculosis, hepatitis B, fluoridation, abortion, sex

education, germ theory and psychiatric nursing. Dr Bryder's own research is currently focused on the history of women's health, supported by a Marsden grant; one of the students holds a scholarship from this grant. Two others hold or have held Top Achiever Doctoral Scholarships and two gained University of Auckland Senior Health Research Scholarships; others have been awarded University of Auckland PhD Scholarships.

The group was well represented at the 2006 international conference of the Society for the Social History of Medicine at the University of Warwick, UK, with five attending and one winning the Conference Poster Prize. Almost all of the current students will be presenting papers at the biennial Australian and New Zealand Society of the History of Medicine conference in Canberra in July 2007. The students have always been encouraged to engage with the discipline internationally and have had papers accepted for Medical History and Health and History, two prominent journals within the field.



Winners of the McGill Management International Case Competition in Montreal (from left) – Front: Andrew Clements, Peter Smith (coach), Geoffrey Cumming. Back: Rachael Germann, Paul Dou, Tessa Gould, Mark Russell.

business expertise and business leaders in Northland and Auckland, and is now cooperating with the Forest Research Institute to offer the Postgraduate Diploma in Māori Business in Rotorua, utilising video conferencing technology.

The Business School's strong commitment to Māori and Pacific students and enterprise development continued. This year saw the first Māori Enterprise involvement in the Spark Entrepreneurship Challenge and participation in a nation-wide Māori postgraduate conference.

The Business School staffing profile has been significantly bolstered this year with the appointment of four new professors, each an international expert in their field. Supplementing the School's commitment to leadership education, Professor Brad Jackson was appointed as the first Fletcher Building Education Trust Professor of Leadership. Professor Alan Stenger became the inaugural Ports of Auckland Professor of Logistics and Supply Chain Management. Associate Professor Marie Wilson was promoted to Professor of Management and Head of the Department of Management and Employment Relations and Professor Hugh Whittaker was appointed as Professor of Management.

The Bank of New Zealand announced its intention to invest \$1.35 million over five years to establish a Chair of Finance

at the Business School, aimed at improving New Zealanders' understanding of financial issues. Professor Jerry Bowman has been appointed as the first Bank of New Zealand Professor of Finance.

Professor Steven Cahan became the School's first PhD Programme Director and work began on implementing a PhD Programme Action Plan designed to increase the number of PhD students and completions. The first School-wide PhD conference was held where students showcased their research.

This year the School focused on optimising the outcomes of the PBRF process in the current round. Marsden and FRST applications made by Business School staff increased in numbers and sponsored research programmes were established with the Employers and Manufacturers Association and the Human Rights Commission.

Having achieved the "Triple Crown" of accreditations by 2005, senior staff participated actively during 2006 in AACSB International (Association to Advance Collegiate Schools of Business), EQUIS (European Quality Improvement System) and AMBA (Association of MBAs) accreditation panels, review teams and high-level committees. Accounting programmes were re-accredited by the New Zealand Institute of Chartered Accountants for a further five years.

THE MIRA SZÁSZY RESEARCH CENTRE FOR MĀORI AND PACIFIC ECONOMIC DEVELOPMENT

A high-powered group of business leaders has joined the Business School's new Advisory Board. Chaired by John Hagen, former Chairman of Deloitte in New Zealand, the 21-member board has a mix of international and local members who are among some of New Zealand's most prominent business and community leaders. Working groups were set up this year to engage the board members' experience and involvement on a number of challenges confronting the Business School and issues critical to the fulfilment of the School's mission.

Following continued successes in fundraising, the advancement team has set a goal of building an endowment for the Business School as part of the overall fundraising campaign. An extraordinary gift of \$10 million has since been committed to the Business School to establish a perpetual endowment fund. The endowment fund donation is made up of \$5 million plus an additional \$5 million if the Business School raises \$10 million from other sources, creating an initial base fund of \$20 million. The Business School will grow the endowment from this base, with a future target of \$200 million in mind.

Progress continues on the construction of the Owen G Glenn Building, the new home of the Business School, due for completion in late 2007. The building is named for the expatriate New Zealand entrepreneur Owen G Glenn in recognition of his generous donation of \$7.5 million to the Business School. The construction has reached its final height of six storeys plus a large teaching floor and will open its doors to students in 2007, with the opening of the two main lecture theatres. One will be named the Fisher & Paykel Appliances Auditorium in honour of this significant donor. For the first time in its history, the entire Business School will be brought under one roof and this will allow for the consolidation of all its programmes on the City Campus.

Highlights included:

- The Mira Szász Research Centre hosted a Symposium on Pacific Futures that brought together an influential cross-section of people to discuss the impact of globalisation on the Pacific region. Participants included Prime Ministers of island nations, high commissioners, academics, religious leaders and policy-makers.
- The Dean's Distinguished Speaker Series has enabled the Business School and its partners, friends and alumni to come together and share knowledge and insights concerning important topics in business today. Prominent speakers this year included Ralph Waters on the transformation of Fletcher Building, David Skilling on the importance of globalising the New Zealand economy, and former Vice President of the United States Al Gore on the impact of climate change on business and investment.

Awards won by students in the Faculty of Business and Economics in 2006:

- Pradeep Raman and Swati Sharma won the Spark \$40K Challenge top prize as team Myskillpool for developing an online people market that could reinvent Internet recruitment.
- Business School teams again made the Global Business Challenge finals in Seattle, came second at the Montreal 2006 McGill Management International Case Competition and won the New Zealand 2006 Business Case Competition.

The Mira Szász Research Centre was established by The University of Auckland Business School in 1998 and is an integral part of the Business School. The Centre focuses on Māori and Pacific communities, nations and small-medium enterprises. It aims to provide effective economic and social development support services by bringing together experienced and skilled practitioners and scholars dedicated to high quality outcomes.

Dr Manuka Henare is the current and foundation director of the Centre, which has two other part-time administrative staff. Dr Hazel Petrie, the Centre's first Post-Doctoral Fellow, was appointed in 2005 and leads in two current research projects. Ms June McCabe, a leader, Māori banking executive and consultant, is the Centre's inaugural Businessperson-in-Residence, on a part-time appointment. Together with Dr Henare they are conducting research on leadership.

Currently, the Centre is most closely associated with the Graduate School of Enterprise and the Department of Management and Employment Relations. It has strong links with other departments in the Business School including the Departments of Economics, Marketing, Information Systems and Operations Management and with other faculties in The University of Auckland including Arts, Engineering and Science. The Centre employs a number of staff on a permanent and part-time basis and is able to access expertise in other departments in the Business School and throughout the University.

The Centre is home to some of the Business School's most significant research projects, such as a major FRST-funded project to study the determinants of growth and innovation in the New Zealand seafood sector. This is a joint Business School and National Institute of Water and Atmospheric research programme with ten researchers in a \$1.4 million multi-disciplinary study. The project identifies, through case studies, innovation along the supply chain. The sector will play a critical role in New Zealand and Māori economic development, with a large representation of Māori as owners and other stakeholders.



NATIONAL INSTITUTE OF CREATIVE ARTS AND INDUSTRIES

The 2006 achievements of the National Institute of Creative Arts and Industries (NICAI) emerge from the pursuit of its vision to create a national centre of innovation in contemporary creative arts and industries research, education and practice through advancing excellence in each of the disciplines represented, and through the exploration and development of interdisciplinary synergies.

The Institute now comprises five clearly defined academic units through which discipline excellence is pursued:

- The School of Architecture and Planning;
- The School of Music;
- The School of Fine Arts (Elam);

- The Dance Studies Programme;
- The Centre for New Zealand Art Research and Discovery.

In addition, NICAI offers the Bachelor of Visual Arts at the Manukau School of Visual Arts, Manukau Institute of Technology.

NICAI plans to use two related themes, The Scholarship of Studio Teaching, and Drawing and Inscriptive Practice, as major drivers for pan-Faculty focus, both projects being relevant throughout the various disciplines. The Faculty's PBRF allocation and a successful Hood Fellowship application are supporting these initiatives.

NICAI has been involved in a range of international benchmarking exercises in Elam and Music, looking particularly at curriculum structure and assessment. An audit of the status of all doctoral candidatures has been completed, a framework for monitoring annual doctoral reports established, and workshops



held for all NICAI post-graduate supervisors as a “refresher” of current policies and expectations.

The merging of the former School of Architecture and Department of Planning in early 2006, to become the School of Architecture and Planning, has provided an enhanced opportunity to strengthen the contribution of architects and planners to the sustainable design, planning and development of New Zealand communities. In 2006, the professional Architecture programmes were the first in New Zealand to be reviewed and accredited under the recently introduced Australasian system, and received full professional accreditation for the maximum period of five years. Professor Peggy Deamer has been appointed as Head of School, and will join the Faculty from her current position at Yale in early 2007.

In 2006, the fledgling Dance Studies Programme experienced significant growth, including an increase in postgraduate numbers, and was approved as a subject for PhD study.

The Elam School of Fine Arts had an outstanding year, with some early outcomes of the new inter-disciplinary curriculum being evident in the end of year shows. Highlights in the School of Music included three exceptional performances by the University of Auckland Strings, two of these directed by international visiting artists Wolfram Christ, and by Goetz Richter. These performances represented a significant leap forward in terms of string ensemble performance standards in the School.

NICAI is proud of the diversity of its student body and has made significant progress in 2006 in establishing robust and sustainable Tuākana and Intellectual Entrepreneurship Programmes. A short documentary film of the first year Architecture project “*Ocean Studio*” has made a major impact at the two international conferences at which it has been shown in 2006. The project was recognised for its innovative approach of using the diversity of the

student body as a resource for learning, conceptual exploration and collaborative engagement. Further, a project engaging all first-year students in Elam, *Taonga*, was developed and led by Associate Professor Michael Parekowhai as part of Elam’s Tuhura initiative, which provides a framework for the integration and exploration of Māori values and culture in the curriculum.

NICAI has formed strong links in its international network. Elam continues to develop its important partnership with the Glasgow School of Art, while the School of Music has established a relationship with the University of Melbourne for the purpose of offering regular collaborative postgraduate conferences. The performances by the New Zealand Trio at alumni functions in North Asia in September 2006 were warmly received, as were the Trio’s performances at Fudan University and the University of Korea as part of that tour.

Some selected staff and student successes in 2006:

- Associate Professor Karen Grylls, School of Music, won the Tui award for the Best Classical Album at the New Zealand Music Awards 2006 with the CD “*New Zealand Voices - Spirit of the Land*”; the New Zealand Trio was a finalist for the Best Classical Album at the same Awards with its CD “*Spark*”.
- Dr Michael Gunder, Senior Lecturer, School of Architecture and Planning, was elected President of the New Zealand Planning Institute.
- Jayani Iddawela, a fourth-year Elam School of Fine Arts undergraduate, took the top prize in the Tertiary Education Commission Student Design Award 2006 Wearable Arts for her garment “*Un-labelled*”.
- Christina Read, Elam School of Fine Arts MFA student, won the National Drawing Award 2006 from a field of over 550 entrants with her drawing, “*I should have been a detective*”.

RESEARCH AND CREATIVE WORK IN THE ELAM SCHOOL OF FINE ARTS

Described as a “cultural ethnographer, scavenger and archivist”, NICAI’s Elam School of Fine Arts lecturer Daniel Malone has been working globally to produce a proliferation of outcomes from his artistic research in 2006. From New York to Santiago via Cracow, Berlin, Melbourne and Singapore, Malone has been investigating New Zealand’s historical and social connections with foreign locales.

Conceptual concerns are at the core of his practice, with the intent often being to poke fun at dominant ideologies and didactics. For example, when selected by renowned curator Fumio Nanjo to present a performance at “Belief”, Singapore’s inaugural international biennale of contemporary art in September 2006, Malone designed an event which involved people linking hands to encircle City Hall, each one willing it to levitate.

Invited to be part of “Transversa” in Santiago in October, Malone came up with a root vegetable as the common link between New Zealand and South America. This work capitalised on the recent discovery that a wild species of Ipomoea found in Mexico has proved to be more closely related to the kumara than any other root vegetable. Malone made ceramic versions of the kumara, fired in kilns, for the exhibition at Galeria Metropolitana, and prepared a hangi pit for traditional Māori steaming of the local Chilean variant of the kumara for consumption at the opening.

Blending biogeography with colonisation, Malone showed in this



Heating ceramic sweet potato forms to be used in a Hangi cooking real sweet potato for Transversa, Santiago, Chile, 2006.

work how nature met culture in the transmission of an important food source for indigenous peoples south of the equator. By connecting the shared Gondwanaland origin of the plant with its spread by the Portuguese to the East Indies, then to Melanesia, and by the Spanish from their American colonies to the Philippines, Malone lobbed the hot potato of the legacy of colonisation into the midst of the art world. This work is typical of his practice generally, where research is used to deploy diverse materials that create situations and spaces that unsettle preconceptions of social and cultural identity.

FACULTY OF EDUCATION

2006 presented exciting challenges to the Faculty, with the consolidation of the Faculty's organisational structures and the introduction of new programmes in teacher education and approval of those in social work and human services.

The three areas of emphasis during the year were purpose, place and people. The purpose is about the Faculty's goal of being at the forefront of education and human services. The place refers to the continued efforts of the Faculty to become fully integrated with the wider University and the people are the most important asset that the Faculty has.

The Faculty is now a little over two years old and during that time much has been achieved, with a significant number of developments in 2006. These include the consolidation of the Faculty's organisational and committee structures, the relocation of all academic staff members into their new schools on the Epsom Campus, the introduction of a new suite of teacher education programmes, approvals gained for the introduction of new degrees in social work and human services to commence in 2007, the development of programmes in collaboration with Manukau Institute of Technology, the completion of a series of

reviews related to support and service areas of the Faculty, and the continued integration of both academic and general staff members from the Faculty within the wider University.

One of the main achievements of the amalgamation was creating a comprehensive faculty that covers all aspects of education and social work, from foundation and undergraduate programmes, through to postgraduate and doctoral programmes, and across to professional development services.

The new teacher education programmes are based on an evidence-informed, outcomes-focused approach to prepare students to teach diverse learners. The aim is to produce graduates who have the research skills, subject matter and pedagogical understandings to enable them to teach in ways that focus on learning methods and address current disparities in educational achievement.

The introduction of the new organisational structure incorporating staff within a matrix model of programmes and academic schools has emphasised the importance of the effective delivery of programmes in a Faculty where the majority of those programmes have professional requirements, and enabled academic staff to be grouped in ways that support their teaching and research interests.

During 2006 there has been a considerable consolidation in the integration of the Faculty with the wider University. This has occurred in several ways. One has been the completion of systems reviews in key areas of the Faculty's functioning such as the Contact Centre and Marketing, completing a process that began in 2005. Another has been the success of the Faculty's new committee structure and the way in which it sits alongside that of the University. It is pleasing to see the Faculty and its staff now fully involved in the academic and administrative life of the University.

The Centre for Educational Design and Development continues to work with academic staff who are developing new and innovative courses and teaching programmes. The main emphasis during 2006 has been the use of the Internet to reach out to and support off-campus learners, provide new opportunities for campus-based students and create a learning environment that is reflective of today's lifestyle. To date, some 180 courses have been made available through flexible study options.

Internationally, the Faculty continues to make significant advances. This has occurred in four areas. They are the successful collaboration with the Department of Applied Language Studies and Linguistics (DALSL) to consolidate and grow the Bachelor of Education (TESOL) in conjunction with Malaysian tertiary institutions; the professional development contacts that exist between teachers and principals in various Asia-Pacific countries; the formal links established with other tertiary organisations to enable joint research, teaching and professional development opportunities; and contacts with Universitas 21 partners and other institutions for the development of mutual exchanges and benchmarking.

In addition, a new organisation, the Asia-Pacific Education Deans Association, was formed in October 2005 with the Dean of the Faculty of Education as one of the inaugural members. Dr Langley was elected Deputy-Chair.

Throughout 2006 the Faculty has undergone reviews of staffing for both academic and general staff and it is a credit to all involved that they have been completed successfully. The level of commitment and professionalism demonstrated by the staff during these processes must be commended as they have adopted a



“business as usual” approach to all of the functions of the Faculty and have done so in a very effective manner.

The relationship the Faculty enjoys with its communities of interest are a major strength. These relationships are crucial for any faculty delivering professional qualifications and in education and social work. Where these communities are both complex and diverse, they are particularly important. Relationship building takes time and considerable effort, and staff undertake the process ably and willingly.

Highlights included:

- The Faculty organised and hosted the 125th jubilee celebration of teacher education in the Auckland region.
- A notable achievement for the Faculty was a record year for doctoral completions, with 22 graduates being capped (13 in PhD and 9 in EdD) in graduation ceremonies in 2006. This reflects a number of initiatives taken over recent years by the former School of Education to facilitate both enrolment and completion of doctoral students.

FACULTY OF ENGINEERING

The strength of any organisation, a university in particular, is its people. The Faculty of Engineering enjoys a very strong group of staff and students, many of whom have received external recognition for their achievements over the year. Of particular note was the election of Distinguished Professor Peter Hunter to be a Fellow of the Royal Society of London. This is a high honour, and is a great acknowledgement of the work of Professor Hunter. A pleasingly large number of staff were successful in competitive research funding applications and students also had their successes.

The “Accelerated Pathway” undergraduate opportunity had its first year in 2006. This is a programme where well-prepared students, who have demonstrated academic achievement at high school, can gain their BE in three years as opposed to four, and

are encouraged to progress to the ME, thereby getting both degrees in the normal four years. Twenty students entered this programme, and have gone well in their first year.

PhD enrolments in the Faculty over the last few years have risen steadily, effectively doubling over the last five years from 113 in 2002 to 219 in 2006.

International linkages continue to be a focus for the Faculty. A group of researchers visited China, developing contacts at foremost Chinese universities. As a consequence of previous visits, foreign academics from leading Chinese institutions have been able to take sabbatical leave at Auckland, postgraduate students may come to study here, and there are other activities involving cooperation at a research programme level. The China initiative is seen as a critical long-term investment for the Faculty. A new connection was formed in 2006 through the generosity of an alumnus who endowed a scholarship for Vietnamese students. Linkages with Vietnam are seen as the next step in outreach plans for the region.

