

The University of Auckland

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# 2013 ANNUAL REPORT

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An internationally ranked university creating value for New Zealand



**THE UNIVERSITY  
OF AUCKLAND**

**NEW ZEALAND**

Te Whare Wānanga o Tāmaki Makaurau





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# CHANCELLOR'S REVIEW



Dr Ian Parton Chancellor

The quality and international reputation of a university are fundamentally driven by the achievements of its people. In 2013 our people – in particular our academic staff – won almost every form of recognition available to them in New Zealand. Three groups of awards attest to that success.

On 9 July, at a ceremony in Parliament, three of our staff – Associate Professors Bryony James (Chemical and Materials Engineering) and Cather Simpson (Chemical Sciences), and Professor Alison Jones (Māori Education) – received National Tertiary Teaching Excellence Awards for Sustained Excellence in Tertiary Teaching. These awards mean that for 11 of the last 12 years our teachers have been recognised as among the very best in the country.

On 12 November, the Prime Minister's Science Prizes were awarded by the Rt Hon. John Key in a ceremony at the Royal Society:

- The MacDiarmid Emerging Scientist Prize was won by Dr Ben O'Brien (Auckland Bioengineering Institute).
- The Science Media Communication Prize went to Dr Siouxsie Wiles (Molecular Medicine and Pathology).
- The Prime Minister's Science Prize, the supreme award, was won by Distinguished Emeritus Professor John Boys and Professor Grant Covic (Electrical and Electronic Engineering).

And, at a ceremony held on 27 November at the Dunedin Town Hall, the Royal Society of New Zealand made its major awards for the year. Here again our staff excelled:

- The MacDiarmid Medal, for outstanding scientific research that demonstrates the potential for application to human benefit,

was won by Professor Neil Broom (Chemical and Materials Engineering).

- The Callaghan Medal for science communication went to Dr Siouxsie Wiles (Molecular Medicine and Pathology).
- The Thomson Medal for an outstanding contribution to the commercialisation of scientific research went to Adjunct Professor Peter Lee (formerly CEO of UniServices).
- The Pickering Medal was won by Emeritus Professor Harold Marshall (Architecture and Planning) for innovative acoustic design.
- The Rutherford Medal was won by Distinguished Professor Dame Anne Salmond (Māori Studies) for her eminent work on Māori social structures and interactions with the European world, and on European exploration in the Pacific.

Distinguished Professor Dame Anne Salmond was also named Kiwibank New Zealander of the Year.

This consistent pattern of achievement in teaching excellence, and our near clean sweep of national research awards in 2013, reflects the outstanding quality of our academic staff, the students who work with them, and the many professional staff who support them. A key part of our challenge for the future, and one that is clearly

reflected in our Strategic Plan 2013-2020, is to continue to invest in a community of highly accomplished staff and students.

One important element of that investment is ensuring that our staff and students are provided with facilities of international quality in which to undertake their teaching, learning and research. To that end, the Council completed in 2013 the purchase of the former Lion Breweries site in Newmarket as the basis for a new campus which will be integrated with the existing City and Grafton campuses. The University will eventually be located only on these three sites within the city. This will facilitate the completion of conjoint degrees, typically preferred by our most able students, and support the kinds of interdisciplinary research that are so important in addressing the major challenges and opportunities facing New Zealand and the world. At the Newmarket site we have demolished the buildings that were not suitable for redevelopment and commenced construction of new engineering research facilities. These are due to be completed by the end of 2014. Demolition has also commenced on the site of the new science tower on the corner of Symonds and Wellesley Streets. Together, these projects alone represent an investment of over \$300 million in the provision of high-quality facilities for our outstanding staff and students.

However, the ability of our staff and students to flourish is not determined solely by the quality of the facilities, or even the resources available to them. They also need to have the “freedom to operate” – to explore new ideas and to challenge current dogmas. This has traditionally been a key function of universities, and it continues to be, even though the impact of the Global Financial Crisis has been to steer governments around the world to a more instrumentalist view of our institutions. While, as a former practising engineer, I am sympathetic to the view that universities should support new and existing industries, that must not come at the

expense of other disciplines such as the humanities. Nor should we ever believe that the role of universities is merely to train students for immediate employment as opposed to educating them for lifelong roles and learning as fully participating members of a democratic society.

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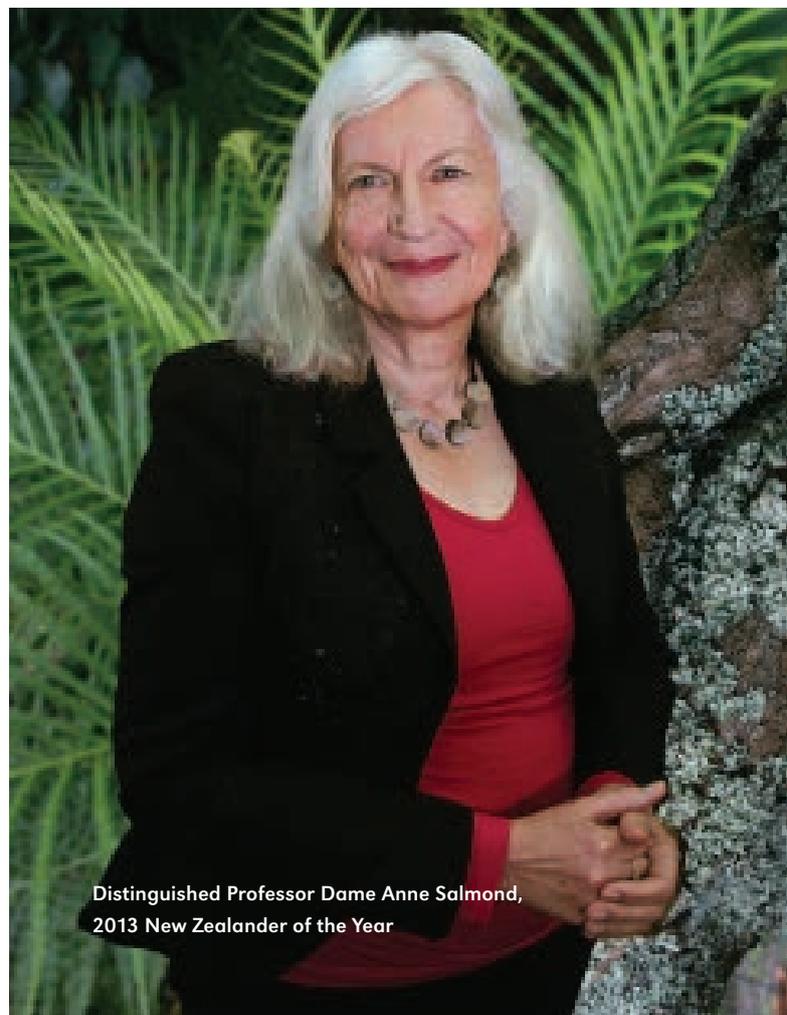
The ability of our staff and students to flourish is not determined solely by the quality of the facilities, or even the resources available to them. They also need to have the “freedom to operate” – to explore new ideas and to challenge current dogmas.

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Recent proposals by the Minister of Tertiary Education, Skills and Employment to change the nature of university governance have been of considerable concern to us all. The government is, of course, a major stakeholder in the universities, but so too are our students, our staff, our alumni, our donors and the wider community. Universities are unique in serving a broad group of stakeholders across a wide range of activities and thus have about them a complexity that is not common in many other organisations. Our complex model of governance, while it may seem unusual in some contexts, has nonetheless proven successful over several hundred years. If we want an environment in which creative people can flourish – and for the sake of New Zealand we must absolutely have such an environment – then a governance structure that promotes a wide range of participation and invites a wide range of views must be supported by us all.



Prime Minister's Science Prize supreme award winners,  
Professor Grant Covic and Distinguished Emeritus Professor John Boys



Distinguished Professor Dame Anne Salmond,  
2013 New Zealander of the Year

# VICE CHANCELLOR'S REPORT



Professor Stuart McCutcheon Vice-Chancellor

As the Chancellor has noted in his review, the 2013 year was one of extraordinary achievement by our academic staff with a near-clean sweep of national awards, particularly in regards to research and science communication. These achievements were also reflected in a range of international awards and honours.

This high level of performance was evident too in the QS World rankings of universities in each subject, which were released in May. One of our subjects – Accounting and Finance – was ranked in the top 20 in the world while four – Psychology, Education, Law and Linguistics – were ranked in the top 30. A further 13 subjects across a range of faculties were ranked in the top 50. This is a very pleasing result and reflects the breadth of high-quality education that students are able to access at this university.

Similarly, our academic staff performed exceptionally well in the national research evaluation scheme, the Performance-Based Research Fund (PBRF). It was noted by the Tertiary Education Commission that, among the eight New Zealand universities and 19 other tertiary institutions participating in the PBRF evaluation, “The University of Auckland demonstrates the greatest depth and breadth of research activity in the New Zealand tertiary sector”. With only 25 percent of all research-active staff, we achieved 35 percent of the A-rated (international quality) researchers in the entire country, 33 percent of the funding allocation for Research Degree Completions and 36 percent of the allocation for External Research Income, reflecting our leading performance in these areas nationally.

Some commentators were surprised that we did not as a consequence of our PBRF evaluation top the rankings for Average Quality Score (AQS). However, that is entirely understandable when

you realise that the AQS measures used in this PBRF round included as denominators the very parameters that a university would seek to increase if it benchmarked itself against international peers. In particular, universities such as ours that seek to have a large postgraduate school and to invest in early career staff will, all other things being equal, be disadvantaged in the AQS. Should these measures continue to be used in the future, universities will need to choose whether they focus on international quality or on domestic ranking.

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**We believe that New Zealand needs to have a highly ranked university that measures itself against, and performs at the level of, the leading public civic universities worldwide.**

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That is not, in our case, a difficult decision. We believe that New Zealand needs to have a highly ranked university that measures itself against, and performs at the level of, the leading public civic universities worldwide. Without such an institution, the trend for our young people to study for their first degree overseas – a trend already apparent though poorly quantified – will reach a point where the failure of New Zealand universities to compete on the global stage significantly exacerbates the brain drain. That is not a

prospect that we consider acceptable, and so our focus must continue to be on securing the best students and the best staff, and providing them with an academic environment of truly international quality.

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## If we genuinely want world-class universities in New Zealand then we must be prepared to empower their leaders, staff and students to take them to new heights.

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With the highest entry standards in the country, we continue to experience strong demand for access to our programmes from both domestic and international students. In 2013, total Equivalent Full-Time Students (EFTS) were 33,050, which was 114 EFTS (less than half a percent) below target but which therefore had the desirable effect of reducing the number of unfunded positions — enrolled places in excess of those which the government has agreed to fund. The proportion of high-achieving domestic students (grade point greater than or equal to 5) entering the University increased again (as it has done in every year since we limited entry to all programmes) to 46 percent. We experienced strong demand from Māori and Pacific students for access to new and existing programmes designed to support their successful transition into the University. The high success rates of these students in their transition to full participation in the University makes these programmes a key element in our strategy of providing equitable access to the benefits of University study to all students of high academic potential. Meanwhile, our proportion of international students increased to 13.2 percent of the student body, the highest figure in the last decade.

Although overall postgraduate numbers and completions changed little over the last year, we were delighted with the successful launch of the new taught postgraduate programmes in the Business School. “Conversion” programmes that allow students to change their career direction are very popular in the leading Australian universities but an opportunity we are only now beginning to explore. Given the long lead times to produce a graduate, and the rapidly changing needs of employers in some sectors (e.g. Information and Communications Technology), they may well be an avenue for meeting graduate and employer needs that could be explored more widely in the future.

While the research funding environment remains challenging in the aftermath of the Global Financial Crisis, there are signs that businesses are increasingly feeling confident about investing in research. Meanwhile, our staff have been very successful in key public research funds, winning over 50 percent of the national allocation in the Health Research Council funding round and a third of the Marsden Fund awards, our best results ever. Also very encouraging has been the \$29 million in philanthropic support received by the University and its associated trusts in 2013, much of which goes to support our research efforts and postgraduate students.

The excellence of our teaching and research is enhanced by the quality of our facilities which are being expanded and upgraded as part of a ca. \$1 billion commitment during the current decade. This year saw, among other projects: the completion of the \$230 million upgrade of the Grafton Campus, home to the Faculty of Medical and Health Sciences; completion of the \$40 million strengthening

and refurbishment of the Maths/Physics building and of extensive new chemistry laboratories; the demolition work in preparation for the major new Science Tower to be located on the corner of Symonds and Wellesley Streets; and the acquisition of the 5.2 hectare former Lion Breweries site in Newmarket, and commencement of construction on the major engineering research complex to be located there. Over time we will relocate activities from the Tāmaki and Epsom campuses to the City/Grafton/Newmarket location, which will result in a significant reduction in our total landholdings.

Despite all these initiatives, it was very disappointing to see our international rankings (and those of most New Zealand universities) continue to decline. This reflects the fact that there is, unsurprisingly, a relationship between rankings and income per student. New Zealand universities have some of the lowest levels of income per student in the developed world. This is because of government policy that severely restricts not only its own subsidy of student places (which is continuing to fall in real terms), but also our ability to charge a student fee commensurate with a high-quality product as well as our access to competitive research funding. Over the last four years, these restrictions have required us to reduce expenditure in real terms by an amount equivalent to 220 staff positions. We have coped with this by continued adjustment of our staffing complement, and will continue to do so through projects such as the Faculty Administration Review which seeks to achieve a more consistent and efficient set of administrative positions across the faculties. But had we been able to retain those 220 positions as academic staff, we estimate that our rankings in the QS system would have risen from the current 94 to a rank of 54-61 through the effects of those staff on enhanced staff:student ratios and research outputs. This illustrates very clearly the impact of government policy on our ability to achieve, for New Zealand, the creation of a truly world-leading university that will support the “brain gain” this country so badly needs. The better our ranking, the more attractive we are to high-quality staff and students, both local and international. The reverse is, of course, also true.

Given the constraints under which we are forced to operate by government policy, there is a rich irony in the government's proposals to “improve” university governance by reducing the size of councils and removing the mandated representation by stakeholders other than the Minister. This is a classic example of choosing the wrong solution to a problem. We have in fact benefited from a very able council as well as outstanding staff and students and wonderfully supportive alumni and donors. But even they cannot overcome the effects of government policies — from both sides of the House — that have for years now restricted the ability of our university to achieve its true potential. If we genuinely want world-class universities in New Zealand then we must be prepared to empower their leaders, staff and students to take them to new heights.

# Key facts and figures

Full-Time Equivalent staff (FTE)	2011	2012	2013
Academic	2,050	2,112	2,131
Professional	2,734	2,764	2,778
<b>Total</b>	<b>4,784</b>	<b>4,876</b>	<b>4,909</b>

## Note

- Staff FTE for 2012 has been adjusted to correct an error in calculation.

Students	2011	2012	2013
Equivalent Full-Time Students (EFTS)	32,193	32,657	33,050

Gender (students)	2011	2012	2013
Male	17,381	17,654	17,888
Female	22,998	23,130	23,475
<b>Total</b>	<b>40,379</b>	<b>40,784</b>	<b>41,363</b>

Workload (students)	2011	2012	2013
Full-Time	25,697	26,337	26,597
Part-Time	14,682	14,447	14,766
<b>Total</b>	<b>40,379</b>	<b>40,784</b>	<b>41,363</b>

Ethnicity (students)	2011	2012	2013
European	17,069	17,349	17,451
Māori	2,737	2,807	2,882
Pacific	3,151	3,153	3,277
Asian	14,670	14,858	15,291
Other	2,043	2,117	2,098
No response	709	500	364
<b>Total</b>	<b>40,379</b>	<b>40,784</b>	<b>41,363</b>

Age group (students)	2011	2012	2013
18 or less	1,973	2,039	2,091
19 - 20	10,276	10,787	11,319
21 - 23	12,704	12,924	13,031
24 - 29	7,160	7,094	7,158
30 - 39	4,078	3,982	3,988
40+	4,188	3,958	3,776
<b>Total</b>	<b>40,379</b>	<b>40,784</b>	<b>41,363</b>

Student enrolment by qualification (EFTS)	2011	2012	2013
Doctor of Philosophy	1,503	1,635	1,719
Other doctoral degree	84	75	76
Master Degree	1,727	1,740	1,778
Bachelor Honours	691	731	764
Bachelor Degree	24,398	24,673	25,090
Postgraduate/Certificate Diploma	2,180	2,236	2,183
Undergraduate Diploma	455	382	300
Certificate	1,085	1,129	1,118
<b>Total</b>	<b>32,123</b>	<b>32,600</b>	<b>33,028</b>

**Note**

- EFTS from formal qualifications only are included.

Completions by qualification	2011	2012	2013
Doctor of Philosophy	286	288	297
Other doctoral degree	33	26	26
Master Degree	1,304	1,446	1,282
Bachelor Honours	822	614	753
Bachelor Degree	5,705	5,608	5,394
Postgraduate/Certificate Diploma	2,562	1,931	1,973
Undergraduate Diploma	442	830	679
Certificate	365	440	451
<b>Total</b>	<b>11,519</b>	<b>11,183</b>	<b>10,855</b>

**Note**

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

Programme enrolments (students)	2011	2012	2013
Arts	8,266	8,375	8,261
Auckland Bioengineering Institute	72	69	78
Business and Economics	7,297	7,068	7,160
Creative Arts and Industries	2,064	1,952	1,887
Education	4,122	3,906	3,780
Engineering	3,387	3,630	3,842
Law	1,974	1,789	1,818
Liggins Institute	33	37	42
Medical and Health Sciences	5,146	5,188	5,526
Science	7,885	8,057	8,435
University Programmes	2,497	2,574	2,470
<b>Total</b>	<b>42,740</b>	<b>42,645</b>	<b>43,299</b>

**Note**

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

Undergraduate enrolment (EFTS)	2011	2012	2013
Arts	5,079	5,092	5,021
Business and Economics	4,900	4,826	4,872
Creative Arts and Industries	1,254	1,216	1,201
Education	2,178	2,006	1,834
Engineering	2,259	1,909	2,055
Law	1,220	1,216	1,249
Medical and Health Sciences	2,404	2,673	2,831
Science	5,860	5,943	6,225
University Programmes	518	487	461
<b>Total</b>	<b>25,672</b>	<b>25,368</b>	<b>25,749</b>

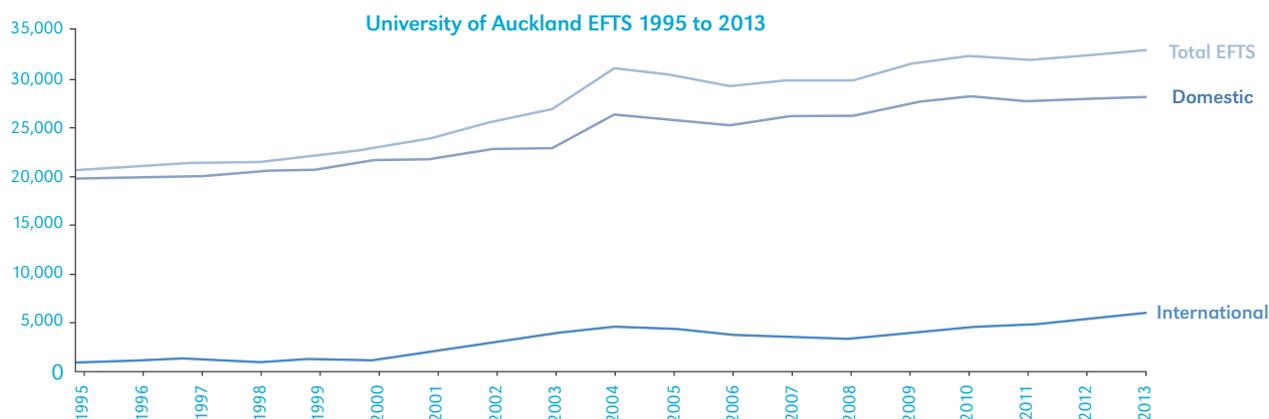
Postgraduate enrolment (EFTS)	2011	2012	2013
Arts	810	848	769
Auckland Bioengineering Institute	58	62	70
Business and Economics	755	707	703
Creative Arts and Industries	507	485	484
Education	998	1076	1136
Engineering	597	1175	1146
Law	175	152	130
Liggins Institute	34	30	43
Medical and Health Sciences	1,171	1,291	1,399
Science	1,339	1,396	1,392
University Programmes	8	10	7
<b>Total</b>	<b>6,452</b>	<b>7,232</b>	<b>7,279</b>