Following the move of Electrical and Computer Engineering to new facilities in 2005, the expanded and refurbished Engineering Library was opened at the end of 2006. The Library has grown by over two-thirds, contains a computer-based teaching room, and a strong and steady growth in holdings. The Library is an effective source of information for Engineering staff and students.

The roof of the Engineering tower block has been reconfigured as a Green Roof as part of a research project. This is a technique addressing stormwater pollution issues, and has involved creating the ability to hold rainfall in a natural ecosystem on the roof itself. The project is valued both as a research activity and as a symbol of the Faculty's commitment to the inclusion of sustainability in Engineering practice.

The New Zealand Network for Earthquake Engineering Simulation (NZ-NEES) facility was created this year, and as an international IT link to the NEES network in the US it enables researchers to have a very high bandwidth connection with major research facilities worldwide. This permits a virtual presence for

THE LIGHT METALS RESEARCH CENTRE

The Light Metals Research Centre was established in 2002 as a cross-faculty centre in Engineering and Science, to build on the international reputation and expertise in aluminum smelting developed by Emeritus Professor Barry Welch and his associates over 20 years. Together with the Research Centre for Surface and Materials Science, the Centre incorporates wide-ranging expertise in the surface science of light metals, materials engineering, and high temperature process engineering and process control.

The Centre is led by Professor Mark Taylor, who joined the University from Comalco where he held positions as General Manager Technical, directing Comalco's reduction research and development and providing technical support to Comalco's three operational smelters, and General Manager Operations for the largest of these at Boyne Smelters in Central Queensland.

The Centre has grown rapidly since establishment so that it now has more than 30 researchers with a cohort of 19 students. The Centre's team includes Professor John Chen, Professor Jim Metson, and Associate Professor Margaret Hyland. The research

of the Centre is truly international with large contracts in all spheres of the international light metals industry, including primary aluminium producers on all continents, electrode and refractory manufacturers in Europe and Asia, environmental control companies in Scandinavia and major Australasian companies and government agencies. The research team has won several international awards for its work.

The Centre's laboratories are equipped with an extensive range of sophisticated analysis and simulation equipment including X-Ray diffractometers, scanning electron microscopes (field emission and environmental), mass spectrometers (TOF-SIMS and Quadrupole), an X-ray photoelectron spectrometer (the only machine in New Zealand), atomic force microscope, and a number of high temperature furnaces and pilot scale equipment.

In addition to research and teaching within the University, the Centre provides specialist courses for the smelting industry, in particular the Postgraduate Certificate in Light Metal Reduction Technology which is the international benchmark qualification for smelting operations.



set-up of experiments, real-time data flows, and even remote control of the actual testing. The Auckland facility is the first such site outside of the US. A side benefit is that the facility also permits the echoing of the Auckland Traffic Control Centre – the collection of all real-time data from the Auckland road network – and hence is a great asset for the Faculty's Transportation research and teaching programme.

A strong focus of 2006 was the celebration of the Faculty's Centennial. This was marked by a very successful set of Winter Lectures, an Open Day for the community and a Centennial Week attended by a large number of domestic and international alumni, culminating in a Centennial Dinner at which the Prime Minister spoke. One of the pleasing outcomes of the celebrations has been the re-energisation of the Auckland University Engineers Association (AUEA). It is led by a group of able and committed alumni, and has indicated that it is dedicated to supporting the Faculty.

Highlights included:

- The Formula SAE (Society of Automotive Engineers) race car team placed sixth in the Australian competition. This is a student-run activity. The team had a successful transition from the founding group to a second generation of leadership; a most important step, and a tribute to the mentorship of the academics involved.
- A team from the Mechanical Engineering Department won the Warman competition. This is a student design prize which is competed for against top Australian universities.

Awards, grants and scholarships for staff and students in the Faculty of Engineering include:

- Professor Bruce Melville was elected as a Fellow of the Royal Society of New Zealand, Professor Wei Gao was awarded a James Cook Fellowship, Professor Andrew Pullan was promoted to the rank of Professor, and Professor Mick Pender was given a University of Auckland Teaching Excellence Award.
- Dr Edmund Crampin received a Marsden Fund grant.

- Professors Debes Bhattacharyya, Wei Gao and Mark Taylor, along with Drs Neil Broom, Yu Lung Chiu, Roger Dunn, Rainer Seidel, Xun Xu, Associate Professor Margaret Hyland and a number of other staff, received significant grants.
- Matthew McCormick, a graduate with a conjoint BA/BE in Economics and Biomedical Engineering, received a Woolf Fisher scholarship to study for a DPhil at Oxford.
- Dr Michael O'Sullivan Jr and Dr Cameron Walker, together with some of their students, won a prize in the Spark business case competition.

FACULTY OF LAW

The Faculty of Law continued its delivery of the undergraduate LLB and LLB(Hons) programmes. Auckland law students continue to be highly sought after by employers and a pleasing number have been successful in scholarship applications and admission to prestigious northern hemisphere institutions for postgraduate study.

In 2006 the Faculty's LLM programme has a postgraduate student body with approximately 40% made up of international students. Teachers in the postgraduate programme have come from a diverse selection of international universities, as well as some practising leaders of overseas and local law firms. The Faculty created the role of Postgraduate Manager Europe to aid in the development of the programme's international profile. This person attended LLM fairs throughout Germany. A Board for Postgraduate Law and Tax was established. This board serves as a largely external board of reference to advise on content and delivery of the Faculty's postgraduate courses.

2006 has been a strong year for the Faculty's doctoral programme. At the autumn graduation we had two Law PhD students graduating: senior lecturer Nin Tomas and John Bunbury; Eric Kwa graduated PhD in the spring ceremony.

RESEARCH IN THE FACULTY OF LAW

The Law School continued to experience strong interest in its international student exchange programme this year, with 25 Part IV Law students on outbound exchange. This is similar to the number of outbound students in 2005. The number of inbound exchange law students increased in 2006, with 26 students studying at Auckland. It is particularly pleasing to note that nine of these students stayed on for a second semester. The Law School concluded new law student-specific exchange agreements with Keio Law School in Japan (supplement to an existing university-wide agreement), Utrecht Law School in the Netherlands (new exchange agreement involving the Faculties of Law, Science and Arts) and the University of Ghent in Belgium (supplement). The Law School is also in the process of finalising a law student-specific supplementary exchange agreement with Lyon 3 (Université Jean Moulin) in France.

This year has seen one new appointment to the Faculty and a number of notable staff successes: American Kevin Heller was appointed in June as lecturer specialising in international criminal law, domestic criminal law and evidence; Peter Sankoff was promoted to senior lecturer; and Dr Elsabe Schoeman was promoted above the senior lecturer bar. Warren Brookbanks was appointed to a Chair and 2006 saw three staff promoted to Associate Professorships: Scott Optican, a leading authority on criminal justice and policing issues; Paul Myburgh, a leading scholar in maritime law; and Julia Tolmie, a criminal law specialist.

The Faculty has been keen to develop South Pacific legal studies further. This year it established a Board of Reference for Pasfika students and South Pacific Legal Studies. Several academic staff have experience as consultants and researchers in Pacific legal issues, and we will seek to work with colleagues in Pacific institutions to take this further.

Senior law students enlisted with the Law School's Equal Justice Project staff in a three-hour drop-in legal advice clinic at Waitakere. Supervised by volunteer and staff solicitors, the students gained real life experience of handling everyday queries and giving practical advice.

A number of alumni have achieved judicial appointment or notable successes including Judge Anand Satyanand DCNZM (LLB 1970) who was appointed as Governor-General, succeeding Dame Silvia Cartwright. Judge Satyanand is the third graduate of Auckland to have become Governor-General. The University of Auckland recently awarded His Excellency an honorary Doctor of Laws degree. The Hon Justice Lyn Stevens (LLB(Hons) 1970) has been appointed a judge of the High Court. Lyn is also an alumni representative on the University Council. He held the office of Pro-Chancellor from 2001 to 2003. His elevation brings the number of Auckland alumni sitting on the High Court as judges to 12, and as associate judges to four.

Highlights included:

- The Faculty hosted eminent visitors in 2006, among them: Hon Justice Eddie Durie, best known for his long term as Chief Judge of the Māori Land Court and Chairperson of the Waitangi Tribunal; Professor Brian Simpson of the University of Michigan Law School, one of the pre-eminent legal historians in the common law world; and Professor Bill Cornish, formerly the Herchel Smith Professor of Intellectual Property at the University of Cambridge.

Awards, publications and grants for staff and students of the Faculty of Law for 2006 included:

The Faculty has a comprehensive programme of work on Criminal Law and Justice with several research projects focused on domestic and international criminal law and policy. The international dimension of criminal law has become increasingly important in recent times, with various tribunals now dealing with crimes against humanity and the Rome Statute binding treaty parties to international cooperation in dealing with war criminals. Several members of the group are working on aspects of these developments; Kevin Heller's work in relation to the Saddam trial and Iraqi criminal procedure was relied upon by lawyers for Saddam's co-defendants before the Iraqi High Tribunal. Members of the Faculty have been active also in evidence law research and criminal procedure: in 2006, Associate Professor Optican was an external adviser to the Law Commission's review of evidence law and is completing a co-authored text on the Evidence Act 2006, Kevin Heller's "Cognitive Psychology of Circumstantial Evidence" was published in the prestigious *Michigan Law Review*, while Peter Sankoff completed a new handbook on the law relating to witnesses in Canada along with the annual update of his substantial text on that subject. Other members of the group are engaged in important work on New Zealand criminal justice policy and sentencing reform, and a third edition of Professor Brookbanks's co-authored criminal law treatise has been completed.

Members of the Faculty also undertake extensive work on Public and International Law including: the role of public interest litigation in social change, the impact of public law values in the private sphere, the processes of constitutional change in New Zealand, constitutional dimensions of human rights law, international liability for nuclear shipments, and issues concerning international trade and globalisation. Professor Mike Taggart continues his research projects into the legal control of vexatious litigants and public law controls on the use of private property.

The Centre for Environmental Law is active in ecological justice, the role of international law in sustainability, and domestic legal issues of resource management. Te Tai Haruru, the Faculty's Māori section, has been working on indigenous concepts of law and their relationship to Anglo-New Zealand conceptions, and on Māori women's experience of discrimination. A substantial text on medical law in New Zealand was produced with substantial involvement of two Faculty members, spanning issues of health regulation, capacity and informed consent.

Commercial law research focuses on the fundamentals of private law obligations as well as business law. That research has resulted in Paul Sumpter's text on Intellectual Property Law: *Principles in Practice* and various local and international publications on aspects of private and business law issues.

- The Rt Hon E W (Ted) Thomas was awarded the J F Northey Prize for Best Published Book in 2005 by the Legal Research Foundation for his book: *The Judicial Process: Realism, Pragmatism, Practical Reasoning and Principles*, published by Cambridge University Press.
- James Townshend, Charlotte Saunders, Jonathan Orpin – Winners of the Australian Law Students' Mooting Championships held in Melbourne.
- Paul Paterson, Peter Williams – Outstanding Participant Awards, American Bar Association (ABA) National Criminal Justice Trial Advocacy Competition in Chicago, Illinois.
- US/NZ Fulbright Graduate Awards went to Nicole Roughan (BA/LLB 2005) and Katherine Sanders (BA/LLB(Hons) 2004), who will both be studying in the LLM programme at the Yale University School of Law. Since graduating from Auckland, Nicole completed an LLM while employed as an assistant lecturer in the Law Faculty at Victoria University of Wellington. Katherine worked for the New Zealand Court of Appeal, the Supreme Court and, most recently, the law firm Chapman Tripp.

FACULTY OF MEDICAL AND HEALTH SCIENCES

The Faculty of Medical and Health Sciences aims to improve the health of local, national and global communities through excellence in teaching, research and service. The University was ranked 26th in the *Times Higher Education Supplement* Biomedical University Rankings, up from 33rd in 2005, emphasising the

strong collaborative relationships that exist across the faculties with biomedical research capacity (Medical and Health Sciences, Science, and Engineering).

2006 marked the first year that the Liggins Institute has operated as a large-scale research institute independent of the Faculty of Medical and Health Sciences. The separation has been carried forward smoothly and both the Faculty and Liggins are benefiting from the new arrangement.

A notable event in the research arena included the formal establishment of the National Institute for Health Innovation, in which the Faculty joined with 13 partner organisations, with funding from the Partnerships for Excellence scheme.

The Faculty's strong research performance continued with external research revenue of over \$39 million received in 2006. In this year's HRC funding round there were three successful projects including two new programmes and one programme extension, and three emerging researchers received First Grants, all with a total value of \$11.3 million. In addition to these, UniServices Ltd was awarded a number of grants for work to be conducted in FMHS by Faculty and UniServices staff.

Biological imaging has been a growing strength of the Faculty for a number of years and 2006 saw further development and consolidation in this area. Dr Alistair Young was appointed Director of the Biomedical Imaging Research Unit. A live cell imaging facility was commissioned and a new transmission electron microscope is currently being installed. This, coupled with the continued success of the Centre for Advanced MRI, places the Faculty at the forefront of imaging technology.

In partnership with the Breast Cancer Research Trust a new Chair of Breast Cancer Research has been established with

THE AUCKLAND CANCER SOCIETY RESEARCH CENTRE

The Auckland Cancer Society Research Centre (ACSRC), in the School of Medical Sciences of the Faculty of Medical and Health Sciences, celebrated its 50th anniversary in November 2006 with a public information day, a formal reception, and an international scientific symposium. In 50 years the ACSRC has grown from five to about 100 staff and research students, but its main focus has remained the design and development of new drugs for cancer therapy. Its record to date in bringing eight new cancer drugs to clinical trial (many of them being first in their class) has established it as a major academic drug development centre. The ACSRC is also a founding member of the Maurice Wilkins Centre for Molecular Biodiscovery.

One major highlight for the ACSRC in 2006 was the successful Phase II trial of its antivasular agent DMXAA in non-small-cell lung cancer, conducted from Auckland by Associate Professor Mark McKeage. This has prompted the UK biotech company Antisoma to take the drug to Phase III trial for this indication. A second highlight was the Phase I clinical trial of the hypoxia-activated prodrug PR-104. Trials began at Waikato Hospital in early January, and at sites in Melbourne and Los Angeles, funded by the company Proacta Inc that was set up by Auckland UniServices in 2001.

Drug development is a very multi-disciplinary endeavour, requiring legal, regulatory and management skills in addition to scientific and clinical expertise. It is also lengthy and expensive, with lead times in excess of ten years and a typical Phase III trial costing at least US\$100 million. Successful drug development by academic

laboratories thus requires a willingness to engage with industry, which can provide the complementary expertise and funding. These points are exemplified by the development of DMXAA and PR-104, where the early scientific discovery work on both concepts began in the mid-1980s as grant-funded research in the ACSRC, but required commercial involvement (by Antisoma and Proacta respectively) to undergo clinical development.

The ACSRC has had such commercial collaborations since 1978 when its first drug, amsacrine, was brought to Phase I trial by the US National Cancer Institute and then licensed to Parke-Davis, beginning a 25-year research collaboration with the company and its successors (Warner-Lambert and Pfizer). Current research projects in the ACSRC include work on several other classes of hypoxia-activated prodrugs apart from PR-104, on inhibitors of DNA methylase enzymes, on new bio-reductive TB drugs and on immunosuppressive agents. Basic research on the targets and mechanisms of action for DMXAA and a new topoisomerase inhibitor SN 28049 continue, as does work on gene therapy approaches and on the ubiquitin/proteasome pathway in cancer. These projects include commercial collaborations with Supergen Inc, Incitive Ltd, and the Global Alliance for Tuberculosis, in addition to those with Antisoma and Proacta.

Future goals include the development of screening technologies to take advantage of the plethora of new molecular targets being discovered, and a concomitant expansion in translational research to ensure that more of the laboratory output can be trialled in New Zealand.



an appointment likely in early 2007. The Neurological Foundation has announced it wishes to fundraise for the appointment of a Neurological Foundation Chair of Clinical Neuroscience – a development very strongly supported by the Faculty.

FMHS provided one of three successful applications from The University of Auckland in Round 3 of TEC's Innovation and Development Fund. Titled "Simulation Training and Research in the Health Professions", the project, led by Professor Alan Merry, provides a high fidelity human patient simulator and associated audio-visual equipment in the new Advanced Clinical Skills Centre. The resources will be used in several collaborative projects to establish simulation-based courses in anaesthesia and other acute-care specialties; to enhance the quality of training in the management of critically ill patients for undergraduate and postgraduate medical and nursing students, paramedics, and rescue workers, and develop new inter-professional courses; and for the conduct of research into human factors and patient safety within Anaesthesia, Emergency Medicine, and other disciplines.

2006 saw the adoption of a new academic governance structure for the Faculty which will ensure a better alignment of Faculty and University processes and streamline academic governance matters for the Faculty.

The year finished on a high note as the Faculty celebrated the successful outcome of the case presented to TEC (and then Cabinet) for additional funding for the MBChB programme. The increase recognises the current very significant under-funding of the medical programme and will enable us to further enhance the already excellent programme.

The Faculty's general and academic staff have been active and productive in all areas of teaching, research and service in 2006 and consequently much has been accomplished.

Highlights for 2006 included:

- Professor Tim Cundy, a member of the Auckland Bone Group, was named a Fellow of the Royal Society of New Zealand.

- The academic achievement of the co-directors of the Auckland Cancer Society Research Centre was recognised with the award of the Hercus Medal to Professor Bruce Baguley and Gluckman Medals to Professor Bill Denny and Professor Bruce Baguley.
- A number of present and past staff of the Faculty were also recognised in the 2006 New Zealand Queen's Birthday Honours list. Professor Cynthia Farquhar, Professor of Obstetrics and Gynaecology and Deputy Clinical Director of Gynaecology, was made a Member of the New Zealand Order of Merit for her work in women's health. Professor Lynn Ferguson, head of the discipline of Nutrition, was made a Companion of the Queen's Service Order in the recent honours list and Dr James Watson, former Professor of Molecular Medicine, was made a Companion of the New Zealand Order of Merit for services to scientific and medical research.