Qualifications awarded (by faculty)	2011	2012	2013
Arts	2,625	2,323	1,845
Auckland Bioengineering Institute	14	10	5
Business and Economics	2,254	2,124	1,834
Creative Arts and Industries	618	687	621
Education	1,385	1,485	1,359
Engineering	721	885	843
Law	416	406	286
Medical and Health Sciences	1,751	1,711	1,886
Science	2,250	2,022	1,952
University Programmes	172	174	224
<b>Total</b>	<b>12,206</b>	<b>11,827</b>	<b>10,855</b>

**Note**

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

International students (students)	2011	2012	2013
China	1,315	1,576	2,016
Malaysia	597	591	513
United States	532	529	474
Korea, Republic of	460	456	426
India	209	246	253
Japan	107	139	147
Germany	151	124	114
Iran (Islamic Republic of)	62	90	104
Indonesia	53	74	97
Hong Kong	57	78	94
Vietnam	72	85	90
United Kingdom	93	100	89
Taiwan	69	76	83
Canada	94	84	76
Norway	74	106	67
Singapore	43	50	57
France	53	63	57
Thailand	38	49	55
Pakistan	88	61	53
Russian Federation	50	50	46
Saudi Arabia	52	40	45
Chile	27	37	36
Denmark	38	34	32
Other	540	563	573
<b>Total</b>	<b>4,874</b>	<b>5,301</b>	<b>5,597</b>



# University governance

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

## University autonomy and academic freedom

The Education Act 1989 gives statutory protection to the institutional autonomy of the University and the academic freedom of its staff and students. The Act also binds the Council, the Vice-Chancellor, Ministers and agencies of the Crown to act in all respects so as to preserve and enhance University autonomy and academic freedom.

## University leadership: the Council

The University's governing body is the Council, which comprises elected staff, students and graduates; Council appointees; and Ministerial appointees. Two executives – the Vice-Chancellor and one of the Deputy Vice-Chancellors – are also members of Council. Council is chaired by the Chancellor, who is a lay member of Council. Under the Education Act 1989, Council has the following functions:

- Appoint a chief executive
- Carry out long-term planning for the University
- Adopt the Investment Plan
- Ensure that the institution is managed in accordance with the Investment Plan

- Determine the policies of the institution in relation to the carrying out of the Investment Plan and, subject to the State Sector Act 1988, the management of its affairs.

## The University's statutory role

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

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

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



### 2013 Council

From top left:

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

From bottom left:

Ex-officio: Vice-Chancellor, Professor Stuart McCutcheon; elected by students: Craig Riddell and Nathan Ngatai; appointed by the Minister of Education: Mike Daniell, Peter Kiely, Sir Ralph Norris and Andrew Ferrier; appointed by Council: Scott St John, Sarah Roberts.

## 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 under-represented groups
- Ensuring that the University does not discriminate unfairly against any person
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources.

## The Vice-Chancellor

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

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

## The Senate

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

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

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

## The faculties

Each faculty is headed by a Dean who is responsible for management of the teaching, research and administrative activities of a particular faculty. Each faculty has established its own structure of associate and assistant deans, and committees. Deans have primary financial responsibility for their faculties. Every year faculties are required to prepare an annual plan and an annual report that provides detail of planned activities and

achievements. In 2008 faculties developed strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will push the University, collectively, towards its targets.

## Governance documents:

### The Charter

The Charter is a high-level governance document which incorporates the mission, purpose, values and character of the University of Auckland. The Charter is no longer required by the Education Act. The University Council, however, determined that the Charter is of benefit as a guiding document to the University and has endorsed its retention. The Charter mission and values have been incorporated in the Strategic Plan.

### The Strategic Plan

The Strategic Plan is the key document in the University's cycle of planning, delivery and accountability. The Strategic Plan articulates the University's vision and strategic direction for the period of the Plan.

The objectives contained within the Strategic Plan form the basis for annual planning and resource allocation as faculties, large scale research institutes and service divisions consider how they can best use resources to maximise progress towards the higher performance and international standing sought by the University. The measures and targets contained within the Plan provide a basis for measuring progress toward achieving the objectives.

The University's annual performance is measured against the Plan objectives and progress each year is reported in the Annual Report's Statement of Service Performance (page 30).

### Capital Plan and Financial Projections

The long-term Capital Plan is updated annually and sets out the investment required to maintain and enhance the University's infrastructure and resources over a ten-year period. The property capital expenditure programme is reviewed by Senior Management with specific project approvals sought from Council. Faculty capital requirements are established subject to an annual Asset Management Plan. The Information Technology spending programme is established subject to the IT Strategy Plan and the Library Committee oversees the University Library's capital expenditure allocation. A projection of the University's financial performance and position over ten years is prepared as part of the Capital Plan. Projections of operating income and expenditure are combined with the capital requirements determined in the Capital Plan to establish an overall projection of the University's financial position and financing requirements over a ten-year period.

## Council committees:

### Finance Committee

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

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

The Finance Committee supports the Council in carrying out its

duty under s.181(e) of the Education Act 1989 to “ensure that the institution operates in a financially responsible manner that ensures the efficient use of resources and maintains the institution’s long-term viability”.

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

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

### Audit and Risk Committee

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

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

The committee also oversees the relationship with the University’s external auditors. Ernst & Young is appointed by the Office of the Auditor-General for a three-year term. The Audit and Risk Committee receives regular reports on any matters that arise in connection with the performance of the external audit, including the adequacy of internal controls and the truth and fairness of the financial reports.

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

### Capital Expenditure Committee

The Capital Expenditure Committee is responsible for considering all capital expenditure proposals over \$2.5 million and up to \$25m, with a particular focus on the contribution each proposal would make to achievement of Strategic Plan objectives, and the financial sustainability of each proposal.

### Equity Committee

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

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

The Equity Office produces plans, strategies, policies and procedures. It develops “good employer” initiatives for staff and programmes for students. These encourage participation, eliminate

barriers and risks of discrimination, and maximise the potential of groups that are under-represented or disadvantaged in their ability to attend the institution.

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

### Rūnanga

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

The Rūnanga has five primary roles:

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

The Rūnanga reports to Council through Senate.

### Ethical standards

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

#### Animal Ethics Committee

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

#### Biological Safety Committee

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

## Human Participants Ethics Committee

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

### Other committees reporting to Council:

Discipline

Student Appeals

University Honours

Vice-Chancellor's Review

## Health and Safety

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

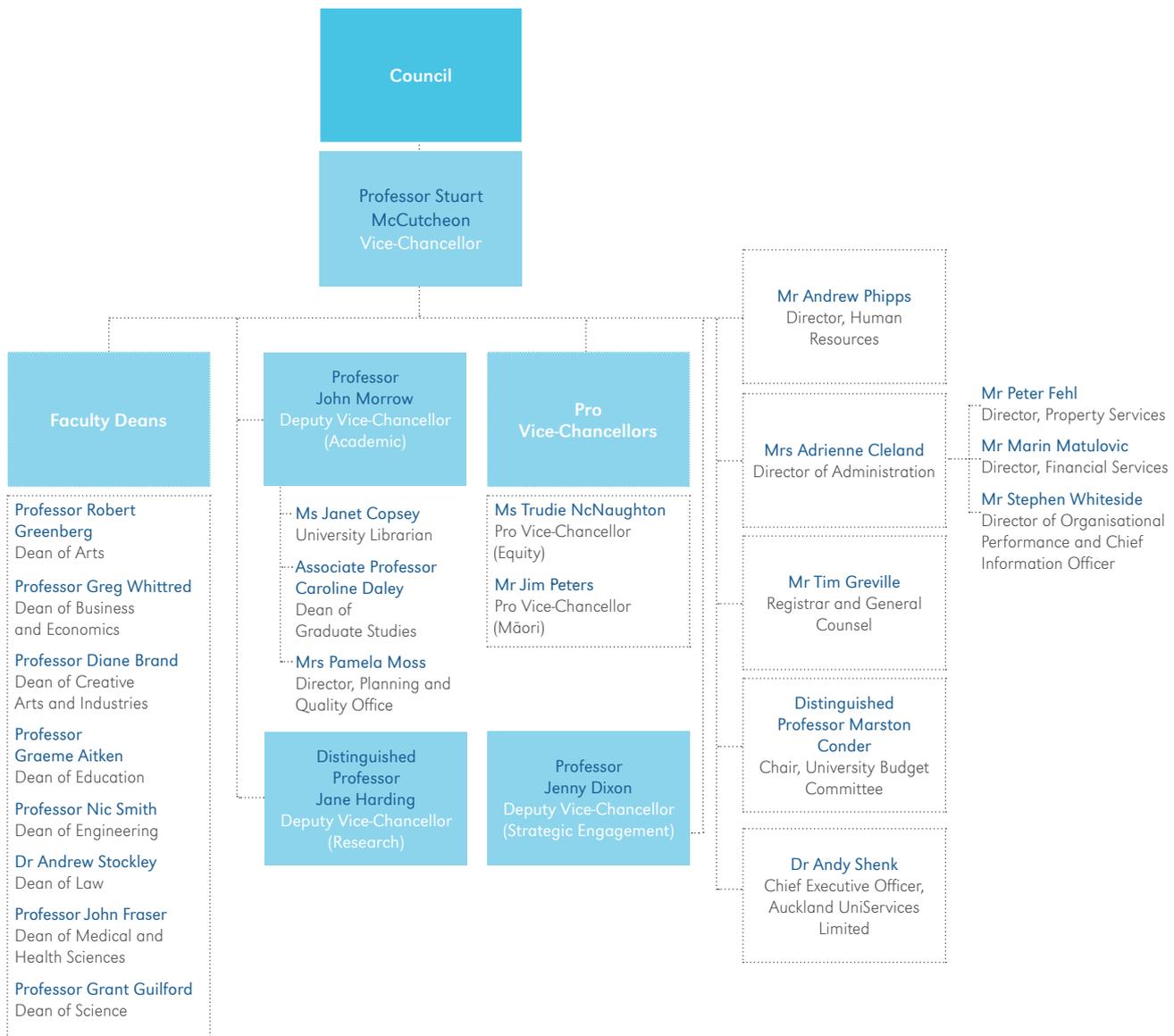
## Business details

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

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

**Valuers:** Darroch Limited  
ART + OBJECT

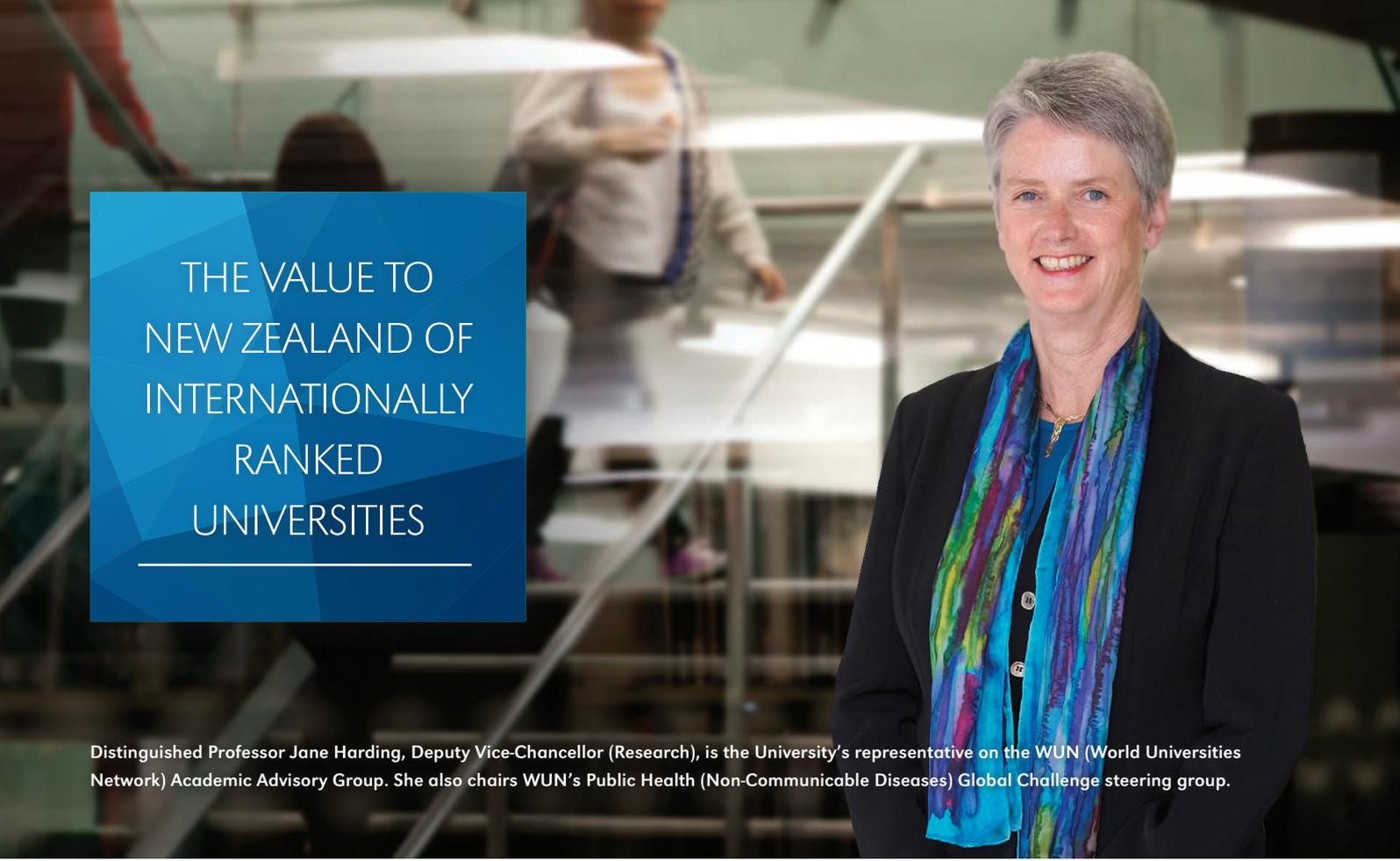
## University management structure | as at 31 December 2013







2  
TEACHING  
AND  
RESEARCH



## THE VALUE TO NEW ZEALAND OF INTERNATIONALLY RANKED UNIVERSITIES

Distinguished Professor Jane Harding, Deputy Vice-Chancellor (Research), is the University's representative on the WUN (World Universities Network) Academic Advisory Group. She also chairs WUN's Public Health (Non-Communicable Diseases) Global Challenge steering group.

International education has grown rapidly in this country over the last two decades and is now New Zealand's fourth largest export earner. However, it is also to some degree counter-cyclical to the economy, in the sense that when jobs are in short supply students are more inclined to do further study. In 2013, we saw clear signs of a global economic recovery, one that may well reduce the numbers of international students seeking to study here. At the same time, New Zealand has jeopardised this very significant market by creating a situation in which the rankings of its universities continue to decline.

The international ranking of universities is a relatively new phenomenon, but one that has attracted a great deal of attention and debate. Just over a decade ago, Shanghai Jiao Tong University released its first Academic Ranking of World Universities (ARWU). The Times Higher Education Supplement (THE)/Quacquarelli Symonds (QS) ranking followed a year later (and subsequently split into two separate systems). Country-specific league tables had previously been available, but the ability to compare higher education institutions across borders was new – and very influential on the global higher education landscape. For many institutions, being the best university in their own country would no longer be enough. Although many criticisms have been levelled at these ranking systems – some of them very valid – global rankings are undoubtedly here to stay. We therefore need to understand how and by whom they are used and why they are important, and determine how we should respond to them as a university, as a university system and as a nation.

That rankings are used by students, particularly international students, in selecting institutions is not surprising since the rankings provide one of the few available proxies for quality when judging universities around the world. Highly-ranked institutions are perceived to provide: a better education (particularly through interaction with leading teachers and researchers, smaller classes

and high-quality facilities); greater chances of being accepted into the best graduate programmes; better post-study career opportunities; higher earnings at an early career stage; and the opportunity to develop networks with peers who will be tomorrow's decision-makers. Many New Zealand students consider only local universities in their choice of institution for undergraduate study, but our best and brightest school leavers are increasingly being offered recruitment scholarships by international universities and many local students entering postgraduate study will have opportunities at overseas institutions.

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The impact of international rankings also extends to staff – postdoctoral fellows, emerging academics and leading researchers. The best academics naturally want to work at the best institutions. The factors that influence academics' choice of workplace are considerably more complex than those that influence students, but research reputation, particularly within their discipline, is an important factor in academic staff perceptions about which universities are the most desirable employers. Early career academic staff are particularly concerned that they begin their career at an institution that will allow them to establish a research reputation and develop international networks.

Rankings are also an important factor in the partnership decisions of other universities, research institutes and research purchasers. Research has shown that 40 percent of universities take rankings

into account when considering potential partner institutions. Research capability and quality are clearly the driving factors in these decisions, but for other universities, forging high-profile research partnerships (such as through the Worldwide Universities Network) is also a mechanism for improving their visibility – and thereby improving their rankings. The table below lists the rankings of some of the network partners against which the University of Auckland benchmarks itself.

### Rankings are also an important factor in the partnership decisions of other universities, research institutes and research purchasers.

The impact of rankings systems extends well beyond academia to the significant investment decisions of employers, business and industry, alumni, philanthropists and governments. Employers consider rankings in their recruitment decisions, particularly for new graduates; domestic and global businesses use rankings in their decisions about research investment; alumni monitor rankings to ensure that their alma mater continues to perform well (which reflects on the quality of the degree they hold); and philanthropists want to donate to research and student support in institutions they would be proud to be associated with.

The investment decisions that governments make based on rankings can impact far beyond individual institutions. Some emerging nations will provide scholarships only for those of their students who gain admission to highly-ranked institutions overseas. Others, like Singapore, will allow their institutions to establish formal research relationships only with highly-ranked international universities. Many nations have explicit strategies to develop highly-ranked flagship institutions and they make their higher education investment decisions accordingly.

One of the challenges in understanding the different ranking systems is that they are based on different input parameters. The QS system, which is regarded the most highly by potential students and other interested parties in Asia, is driven to a significant extent by the regard in which institutions are held by other academics and by employers; the institution's academic staff: student ratio; and the extent to which research published by those staff is cited in the international literature. The THE system, which has greater

impact in Europe and the USA, is likewise influenced by research citations and staff:student ratios (albeit measured somewhat differently) but also by publication rates and PhD awards of each staff member together with industry and research income earned by the institution. The ARWU (Shanghai Jiao Tong) rankings similarly rely on publication rates but particularly on the numbers of papers published in *Nature* and *Science*, the numbers of highly cited researchers and the numbers of staff or alumni who have won Nobel Prizes or Fields medals. The rankings can thus be – and are – criticised on the basis that the outcomes are a function of how the “rules” are constructed and the input data massaged but, as we have seen, their importance is undeniable.

Given that the international rankings of universities are important determinants of the institutions' ability to attract domestic and international students, high-quality staff, and the support of alumni, philanthropists and business, there is strong interest among these institutions in what is required to raise their rankings. Insofar as the QS and THE systems (the two most relevant to New Zealand) are concerned, the key issues are how to improve staff: student ratios, the citations performance of staff and the institution's reputation with other academics and with employers. Making significant changes in any of these parameters requires significant investment – in being able to employ increased numbers of academic staff relative to the number of students; in being able to ensure that those academics are top researchers; and in building the international relationships that lead to recognition by academic peers and employers of the accomplishments of the University's staff, students and graduates. For example, Jo Ritzen, former president of Maastricht University in the Netherlands, demonstrated in 2009 that the single most important predictor of the THE ranking was expenditure per student. Ritzen estimated that for Maastricht to rise from 111 to 100 in the 2008 THE ranking would require an additional investment per student of some US\$7,840 on a base of \$35,497 – a 22% rise. Subsequent analyses have borne out the perhaps unsurprising assertion that quality, as measured by rankings, is strongly related to the level of investment per student (THE data by Thomson Reuters).