Awards, grants and scholarships for staff and students:

- Professor Rod Jackson of the School of Population Health received the Stevo Julius Award for 2006 from the International Society of Hypertension for his work in helping GPs assess patient risk from cardiovascular diseases.
- Claire French, a PhD student in the Department of Anatomy and Radiology, was named the MacDiarmid Young Scientist of the Year. Through her collaborative research with ESR, she has developed a testing method that distinguishes mouth, vaginal and skin cells for use by forensic scientists.
- Swati Sharma, a Year 3 PhD Student with Professor Richard Faull in Anatomy and CEO of Chiasma 2006, was the winner of this year's \$40,000 Spark Entrepreneurship Challenge. Working with fellow team member Pradeep Raman, Swati's winning entry was the business plan for Myskillpool.com, an online people market where skilled professionals may create multimedia portfolios of themselves for potential employers to view.

FACULTY OF SCIENCE

2006 saw a number of important new developments in the Faculty of Science.

The Institute of Earth Science and Engineering (IESE) was launched in November 2005 as a joint initiative with the Faculty of Engineering. The Institute will be administered through Auckland UniServices Ltd and will be based on the successful model provided by the Light Metals Centre.

The year also saw the formation of the Centre for Software Innovation, again a joint effort of the Engineering and Science faculties. John Corey, a person with extensive experience in the software industry, has been appointed to the position of Director. This Centre aims to promote better interactions between staff and industry with a view to boosting the research revenues accessed by staff from the ICT area.

During the closing stages of the year, a new School of Geography, Geology, and Environmental Science was formed. This move reflects the increasing need to gain economies of scale from academic teaching units, and the growing importance of earth and environmental sciences and urban themes in a world where energy, water, climate change and environmental issues are increasingly matters central to decision-making. Associate Professor Willie Smith has been appointed Acting Director and a new School Manager is about to be appointed. The Directorship has been advertised and it is hoped that an appointment to the post will be made in the New Year.

The Faculty participated again this year in the PBRF assessment exercise, this being the second time that such an exercise has been carried out in New Zealand. Once again this exercise required a major effort and the results have already generated interest. The *Times Higher Education Supplement* rankings for universities have been released for the 2006 year, yielding a pleasing result for the University with the ranking received being 46th, six places up from 2005. The Science ranking was 58th, up from 72nd the previous year, and the Biomedical ranking, to which both Science and Engineering contribute substantially, together with the FMHS, yielded a very pleasing overall ranking of 26th.

Much effort was also expended during the latter part of the year on preparing reapplications for two Centres of Research Excellence hosted by the Faculty. The Centre for Molecular

Biodiscovery directed by Professor Baker, was relaunched in August as the Maurice Wilkins Centre for Molecular Biodiscovery at a ceremony attended by the Honorable Trevor Mallard, Minister of Economic Development. The late Professor Maurice Wilkins, a New Zealander and co-discoverer of the structure of the DNA double helix, shared the 1962 Nobel prize for Physiology or Medicine with Francis Crick and James Watson. The Maurice Wilkins Centre incorporates other major groups drawn from the Faculty of Medical and Health Sciences and the Faculty of Engineering. It is intended to expand the Centre to include other groups from elsewhere in New Zealand, most of these having a focus on structure and on structure-based directed drug design.

The other Centre of Research Excellence accommodated in the Faculty is the New Zealand Institute of Mathematics and its Applications. Co-directed by Professors Marston Conder and Vaughan Jones, the NZIMA involves a number of University researchers drawn locally, and other academics located elsewhere in New Zealand. It is hoped that both these Centres will be successful in continuing their funding in the current CoRE round, given the major positive impact they create on research and scholarship in the Faculty of Science.

This year, Faculty members have also been involved in applications for Centres of Research Excellence that are hosted by other institutions. If successful, these will contribute significantly to the Faculty research activities.

In overview, the 2006 year was a challenging one, but nevertheless one in which there have been considerable academic achievements. As the Faculty looks forward to the 2007 year it does so in the knowledge that the quality of science and the hard work of staff will be the foundation upon which the Faculty will continue to be based.

Awards for staff included:

- Professor Ted Baker, Director of the Maurice Wilkins Centre, received the prestigious Rutherford Medal of the Royal Society of New Zealand. This award is given to the top scientist in New Zealand for the year and recognises both Professor Baker's key contribution to structural biology and the many other contributions his group has made to knowledge of protein structure.

THE INSTITUTE OF EARTH SCIENCE AND ENGINEERING

The Institute of Earth Science and Engineering (IESE) is an interfaculty institute which aims to capitalise on research strengths at The University of Auckland in a wide range of areas from geotechnical engineering to volcanic hazards, water management and geothermal energy extraction. Established and launched at an "Underground Auckland" meeting at the end of 2005, the Institute has now completed its first year of operation. The University has been fortunate to recruit Professor Peter Malin, an internationally renowned geophysicist from Duke University in the US who specialises in microseism detection and application to geothermal energy prospecting, to direct the institute. Research work is already under way in geothermal energy (the Geothermal

Institute is part of the Institute of Earth Sciences and Engineering), geotechnical engineering, petroleum geophysics, coastal and catchment studies and volcanic hazards. The Institute has support from the Earthquake Commission for positions in volcanic hazards, geotechnical and earthquake engineering. The IESE has sponsored an initiative to coordinate energy research across the campus and represented the University in successful proposals for research on energy. During the past year the IESE also sponsored public lectures in climate change from Lord Ron Oxburgh (UK) and Professor Geoff White (US), a one-day meeting on volcanic hazards, and played a key role in organising the annual Geothermal Association Workshop.



The Prime Minister Rt Hon Helen Clark opened the Sir John Logan Campbell Classroom, June 2006.

The Liggins Institute is the first of the University's Large Scale Research Institutes (LSRI) and thus operates outside of, but in collaboration with, the faculties.

Established in 1970 the Liggins Institute has made enormous progress in 2006, in bedding down the operating processes of a LSRI within the University framework. The move to a LSRI has involved redesign at all levels within the Institute, but particularly on the administrative side, and that reorganisation is largely complete.

The newly opened Sir John Logan Campbell classroom, the only classroom in New Zealand located in a University and designed for the regular provision of teaching to high school children, highlights the innovation possible with the development of the LSRI concept. The curriculum has focused on modern biology and biotechnology, and a teacher has been appointed supported by a grant from TEC. The facility is in high demand and feedback shows it to be a very innovative and exciting development. The classroom was opened by Prime Minister Helen Clark in June 2006.

The Institute is seen as the empirical leader in the fields of mammalian developmental plasticity, growth and development, and the developmental origins of health and disease. This leadership is shown in papers, high profile invitations and visits, and in the increasingly authoritative role we play in international collaborations. The Institute has made very important breakthroughs in breast cancer biology, and has continued research in areas of developmental neuroscience and neuroprotection.

2006 has been another successful year with many research highlights reflected in outputs from our international, national, local and inter-group collaborations. Locally the developing relationship with AgResearch and Landcorp has been manifested in the joint purchase of a major genomic and epigenomic technology platform and several other joint applications are underway.

The Liggins Institute holds an international reputation, and its collaborators include:

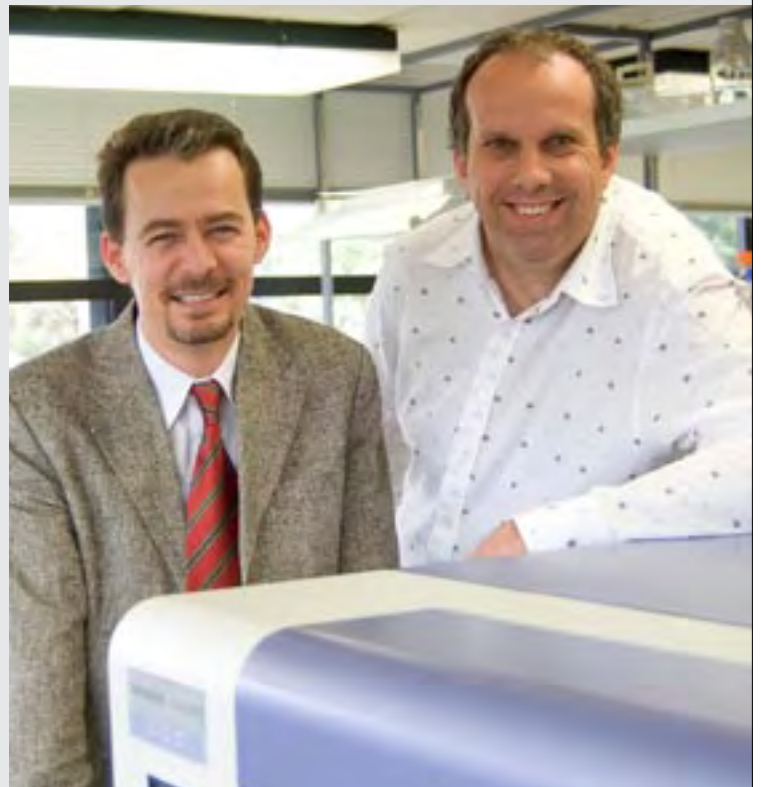
The University of Southampton (UK): Both the Develop Mental Origins of Health and Disease Division, lead by Professor M Hanson, and the MRC Epidemiological Resource Centre are close collaborators in theoretical, experimental and clinical studies. Joint intellectual property has been filed, and students and fellows have been exchanged.

The University of Cambridge (UK): In 2006 the Institute established a small branch within the Department of Pathology, Cambridge, establishing there Professor S Gilmour who remains a staff member of The University of Auckland. The aim is to raise the Institute profile, develop new relationships, and ensure access to new technologies, bioinformatics and funding.

National University of Singapore: A major new collaboration is developing with the National University of Singapore (NUS) with assistance from our diplomatic service. Several joint projects are underway or in grant submission and a joint application is being made for a new flagship programme on metabolic disease with Professor Chong at NUS.

Several staff received high academic recognition this year:

- Dr Mark Vickers received the Hamilton Award of the Royal Society of New Zealand for his pioneering work proving that developmental programming can be reversed.
- Professor Peter Gluckman was the first New Zealander inducted into the UK Academy of Medical Sciences.
- Professor Lobie was elected a Fellow of the Royal Society New Zealand.
- The contributions of the Institute to the City were recognised by the Auckland City Council in making Professor Gluckman only its fourth Distinguished Citizen.



Professor Peter Lobie (left) and Dr Mark Vickers.

AUCKLAND UNISERVICES LIMITED

UniServices protects and commercialises the University's intellectual property, runs its contract research and development activity, and supports an increasing number of commercially-focused specialist research and service centres at the University.

Particularly notable in 2006 was the continued strong growth of spin-offs, all of which continued to license University research and raised significant capital during the year. The market capitalisation of companies based upon technology licensed by UniServices now stands at \$650 million. This figure shows the commercial sector's assessment of their value. UniServices remains involved with and owns shares in most of these companies. Proacta announced success in Phase I trials of its novel pro-drug targeting hypoxic tumors and has recently closed a \$35 million second round of financing. Neuren raised an additional \$6 million through share placements. Brainz listed on the ASX and raised \$14.3 million. Recent additions to the family of UniServices's spin-offs also did well in achieving their initial rounds of financing with CoDa and Telemetry, raising \$14 million and \$0.75 million respectively.

UniServices has focused on identifying key investment partners to enable the development of early stage activities required to increase the number of spin-off companies and revenue-generating opportunities based on research at the University.

This year 25 patents were filed and 15 licensing deals were signed, to reach new totals of 199 and 130 respectively. These accomplishments lay solid foundations for future income flows.

UniServices has developed closer relationships with key government organisations and involvement with FRST led to the joint piloting of an advisory group to bring business and university research closer together. The result has been ongoing discussions to found two new companies based on research at the Bioengineering Institute in the areas of medical devices and software for medical imaging.

2006 saw the establishment and strengthening of new commercial hubs at the University which led to even closer alignment of academic research directly related to external need. UniServices cooperated with the University to initiate five additional commercially-focused centres and institutes able to interface with

industry sectors with a broad array of technology. In 2006 the Light Metals Research Centre's revenue grew to over \$3 million.

In the last year UniServices also:

- Launched the Centre for Software Innovation, appointing John Corey as Centre Director – the Centre has already reached the first \$1 million in contracts.
- Provided contract and product management support to new Partnerships for Excellence in Health Informatics and Plastics.
- Recruited the inaugural director and supporting staff for the Institute of Earth Science and Engineering and negotiated the incorporation of the company SONDI, which provides instrumentation in the field of seismology, as an integral part of the Institute.
- Provided the administrative and business support for the new Director of Food, Nutrition and Health.

Strong continued growth was experienced across a range of public-good contract research was undertaken for Government agencies. Through projects, such as the Meningococcal B Vaccine trials programme, asTTle and the establishment of the Werry Centre, University expertise contributed significantly to national gains in health and education.

UniServices successfully ensured that the English Language Academy, affected by an international downturn in overseas students, met its financial forecast as a result of careful management of costs.

Success with new Contract Education business included the delivery of a first-ever postgraduate qualification in the Middle East in 2006.

Positive Phase II (clinical proof of efficacy in humans) clinical trial results for the DMXAA cancer drug licensed to Antisoma led to a more than doubling in Antisoma's share price. Development of this drug has potential for very significant flow-on benefits to the University in licensing fees and the enhanced reputation for biotechnology in New Zealand.

Several multi-million dollar research contracts were signed with overseas multi-national companies. For example, Genetech will be using Zebra fish expertise to evaluate new drug targets. The University of Auckland is now a leading scientific and commercial centre for the use of this animal model to understand pathology and early treatments of many important diseases.

UniServices remains focused on growing a scalable business with systems to support future revenue targets. The company has completed a new strategy and operating plan to align with the University's strategy. It has also implemented a wide range of activities to enhance internal performance, support systems, resources and operating procedures.

2006 saw UniServices continue its 18-year record of double digit revenue growth. The company continues to invest in further growth and enhanced performance by increasing its support for the University's specialist commercially focused research hubs, and advancing several key initiatives for expanding the range and scale of opportunities available for commercial research. The continuing outstanding support of the University's academic community and progress across all activities in 2006 provide confidence for a further strong result in 2007.



CENTRES OF RESEARCH EXCELLENCE

The Centres of Research Excellence Fund was established by the Government in 2001 to support world-class research which contributes to New Zealand's development. The aim of the fund is to encourage a greater concentration of research resources (both intellectual and financial) in the tertiary sector through the creation of Centres of Research Excellence which provide high quality, innovative research and research training environments.

Funding for these Centres is allocated on a competitive basis, with rounds being held in 2001, 2002, and – most recently – 2006. Decisions on the 2006 round will be made in the first half of 2007.

In the first two rounds, funding was allocated for seven Centres of Research Excellence, each hosted by a university. In each case, the host institution is responsible for management and co-ordination of the research plan, and support for knowledge transfer and networking activities. The University of Auckland was successful in obtaining funding for four proposals:

- The Maurice Wilkins Centre for Molecular Biodiscovery;
- The National Research Centre for Growth and Development;
- The New Zealand Institute of Mathematics and its Applications;
- Ngā Pae o te Māramatanga (National Institute of Research Excellence for Māori Development and Advancement).

Funding was provided for six years, with a review after three years. All Centres at the University of Auckland were successful in the review process and now have funding until 2008.

MAURICE WILKINS CENTRE FOR MOLECULAR BIODISCOVERY

Director: University Distinguished Professor Ted Baker

The Maurice Wilkins Centre began its life in 2003 as the Centre for Molecular Biodiscovery, with the coming together of five major research groups within the University. Each research group had its own scientific interests and directions and independently received funds from national and international funding agencies. While there had been several successful collaborations between the groups prior to the establishment of the Centre, the realisation that shared interests and the combined expertise that the groups could provide to common goals of research excellence in the biomedical and biotechnology field gave the Maurice Wilkins Centre an international competitive advantage.

The Centre has gained international recognition for its work in the following areas:

NEW ANTIMICROBIALS THROUGH GENOMICS AND PROTEIN STRUCTURE.

One of the most dramatic consequences of the genome revolution has been the completion of genomes of many of

humankind's deadliest pathogens. Within these genomes lies a wealth of information about how these organisms survive, what defences they present to the immune system, and what makes them pathogenic to humans. The Centre has a large programme of research dedicated to understanding the mechanisms of pathogenesis of two of the most common bacterial pathogens: *Mycobacterium tuberculosis* and *Staphylococcus aureus*, which is the archetypal "superbug", able to develop resistance to all known antibiotics.

RATIONAL DRUG DESIGN USING PROTEIN STRUCTURE ANALYSIS.

Understanding the structure of protein targets provides a wealth of information that can be used to design and develop new chemotherapeutic agents. Once the structure of a potential drug target is determined, *in silico* computer methods are employed to model lead compounds into the protein's active site. Combined with this *in silico* approach, the Centre is able to use advanced synthetic chemistry and protein engineering to develop a range of compounds based on the lead compound that are then tested in assays for activity.

HIGH THROUGHPUT PROTEOMICS FOR NOVEL THERAPEUTICS.

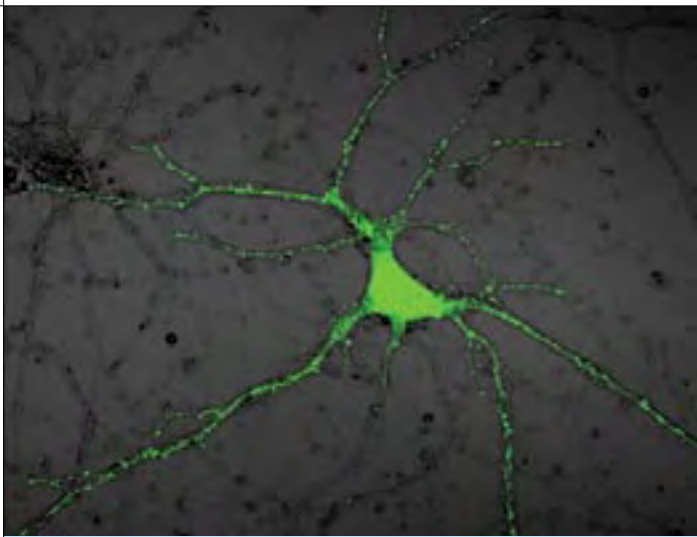
The Centre has an advanced proteomics programme for the identification of proteins and peptides that can either be developed as therapeutics in their own right or provide targets for structure-based drug design. The main goal is to identify new peptide therapeutics for diabetes and heart disease.

MATHEMATICS AND ENGINEERING TO MODEL BIOLOGICAL SYSTEMS.

In conjunction with the Bioengineering Institute, the Centre is developing a framework for modelling cellular and sub-cellular processes using advanced mathematical and simulation techniques. The markup language "CellML" is being developed to encapsulate the mathematical descriptions of cell functions and the work has stimulated international interest and collaborations with major institutions around the world.

CELL SIGNALLING PATHWAYS IN DIABETES AND METABOLIC DISORDERS.

Every human cell is controlled by highly complex networks of proteins called signalling molecules that work together to regulate all the functions of a cell. Research in recent years has started to unravel these complex networks and this knowledge is beginning to show that defects in these pathways can play a significant role in the development of major diseases. In this area, the work of the Centre focuses on understanding how defects in these cell signalling pathways contribute to diabetes and cancer.



DEVELOPING CELL BASED IMMUNOTHERAPY FOR CANCER AND OTHER DISEASES.

The cells in the immune system are key players in controlling infectious diseases and also cancer. The Centre is working to understand how human cells recognise infectious agents and cancer cells, especially those invading the skin, and how they attack and destroy these threats. The rare immune cells that carry out these functions are purified and grown in the laboratory, and the key molecules they use to perform their roles are identified to help in the design of vaccines for both cancer and infectious disease.

THE NATIONAL RESEARCH CENTRE FOR GROWTH AND DEVELOPMENT

Director: University Distinguished Professor Peter Gluckman

Studies of the biology of growth and development are fundamental to New Zealand, both for advancing human health and for enhancing agricultural productivity. The National Research Centre for Growth and Development (NRCGD) combines skills and research from the Liggins Institute (where the Centre is headquartered), the Faculty of Medical and Health Sciences and the School of Biological Sciences of The University of Auckland, Massey University, the University of Otago, AgResearch and over 30 other national and international collaborators. The Centre has given much attention to developing a strategic approach to managing science across these partners. The Centre now comprises 120 staff and students with capabilities spanning evolutionary and developmental biology, genomics, epigenetics, biomedical science, mammalian physiology, endocrinology, neurobiology, cell biology, systems biology, agricultural biotechnology, public health and policy research. It has an advanced infrastructure and has seen the formation of a strong, globally linked network of researchers centred on New Zealand.

The Centre studies how environmental influences in early life affect development and have long-term consequences including increased risks of prematurity, of being born small, of developing obesity or cognitive impairment, and of later developing heart disease, diabetes, osteoporosis or mood disorders. The research

also informs an understanding of degenerative disease in later life. It has direct relevance to agricultural productivity and the development of healthier foods. These strategies are based on environmental, including nutritional, approaches rather than on genetic manipulation.

The research ranges from theoretical through molecular approaches to applied animal and clinical outcomes and is designed for ultimate translation for benefit, both in terms of social advancement through better health and through commercial and public translation in biotechnology and agriculture. It studies the molecular and cellular basis of gene-environment interactions in development, with particular emphasis on molecular epigenetics (how patterns of gene expression are altered without changes in the underlying DNA sequence). Determining the mechanisms by which early environmental cues (such as maternal nutrition or stress) influence a range of later outcomes (such as metabolism and cognition) has the potential to allow application to studies in human populations and pastoral agriculture. A basic focus is that of developmental mismatch, a concept the NRCGD developed to explain how the environment at one stage of development can induce changes that are inappropriate at later stages. Its recent results show that the deleterious consequences of a poor early environment can be reversed, offering ways to improve health and pastoral productivity by focusing on nutrition and other low-technology interventions. The Centre studies environmental factors that can affect how individuals develop or that can determine later changes in body function. These studies are supported by others focused on the conceptual and theoretical underpinnings of developmental plasticity, the ability of organisms to develop in a variety of different ways in response to different environments. The NRCGD has a high rate of publication including many very high impact papers.

The Centre also evaluates how this research can be translated to policy and practice and has an additional focus on ethics, economic outcomes, policy, and public education. The Centre seeks to be a role model and innovative in developing best practice in being a networked portfolio of strategically driven and managed research of the highest international standard, in training and mentoring, in interactions with young people, Māori and Pasifika, and in public education. It sustains strong links to end-users, and emphasises translation for social and economic transformation of all New Zealand.

THE NEW ZEALAND INSTITUTE OF MATHEMATICS AND ITS APPLICATIONS

The NZIMA is headed by Fields Medallist and Distinguished Alumnus Professor Vaughan Jones from the University of California, Berkeley, and Professor Marston Conder, with involvement of the best pure and applied mathematicians and statisticians from across the country.

The principal aims of the NZIMA are to:

- Create and sustain a critical mass of researchers in concentrations of excellence in mathematics and statistics and their applications;

- Provide New Zealand with a source of high-level quantitative expertise across a range of areas;
- Act as a facilitator of access to new developments internationally in the mathematical sciences; and
- Raise the level of knowledge and skills in the mathematical sciences in New Zealand.

It is modelled on similar mathematical research institutes in other countries, notably the Fields Institute (Canada), MSRI (Berkeley), and the Newton Institute (UK), and is a member of two international consortia: IMSI (the International Mathematical Sciences Institutes) and PRIMA (the Pacific Rim Mathematical Association).

The Institute places considerable emphasis on world-class research in fundamental areas of the mathematical sciences and the use of high-level mathematical techniques in modern application areas such as bioengineering, bioinformatics, medical statistics, operations research, and risk assessment.

A key activity of the Institute is the organisation of two thematic research programmes each year, in significant fundamental areas of the mathematical sciences. The Institute runs workshops (for professionals and students from across New Zealand), brings leading experts to New Zealand, and supports research by the programme directors, postdoctoral fellows and graduate students in the theme areas.

The Institute also supports selected Maclaurin Fellows and postgraduate research students, and sponsors conferences and other activities such as the New Zealand Mathematical Olympiad, and visits and public lectures by high profile mathematical scientists.

New research programmes in 2006 include:

GEOMETRIC METHODS IN THE TOPOLOGY OF THREE-DIMENSIONAL MANIFOLDS

The central theme of this programme is the understanding of three-dimensional manifolds with particular emphasis on recent progress resulting from the use of geometry. The programme concentrates especially on the techniques and consequences of recent work on the geometrisation conjecture.

MODELLING INVASIVE SPECIES AND WEED IMPACT

Invasive, non-native species are a major threat to indigenous biodiversity and other conservation values in New Zealand. As a consequence New Zealand has become a world leader in biosecurity and weed management. There is a strong desire among New Zealand conservation organisations, environmental managers and ecologists to determine the optimal use of resources between the competing demands of controlling existing weeds and stopping new weeds, thus minimising the negative impacts on indigenous biodiversity and ecosystem processes. Working with mathematicians, ecologists and managers, this programme is progressing towards the design of a mathematical framework for exploring the spread and subsequent impact of invading organisms in New Zealand ecosystems.

PARTIAL DIFFERENTIAL EQUATIONS: APPLICATIONS, ANALYSIS AND INVERSE PROBLEMS

This programme is centred on the theory and application of

structure-preserving model reduction of finite-dimensional and infinite-dimensional systems, and the inverse problem on these systems. It particularly seeks to develop the interaction between the theory of explicit reductions of partial differential equations and the applied inverse problem.

NGĀ PAE O TE MĀRAMATANGA

THE NATIONAL INSTITUTE OF RESEARCH EXCELLENCE FOR MĀORI DEVELOPMENT AND ADVANCEMENT

Directors: Professors Linda Smith and Michael Walker

Ngā Pae o te Māramatanga works towards the transformation of New Zealand society to achieve full participation by Māori in all aspects of society and the economy. In order to do this, the Institute seeks to grow and harness Māori research strength in three critical enabling areas: education, health and science. The Institute undertakes research, capability building, and knowledge transfer in each of these areas. A strong commitment to excellence in this work ensures that improved socio-economic performance by Māori will follow, contributing to national goals and giving the Government a strong return on its investment in research.

The programmes of Ngā Pae o te Māramatanga are in three broad categories, and the Institute provides a number of different funding options to ensure a wide spectrum of opportunities at all levels.

TE PAE WHERAWHERA HAUTUPUA (RESEARCH PROGRAMME)

The research programme aims to generate ongoing transformational change through strategically identified research projects developed under the Institute's themes with both contestable and commissioned research projects.

TE PAE WHAKATAIRANGA HIRANGA (CAPABILITY BUILDING PROGRAMME)

The capability building programme aims to expand and strengthen both Māori and national capability and capacity for transformational change through research and its applications. Activities under this programme include:

- Support and mentoring for doctoral students;
- Curriculum development for Māori;
- A series of writing retreats;
- Doctoral conferences and symposia;
- Training workshops.

TE PAE WHAKAWHITINGA MĀTAURANGA (KNOWLEDGE EXCHANGE PROGRAMME)

The knowledge exchange activities of Ngā Pae o te Māramatanga aim to improve the uptake of research through engagement with Māori, and national and international academic communities. The Institute runs an acclaimed seminar series, and also publishes an academic journal and a series of monographs. In addition, researchers from the Institute are actively involved in events in the community, presentations at hui, and policy seminars. The Institute also runs a biennial international conference, focused on issues facing indigenous peoples worldwide.

STATEMENT OF SERVICE PERFORMANCE



Daniel Malone, lecturer from Elam School of Fine Arts, with participants in Steal this Smile!: a performance event at the Singapore Biennale 2006.

INTERNATIONAL STANDING

OBJECTIVE I

Establish The University of Auckland, New Zealand's premier research university, as a peer of the world's leading autonomous universities through association and collaboration, and by an active presence in the international academic community.

- The University organised a Universitas 21 Symposium on Internationalisation and Diversity in order to engender a new strategic direction for the network. This Symposium involved vice-chancellors, fund presidents, senior managers and academics from U21 universities, invited international experts and key University of Auckland staff.
- The University made significant progress in advancing its China Strategy. The Confucius Institute was established and the Director appointed.
- The University hosted President Lu, Yong Xiang the President of the Chinese Academy of Sciences, and conferred an honorary doctorate in engineering on him.
- The University received several requests for visits from distinguished visitors. These included the Prime Minister of Singapore, the Minister of Science and Technology of China, the Minister of Higher Education of Saudi Arabia, the Ministers of Education of Turkey and Jersey, a delegation of Members of the EU Parliament, the Crown Princess of Thailand, the Ambassadors of China, Germany, Russia, UAE, the President of Tianjin University and the Chancellor of Fudan University.
- The University's participation in the U21 Programme in Global Issues is progressing. A Certificate in Global Issues has been approved and will commence in 2007, hosted by the Department of International Business.
- Analysis is being completed on the audit of the University's bilateral relationships, which began in February 2006. This audit will allow the University to identify its top 20 strategic relationships, thus facilitating the process of prioritising effort and allocating resources accordingly. It will also highlight the relative importance to the University of its membership in Universitas 21, Association of Pacific Rim Universities and other international networks and policy organisations.
- The Vice-Chancellor signed an agreement with the China Scholarship Council in mid-July. This will result in the enrolment of some 20 sponsored PhD students annually for the next five years.
- The University participated in the Chinese-Foreign Universities Presidents' Forum in Shanghai in July as well as the Beijing-Forum in October.

- The University participated in the first Asian-Pacific Association for International Education (APAIE) conference in March at Korea University and attended the APAIE Executive Committee meeting in July in Japan.
- The University sourced funding for the establishment of the New Zealand Studies Centre at Peking University from the Government and private donors.
- The first stage of the trilateral partnership between Auckland, Tsinghua and Qinghai Universities is well underway with approaches made to the Government as potential partners in this programme.
- The University engages systematically with New Zealand education counsellors overseas.
- Generous private donor funding has been secured to support student exchanges between The University of Auckland and Fudan University.
- The University has made progress on a joint U21 Symposium and research project with Lund University on issues related to ethnicity, culture and politics.
- The University has implemented a U21 Solander programme to support joint research collaboration with Lund, UNSW, Queensland and Melbourne Universities.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
The University's position among New Zealand universities (in international university rankings)	First	First	First	First
Membership of international associations of universities				
Association of Commonwealth Universities	Yes	Yes	Yes	Yes
Universitas 21	Yes	Yes	Yes	Yes
Association of Pacific Rim Universities	Yes	Yes	Yes	Yes

OBJECTIVE 2

Create a distinctive international educational experience for our students, in Auckland and overseas.

- The University established a new position of Associate Director, International Student Experience, and provided enhanced support and pastoral care services to international students including the International Information Centre, the iSPACE facility and the International Student Advisory Service.
- An expanded International Student Support Service was established with two international student advisers working with the existing International Student Activities Officer based in iSPACE to provide a comprehensive package of pastoral care, advice, cultural programmes and activities.
- A new Associate Director, International Mobility was appointed at the end of the year to lead the student mobility section and to collaborate with faculties developing options for mobility outside traditional semester-based exchanges.
- The University signed new student exchange agreements with leading research intensive universities, including Utrecht University, University of Ghent, Fudan University, and University of Bologna.
- The University's diversification strategy is successfully compensating for the decrease in enrolments from China by building market share in other countries. These include the USA, Korea, Malaysia and Germany, increasing the cultural diversity of the student body.
- Study Abroad numbers remain steady.
- The University strives to diversify its student body through strategic marketing. There were 12 countries with 50 plus EFTS attending Auckland. Of these 12 countries, there has been significant growth in Malaysia, Korea and Germany.
- The University's service agreement with overseas scholarship agencies will fund the establishment of an international student adviser for graduate international students, located in the Graduate Centre.
- New exchange destinations have been arranged, with others in various stages of development including King's College London. The latter will respond to a strong preference for a quality London destination arising from a survey of prospective exchange students at Auckland.
- The University had 35 nominees who were successfully awarded funding in rounds one to four of the New Zealand Undergraduate Study Abroad Awards (NZUSAA).

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of local students undertaking study overseas through 360° Auckland Abroad	88	124	170	151
Number of incoming study abroad and exchange students	718	859	1,000	890
Number of countries with international enrolments of 50 EFTS or more	13	13	14	12

RESEARCH AND CREATIVE WORK

OBJECTIVE 3

Achieve a PBRF ratio of A:B:C:R rated researchers working at the University of 20:50:22:8 through the development of a high quality research environment.

- Distinguished Professor Ted Baker of the School of Biological Sciences, was awarded the Rutherford Medal, the highest science award in New Zealand, in November. Professor Baker is Director of the Maurice Wilkins Centre for Molecular Biodiscovery, one of four National Centres of Research Excellence located at the University of Auckland, and has an international reputation in the field of molecular biochemistry for his work on protein crystallography and tuberculosis.
- Professor Bruce Baguley, of the Auckland Cancer Society Research Centre, was awarded the prestigious Sir Charles Hercus Medal by the Royal Society of New Zealand. Professor Baguley was also named New Zealander of the Year by the *New Zealand Herald*. This was particularly fitting as the Research Centre celebrated its 50th anniversary in 2006. Professor Bill Denny and Professor Baguley have led the Centre over 20 years as it has developed an international reputation second to none in medicinal chemistry and anti-cancer drug development.
- Distinguished Professor Peter Hunter was elected Fellow of the Royal Society of London in May 2006. Election as a Fellow of the Royal Society of London is one of the highest honours available to scientists internationally, and Professor Hunter joins an outstanding group of 1400 Fellows and Members which includes 60 Nobel Laureates. Only 40 New Zealand born scientists (of whom eight are currently living) have ever been elected Fellows.
- Distinguished Professor Peter Gluckman (Director of the Liggins Institute) was elected Fellow of the United Kingdom Academy of Medical Sciences in May 2006. The Academy of Medical Sciences is an independent learned society which promotes advances in medical science and campaigns to ensure these are translated into healthcare benefits for society. Fellows are selected primarily for their contribution to the advancement of medical science, and of a Fellowship of 800, only 22 are based outside the United Kingdom.
- Professor Andy Philpott, of the Department of Engineering Science, was awarded the Hans Dallenbach Prize by the Operations Research Society of New Zealand. The prize is given for outstanding work in management science and operations research and recognises Professor Philpott's internationally acclaimed work on yacht design, telecommunications network design, the analysis of electricity markets, and the optimisation of electricity generation and transmission.
- Professor Howard Carmichael (Physics), Professor Tim Cundy (School of Medicine), Professor Bruce Melville (Civil and Environmental Engineering), and Professor Peter Lobie (Liggins Institute) were elected as Fellows of the Royal Society of New Zealand. Fellowship of the Royal Society of New Zealand (FRSNZ) is an honour conferred for distinction in research or the advancement of science or technology and only 12 Fellows were elected nationwide in 2006.
- Professor James Sneyd (Mathematics) and Associate Professor Catherine Casey (Management and Employment Relations) were awarded James Cook Fellowships by the Royal Society of New Zealand. The James Cook Research Fellowships are awarded to "forward thinking" researchers who will make a significant contribution to New Zealand's knowledge base. The Fellowships allow them to concentrate on their chosen research for two years and are widely considered as among the most prestigious science and technology awards in New Zealand. Of nine current James Cook Fellows, four are staff members of The University of Auckland.
- Associate Professor Penny Brothers (Chemistry) and Dr Melanie Anae (Director of the Centre for Pacific Studies) were awarded senior Fulbright New Zealand Scholarships. Only four scholarships were awarded nationwide. Associate Professor Brothers will spend six months at the Los Alamos National Laboratory (LANL) in New Mexico, studying porphyrin complexes which are able to make new materials with a number of scientific and commercial applications. Dr Anae will spend four months at the University of Hawaii, exploring identity journeys of Samoans and the persistence of Samoan identity throughout the world.
- Dr Mark Vickers, a Research Fellow at the Liggins Institute, was awarded the Hamilton Memorial Prize by the Royal Society of New Zealand for his work on fetal programming. The prize recognises outstanding work by a young New Zealander in New Zealand or the Pacific Islands.
- The University of Auckland Europe Institute was launched during a visit by a high-level delegation from the European Parliament in March 2006. Led by Professor Cris Shore (Anthropology) and Associate Professor Maureen Benson-Rea (International Business), the Institute will build on the substantial volume of research on Europe being conducted at the University and will link with other New Zealand universities in the New Zealand European Union Centres Network. The Institute will coordinate many aspects of the University's interactions with Europe, with a particular focus on new funding for research and scholarships.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual*
% of PBRF eligible staff who achieve an A Quality Category in the research quality evaluation report	10%	10%	12%	n/a
% of PBRF eligible staff who achieve a B Quality Category in the research quality evaluation report	36%	36%	40%	n/a
% of PBRF eligible staff who achieve an R Quality Category in the research quality evaluation report	20%	20%	16%	n/a

* The PBRF evaluation is held every three years. The first evaluation was in 2003 with the results available in 2004. The current evaluation was in 2006 with the results available in late March 2007. Consequently the 2004 Actuals were not remeasured in 2005.