In this regard, the New Zealand funding system is particularly unhelpful. There are three key reasons for this. First, in this country the system is fundamentally driven by student numbers or EFTS

## Global rankings for some of our partner institutions against whom we benchmark

Benchmark universities	QS World University Rankings	Benchmark universities	QS World University Rankings
University of Edinburgh	17	University of Queensland	43
McGill University	21	Peking University	46
National University of Singapore	24	Tsinghua University	48
University of California – Berkeley	25	University of British Columbia	49
University of Hong Kong	26	University of New South Wales	52
Australian National University	27	University of Amsterdam	58
University of Bristol	30	University of California – San Diego	63
University of Melbourne	31	Lund University	67
Seoul National University	35	University of Sheffield	71
University of Wisconsin-Madison	37	National Taiwan University	82
University of Sydney	38	Fudan University	88
University of California – Los Angeles	40	University of Auckland	94

(Equivalent Full Time Students). Thus any increases in funding received by a university are typically delivered as an increase in student numbers, which does not of course increase the income *per* student. Second, constraints imposed by successive governments on both the real government funding per student and the ability of universities to increase domestic student tuition fees have significantly reduced the real income per student that the institutions receive. Third, the policy over the last decade of progressively removing funding from the public competitive research fund and sequestering it as base funding for the Crown Research Institutes has reduced the ability of universities to compete for those research funds and thus to generate the revenue that is necessary to support their internationally recognised researchers. Given all of these factors, it is hardly surprising that the rankings of New Zealand universities have been falling fairly consistently in recent years. This pattern has been particularly evident in the QS rankings which, as noted above, are used particularly by students in Asia (the principal source of international students for our universities). Since international students generate higher levels of revenue per student than domestic students (because they are not subject to artificial price controls), a continued decline in the rankings of our universities is likely to create a vicious circle in which it becomes more difficult to attract international students, our income per student falls as a result, our rankings decline further and there is a continued

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Analyses have borne out the perhaps unsurprising assertion that quality, as measured by rankings, is strongly related to the level of investment per student.

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negative impact on international recruitments.

One response to this decline in rankings of New Zealand universities has been to suggest that it is not an issue of major concern because, with all eight New Zealand universities in the top 500 for the QS, six in the THES and five in the ARWU, we “punch above our weight” on the world stage.

But this view misses the vitally important point that prospective



students and other interested parties evaluate each institution in the context of the system of which it is a part, and one cannot have a world-class system without at least one flagship world-class institution. Australia has four institutions in the QS top 50, and seven in the top 100, while New Zealand has none in the top 50 and only one (barely) in the top 100. The reputation of our entire university system is thus being placed at considerable risk.

So, what should our response as a nation be? If, as seems apparent from recent history, we are not prepared to invest in all our universities in order to raise (or even maintain) their rankings, we may need to consider a more differentiated system. However, there is a conflict in higher education policy between quantity and quality. As the Australian Group of Eight has noted, “The double-edged challenge for [higher education] public policy is to strengthen the leading institutions without impoverishing the core



TOP: Professor Jason Ingham, Civil and Environmental Engineering, is an earthquake engineer who has led the creation of guidelines for retrofitting of New Zealand’s older buildings to meet seismic standards.

LEFT: Professor Alison Jones, Te Puna Wānanga, School of Māori Education, was one of three University academics to win a 2013 National Tertiary Teaching Excellence award.

RIGHT: Bioengineer Dr Ben O’Brien won the 2013 Prime Minister’s MacDiarmid Emerging Scientist Prize for his work into the control of artificial muscles.

FAR RIGHT: Dr Siouxsie Wiles, Molecular Medicine and Pathology, won both the 2013 Prime Minister’s Science Prize for Science Media Communication and the Royal Society’s Callaghan Medal for science communication.

University of Auckland subjects ranked in the top 50 in QS  
Individual Subject rankings 2013

Subject	2013 QS ranking
Accounting and Finance	20
Psychology	22
Education	24
Law	24
Linguistics	26
English Languages and Literatures	36
Computer Science (and Information Systems)	38
Politics and International Studies	40
Pharmacy and Pharmacology	41
Modern Languages	42
Civil and Structural Engineering	42
Biological Sciences	43
Medicine	43
History	44
Mathematics	46
Statistics and Operational Research	47
Philosophy	49
Economics and Econometrics	50



Distinguished Professor Richard Faull is the Director of the University's Centre for Brain Research and has an international reputation for his research on the normal and diseased human brain.

of the system which caters for mass participation, and to enlarge the system equitably without diminishing the quality of the elite performers.”<sup>1</sup> The desire to enlarge the system to support mass participation equitably resonates with the New Zealand ethos of everybody getting a fair share and a fair go. The contrasting desire, to support leading institutions and elite performers, jars with our national view that cuts down tall poppies and favours the underdog. Much of the higher education and research policy and funding in New Zealand is directed towards achieving the former, by funding more and more places (at a lower per student investment), but fostering “tall poppies” is essential to achieve an internationally recognised university system and our national goals for higher education, for research, and for economic growth and improvement in social outcomes. We, as a nation, need to acknowledge the importance of our flagship universities,

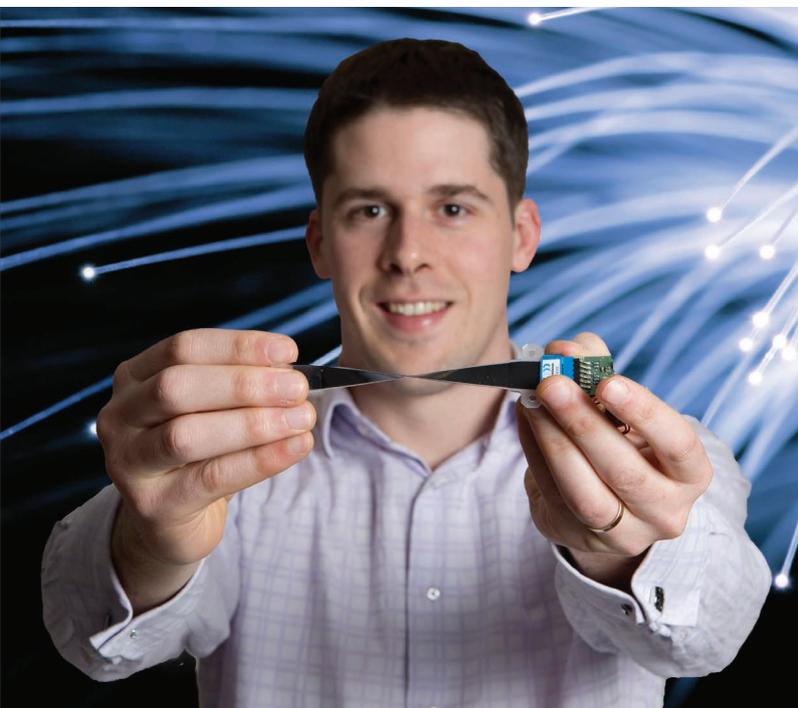
particularly as they are reflected in global ranking systems, and our public policy needs to acknowledge, foster and invest in their distinctive contribution.

<sup>1</sup>Footnote: Group of Eight (2012), World University Rankings: ambiguous signals, online: [www.go8.edu.au/\\_\\_\\_documents/go8-policy-analysis/2012/go8backgrounder30\\_rankings.pdf](http://www.go8.edu.au/___documents/go8-policy-analysis/2012/go8backgrounder30_rankings.pdf)

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Fostering “tall poppies” is essential to achieve an internationally recognised university system and our national goals for higher education, for research, and for economic growth and improvement in social outcomes.

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# FACULTIES, INSTITUTES, UNISERVICES

## Arts

Major initiatives for the Faculty of Arts in 2013 included the improvement of the faculty structure in advance of the implementation of the four new schools on 1 January 2014; preparations for a review of the faculty's postgraduate degree programmes; and growing the faculty's visibility through new strategic partnerships and initiatives, and among its alumni.

In the 2013 QS World University Rankings, the faculty maintained its position in the top 100. For Arts and Humanities, the faculty was ranked 69, while for Social Sciences and Management (which includes some Arts disciplines) the ranking was 58. Six subjects were in the top 50 in 2013: Linguistics (26), English Language and Literature (36), Politics and International Studies (40), Modern Languages (42), History (44), and Philosophy (49).

In 2013 the faculty was recognised for its continued excellence in research and creative work through the 2012 PBRF assessment. Overall, academic staff achieved better results than in 2006. The percentage of A-ranked academic staff rose from 17 percent in 2006 to 19 percent in 2012; the percentage of B-ranked staff rose from 38.6 percent in 2006 to 41.1 percent in 2012; the percentage of C-ranked staff rose from 31.9 percent in 2006 to 35.4 percent in 2012. In addition, several disciplines of the faculty were ranked in the top 10 nominated units from across the University, including Philosophy (1), Sociology (2), Media, Film and Television (3), Applied Language Study and Linguistics (6), and Anthropology (8).

Publication rates in the faculty have nearly doubled since the first PBRF assessment, and 2013 has seen the publication of 55 authored and edited books, 140 book chapters and 190 articles in refereed journals. Documentary films produced by staff and students have been shown internationally and the community has enjoyed poetry, novels and dramatic productions from our academic staff and students.

The results of the survey of our postgraduate students were largely positive. We have improved the rate of completions of postgraduate degrees, and our students have a high satisfaction rate with their supervisors and co-supervisors.

During 2013, six academic staff were successful in obtaining Marsden funding and the year ended with news of an award of a significant training grant from the National Institutes of Health secured in collaboration between Te Whare Kura (promoting research into indigenous knowledges, peoples and identities) and two partner institutions in the United States.

The faculty has continued to support and employ excellent people. Seven academic staff were approved for promotion in 2013, including one to professor and six to associate professor. One member of the academic staff received a University Teaching Excellence Award and two academic and four professional staff received other University and faculty excellence awards. Distinguished Professor Dame Anne Salmond won two prestigious national awards, including New Zealander of the Year and the Rutherford Medal, which was awarded to a social scientist for the first time.

The faculty's use of its resources has been restrained. We have focused on securing new sources of philanthropic funding to support student scholarships and other strategic initiatives. We launched our online Arts Alumni Newsletter in 2013.

In addition, the faculty has engaged with other New Zealand Deans and the Australian Group of Eight Deans of Arts to promote better public and political understanding of the nature and value of the humanities and social sciences.

## Business and Economics

In 2013 the Business School's primary focus was on: executing the business plan for the new postgraduate taught ("conversion") masters programmes; maximising readiness for three international accreditations scheduled for 2014; and increasing engagement in strategic cross-faculty research initiatives.

We had less than 12 months to recruit both staff and students and launch the masters programmes and were delighted with the outcome. We recruited 13 new staff including four Foundation Professors and cohort one commenced in September with 110 students enrolled, exceeding the target of 100.

Undergraduate EFTS were up slightly on budget while international EFTS were up 4.5 percent and research EFTS were on target. These gains were offset by a 2.3 percent drop in postgraduate taught enrolments.

An effective portfolio of experiential learning opportunities that maximises students' employment prospects is essential to continued growth in quality applications and the maintenance of international accreditations. The emphasis placed by accrediting agencies on personal and professional skill development, career development and placement services, and demonstrating graduate destination outcomes, will require a strong, proactive management of our relationships with employers.

The Business School's four Strategic Research Themes – Innovation and Value Creation, Succeeding in International Markets, Productivity and Sustainability, and Leadership and Governance – continue to guide our discretionary research spending, strengthening the relevance and impact of our research. Growing Business School endowment support for these themes has seen four new projects funded in the last year, earlier funding having supported this year's two successful Marsden applications, one on "The importance of market innovations for small open economies" and the other on "Raw log exports from Tauranga" with a combined total of \$1.4 million over three years.

The National Science Challenges, Ministry of Business, Innovation and Employment (MBIE) 2013 and 2014 rounds, and the Centres of Research Excellence (CoRE) bid process have increased the opportunities for significant involvement of Business School staff in collaborative applications with other University faculties. Presently we are engaged in bids across all three of these significant government investments in research, science, and technology. Three successful large-scale collaborative applications have also been made to international funders – the European Union, Germany and the Worldwide Universities Network (WUN). International government and philanthropic funding are future growth areas for the Business School.

Favourable rankings were achieved in 2013. PBRF scores for our departments ranged from 4.3 to 5.4 – averaging 4.82, up from 4.28 for 2006. QS World University Rankings by subject places each of the school's five departments in the range 20-50 globally and Eduniversal continues to rank the Business School as one of the top three in the Oceania region.

## Creative Arts and Industries

In July, the National Institute of Creative Arts and Industries (NICAI) welcomed new Dean, alumna Professor Diane Brand. A number of revamped and significant new appointments followed: these included Margaret Doyle as Director of Faculty Operations, Associate Professor Nuala Gregory confirmed in a second term as deputy dean, and consolidated portfolios for three new associate deans: Dr Ralph Buck (Equity and International), Associate Professor Dr Deidre Brown (Research and Postgraduate) and Dr Julia Gatley (Academic and Teaching and Learning). Other senior roles included the newly created positions of Technical Resources Manager and Marketing and Communications Manager.

With a new structure in place, the faculty then focused on one key underpinning strategy: to radically lift performance and promote internationalisation across all schools, all units and in all relationships. As a result students, staff and alumni have received a number of major international prizes and honorary appointments, as well as research, exchange, teaching and recruitment opportunities this year and over the next five years. These activities have fed back into the faculty's performance at national level. We have been active in regenerating Christchurch, partnering with other tertiary organisations to foster socially and environmentally responsible and smart change. Our unique studio pedagogies (Studio Christchurch) played a major role, particularly through design as interdisciplinary research (in partnership with the international D-School, University of Canterbury and Tait Engineering).

Internationally, academic staff have established an active research presence in locations as diverse as Venice, Istanbul, Paris, Buenos Aires and Suva. We have developed a number of exchanges and partnerships throughout China, where Dance Studies has introduced a specialist teaching brand of Community Dance. Staff have contributed to international educational policy (through UNESCO) and students have won international awards including a Shanghai design competition and a prize sponsored by multi-million dollar global company Bentley Systems Inc. At home, the faculty has contributed to national policies and debates (we hosted the Auckland mayoral debate) and major cultural events such as the Auckland Triennial. The School of Music secured a significant agreement with the Jardin Musical Trust that will boost student recruitment while incorporating community needs into our programmes.

Absolutely critical to NICAI's success has been improved management capability and processes. This has included strong HR support, dedicated leadership from heads and associate heads of schools and programme heads and deepened alumni relations. Essential to everything we do is the dedication and talent of our staff and students. In all, 2013 has been a year to celebrate unprecedented achievements, the calibre of our people, our collective creativity, and the international relevance of our work. But also it is a time to reflect with sadness on the passing, in August, of former Associate Professor Thomas Winston Fookes. He will be remembered as a passionate educator and researcher in planning and ekistics (the science of human settlement).

## Education

The Faculty of Education's significant expansion of research productivity and quality was reflected in the release of the 2012 PBRF results last year. These reinforced the position of the faculty as the most research-productive and internationally-reputable Education tertiary facility in the country. The faculty has 46 percent more active researchers than any other faculty of education; the most researchers whose work has been rated as world-class and who have achieved the highest levels of peer recognition and esteem; and the most researchers whose work has acquired national recognition. In the last six years the number of research-active staff has increased by 87 percent. In the most recent QS World University Rankings, Education at Auckland has improved from 37 to 24 and is the only New Zealand institution in the top 50.

A high priority this year has been the implementation of new initiatives aimed at achieving an even higher-quality learning experience for students. Interactive Large Class Teaching has been implemented, with four teaching spaces modified to accommodate 60+ students seated at hexagonal pods. Interactive engagement has been achieved through pod-based group work and the use of iPads and surrounding LED television screens. Staff professional development and the provision of technical support have facilitated the change in teaching approach. A First-Year Experience programme has been introduced across all undergraduate programmes, aimed at identifying and then responding to the needs of both high achieving and at-risk students. Thirty-seven mentors have been trained and a For Your Entertainment website has been created. There has also been a strong focus on the ongoing improvement of DELNA (Diagnostic English Language Needs Assessment) reporting and its utilisation by staff. In a related initiative, funding has been secured to progress the use of research-based methods of effective instruction for Māori and Pacific learners based on the internationally reputable AVID (Advancement Via Individual Determination) programme.

In response to the sometimes negative images of teaching as a career and the consequent fall in student numbers, the faculty is developing a campaign to raise the status of teaching and to reinforce its value in changing lives for the better. In social work and in teacher education a greater emphasis is being placed on building more collaborative and sustainable partnerships with agencies, centres and schools. One consequence of these strengthened partnerships is a shift in teaching towards postgraduate study for professionals that integrates research, theory and practice. The new postgraduate diploma in teaching (secondary field-based) has also established a very strong reputation with partner schools, and the quality of the faculty's engagement with schools and record of innovation in initial teacher education has been rewarded with two contracts to deliver new Master of Teaching programmes in primary and secondary teacher education from mid-2014.

## Engineering

During 2013 the Faculty of Engineering continued to grow its reputation as a centre for teaching and research excellence attracting the brightest and best undergraduate and postgraduate students in the face of strong competition from other tertiary providers.

Key to the future growth and international standing of the faculty is the continued success of our academic staff, several of whom were rewarded with prestigious national awards and scholarships during 2013. Associate Professor Bryony James (Chemical and Materials Engineering) won a 2013 National Tertiary Teaching Excellence Award; Distinguished Emeritus Professor John Boys and Professor Grant Covic won the 2013 Prime Minister's Science Prize for their ground breaking work with Inductive Power Transfer; Professor Neil Broom was awarded the Royal Society's MacDiarmid Medal for his cross-disciplinary research; and Dr Claire Davies (Mechanical Engineering) was awarded both the regional and national AMP scholarships for her work in providing engineering solutions for the visually impaired.

The faculty also enjoyed significant success in the MBIE public good funding round in 2013, particularly with the Product Accelerator and Large Scale Electrical Energy Storage and Savings for the New Zealand Grid applications as well as with a joint institutional bid in the category of Geothermal.

Several international academics and industry experts were welcomed during 2013 including Seelye Fellow Paul Wessell, CEO of Innovation Consulting Partners, Minnesota, and Hood Fellow Professor Gideon Levy. Visiting academics and experts played a significant role in building and maintaining the academic and commercial relationships needed to underpin future teaching, research and commercialisation opportunities.

Research breakthroughs included the development of a robot to help with aged care. The Health Bots project operates in collaboration with Korea's Electronics and Telecommunications Research Institute and Yujin Robot. Seed funding for the Healthbots project was provided by UniServices, the University's commercialisation arm, and on-going funding is provided by the MBIE and the Korean government.

The faculty achieved the increase in undergraduate EFTS agreed with the government and various measures were implemented to ensure all teaching and pastoral care requirements could accommodate the significant increase in student numbers.

The quality of the first-year intake also continued to grow. To support this trend the faculty has continued to engage with secondary schools, aligning the maths and physics curriculum with the requirements for entry into the Faculty of Engineering.

The drive to increase postgraduate numbers has been supported through the introduction of a number of new programmes including a Master of Disaster Management and with refinements to the Master of Engineering Studies and Master of Engineering programme to strategically increase enrolments in postgraduate taught programmes.

As growth in undergraduate student numbers increases, development of the Newmarket Campus promises an exciting future for the faculty. New laboratories and teaching spaces will continue to inspire and deliver the excellent research, teaching and commercial outcomes for which the faculty is internationally renowned.

## Law

The Auckland Law School has had considerable success in law student competitions during the last year, including reaching the Grand Finals of both the World Human Rights Mooting Championship in Pretoria and the International Commercial Mediation Competition in Paris. Auckland students won four of the five competitions at the 2013 New Zealand Law Students' Championships and for the sixth time in the last seven years will represent New Zealand at the Jessup Moot Competition, the world's largest and most prestigious moot court competition.

More than 100 students took part in the Law School's Equal Justice Project during 2013, working with law firms and community law centres to provide *pro bono* assistance. Students helped with cases brought to the Court of Appeal and Supreme Court, presented oral submissions before parliamentary select committees, delivered over 25 workshops for school pupils in Auckland, and provided hundreds of hours of service at Community Law Centres in Waitakere and Mangere.

The faculty has strong international links and has been steadily increasing the number of students participating in exchange programmes with other top law schools. Almost 20 percent of final-year law students spend a semester abroad and are able to deepen their understanding of the law and legal practice in other jurisdictions. Student exchanges have been set up with several of the very best law schools in China and, with alumni and other support, fully-funded scholarships will be available to participating students. During 2013 the faculty hosted visits from a range of distinguished academics, judges and public officials. Highlights included the visits of Lord Phillips (the first president of the British Supreme Court), his colleague Lord Mance, Professor Trevor Hartley (the 2013 Legal Research Foundation Scholar), and the Attorneys-General of the United States and of England and Wales.

Former Governor-General Sir Anand Satyanand was welcomed back to the faculty as a Distinguished Fellow. Professor Peter Watts was appointed Queen's Counsel, a distinction only a few academic

lawyers have ever achieved. As occurred in 2012, the Auckland Law School won three of the four New Zealand Legal Writing Awards. Professor Janet McLean won the JR Northey Memorial Book Award for the best book for her monograph *Searching for the State in British Legal Thought*.

The Law School gained more space and better facilities in 2013. This has enabled a Law Student Centre to be established as a one-stop shop for student information and support, for the law clubs and societies to be co-located in the same area, and for the Law Student Common Room and café to be extended. The faculty now has better seminar rooms and more office space for staff, visitors and distinguished guests and will be better able to grow in the ways expected of a leading law school.