OBJECTIVE 4

Achieve 800 masters and 500 doctoral completions per annum through the development of an international quality graduate programme.

- Claire French, a PhD student in the Faculty of Medical and Health Sciences, was named MacDiarmid Young Scientist of the Year for 2006 in the annual MacDiarmid Awards competition run by the Foundation for Research, Science and Technology. Claire developed a new technique, with wide application in forensic science, for determining which part of the body cell samples originate from. Hayley Reynolds, a student in the Maurice Wilkins Centre for Molecular Biodiscovery, and Andrew Graham, who is studying mechanical engineering, were named as runners up in the awards.
- Twenty-seven students from the University of Auckland were successful in obtaining Top Achiever Doctoral Awards in 2006, from a total of 64 granted nationwide. The Top Achiever Doctoral Awards are the premier nationally-funded scholarships in New Zealand and provide support for students undertaking PhD study. They are granted on a competitive basis.
- Postgraduate research students make up 6.3% of the student population (on an EFTS basis).
- International recruitment has been successful in attracting new cohorts of masters and PhD students from China, Pakistan, and Saudi Arabia, with further cohorts expected over the next five years.
- The domestic fees policy for new international students enrolling at the University, announced by the Minister of Education in 2005, has begun to have an impact with the number of doctoral enrolments increasing from 275 in 2005 to 303 in 2006, many of them international students.
- The Centre for Academic Development continues to run courses for academic staff to improve the quality of supervision offered to research postgraduate students. A suite of supervision tools has been developed to assist staff and students with the supervision process, and to improve the probability of student success.
- In 2006 there was an increase in the number of doctoral scholarships available to students, up by 50 to 130 for domestic students, and an increase of 12 for international students. The value of the doctoral scholarships increased to \$25,000 p.a.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
% of academic staff with doctorates	n/a	70%	72%	73%
Number of postdoctoral fellowships awarded	6	6	6	6
Number of doctoral theses completed	171	228	250	190
Number of research masters theses completed	568	671	650	650



OBJECTIVE 5

Provide enhanced support for research activities by doubling external research income to \$270m per annum.

- Revenue earned by the University, from externally-sponsored research projects running in 2006, reached \$79 million. Research revenue from UniServices was \$73 million, giving a total research revenue of \$152 million, up from \$144 million in 2005.
- The value of new research contracts and grants won in 2006 was \$63 million from the Research Office and \$94 million from UniServices, a total of \$157 million and down by \$8 million from the \$165 million contracted in 2005. These contracts will go on for typically 2-5 years and lead to revenues through that time. Research contracting in 2005 was artificially boosted by mid-term re-contracting for the four Centres of Research Excellence at the University in that year; following successful review by the TEC.
- Researchers at the University were successful in gaining 18 of 56 grants awarded by the Health Research Council in 2006. Total funding awarded to the University of Auckland was \$25.7 million from a total of \$61.4 million awarded nationally – the largest amount awarded to any university in New Zealand.
- 15 Marsden research grants were awarded to the University totalling over \$6.2million in research funding for the next three years.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
External research revenue earned (\$m)	131	145	151	152

OBJECTIVE 6

Develop large-scale research institutes of excellence.

- The Liggins Institute has been established as the first large-scale research institute. This means it is now administratively autonomous and the Director reports to the Vice-Chancellor.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of Centres of Research Excellence (CoRES) hosted	4	4	4	4



TEACHING AND LEARNING

OBJECTIVE 7

Achieve a high quality student body with an annual growth rate of equivalent full-time students of 1%. This student body to be composed as follows: 78% in undergraduate, 12% in taught postgraduate and 10% in research postgraduate programmes.

- The University did not achieve a growth rate in equivalent full-time students of 1% in 2006. It experienced a decline in international and domestic undergraduate students and in some areas of postgraduate study.
- The composition of the student body in 2006 was as follows: 83% in undergraduate programmes, 11% in taught postgraduate programmes, and 6% in research postgraduate programmes.
- The University has developed policies and processes to assist in moving toward a higher proportion of postgraduate students, including a review of postgraduate recruitment and marketing, better processes for handling postgraduate enquiries, and increased postgraduate scholarship provision.
- Through the restructuring of postgraduate degrees put in place in 2006, taught and research degrees are more clearly identified to students.
- Faculties have increased initiatives to encourage able undergraduate students to continue into postgraduate study and to undertake research training. For instance, the Faculty of Arts has used the School of Graduate Studies Market Research and Strategy Report to improve Faculty advice and information on postgraduate programmes.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
% of total EFTS enrolled in undergraduate programmes	84%	84%	84%	83%
% of total EFTS enrolled in taught postgraduate programmes	10%	10%	10%	11%
% of total EFTS enrolled in research postgraduate programmes	6%	6%	7%	6%
% of postgraduate EFTS contributed by international students	13%	12%	15%	12%

OBJECTIVE 8

Create a curriculum meeting the highest standards of excellence across the University.

- The University implemented a new degree structure based on an equivalent full time year of study of 120 points. This change aligned the University with the National Register of Quality Assured Qualifications.
- The University introduced a General Education programme for all new undergraduate students. This programme is designed to broaden students' academic interests and to deepen their skill base.
- The University continues to diversify its offerings within Faculty programmes: Asian Studies, Development Studies and Languages and Literatures were introduced as new subjects in the Bachelor of Arts (Honours) degree; Bioengineering was introduced as a new specialisation in the Master of Engineering and Master of Engineering Studies; Physics and Geophysics, and Bioinformatics were introduced as postgraduate programmes in the Faculty of Science; and new postgraduate qualifications were introduced in Bioscience Enterprise. The Committee on University Academic Programmes approved the introduction in 2007 of a Postgraduate Diploma in Social Science Research Methods, a suite of postgraduate qualifications in Clinical Education, and undergraduate Certificates in Science and Global Issues.
- The University continues to maintain its international standing through the accreditation of its programmes. The Bachelor of Architecture was accredited for five years by the Association of Architecture Schools of Australasia. The Bachelor of Social Work was accredited by the Social Workers Registration Board. Accounting programmes were re-accredited by the New Zealand Institute of Chartered Accountants for a further five years.
- The University constantly assesses and evaluates its programmes to keep a relevant portfolio of qualifications. NZQA pre-degree qualifications offered through the former Auckland College of Education, now amalgamated with the University, have been phased out.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
% new undergraduate students re-enrolled in the following year	85.5%	85.9%	90.5%	85.0%
Number of 1st Class bachelors honours/masters completions	523	576	560	629
Number of departmental and programme reviews	4	2	4	4

OBJECTIVE 9

Create and maintain an outstanding teaching and learning environment.

- The Postgraduate Certificate in Academic Practice commenced in 2006 with nine staff completing the first course required for the Certificate. The programme reflects current trends in academic development worldwide by providing a qualification for higher education teaching.
- The University has enhanced the Library collection substantially through purchase of electronic resources, particularly large archival research collections and increased investment in other resources
- A plan for the refurbishment of lecture theatres was approved and work commenced.
- A new Library and Student Centre complex was completed for the Faculty of Engineering.
- The University approved a policy on information literacy and published a Student Information Technology Guide.
- The Centre for Professional Development, the Student Learning Centre and the Centre for Flexible and Distance Learning were amalgamated into a Centre for Academic Development.
- All Faculties reported to the Teaching and Learning Quality Committee on ways in which they link teaching and research in degree teaching.
- The University held a Vice-Chancellor's Symposium on student assessment.
- An online tutorial which assists students to make effective use of Library resources was made available.
- Usage of CECIL, the University's online learning management system, increased.
- The University promoted excellence in teaching through its Teaching Excellence Awards and their presentation at graduation ceremonies. Faculties have been encouraged to make Faculty Teaching Excellence Awards.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Student to academic staff ratio	17.9	17.5	17.0	17.7
Number of accreditations received for degree programmes	25	27	28	28
% of courses using the University's online learning management system CECIL	60%	67%	75%	69%
Number of student computer work stations	4,200	4,339	4,400	4,790
Expenditure on Library collections (\$m)	15.4	16.4	15.4	16.1





Mr Jim Peters, Pro Vice-Chancellor (Māori)

TE TIRITI O WAITANGI/ THE TREATY OF WAITANGI

OBJECTIVE 10

Fulfill the responsibilities and obligations of the University under Te Tiriti o Waitangi.

- An increased 2006 Special Supplementary Grant (SSG) funding for Māori students again underpinned the Tuākana (tutor mentoring) programmes.
- In 2006 the University continued to offer undergraduate and postgraduate scholarships to Māori students, which included the Māori Chancellor's Award for Top Scholars (CATS), Māori Access Awards and the University of Auckland Māori Graduate Scholarships.
- Mr Jim Peters (left) was appointed to the position of Pro Vice-Chancellor (Māori) and commenced in the position in October.
- Elections were held in November for the restructured Rūnanga.
- Applicants for the position of Director of the James Henare Māori Research Centre (JHMRC) were considered in December. The repositioning and development of the Centre will proceed in 2007, the Vice-Chancellor having consulted earlier in 2006 with iwi leaders in Tai Tokerau.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
% of total domestic EFTS who identify as Māori	6.4%	7.6%	8.0%	7.0%
Number of graduates who identify as Māori	356	623	675	553
Number of doctoral students who identify as Māori	8	10	12	9
% of all academic staff (FTE) who identify as Māori	4.8%	4.8%	4.8%	5.1%
% of all general staff (FTE) who identify as Māori	5.5%	5.3%	5.5%	5.1%
Number of MoUs signed with mana whenua, iwi Māori, and Māori organisations	3	3	3	3

COMMUNITY ENGAGEMENT

OBJECTIVE 11

Develop effective partnerships with the University's local, national and international communities.

- The University conducted a comprehensive and successful North Asia tour, featuring the NZ Trio, in Beijing, Shanghai, Hong Kong and Seoul, with a concert at Korea University.
- The University continued to develop key relationships with the New Zealand embassies overseas and KEA (Kiwi Expatriates Abroad).
- The University supported the Māori Business Leaders' Awards Dinner, which was held in the Alumni Marquee in September, organised by the Faculty of Business and Economics.
- The University sponsored the 2006 Asian Students' Association Seminar "Going Bananas".
- The University participated for the first time in the Auckland Pasifika Festival.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of Adult and Community Education funded EFTS	172	162	204	120
Number of community advisory group meetings	4	4	4	4
Number of Partnerships for Excellence awarded or continued	3	5	5	5



Professor Peter Gluckman (centre) with the 2006 recipients of the Peter Gluckman Medal, Professors Bill Denny (left) and Bruce Baguley (right), in recognition of their work in cancer research.

OBJECTIVE 12

Engage alumni and friends in mutually supportive and productive relationships.

- An annual programme of public lectures is supported by the Faculty of Arts and provides a platform for alumni events and profile-building activities, as does the promotion of book launches and visits from distinguished academics.
- Alumni appointed to the Business School's Advisory Board included: John Hagen (Chair) and Vincent Cheng; Mark Weldon and David Skilling (all Distinguished Alumni); Bridget Liddell; Sarah Kennedy; Tony Falkenstein; and John Buchanan. The Business School continued to communicate with its alumni twice a year through Network and the University of Auckland Business Review which are sent to alumni.
- The "Old A's" alumni of the Faculty of Education (graduates of the Auckland Training College) continue to meet and go from strength to strength. They played a major role in the 125th celebrations of teacher education held in September. The celebrations also included the publication of *Making a difference: A History of the Auckland College of Education 1881-2004* by Louise Shaw.
- Nursing and Pharmacy articles have been included in the FMHS Alumni magazine. Representatives from the Schools of Nursing and Pharmacy have been invited to participate in the Alumni Chapter and all alumni are now on one FMHS mail list for invitations and mailouts. The School of Pharmacy has now formed an Alumni Association in conjunction with the Faculty.
- The Faculty of Science has participated in Development Office initiatives throughout 2006, with plans now extending into 2007 (Annual Fundraising Appeal, representation on the VC's visit to China, the Chancellor's dinner, the Distinguished Alumni Awards dinner).

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of Distinguished Alumni awards	5	6	6	6
Number of editions of Ingenio and electronic alumni/friends newsletters	13	13	13	13
Number of university-wide alumni events held in New Zealand	5	6	9	10
Number of university-wide alumni events held overseas	6	12	13	14

EXCELLENT PEOPLE

OBJECTIVE 13

Recruit and retain a high-quality staff and student body, striving to create equal opportunities for all those of ability to succeed in a university of high international standing.

- Forty Chancellor's Awards were made to top Māori and Pacific scholars from New Zealand secondary schools. These awards aim to improve access, increase participation, and address under-representation of Māori and Pacific peoples at the University.
- The University undertook numerous recruitment and orientation programmes, focusing on Māori, Pasifika, students from low socio-economic backgrounds and attracting women into Science and Engineering, at careers expos, schools and on campus.
- The TEC introduced a new four-tier funding formula, with more financial weighting for graduate and postgraduate students, in 2006 and the University received increased SSG funding for its Māori and Pacific students as a consequence. This funding was largely used to support 47 university-wide Tuākana Tutor-Mentoring programmes.
- The University made significant progress in providing access to printed material for blind and visually impaired students and for international students with disabilities.
- Equal Education Opportunity Activities have included: Enginuity Day - the main outreach for Women in Engineering; Girls into Science 2006; WISE Futures Evening - which encourages female students to consider the physical sciences at tertiary level; Whai Te Pae Tawhiti Programmes - a summer school outreach programme for Māori Students from out of Auckland with the potential to succeed in tertiary education; Dream Fonotaga, which targets Pasifika students from low-mid decile schools to inspire them to pursue tertiary study; and STEAM - an innovative on-campus programme which exposes Māori and Pacific students to the opportunities that exist with a tertiary education in Science, Technology, Engineering, Architecture and Medicine.
- A new staff appointment was made in the Centre for Academic Development with responsibility for coordinating professional development opportunities for Māori academics, tutors and mentors.
- The University's Women in Leadership programme won the Manāki Tangata Innovation Award at the EEO Trust Work and Life Awards.
- A recruitment brochure focused on general staff was developed in February and has been successfully used at Pasifika and the Careers Expo held at the University which HR Staff attended for the first time.
- The University now has access to an international quality of life/cost of living tool that generates comparisons between New Zealand and several core countries from which we recruit academic staff.
- A new relocation policy has been approved and will be implemented in the New Year. This will have particular benefit for recruiting academics in the international arena.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Equal opportunities plans reviewed and reported each year	Achieved	Achieved	Achieved	Achieved
% of total EFTS who identify as Pasifika	6.3%	7.8%	7.9%	8.1%
Number of graduates who identify as Pasifika	360	531	580	533
% of all academic staff (FTE) who identify as Pasifika	2.4%	2.4%	2.5%	2.6%
% of all general staff (FTE) who identify as Pasifika	5.7%	5.1%	5.6%	5.1%
% of academic positions (FTE) filled by women	42%	42%	43%	43%
% of senior academic positions (FTE) filled by women	20%	22%	23%	22%
% of senior general staff positions (FTE) filled by women	42%	41%	38%	42%

OBJECTIVE 14

Enhance and promote a student environment that is welcoming, enjoyable and stimulating, encouraging students to reach their full potential within a climate of academic excellence.

- Students expressed a high level of satisfaction with the quality of their programmes and teaching in the annual teaching and learning survey. 84% of all students agreed that their programme was challenging and intellectually stimulating.
- A record 9,791 degrees and diplomas were awarded in 2006. The achievements of doctoral graduands were showcased with citations and slide shows at the graduation ceremonies and in doctoral profiles published in the convocation book. The total number of qualifications conferred/awarded in 2006 was up 13% on 2005.
- Undergraduate and postgraduate students are strongly encouraged to engage fully with the University in order to fulfil their academic, personal, and career development through participation in a wide range of activities.
- The School of Graduate Studies and the Postgraduate Students' Association have hosted a number of functions to welcome and orient new postgraduate students to the University, and to encourage them with their postgraduate academic programmes.

- The postgraduate student facilities at Strata, in the new Student Commons, are proving invaluable in enhancing students' social and cultural experiences at the University.
- The University encourages strong, effective and creative student leadership through the Auckland University Students' Association, departmental and Faculty Staff-Student consultative committees and membership of Faculty and University committees.
- Each year student success in academic, recreational and cultural activities is celebrated through the award of prizes, scholarships, and the University Blues which are the premier sporting and cultural accolade for students. Encouragement and support is provided to student-led initiatives such as Spark and Chiasma.
- Student teams successfully participated in national and international competitions in 2006.
- The University's students were successful in gaining prestigious scholarships to study overseas. Matthew McCormick, a graduate with a conjoint BA/BE in Economics and Biomedical Engineering, received a Woolf Fisher scholarship to study for a DPhil at Oxford.
- Two hundred students volunteered to be UniGuides in 2006. The programme is a conduit into University employment: students must first be selected for progress through the UniGuide programme before they can work in the Call Centre, the Information Centre or as a Student Ambassador.
- Plans have been developed for an additional Student Information Centre within the main Quad area.
- Academic Administration set up a central Transition Centre to deal with issues relating to the transition to 2006 academic programme changes and provide advice on an ongoing basis.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of students who take part in the UniGuide scheme	795	1,277	1,250	1,702
% of students included in university-wide survey expressing satisfaction with University experience*	87%	n/a	85%	93%
% of new students (EFTS) who are international students	20%	18%	18%	16%

* Includes students of all levels of degree programmes from all faculties.

OBJECTIVE 15

Create a culture that encourages academic and general staff to reach their full potential.

- Professor Peter Gluckman received a Distinguished Citizen Award from Auckland City for his promotion of New Zealand medical research on the international stage, and commitment to developing Auckland as a centre of intellectual excellence.
- A review of leadership development activities offered in 2006 has been completed. The programme for 2007 is being developed based on these recommendations.
- The University holds annual award ceremonies that recognise the achievements of both academic and general staff. The General Staff Excellence awards recognise the value colleagues place on staff contributions to the University. This year's winners were Graeme Roberts (Student Administration), Alhad Mahagaonkar (Medical and Health Sciences) and Marilyn Humphrey (Arts).
- Excellence in teaching is recognised through the Sustained Excellence in Teaching awards presented at Graduation. This year's winners were Professors Rick Bigwood (Law), Mick Pender (Engineering) and Associate Professor Raymond Miller (Arts). The Innovation in Teaching award was presented at Autumn Graduation to Maria Avdjieva and Lisa Callagher (Business and Economics) for transforming the content of two core first-year courses to include the provision of learner-centred learning skills to students. The Award for Excellence in Supervision was awarded for the first time to Professor Richard Le Heron (Geography and Environmental Science). Professor Bigwood went on to receive a National Tertiary Teaching Excellence Award for sustained excellence.
- Staff achievement in their fields of research were recognised through awards and honours detailed under Objective 3.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Number of staff participating in Academic Heads development and support programme	149	102	100	178
Number of staff participating in the Women in Leadership programmes	148	142	175	222
Number of general staff attending University-wide induction programme	359	414	400	332
Number of staff awarded U21 fellowships	4	5	4	0
Number of scholarships provided for staff to participate in executive management education programmes	6	6	6	8

RESOURCING AND ORGANISING FOR QUALITY

OBJECTIVE 16

Safeguard the long-term viability and autonomy of The University of Auckland through excellent financial management.

- The University conducted Semestral Reviews of Faculties and Service Divisions, where departmental actual and forecast performance were measured against budget. Corrective actions were agreed upon and implemented.
- The University completed monthly departmental reviews of financial performance and monitoring against budget and forecasts. Variances were investigated and appropriate actions were taken.
- The University conducted robust reviews of business cases for capital expenditure proposals prior to approval.
- Delegated authorities are built into the workflow of PeopleSoft financials to enable efficient monitoring of financial transactions.
- The Vice-Chancellor approved and distributed a financial management framework outlining the responsibility of each Director and Dean towards the management of all financial resources.
- The University provided training for tax risk management to Faculty and Service Division finance managers to minimise tax exposures.
- Management reviewed the Capital Plan and Financial Projections, which were updated and presented to Council.
- The University ensures that internal compliance measures are monitored to maintain standards of best practice.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Total revenue (\$000)	577.7	651.6	654.8	673.1
Operating surplus as a % of revenue	3.3%	3.0%	3.0%	3.1%
Operating cash receipts as a % of operating cash payments	117%	120%	116%	117%
Net equity (\$000)	855.9	1,015.1	1,034.9	1,039.7
Months cash cover	21.60%	12.10%	8.70%	17.54%





OBJECTIVE 17

Increase and diversify the University's revenue.

- The University has successfully applied for funding of research projects from external providers.
- The University is engaged by external organisations to advance their research needs.
- The University has entered into joint venture activities with other universities, locally and internationally, to advance research projects that offered opportunities to diversify funding streams.
- The Market capitalisation of companies based upon the University's licensed technology grew to \$650 million in 2006. UniServices remains involved with and owns shares in most of these companies.
- The Phase II clinical trial result for the DMXAA cancer drug licensed to Antisoma was positive indicating efficacy in humans. This led to a more than doubling in Antisoma's share price. Development of this drug has potential for very significant flow-on benefits to the University in licensing fees and the enhanced reputation for Biotechnology in New Zealand.

OBJECTIVE 18

Provide an infrastructure that supports teaching, learning, research and community engagement of the highest quality.

- The University provides advanced facilities that enable state-of-the-art research projects to be conducted. For example, a Confocal laser live cell imaging facility has been commissioned and has improved the capability and capacity of biomedical imaging at FMHS.
- The University's record of success in Government Strategic Development Funds such as the Innovation and Development Fund has

contributed to advances in the teaching and research environment. The high fidelity human patient simulator and associated audio-visual equipment in the new Advanced Clinical Skills Centre and the BeSTGRID project were assisted through IDF funding.

- A comprehensive review of all teaching spaces was carried out and recommendations made for better utilisation of those spaces. A strong emphasis continues on minimising utility costs and planning for the refurbishment of the older building stock.
- Maintenance and refurbishment work continues throughout the University; upgrading work at the Grafton Campus included the completion and opening of the sixth floor development, two additional laboratories at the Department of Ophthalmology, and the Auckland Clinical School, the majority of which are situated on the 12th floor of the Auckland Hospital.
- The property and facilities functions of the Epsom Campus were successfully integrated into the University's systems through 2006, along with the relocation from the City Campus of the School of Education staff and relocation of Epsom staff into different areas to suit the new Schools structure.
- Several smaller refurbishment projects were successfully undertaken to provide up to date teaching and laboratory facilities at the Grafton Campus. Consultants were appointed to undertake a comprehensive site master plan to inform future planning decisions arising out of the FMHS Academic Plan produced early in the year. A risk identification process to identify the impact arising from capital and infrastructure projects was initiated early in the year. Similar initiatives have been taken with the Faculties of Science and Engineering.
- A major review of rationalising spaces for the performing arts was undertaken and is due to be completed early in 2007; the refurbishment of studio spaces in Elam was completed.
- A contract for significant maintenance work on Old Government House is underway.
- The appointment of an Environmental Coordinator was made in the latter half of 2006 and already significant initiatives are planned for additional power saving measures and reduction of waste.
- The University undertook surveys of all buildings and infrastructure and a 10-year maintenance plan for all campuses will be produced in early 2007, using that information.

OBJECTIVE 19

Promote governance and management practices consistent with the mission and values of The University of Auckland.

- The Council has commenced a programme of re-evaluating its sub-committees and their terms of reference.
- The Council has received and approved a report on updating voting procedures and moving to electronic voting processes.
- The Council updated and secured the gazetting of its Constitution this year.
- Faculty and service division annual plans aligned to the University's Strategic Plan were introduced and used as a basis for evaluating the performance of senior managers.
- A system for more effective and earlier monitoring of EFTS through the Decision Support System was developed.
- The Vice Chancellor's University Development Fund was repositioned as the Vice-Chancellor's Strategic Development Fund and realigned to support achievement of Strategic Plan objectives.
- A Strategic Investment Fund for major developments arising from the annual planning process was established through reprioritising 1% of base expenditure budgets.
- Financial management expectations of senior managers were codified.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
Report at least twice annually to Audit Committee on key issues in risk management	Achieved	Achieved	Achieved	Achieved
Implement annual internal audit plan and carry out recommendations	Achieved	Achieved	Achieved	Achieved

OBJECTIVE 20

Operate planning and review processes that drive achievement of the University's strategic objectives.

- The University undertook a review and implementation of new processes for the relocation and reporting of all University endowments, in light of the increasing importance of endowments to universities.
- The University undertook two administrative function reviews of the Research Office and Human Resources. Reports on the administrative reviews of ITS and Financial Services were published and their recommendations are being implemented.
- 83% of the University Faculties and Service Divisions are participating in the Continuous Improvement Programme (CIP). The programme has initiated efficiency improvements in University processes.

Performance Indicators	2004 Actual	2005 Actual	2006 Target	2006 Actual
% of service divisions and faculties participating in University-wide continuous improvement process	n/a	70%	80%	84%
Number of Administrative Function Reviews	n/a	2	2	2

STATEMENT OF RESOURCES

BUILDINGS¹

PERFORMANCE INDICATORS	2004	2005	2006
Gross Area of University Buildings (m ²)	424,452	425,819	422,174

LAND

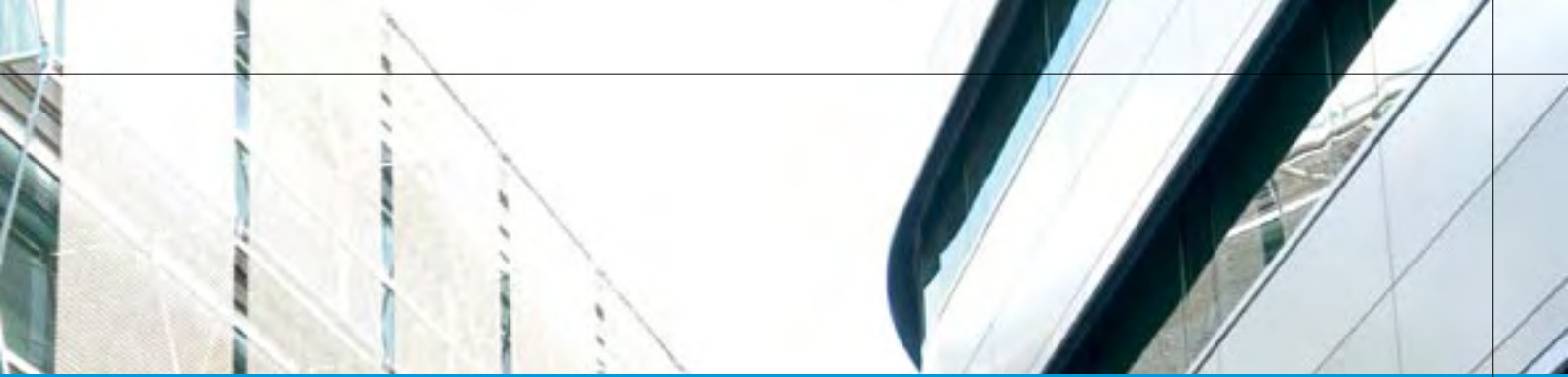
The University is responsible for a total land area of 187.3ha (187.7 in 2004). This includes 18.6ha on the City Campus, 32.4ha at the Tamaki Campus, 1.5ha at Whangarei and 122.1ha at the Leigh Marine Research Laboratory and various bush reserves.

LIBRARY RESOURCES²

	2004	2005	2006
COLLECTIONS			
Printed books and theses	1,341,294	1,579,812	1,618,142
Printed serials (volumes)	569,094	579,002	588,742
Total printed volumes	1,910,388	2,158,814	2,206,884
Electronic books	180,942	217,191	283,997
Print serials titles	18,490	6,044	5,890
Electronic serials titles	58,884	66,063	81,699
SERVICES			
Total loans	1,070,526	1,185,287	1,178,766
LEARN web sessions	3,506,000	4,204,728	5,046,290
Library teaching sessions	1,847	2,102	1,865
Attendance at Library teaching sessions	21,702	28,125	25,081
Number of libraries/information commons	15	17	16
General Library average hours open per week	92	90	90
Information Commons average hours open per week	113	113	113
Study spaces	3,504	3,618	3,733
Study/training spaces with computer workstations	864	944	1,064
Total number of study spaces	4,323	4,562	4,797

¹ Statistics in Buildings and Land from 2004 and 2005 include the Epsom Campus.

² Statistics from 2005 include the Epsom Campus.



FINANCIAL STATEMENTS

For the year ended 31 December 2006



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STATEMENT OF RESPONSIBILITY BY COUNCIL AND MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

- 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 2006 fairly reflect the financial position and operations of The University of Auckland.
- The Council of The University of Auckland has reviewed these Financial Statements and by resolution approved these Financial Statements for issue at its meeting of 26 February 2007.



CHANCELLOR
Hugh Fletcher



VICE-CHANCELLOR
Stuart McCutcheon



DIRECTOR OF ADMINISTRATION
Jonathan Blakeman

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2006

REPORTING ENTITY

The University of Auckland was established by The University of Auckland Act 1961. These financial statements report on the activities of The University of Auckland and its subsidiaries.

The financial statements have been prepared in accordance with the requirements of Section 41 of the Public Finance Act 1989 and Section 203 of the Education Act 1989, which include the requirement to comply with generally accepted accounting practice in New Zealand.

MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis, with the exception of certain items for which specific accounting policies are identified.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

BASIS OF CONSOLIDATION

The financial statements of subsidiary companies are consolidated in the financial statements of the University using the purchase method. Inter-entity transactions and inter-entity balances have been eliminated on consolidation.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

ACQUISITION DURING THE YEAR

Where an entity becomes a part of the Group during the year, the results of the entity are included in the consolidated results from the effective date that the entity became a part of the Group.

REVENUE

Government grants are recognised as revenue upon entitlement. Unrestricted donations are recognised as revenue upon entitlement. Assets donated are recognised at fair value. Where the University receives a donation with obligations, a liability is recognised. Once the obligation is discharged, the donation is recognised as revenue.

Sponsored research is recognised as revenue upon entitlement. Research contract revenue is reduced by the obligation to complete research where billing entitlement is in advance of performing the research agreed in the contract.

Donations received specifically as capital contributions toward the acquisition of assets or endowments which are not available as a contribution towards operating costs are accounted for as Unusual Items.

FINANCIAL INSTRUMENTS

The University is party to financial instrument arrangements as part of its everyday operations. These financial instruments include bank accounts, short-term deposits, accounts receivable, accounts payable, long-term investments, and externally managed funds, all of which are recognised in the Statement of Financial Position. Revenue and expenses in relation to these instruments are recognised in the Statement of Financial Performance.

The University enters into foreign currency forward exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies. Gains and losses on contracts which hedge specific short-term foreign currency denominated transactions are recognised as a component of the related transaction in the period in which the transaction is completed.

INVESTMENTS

Restricted fund investments are valued at their market value.

Investments in listed equity securities are valued on the basis that the investments are available-for-sale; and the value is based on quoted market prices.

Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Profit or Loss for the period.

Impaired losses recognised in profit or loss for equity investments classified as available-for-sale are subsequently reversed through profit or loss to the extent that they reverse losses recognised in profit or loss.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

RECEIVABLES

Accounts receivable are stated at their estimated realisable value after providing for amounts not considered recoverable.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. The weighted average method is used to determine cost.

PROPERTY, PLANT AND EQUIPMENT

Land and Buildings and Works of Art are re-valued to fair value every three years, as determined by an independent valuer. Fair value for land has been determined on its highest and best use taking into consideration restrictions over the use of the land and the likelihood of re-zoning. For buildings, it reflects the depreciated replacement cost, and for works of art, the assessed market value.

Revaluations are transferred to the asset revaluation reserve for that class of asset. If any revaluation reserve class has a deficit, that deficit is recognised in the Statement of Financial Performance in the period it arises. In subsequent periods any revaluation surplus that reverses previous revaluation deficits is recognised as revenue in the Statement of Financial Performance.

All items of property, plant and equipment are initially recorded at cost.

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 Books and Periodicals held as at 31 December 1991 were valued internally, based on the estimated volume of the collection and weighted average cost as at that date. All subsequent acquisitions are recorded at cost less accumulated depreciation. All permanent withdrawals from the collection are recorded at average cost.

Teaching and Research Equipment, Computer Equipment, Plant and Equipment and Other Fixed Assets are valued at cost less accumulated depreciation.

Leasehold Improvements are valued at cost less accumulated depreciation.

Work in Progress is valued on the basis of expenditure incurred and certified Gross Progress Claim Certificates up to balance date. Work in progress is not depreciated.

DEPRECIATION

All items of property, plant and equipment other than freehold land are depreciated using the straight-line method (except for the Library collection, which uses the diminishing value method) at rates that will write off the cost or value of assets less their residual values, over their estimated remaining useful lives. The depreciation rates used for each class of asset are:

Buildings	1 - 10%
Library collection	8% DV
Teaching and research equipment	10 - 20%
Computer equipment	33 - 50%
Plant and equipment	5 - 20%
Leasehold improvements	9 - 21%
Other property, plant and equipment	10 - 20%

Depreciation on all assets except buildings is charged to the significant activity that specifically uses the asset. Depreciation on buildings is recognised in Property Services as occupancy cost and charged to activity centres on the basis of square metres occupied.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the University's liability for general and academic staff annual leave, long service leave and retirement gratuities. Annual leave is calculated on an actual entitlement basis at current rates of pay. 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 death, disablement, resignation, retirement and salary progression.

PROVISIONS

All provisions are recorded at the best estimate of the expenditure required to settle the obligation at balance date. Where the effect is material, the expected expenditures are discounted to their present value using pre-tax discount rates.

RESTRUCTURING

Restructuring is a programme planned and controlled by management that materially changes the scope of a business undertaken by the University or the manner in which that business is conducted by the University. The University recognises a provision for restructuring when the Council have

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

approved a detailed formal plan, and the restructuring has commenced or a public announcement regarding the restructuring has been made. Costs and expenditures related to ongoing operations are not included in the provision for restructuring.

GOODS AND SERVICES TAX (GST)

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

TAXATION

Tertiary institutions are exempt from the payment of income tax as they are treated by the Inland Revenue Department as charitable organisations. Accordingly no charge for income tax is provided.

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, gift or by the terms of endowments and bequests. The funds are transferred to general equity when no longer required for that purpose.

FOREIGN CURRENCY

Foreign currency transactions throughout the year are converted into New Zealand dollars at the exchange rate on the date of the transaction.

Short-term transactions covered by foreign currency forward exchange contracts are measured and reported at the forward rates specified in those contracts. Foreign currency balances, as at 31 December, are valued at the exchange rates prevailing on that date.

Foreign exchange gains and losses are recognised in the Statement of Financial Performance.

LEASES

Operating lease rentals are recognised in equal instalments over the period of the lease.

Finance leases, which effectively transfer to the University substantially all of the risks and benefits of ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period the University is expected to benefit from their use.

STATEMENT OF CASH FLOWS

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

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 can include securities not falling within the definition of cash.

Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.

Cash is defined as coins, notes, demand deposits, and other highly liquid investments which may be converted into coins and notes within no more than two working days.

BUDGET FIGURES

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

The budget figures have been prepared in accordance with generally accepted accounting practice in New Zealand and are consistent with the accounting policies adopted by Council for the preparation of the financial statements.