The Auckland Law School was again ranked among the best 25 law schools in the world in the 2013 QS World University Rankings.

## Medical and Health Sciences

Last year was challenging, but ultimately successful for the faculty. The Grafton redevelopment project was completed five years after it was approved and the result has been exceptional, delivering the world class modern biomedical and health education and training facility that was promised, and supporting our strategic goals in research and teaching. Feedback from students and staff has been exceptionally positive.

The faculty's strong focus on increasing research revenue has continued, despite a very competitive environment. Researchers were successful in the Marsden Fund and the faculty has actively engaged in the National Science Challenges. It is also strongly positioned for the highly anticipated CoRE round, with new bids in Brain Research (in conjunction with Otago) and Medical Devices Technologies planned.

The faculty continues to play a pivotal role in developing New Zealand's future health professionals, but unfortunately demand for programmes outstrips the funding available for them.

New academic programmes in Medical Imaging and Nutrition and Dietetics were introduced in 2013 to meet industry needs, and the first stage of the reinvigorated MBChB (Bachelor of Medicine and Bachelor of Surgery) curriculum rolled out. Increased medical student numbers are expected in 2014, and similar increases in 2015 and 2016, reaching a target class size of 300 in 2017.

Postgraduate research EFTS continue to grow, led in large part by the new facilities on the Grafton Campus. International numbers also exceeded initial 2013 budget targets, as a result of a clear faculty strategy, particularly in regard to increasing international doctoral enrolments.

New heads of school have settled into their roles in Population Health, Medical Sciences and Pharmacy. A new head of Optometry and Vision Science, Professor Steven Dakin from University College London, has been appointed and will start in April 2014.

The faculty continues to enjoy positive relationships with district health boards and other healthcare providers, and a number of significant developments have taken place this year. In particular the Auckland Academic Health Alliance was formally launched in early December to link the University and the Auckland District Health Board, with a goal of delivering better health outcomes for patients and our community. This was accompanied by the inaugural lectures of three honorary professors from the Auckland District Health Board.



## Science

During 2013, the Faculty of Science undertook a wide array of activities and had a number of successes that enhanced the international reputation of the University and its people. Central to our approach was the recruitment and development of talented staff. This was demonstrated in the recent PBRF results in which we increased our internationally-ranked PBRF A-level researchers by over 50 percent from 50.9 Full-Time Equivalent (FTE) in 2006 to 79.4 in 2012.

Another ongoing focus has been the enhancement of research quality and impact. An analysis of Web of Science outputs revealed that the number of articles published by our staff, and the number of citations received, increased in nearly all of the science categories during the last five years. Over the last decade our science publications were cited more frequently than the average worldwide citation frequency in approximately 75 percent of the relevant science categories. There were also some very notable successes in the 2013 QS World University Rankings results including the outstanding performance of the School of Psychology (ranked 22) along with four other disciplines (Computer Science, Biological Sciences, Mathematics and Statistics) all ranked within the top 50 in the world.

A comprehensive suite of faculty and University-wide research initiatives highlights the relevance of our activities to national and international communities. These new initiatives include the Institute for Marine Science, the AgriTech Initiative, the Complex Biological Systems Initiative, the Sustainable Built Futures Centre and the Sustainable Extractive Economy Initiative.

The faculty has enhanced the international reputation of the University through its commitment to providing high-quality, relevant teaching and learning. These efforts were highlighted by the award of a National Tertiary Teaching Excellence Award to Associate Professor Cather Simpson, the development of several new taught masters programmes (including those in data science and digital security), and ongoing significant increases in undergraduate, postgraduate and international student enrolments with total EFTS reaching 7,600.

The faculty is also involved in a major redevelopment programme. The design phase of a new \$200 million science building is now complete. Also finished are new undergraduate chemistry teaching laboratories; a new student plaza and resource centre; and a range of new research facilities including laboratory space and state-of-the-art nuclear magnetic resonance and x-ray fluorescence and diffraction equipment.

The faculty improved its budgetary performance in 2013 by a combination of growth and diversification of revenue, constraint of expenditure and optimisation of the use of assets.



## Liggins Institute

The Liggins Institute's reputation as a leader in the field of the early origins of adult diseases research derives from international and national collaborations. The institute's academic staff have 52 international research collaborations and partnerships across 27 countries. Amongst these, they supervise major research laboratories in Singapore and Chongqing. Professor of Maternal and Fetal Health, Philip Baker, is the Scientific Director of the International Pregnancy Research Alliance of leading researchers in Canada, China and New Zealand. Staff are also investigators on ten international grants and our student body includes over 50 percent international students.

The Liggins' school-science partnership "LENScience" has made an impact in communities challenged by health issues such as type 2 diabetes. Now, supported by the New Zealand Aid Partnership Programme, it is partnering with schools and Ministries of Health and Education in Tonga and the Cook Islands to adapt New Zealand programmes for local schools.

In 2013 Professors Jane Harding and Wayne Cutfield were recognised for outstanding research achievements with the award of prestigious international society medals, and Professors Caroline Crowther and Wayne Cutfield delivered plenary lectures at the world's largest scientific meetings in their respective disciplines. Distinguished Professor Sir Peter Gluckman advises the United Nations Development Programme and he and Professor Crowther are expert advisors to the World Health Organisation.

The Liggins reputation is demonstrated in the engagement of academic staff in major national research initiatives. Professor Baker is Director of Gravida: National Centre for Growth and Development (a CoRE). In a challenging funding environment, investigators have achieved around \$13 million in new research funding.

Notably, the institute's research showing how early life events shape future health and wellbeing was cited amongst evidence supporting recommendations of the Parliamentary Health Committee's "Inquiry into improving child health outcomes and preventing child abuse", with a focus from preconception until three years of age.

Overall in 2013, flexibility, innovation and global connections have underpinned growth and recognition of the institute's high-quality, high-achieving staff and student body and research that is making a difference in local and world communities.

## Auckland Bioengineering Institute (ABI)

The ABI is well placed to support the growth of the New Zealand medical technologies sector through engagement with clinicians and industry to identify opportunities that require novel approaches and solutions, and by providing appropriately trained researchers to a sector that frequently cites lack of skilled personnel as a barrier to expansion. Part of the challenge is to exploit the wealth of collective research capability that is housed in the nation's universities. In response, the ABI is leading a Medical Technologies CoRE proposal to TEC, which will build on collaborations now established with our Consortium for Medical Device Technologies partners: Auckland University of Technology, Callaghan Innovation, Victoria University of Wellington, and the Universities of Canterbury and Otago.

To foster entrepreneurial aspirations the ABI has provided space to two fledgling spin-out companies. IMeasureU (established by Mark Finch and Dr Thor Besier) has developed one of the smallest, lightest, most robust wireless inertial measurement units in the world. In October IMeasureU won the annual Spark competition worth \$25,000 in seed capital and six months' incubation at The ICEHOUSE. StretchSense (founded by Associate Professor Iain Anderson and former students Drs Ben O'Brien, Todd Gisby and Tom Mackay) pioneered the development of small, light and soft, stretchy sensors that can measure movement and transmit information to a smart phone app. They now have global customers in healthcare, rehabilitation, sports training, animation and gaming. StretchSense won the Emerging Innovator and Innovation in Design and Engineering awards at the New Zealand Innovators Awards in October, and this was closely followed by Dr O'Brien winning the 2013 Prime Minister's MacDiarmid Emerging Scientist Prize. Both companies are in expansion mode and have plans to recruit additional staff. While the ABI cannot offer production space for these ventures, they will retain research and development linkages via interaction with academic staff and co-supervising PhD students.

The proposal for an Auckland Centre for Heart Research was strengthened by awards to the ABI of programme, project, and emerging researcher first grants in the HRC funding round: (\$6.3 million) all related to cardiac research. Further notable successes in 2013 were: Marsden Fast-Start grants awarded to Drs Alys Clark and Jessica Jor; award to the ABI of a United States Federal Drug Administration grant (the first in the University) to develop a musculo-skeletal modelling database for use in medical device testing; negotiation of US\$750,000 of commercial funding by Dr Mark Sagar (with additional contracts under negotiation); and use of ABI technology in a two year \$400,000 commercial contract with an agricultural company.

To support our talented emerging researchers, the Aotearoa Foundation has granted \$1.08 million to fund a further three Aotearoa Fellowships, with one appointment over each of the next three years. The first appointment is planned for early 2014.

## UniServices

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

During 2013, UniServices earned \$130 million in revenues for the University. A growing proportion of UniServices' business is international, linking the research and education strengths of the University to a pathway for companies, students and commercial partners to engage with it.