CHANGES IN ACCOUNTING POLICIES

INVESTMENTS

The investment policy has changed with regard to valuation of investments owned by Auckland UniServices Limited. In the past investments were minimally valued to ensure that exposure risk was minimised. However, several of the investments have reached a level of security that requires them to be valued at market value of the shareholding. The impact of this revaluation is an increase in the value of investments of \$221,524. The market value of these investments at 31 December was \$173,429 which has not been reflected in the comparative information.

All other accounting policies have been applied on a consistent basis with the previous year.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	CONSOLIDATED			UNIVERSITY	
		2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
OPERATING REVENUE						
Government grants	2	257,757	255,384	240,897	257,757	240,897
Tuition fees		161,849	170,189	169,353	161,849	169,353
Research contracts		152,354	145,365	144,100	79,293	75,196
Service income		79,408	73,510	74,909	87,337	81,176
Donations		5,465	5,039	4,242	5,465	4,242
Interest		5,962	7,748	8,986	5,780	7,699
Other income		10,266	4,837	9,070	10,105	8,876
Total operating revenue		673,061	662,072	651,557	607,586	587,439
OPERATING EXPENSES						
People costs	1	386,708	378,011	362,809	344,253	330,411
Operating costs	1	198,304	196,686	202,798	176,464	172,434
Depreciation	1	67,334	68,688	66,234	66,300	65,239
Total operating expenses		652,346	643,385	631,841	587,017	568,084
OPERATING SURPLUS FOR THE YEAR BEFORE UNUSUAL ITEMS		20,715	18,687	19,716	20,569	19,355
UNUSUAL ITEMS						
Donations for capital projects	3	321		214	321	214
Restructuring provision		(4,517)			(4,517)	
NET SURPLUS TRANSFERRED TO UNIVERSITY EQUITY		16,519	18,687	19,930	16,373	19,569

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	CONSOLIDATED			UNIVERSITY	
		2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Equity at start of the year		1,015,084	925,176	855,926	1,010,718	852,595
Transferred from Statement of Financial Performance		16,519	18,687	19,930	16,373	19,569
Increase in revaluation reserve	18	4,590		139,228	4,590	138,554
Increase in investment revaluation reserve	18	3,538				
Total recognised revenue and expenditure for the year		24,647	18,687	159,158	20,963	158,123
Minority interest in subsidiary		421				
EQUITY AT END OF THE YEAR		1,040,152	943,863	1,015,084	1,031,681	1,010,718

The Statement of Accounting Policies on pages 53 to 55 and the Notes to the Financial Statements on pages 59 to 72 form part of and should be read in conjunction with these statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2006

	Note	CONSOLIDATED			UNIVERSITY	
		2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
CURRENT ASSETS						
Cash and bank	6	11,695	1,002	3,407	7,972	1,824
Short term investments - unrestricted	6	6,005	178	61,579	6,000	43,200
Short term investments - restricted	6	193	727	109	193	109
Receivables and prepayments	7	40,444	32,950	40,538	29,537	34,558
Inventories	8	8,978	7,297	6,024	3,110	4,076
Total Current Assets		67,315	42,154	111,657	46,812	83,767
CURRENT LIABILITIES						
Bank overdraft			11,500			
Finance lease liabilities	10	726	726	726	726	726
Payables	11	160,503	141,965	154,268	137,599	125,204
Employee entitlements	12	21,587	11,354	16,004	21,222	15,734
Provisions	13	9,359	3,608	6,164	9,359	6,164
Total Current Liabilities		192,175	169,153	177,162	168,906	147,828
WORKING CAPITAL		(124,860)	(126,999)	(65,505)	(122,094)	(64,061)
NON CURRENT ASSETS						
Long term investments - unrestricted	6	150	150	150	1,150	1,150
Long term investments - restricted	6	21,930	15,474	14,817	15,930	14,512
Loans	6	1,811	1,022	1,811	1,580	1,619
Property, plant and equipment	9	1,167,900	1,080,346	1,089,173	1,161,894	1,082,860
Total Non Current Assets		1,191,791	1,096,992	1,105,951	1,180,554	1,100,141
NON CURRENT LIABILITIES						
Employee entitlements	12	24,963	23,225	22,820	24,963	22,820
Finance lease liabilities	10	1,816	2,905	2,542	1,816	2,542
Total Non Current Liabilities		26,779	26,130	25,362	26,779	25,362
NET ASSETS		1,040,152	943,863	1,015,084	1,031,681	1,010,718
REPRESENTED BY:						
General equity	17	812,828	817,057	796,564	808,990	792,872
Revaluation reserves	18	206,694	110,689	202,104	206,020	201,430
Investment revaluation reserve	18	3,538				
Minority interest		421				
Trust and special funds	19	16,671	16,117	16,416	16,671	16,416
TOTAL EQUITY		1,040,152	943,863	1,015,084	1,031,681	1,010,718

The Statement of Accounting Policies on pages 53 to 55 and the Notes to the Financial Statements on pages 59 to 72 form part of and should be read in conjunction with these statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	CONSOLIDATED			UNIVERSITY	
		2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Government grants		258,041	260,069	237,613	258,041	237,613
Tuition fees		168,749	175,641	171,453	168,749	171,453
Dividends received		32	150	25	32	25
Interest received		6,202	8,943	9,712	6,020	8,425
Other operating receipts		250,436	217,374	223,650	182,594	159,204
		683,460	662,177	642,453	615,436	576,720
Cash was applied to:						
Goods and services tax		2,332	642	1,440	2,146	1,414
Payments to employees		333,113	335,238	317,509	299,724	284,888
Interest paid		85	15	58	85	58
Other operating payments		249,325	233,783	214,942	220,819	187,410
		584,855	569,678	533,949	522,774	473,770
NET CASH FLOWS FROM OPERATING ACTIVITIES	5	98,605	92,499	108,504	92,662	102,950
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
Investments			849	1,300		1,300
Advance from subsidiary					19,700	
			849	1,300	19,700	1,300
Cash was applied to:						
Property, plant and equipment and work in progress		143,729	148,061	109,761	141,252	105,661
Investments		1,378		765	1,378	804
		145,107	148,061	110,526	142,630	106,465
NET CASH FLOWS FROM INVESTING ACTIVITIES		(145,107)	(147,212)	(109,226)	(122,930)	(105,165)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was applied to:						
Repayment of finance lease liabilities		726	726	836	726	836
		726	726	836	726	836
NET CASH FLOWS FROM FINANCING ACTIVITIES		(726)	(726)	(836)	(726)	(836)
NET INCREASE / (DECREASE) IN CASH HELD		(47,228)	(55,439)	(1,558)	(30,994)	(3,051)
Opening cash balance		65,095	45,844	66,644	45,133	48,175
Effects of exchange rate changes on cash		26		9	26	9
CLOSING CASH BALANCE		17,893	(9,595)	65,095	14,165	45,133
This is shown in the Statement of Financial Position as follows:						
Cash and bank		11,695	(10,500)	3,407	7,972	1,824
Short term investments - unrestricted		6,005	178	61,579	6,000	43,200
Short term investments - restricted		193	727	109	193	109
		17,893	(9,595)	65,095	14,165	45,133

The Statement of Accounting Policies on pages 53 to 55 and the Notes to the Financial Statements on pages 59 to 72 form part of and should be read in conjunction with these statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

I OPERATING EXPENSES

	CONSOLIDATED			UNIVERSITY	
	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
PEOPLE COSTS					
Academic salaries	177,567	173,246	175,279	171,637	162,460
General salaries	154,315	162,238	140,614	126,731	121,351
Other salary related expenses	54,826	42,527	46,916	45,885	46,600
	386,708	378,011	362,809	344,253	330,411
OPERATING COSTS					
Fees paid to auditors - external audit	262		234	222	195
- other services	25		22	25	14
Bad debts written off	302	42	646	244	604
Change in provision for doubtful debts	556		36	31	36
Council members and Directors fees	19		16	19	16
Interest expense	172	14		1,875	836
Interest on finance lease			57		57
Loss on disposal of fixed property, plant and equipment	2,716	511	1,074	2,629	1,074
Net foreign currency (gain) / loss	302		(9)	(26)	(9)
Prizes and scholarships	19,204	19,576	17,269	19,179	17,209
Operating lease cost - properties	9,578	9,944	9,005	9,578	9,005
- equipment	8,008	9,923	9,531	7,977	9,499
Other operating expenses	157,160	156,676	164,917	134,711	133,898
	198,304	196,686	202,798	176,464	172,434
DEPRECIATION					
Buildings and leasehold improvements	30,952	29,609	29,174	30,952	29,140
Library collection	9,343	9,348	8,967	9,343	8,967
Plant and equipment	26,313	29,005	27,356	25,279	26,395
Leased equipment	726	726	737	726	737
	67,334	68,688	66,234	66,300	65,239
TOTAL OPERATING EXPENSES	652,346	643,385	631,841	587,017	568,084

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

2 GOVERNMENT GRANTS

	CONSOLIDATED / UNIVERSITY		
	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000
Student Component Funding	217,248	216,172	224,352
Clinical Training Agency	1,876	1,878	1,855
Student stipends	2,498	3,104	1,977
Other Government Grants	2,460	2,432	1,529
PBRF income	33,675	31,798	11,184
TOTAL GOVERNMENT GRANTS	257,757	255,384	240,897

3 UNUSUAL ITEMS

	CONSOLIDATED / UNIVERSITY		
	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000
Donations for capital projects	321		214
Restructuring provision	(4,517)		
	(4,196)		214

The University has prepared a detailed plan of restructuring within particular faculties. A provision has been made in the 2006 financial statements to cover the expected costs of the restructuring.

4 COST OF SERVICES STATEMENTS

The University reports its cost of services on the basis of significant activities. The University has analysed the wide variety of activities performed throughout the organisation into the following significant activities.

- Teaching and Research
- Research Programmes
- Academic Services
- Institutional Services

The Cost of Services Summary on page 73 reconciles costs and income from significant activities to total revenue and total expenses as disclosed in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

5 RECONCILIATION OF OPERATING SURPLUS AND NET CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED			UNIVERSITY	
	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Net surplus for the year	16,519	18,687	19,930	16,373	19,569
Add / (less) non cash items					
Depreciation	67,334	68,688	66,234	66,300	65,239
Donated assets	(2,142)	(1,727)	(2,004)	(2,142)	(2,004)
Foreign exchange fluctuation	(26)		(9)	(26)	(9)
Other non cash items			(1,763)		(1,763)
	65,166	66,961	62,458	64,132	61,463
Add / (less) movements in working capital					
Decrease / (Increase) in receivables	485	(85)	(4,652)	5,808	(7,664)
Decrease / (Increase) in inventory	7,903	2,123	3,129	179	(44)
Increase / (Decrease) in payables and provisions	(1,817)	5,561	16,461	15,591	17,942
Increase in employee entitlements	5,584	1,770	3,676	5,488	4,210
	12,155	9,369	18,614	27,066	14,444
Less items classed as investing activity					
Repayment of short term borrowings					
(Gain) / Loss on sale of property, plant and equipment	2,629	511	1,074	2,629	1,074
Movements in working capital relating to investing	(7)	(4,438)	2,397	(19,681)	2,369
	2,622	(3,927)	3,471	(17,052)	3,443
Operating expenditure relating to movements in long term provisions	2,143	1,409	4,031	2,143	4,031
NET CASH FLOW FROM OPERATING ACTIVITIES	98,605	92,499	108,504	92,662	102,950

6 FINANCIAL INSTRUMENTS

CONSOLIDATED					
	Weighted Average Interest Rate %	Mature within one year \$000	Mature in over one year \$000	2006 Fair Value \$000	2005 Fair Value \$000
Cash and bank	6.09	11,695		11,695	3,407
Bank deposits and bills	7.63	6,005		6,005	61,579
Receivables		29,226		29,226	30,277
Payables		(81,833)		(81,833)	(86,556)
Share portfolio			5,919	5,919	305
Other investments			2,042	2,042	1,961
Restricted Funds – Externally Managed Equities Portfolio		193	6,716	6,909	5,768
Restricted Funds – Externally Managed Bonds and Cash Portfolio			9,214	9,214	8,853
TOTAL FINANCIAL INSTRUMENTS - CONSOLIDATED		(34,714)	23,891	(10,823)	25,594

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

6 FINANCIAL INSTRUMENTS (CONTINUED)

UNIVERSITY

	Weighted Average Interest Rate %	Mature within one year \$'000	Mature in over one year \$'000	2006 Fair Value \$'000	2005 Fair Value \$'000
Cash and bank	7.14	7,972		7,972	1,824
Bank deposits and bills	7.63	6,000		6,000	43,200
Loans from subsidiary company		(31,700)		(31,700)	(12,000)
Receivables		18,319		18,319	24,297
Payables		(64,659)		(64,659)	(71,718)
Shares in subsidiaries			1,000	1,000	1,000
Other investments			1,730	1,730	1,769
Restricted Funds – Externally Managed Equities Portfolio		193	6,716	6,909	5,768
Restricted Funds – Externally Managed Bonds and Cash Portfolio			9,214	9,214	8,853
TOTAL FINANCIAL INSTRUMENTS - UNIVERSITY		(63,875)	18,660	(45,215)	2,993

DISCLOSED IN THE STATEMENT OF FINANCIAL POSITION AS:

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$'000	2005 Actual \$'000	2006 Actual \$'000	2005 Actual \$'000
Cash and bank	11,695	3,407	7,972	1,824
Short term investments – unrestricted	6,005	61,579	6,000	43,200
Short term investments – restricted	193	109	193	109
Long term investments – unrestricted	150	150	1,150	1,150
Long term investments – restricted	21,930	14,817	15,930	14,512
Loans	1,811	1,811	1,580	1,619

DISCLOSED IN THE NOTES TO THE ACCOUNTS AS:

	Note	2006 Actual \$'000	2005 Actual \$'000	2006 Actual \$'000	2005 Actual \$'000
Receivables	7	29,226	30,277	18,319	24,297
Payables	11	(81,833)	(86,566)	(64,659)	(71,718)
Loan from subsidiary company	11			(31,700)	(12,000)
TOTAL FINANCIAL INSTRUMENTS		(10,823)	25,594	(45,215)	2,993

Restricted investments are held for purposes specified by Endowments and Scholarships funds. They are not available for general University use. Restricted investments include investment of Endowment Funds of \$5.661m (2005 \$6.339m) and Scholarship Funds of \$8.989m (2005 \$8.157m).

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The following assumptions have been used to estimate the fair value of each class of financial instrument.

Bank deposits, Bank bills, Receivables and Payables

The carrying amounts of these balances are equivalent to their fair value because of their short maturity.

Bank bonds, Commercial paper, NZ Government securities, SOE stock and Local Authority stock

The fair value of these investments is based on current market interest rates for investments of similar terms or maturities.

Share portfolio

Shares are held at fair value which is based on current market values.

Independently Managed Trust Fund Investments

The fair value of these investments is based on current market interest rates and share prices as advised by independent investment managers.

Loan from Subsidiary Company

The fair value of the loan is based on current market interest rates for a loan of similar terms and maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

6 FINANCIAL INSTRUMENTS (CONTINUED)

BORROWINGS

The University has an unsecured Fluctuating Committed Cash Advance Facility with a maximum limit of \$60m, and an expiry date of 31 March 2007. As at 31 December 2006, the University had not drawn down against this facility.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The value of the above securities is affected by changes in interest rates. The University manages its interest rate exposure through the utilisation of fixed interest rates.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The University places investments with institutions which have a high credit rating. The University also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The University believes that these policies reduce the risk of any loss which could arise from its investment activities.

There is no concentration of credit risk in Receivables.

CURRENCY RISK

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

The University has exposure to currency risk from off shore transactions. This is mitigated through the use of forward foreign exchange contracts.

Foreign currency bank balances are held to meet future payments contracted in these currencies.

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Forward foreign exchange contracts	12,081	3,527	12,044	3,010

The fair value of outstanding forward foreign exchange contracts at 31 December 2006 gives rise to a loss of \$0.737m.

SHARES IN SUBSIDIARIES

Name	Interest 2006	Interest 2005	Principal activities	Balance date
Auckland UniServices Limited	100%	100%	Commercial research	31 December
Uni-Accommodation Limited	100%	100%	Student accommodation	31 December
via Auckland UniServices the following subsidiaries also form part of the group				
NeuronZ Limited	89%	68%	Research	31 December
UniSports Limited	100%	100%	Non-trading	31 December
Lifestyle Compass Limited	100%	100%	Non-trading	31 December
New Zealand Seed Fund Partnership Limited	100%	–	Non-trading	31 December
New Zealand Seed Fund Management Limited	100%	–	Non-trading	31 December
E Learnings Asia Pacific Limited	100%	100%	Non-trading	31 December
Cecil Limited	100%	100%	Non-trading	31 March

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

7 RECEIVABLES AND PREPAYMENTS

	Note	CONSOLIDATED		UNIVERSITY	
		2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Trade receivables		31,440	31,694	15,583	19,812
Less provision for doubtful debts		(2,313)	(1,757)	(1,188)	(1,157)
Net receivables	6	29,127	29,937	14,395	18,655
Related company receivables	6			3,825	5,302
Accrued interest	6	99	340	99	340
Prepayments		11,218	10,261	11,218	10,261
TOTAL RECEIVABLES AND PREPAYMENTS		40,444	40,538	29,537	34,558

8 INVENTORIES

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Raw materials	339	370	339	370
Research contracts in progress	8,058	4,926	2,190	2,978
Other work in progress	4	2	4	2
Finished goods	577	726	577	726
TOTAL INVENTORIES	8,978	6,024	3,110	4,076

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

9 PROPERTY, PLANT AND EQUIPMENT

		CONSOLIDATED		UNIVERSITY	
		2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Freehold land	– at cost / valuation	163,817	163,817	163,155	163,155
	Net Book Value	163,817	163,817	163,155	163,155
Buildings	– at cost / valuation	711,314	630,807	710,864	630,359
	– accumulated depreciation	(55,390)	(27,105)	(55,323)	(27,071)
	Net Book Value	655,924	603,702	655,541	603,288
Leasehold improvements	– at cost / valuation	20,616	20,785	18,751	19,614
	– accumulated depreciation	(12,614)	(12,111)	(11,810)	(11,454)
	Net Book Value	8,002	8,674	6,941	8,160
Library collection	– at cost / valuation	189,303	176,466	189,303	176,466
	– accumulated depreciation	(75,954)	(66,852)	(75,954)	(66,852)
	Net Book Value	113,349	109,614	113,349	109,614
Works of art	– at cost / valuation	13,095	8,509	13,095	8,509
	Net Book Value	13,095	8,509	13,095	8,509
Plant and equipment	– at cost	257,008	236,040	250,309	229,285
	– accumulated depreciation	(162,953)	(143,579)	(159,950)	(141,175)
	Net Book Value	94,055	92,461	90,359	88,110
Leased plant and equipment	– at cost	3,631	3,631	3,631	3,631
	– accumulated depreciation	(1,089)	(363)	(1,089)	(363)
	Net Book Value	2,542	3,268	2,542	3,268
Other property, plant and equipment	– at cost	8,173	9,687	8,173	9,687
	Net Book Value	8,173	9,687	8,173	9,687
Capital work in progress	– at cost	108,943	89,441	108,739	89,069
	Net Book Value	108,943	89,441	108,739	89,069
Total property, plant and equipment	– at cost / valuation	1,475,900	1,339,183	1,466,020	1,329,775
	– accumulated depreciation	(308,000)	(250,010)	(304,126)	(246,915)
		1,167,900	1,089,173	1,161,894	1,082,860

All land and buildings occupied by the University as at 1 January 2005 were revalued at that date. Land and building revaluations were carried out by DTZ New Zealand Ltd, Registered Valuers.

Works of art have been revalued by Peter Webb Galleries, specialist valuers and auctioneers as at 1 January 2006.

Acquisitions since the date of revaluation are recorded at cost.

Crown land with a value of \$103,273,275 is included in property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

10 FINANCE LEASE LIABILITIES

	CONSOLIDATED/UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000
Due within 1 year	726	726
Due within 1 to 2 years	726	726
Due within 2 to 5 years	1,090	1,816
Due in over five years		
	2,542	3,268
DISCLOSED IN STATEMENT OF FINANCIAL POSITION AS:		
Current Liabilities	726	726
Non Current Liabilities	1,816	2,542
TOTAL FINANCE LEASE LIABILITIES	2,542	3,268

11 PAYABLES

	Note	CONSOLIDATED		UNIVERSITY	
		2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Trade payables	6	81,833	86,556	64,178	71,179
Related company payables	6			481	539
Loan from subsidiary	6			31,700	12,000
Revenue received in advance		12,586	12,876	12,586	12,876
Research contract obligations		66,084	54,836	28,654	28,610
TOTAL PAYABLES		160,503	154,268	137,599	125,204

12 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
CURRENT LIABILITIES				
Accumulated annual leave	15,410	10,838	15,045	10,568
Retirement allowance	5,580	4,625	5,580	4,625
Long service leave	597	541	597	541
TOTAL EMPLOYEE ENTITLEMENTS – CURRENT	21,587	16,004	21,222	15,734
NON CURRENT LIABILITIES				
Retirement allowance	23,659	20,924	23,659	20,924
Long service leave	1,304	1,896	1,304	1,896
TOTAL EMPLOYEE ENTITLEMENTS – NON CURRENT	24,963	22,820	24,963	22,820

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

13 PROVISIONS

SPECIAL FUND PROVISIONS

2006	CONSOLIDATED / UNIVERSITY		
	Vice-Chancellor's Strategic Development Fund \$000	Academic Support Fund \$000	Total 2006 Actual \$000
Balance 1 January 2006	6,080	84	6,164
Increase / (Decrease) to provision	1,644	247	1,891
Amounts incurred against provision	(2,942)	(271)	(3,213)
BALANCE 31 DECEMBER 2006	4,782	60	4,842

2005	CONSOLIDATED / UNIVERSITY			
	Vice-Chancellor's Strategic Development Fund \$000	Emerging Research Areas Support Fund \$000	Academic Support Fund \$000	Total 2005 Actual \$000
Balance 1 January 2005	4,245	57	118	4,420
Increase / (Decrease) to provision	3,549		228	3,777
Amounts incurred against provision	(1,714)	(57)	(262)	(2,033)
BALANCE 31 DECEMBER 2005	6,080		84	6,164

VICE-CHANCELLOR'S STRATEGIC DEVELOPMENT FUND

The fund is to enable the Vice-Chancellor to meet agreed strategic development opportunities that arise during the course of the year and which require immediate funding.

These costs are all available to be incurred in the next financial year.

EMERGING RESEARCH AREAS SUPPORT FUND

The fund was to provide seed funding for research activities in new areas, in existing and new research centres established according to The University of Auckland policy.

ACADEMIC SUPPORT FUND

This fund is to provide support for distinguished academics engaged in research.

These costs are expected to be incurred in the next financial year.

RESTRUCTURING PROVISION

The University commenced a restructuring review in March 2006. The provision includes redundancy and outplacement costs.

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Restructuring provision	4,517		4,517	
	4,517		4,517	

14 CONTINGENT LIABILITIES

No significant contingent liabilities have been identified as at 31 December 2006 (2005: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

15 OPERATING COMMITMENTS

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
COMMITMENTS IN RESPECT OF OPERATING LEASES				
Due within 1 year	14,859	16,189	13,498	14,835
Due within 1 to 2 years	10,328	11,871	9,708	10,713
Due within 2 to 5 years	17,701	16,165	16,491	14,877
Due in over five years	4,099	5,194	3,810	5,162
TOTAL OPERATING LEASE COMMITMENTS	46,987	49,419	43,507	45,587
OPERATING LEASE COMMITMENTS BY TYPE				
Properties	37,960	36,886	34,648	33,437
Equipment	9,027	12,533	8,859	12,150
TOTAL OPERATING LEASE COMMITMENTS BY TYPE	46,987	49,419	43,507	45,587

16 CAPITAL COMMITMENTS

	CONSOLIDATED/UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000
Property Services projects	38,102	48,654
Other capital expenditure	1,436	960
TOTAL CAPITAL COMMITMENTS	39,358	49,614

17 GENERAL EQUITY

Included in Equity at the end of the year is a total of \$36.379m (2005: \$36.379m) representing accumulated capital contributions made by the Crown under s15 Public Finance Act 1989. This funding has been made for specific capital purposes – Owen G Glenn Building \$25.000m, Centres of Research Excellence \$8.841m and Tertiary Education Strategic Change Fund \$2.538m. All contributions were received prior to 2005.

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
Balance 1 January 2006	796,564	774,596	792,872	771,265
Net surplus	16,519	19,930	16,373	19,569
less Net surplus transferred to Trust and special funds	(255)	(814)	(255)	(814)
add Revaluation reserves transferred to retained earnings on disposal of assets		2,852		2,852
BALANCE 31 DECEMBER 2006	812,828	796,564	808,990	792,872

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

18 REVALUATION RESERVES

	CONSOLIDATED		UNIVERSITY	
	2006 Actual \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
LAND AND BUILDINGS				
Balance 1 January 2006	199,077	62,701	198,403	62,701
Transferred to retained surplus on sale of revalued assets		(2,852)		(2,852)
Net revaluation of land and buildings		139,228		138,554
BALANCE 31 DECEMBER 2006	199,077	199,077	198,403	198,403
WORKS OF ART				
Balance 1 January 2006	3,027	3,027	3,027	3,027
Net revaluation of works of art	4,590		4,590	
BALANCE 31 DECEMBER 2006	7,617	3,027	7,617	3,027
INVESTMENT REVALUATION				
Balance 1 January 2006				
Net revaluation of investments	222			
BALANCE 31 DECEMBER 2006	222			
TOTAL BALANCE 31 DECEMBER 2006	206,916	202,104	206,020	201,430

19 TRUST AND SPECIAL FUNDS

2006	CONSOLIDATED / UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
Balance 1 January 2006	1,920	6,339	8,157	16,416
Income	6,526	1,478	1,128	9,132
Less expenditure	6,425	2,156	296	8,877
Net surplus (deficit)	101	(678)	832	255
BALANCE 31 DECEMBER 2006	2,021	5,661	8,989	16,671

2005	CONSOLIDATED / UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
Balance 1 January 2006	1,887	6,385	7,330	15,602
Income	6,264	2,885	1,166	10,315
Less expenditure	6,231	2,931	339	9,501
Net surplus (deficit)	33	(46)	827	814
BALANCE 31 DECEMBER 2006	1,920	6,339	8,157	16,416

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

20 RELATED PARTIES

The University enters into transactions with government departments and Crown agencies. These are not considered to be related party transactions.

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.

The value of transactions charged by the University to Auckland UniServices Limited during 2006 was \$18.3m (2005: \$16.8m).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The value of transactions charged by Auckland UniServices Limited to the University during 2006 was \$4.2m (2005: \$2.9m).

Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.789m (2005: \$0.836m).

Balances outstanding at 31 December 2006 are :

1. Sundry Debtors	\$2,364,197	(2005: \$4,549,057)
2. Current Account	\$1,460,481	(2005: \$752,635)
3. Sundry Creditors	\$480,766	(2005: \$347,356)
4. Loan Account	\$31,700,000	(2005: \$12,000,000)

Sundry debtors relate to amounts owing to University Departments for scholarship charges and sundry expenses paid on behalf of Auckland UniServices Limited.

Sundry creditors relate to amounts owed by University Departments for salaries, travel expenses and other charges paid on their behalf by Auckland UniServices Limited.

The loan account represents cash advanced by Auckland UniServices Limited to the University.

UNI-ACCOMMODATION LIMITED

Uni-Accommodation Limited is a wholly owned subsidiary of The University of Auckland, which leases student accommodation from investors in the Railway Campus and rents rooms to students. The University provides value added services including meal plans, telephone and laundry services to the students on its own account. The University provides management and accounting services to Uni-Accommodation Limited free of charge, and receives and pays money on behalf of Uni-Accommodation Limited.

The balance owed by the University to Uni-Accommodation Limited at 31 December 2006 is \$231,593 (2005: \$192,367).

21 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002, the Accounting Standards Review Board in New Zealand announced that New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) will apply to all New Zealand entities for periods commencing on or after 1 January 2007, with the option to convert two years earlier. The University of Auckland will adopt NZ IFRS for the year commencing 1 January 2007. The comparative financial statements will be restated and an opening position prepared using NZ IFRS as at 1 January 2006. This disclosure highlights the most significant changes to The University of Auckland's opening position as well as significant changes in accounting policy on conversion to NZ IFRS.

PLANNING FOR THE TRANSITION TO NZ IFRS

A project team of University personnel has reviewed the University's current accounting policies to identify and plan for changes required to comply with NZ IFRS. Implementation of these changes commenced during the year ended 31 December 2006 and the project is on schedule to ensure that conversion occurs within the required timeframe of 31 December 2007.

IDENTIFIED ADJUSTMENTS ON ADOPTION OF NZ IFRS

Where the financial impact of conversion can be reliably estimated, and where it is material, details are provided below. The adjustments set out in this note are estimates based on interpretation of the currently issued standards. To the extent that these standards or their interpretation change, the amounts quoted below may need to be adjusted prior to the publication of the University's full IFRS-compliant financial statements as at 31 December 2007.

1. FINANCIAL INSTRUMENTS

The University of Auckland maintains an off-balance sheet portfolio of forward exchange contracts to hedge currency risks associated with its committed foreign currency transactions. Under New Zealand GAAP these contracts are accounted for as hedges with any gains or losses deferred and recognised when the hedged transaction occurs.

Under NZ IFRS all derivative contracts will be recognised at fair value in the Statement of Financial Position. Changes in the fair value of the derivatives will be recognised in the Statement of Financial Performance unless strict hedge criteria are met. This includes testing the hedging relationship both prospectively and retrospectively for effectiveness. Ineffectiveness outside the prescribed parameters precludes the use of hedge accounting and may result in volatility in the Statement of Financial Performance. Cash flow hedge accounting is expected to be the predominant form of hedge accounting applied by the University. It is expected that these new rules on accounting for hedging instruments will introduce volatility within equity reserves, and, where hedges are deemed ineffective, the potential for some volatility within the Statement of Financial Performance.

The net impact on Equity as at 31 December 2005 (opening balance sheet) is \$22,000. This amount represents the Fair Value of forward exchange contracts as at 31 December 2005 that do not meet the criteria for hedge accounting.

2. EMPLOYEE BENEFITS

IAS 19 requires employee benefits to be recognised as services are rendered as opposed to on entitlement. The University of Auckland has undertaken an actuarial valuation to determine the likelihood of employees taking more than their current year's sick leave. This adjustment will change net equity on adoption.

The adjustment on transition to NZ IFRS has been quantified at \$1,950,000 for the University and its subsidiaries. Going forward, subsequent changes to this provision will result in volatility in the Statement of Financial Performance.

3. INTANGIBLE ASSETS

The University of Auckland does not currently recognise any intangible assets. NZ IAS 38 - Intangible Assets (and related interpretations) require computer software that is not an integral part of the related computer hardware to be treated as an intangible asset, provided certain criteria are met. On conversion to NZ IFRS, such items will be reclassified from tangible to intangible fixed assets. There will be no net impact on equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

21 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

4. REVENUE ARISING FROM ACTING AS AGENT

Under the requirements of NZ IAS 18 Revenue, in an agency relationship amounts collected on behalf of a principal are not revenue and the entity acting as an agent should recognise only its commission received as revenue.

It has been identified that entities within The University of Auckland group receive revenue from a number of contracts that require them to collect money that is then passed on to third parties. In these instances the University should recognise only the commission received as revenue as opposed to the total revenue and total expenses.

On conversion to NZ IFRS such items will need to be removed from the income statement for both the comparative (31/12/2006) and the current financial year (31/12/2007). There will be no net impact on Equity.

GENERAL EQUITY RECONCILIATION AS AT 1 JANUARY 2006 (BASED ON CURRENT ESTIMATES AND INTERPRETATIONS)

	General Equity \$000	Revaluation Reserves \$000	Trust and Special Funds \$000	Total Equity \$000
Balance reported under NZGAAP as at 1 January 2006	796,564	202,104	16,416	1,015,084
Recognition of derivatives not meeting criteria for hedge accounting	22			22
Increase in Employee Entitlements	(1,950)			(1,950)
BALANCE RESTATED UNDER NZ IFRS AS AT 1 JANUARY 2006	794,636	202,104	16,416	1,013,156

COST OF SERVICES SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2006

	CONSOLIDATED			UNIVERSITY	
	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000	2006 Actual \$000	2005 Actual \$000
COST OF SIGNIFICANT ACTIVITIES					
Teaching and research	357,263	357,055	341,838	357,521	341,870
Research programmes	173,936	171,337	165,584	110,042	103,996
Academic services	136,379	134,769	129,737	133,093	126,700
Institutional services	131,201	121,806	125,395	132,990	126,231
Total cost of significant activities	798,779	784,967	762,554	733,450	698,797
less internal transactions	(146,433)	(141,582)	(130,713)	(146,433)	(130,713)
TOTAL EXTERNAL COSTS	652,346	643,385	631,841	587,017	568,084
REVENUE FROM SIGNIFICANT ACTIVITIES					
Teaching and research	472,950	472,793	454,476	476,606	456,101
Research programmes	183,851	175,402	178,149	118,181	115,427
Academic services	41,307	39,063	37,804	38,020	34,782
Institutional services	121,386	116,396	111,841	121,212	111,842
Total revenue from significant activities	819,494	803,654	782,270	754,019	718,152
less internal transactions	(146,433)	(141,582)	(130,713)	(146,433)	(130,713)
TOTAL EXTERNAL REVENUE	673,061	662,072	651,557	607,586	587,439
OPERATING SURPLUS FROM SIGNIFICANT ACTIVITIES	20,715	18,687	19,716	20,569	19,355

Internal transactions include occupancy charges, internal allocations of research funding, internal tuition fees and services provided within the University.

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 DECEMBER 2006

TO THE READERS OF THE UNIVERSITY OF AUCKLAND AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2006

The Auditor-General is the auditor of the University of Auckland (the "University") and group. The Auditor-General has appointed me, Nick Main, using the staff and resources of Deloitte, to carry out the audit of the financial statements and statement of service performance of the University and group, on his behalf, for the year ended 31 December 2006.

UNQUALIFIED OPINION

In our opinion:

- the financial statements of the University and group on pages 52 to 73;
- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - o the University and group's financial position as at 31 December 2006; and
 - o the results of operations and cash flows for the year ended on that date.
 - o the performance information of the University on pages 36 to 49 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 27 February 2007, and 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 the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2006. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2006. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This 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 Institute of Chartered Accountants of New Zealand.

In addition to the audit we carried out assignments in the area of executive payroll services. Other than the audit and this assignment, we have no relationship with or interest in the University or any of its subsidiaries.



NICK MAIN

Deloitte

On behalf of the Auditor-General

Auckland, New Zealand

- This audit report relates to the financial statements of The University of Auckland for the year ended 31 December 2006 included on The University of Auckland's website. The University's Council is responsible for the maintenance and integrity of the University's website. We have not been engaged to report on the integrity of the University's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 February 2007 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GLOSSARY

ACRONYM	EXPANDED MEANING
asTTle	Assessment Tools for Teaching and Learning
CECIL	The University of Auckland's Learning Management System
CoREs	Centre of Research Excellence
DALSL	Department of Applied Language Studies and Linguistics
EFR	Externally Funded Research
EFTS	Equivalent Full Time Student
FMHS	Faculty of Medical & Health Sciences
FRST	Foundation for Research Science and Technology
HRC	Health Research Council
MOE	Ministry of Education
nDeva	The student administration system.
NICAI	National Institute of Creative Arts and Industries (also referred to as Faculty of)
OECD	Organisation for Economic Co-operation and Development
PBRF	Performance Based Research Fund
PGSF	Public Good Service Fund (Crown research funder)
RSNZ	Royal Society of New Zealand
TEC	Tertiary Education Commission
TEO	Tertiary Education Organisation
TESOL	Teachers of English to Speakers of Other Languages



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