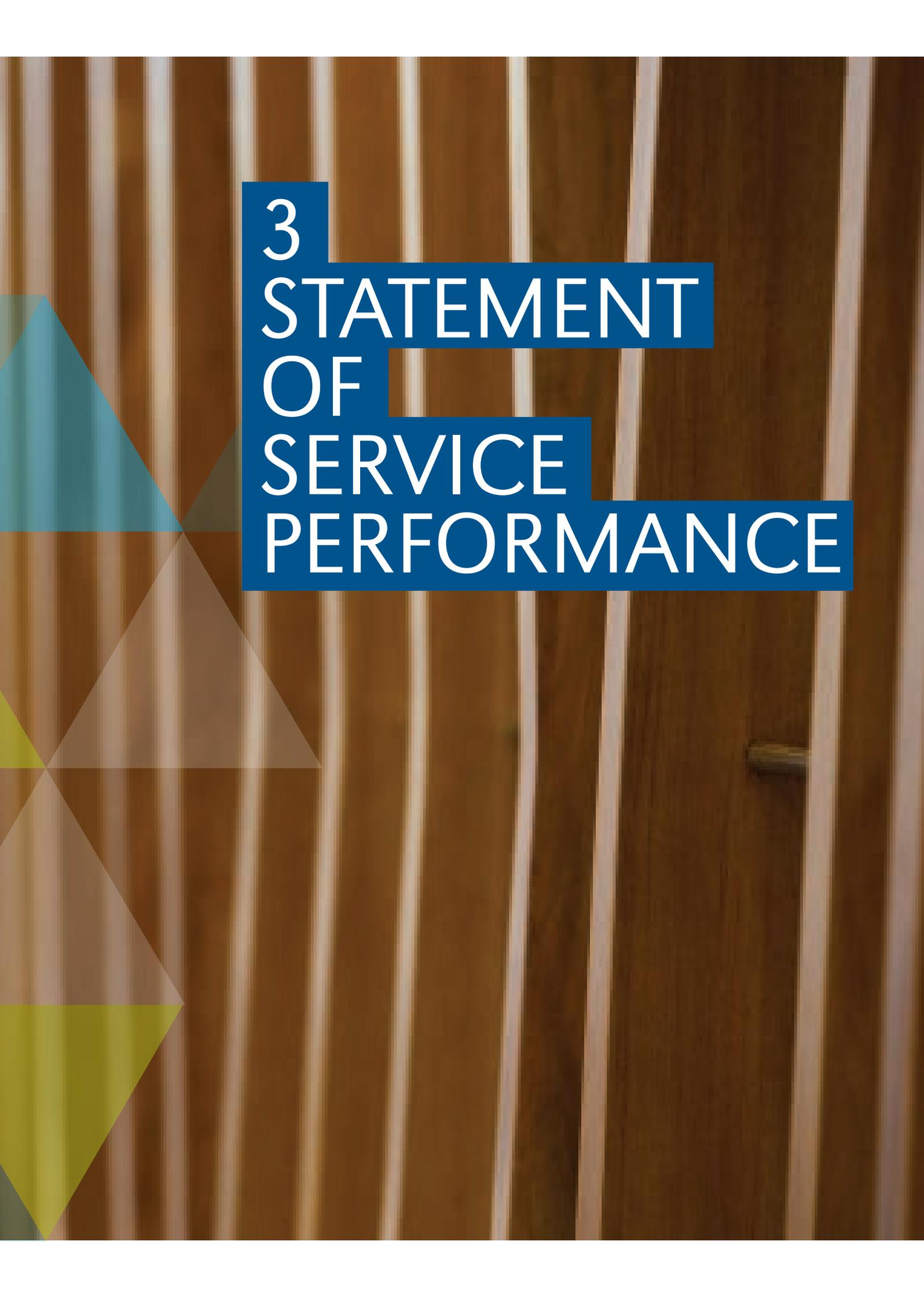
UniServices won the 2013 New Zealand Trade and Enterprise's New Zealand International Business Award for Best Commercialisation of Intellectual Property in International Business. Several researchers supported by UniServices were recognised at the Prime Minister's Science Prizes, reflecting the company's commitment to top-quality research that makes a meaningful difference in the commercial arena and in the broader society.

Key initiatives underlying the performance in 2013 includes: continued international growth in contract education in the Middle East, geothermal energy in the Pacific Rim and metal production in China (UniServices now has business in 45 different countries). Also underlying UniServices success is the growth of the commercialisation pipeline through the establishment of the fourth Return on Science Investment Committee, in Agritech, to complement the existing Investment Committees focused on ICT, Life Sciences, and Physical Sciences and Engineering; and an increased focus on aligning UniServices' research, education and commercialisation offerings to the needs of our top clients and partners in business and government, both in New Zealand and internationally.

In 2013 UniServices has invested in further developing long-term relationships with the leading academics in the University and the promising stars of the future, to build a deeper and more comprehensive set of capabilities that the company can offer to external partners. The company has also raised its financial and management commitment to promising University technologies and start-up companies, to give these the best possible chance of significant commercial success. The first outputs of these investments should be realised in 2014.







3

STATEMENT

OF

SERVICE

PERFORMANCE

# Statement of service performance

## Accomplished and well-supported staff

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

### Objective 1

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Student : academic staff ratio (EFTS : AFTE)	18.9	18.2	18.5	18.6
Academic : professional staff ratio (AFTE : Professional Staff FTE)	1.4	1.5	1.5	1.5
Number of prestigious awards held by academic and professional staff	182	194	185	268
Proportion of Māori staff in academic positions (FTE)	5.5	5.6	5.6	5.8
Proportion of Pacific staff in academic positions (FTE)	2.2	2.2	2.4	2.1
Proportion of Māori staff in professional positions (FTE)	5.3	6.0	5.5	6.2
Proportion of Pacific staff in professional positions (FTE)	5.3	5.3	5.3	5.3

- The University's monitoring of staff appointments and student enrolments resulted in the staff ratios (student to academic staff and academic to professional staff) being very close to the 2013 targets and for the SSR (Student: Staff Ratio), only marginally higher than in 2012.**
- Monitoring appointment processes and active engagement with Māori and Pacific communities as potential staff has led to the proportions of Māori academic and professional staff improving from 2012 and being better than the 2013 target.** The proportions of Pacific professional staff met the target but were unchanged from 2012. The competition for the limited pool of qualified academic staff identifying as Pacific meant that the proportions declined relative to 2012 and were below the 2013 target.
- The number and percentage of women in senior academic and professional positions has improved again in 2013 with 27% of staff in senior academic and 44% of staff in senior professional positions being women.** The University's efforts to increase its senior female academic staff numbers was acknowledged in The Human Rights Commission's *New Zealand Census of Women's Participation 2012*, published in 2013.
- The quality of teaching at the University was recognised through success in the national awards for Sustained Excellence in Tertiary Teaching awarded to three staff:** Associate Professor Bryony James (Chemical and Materials Engineering), Professor Alison Jones (Te Puna Wānanga), and Associate Professor Cather Simpson (Chemical Sciences).
- The University's staff made significant contributions to the leadership of community and professional bodies which were recognised through awards and prizes including:**

  - New Zealand honours: Albert Wendt, Emeritus Professor (English), was made a member of the Order of New Zealand (ONZ) for services to New Zealand.
  - Members of the New Zealand Order of Merit (MNZM): Dr William Childs (Oncology), for services to health; and Dr Simon Stables (Molecular Medicine and Pathology), for services to disaster victim identification.
  - Officers of the New Zealand Order of Merit (ONZM): Associate Professor Ian Campbell (Surgery), for services to breast cancer treatment and research; and Emeritus Professor John Butcher, for services to mathematics.
  - Dame Anne Salmond (Māori Studies), Distinguished Professor and renowned author, was named New Zealander of the Year.
  - 2013 Prime Minister's Science Prizes: Professors John Boys and Grant Covic (Electrical and Computer Engineering) received the Prime Minister's Science Prize supreme award; Dr Ben O'Brien (Auckland Bioengineering Institute) won the MacDiarmid Emerging Scientist Prize; and Dr Siouxsie Wiles (Molecular Medicine and Pathology) won the Science Media Communication Prize.
  - Professor Michele Leggott (English) won the 2013 Prime Minister's Award for Literary Achievement in poetry.

## Objective 2

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Proportion of staff positive about staff engagement in staff surveys	75	75	≥ 77	74

- The results of the staff survey were presented to a number of fora across the University.** Sixty-two percent of eligible staff participated in the survey which helps inform decisions about the prioritisation and development of initiatives to improve the employment experience of staff. The results allow us to compare ourselves over time and against similar organisations, both locally and globally. The unit-level results provide an internal comparison and the opportunity to address local issues and concerns.
- The University recognises the achievements and successes of its staff including through awards and prizes such as:**

  - **Professional Staff Excellence Awards**, where staff received awards for Excellence in Innovation (CLeaR's Web Team), Leadership and Staff Engagement (Jarrod Shearer), Teamwork (Staff Intranet Publishers Team), Contribution to International Standing (Certificate in Academic Preparation Programme Team), Advancing Research (José Derraik), Student and Alumni Engagement (Laura Shepherd), Te Tiriti o Waitangi/The Treaty of Waitangi (Cherie Tautolo), Community Engagement (O'Rorke Hall Residential Assistants), Sustainability (University Strategic Programme Office Team), and Customer Service (Ann-Maree Duxfield).
  - **2013 Teaching Excellence Awards**
    - **Sustained Excellence in Teaching:** Associate Professor Peter Adams (Population Health); Ms Khylee Quince (Law); and Dr Deborah Walker-Morrison (European Languages and Literatures).
    - **Early Career Excellence in Teaching:** Dr Jay Marlowe
  - **Innovation in Teaching:** Dr Charlotta Windahl (Marketing).
  - **Early Career Research Excellence awards**, which recognise and promote excellence and research leadership potential among the University's emerging researchers, were awarded to six staff.

## Objective 3

An environment in which distributed leadership is developed and valued.

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Proportion of staff positive about leadership in staff surveys	55	55	≥ 55	56

- The steps taken to improve the visibility of leadership and decision-making in the University are reflected in the proportion of staff positive about leadership in the staff survey.** This improved marginally from the 2011 survey and significantly from the original survey in 2007 in which only 47% of staff were positive.
- Senior management appointments that were taken up during 2013 were:**

  - Professor Diane Brand as Dean of NICAL; Professor Robert Greenberg as Dean of Arts; Professor Nicolas (Nic) Smith as Dean of Engineering; Dr Andy Shenk as Chief Executive Officer of Auckland UniServices Ltd; Mr Andrew Phipps as Director of Human Resources.
- Other senior appointments included:** Dr Kevin Morris (Director of Learning and Teaching); Professor Helen Sword (Director of the Centre for Learning and Research in Higher Education (CLeaR)); Mr Walter Fraser (Director of Pacific Strategy and Engagement); Mr Mark Bentley (Director of Alumni Relations and Development); Dr Tracey Swift (Director of Research Management).
- Sixteen associate professors were promoted to professor in 2013, three of these were women.** Other staff were appointed to professorial positions or promoted outside the promotions round.
- The University's Faculty Administration Review process saw the confirmation of the senior management structures for each faculty and the appointment of senior professional staff positions including directors of faculty operations and directors of faculty finance.**
- The University encourages strong and effective student leadership through the Auckland University Students' Association and Postgraduate Students' Association.**
- The University's Leadership Framework reflects and encourages a culture of distributed leadership for all staff.**

## Able students, successful graduates and alumni

The impact we have on society results from the enhanced capabilities of our graduates. In offering an outstanding educational and extracurricular experience with a focus on excellence and equity, we give students of high potential the opportunity to become successful and influential graduates and to exert a positive force on the world of the future. A high-quality teaching and learning environment helps to ensure that our qualifications are of international standing, and that our graduates are independent and critical thinkers with mastery of a body of knowledge and professional skills, and a broad world view.

### Objective 4

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Proportion of school leavers entering with a GPE greater than or equal to 5	38.0	45.3	48.0	45.8
% Māori undergraduate students (Domestic EFTS)	7.8	8.1	8.5	8.1
% Pacific students undergraduate (Domestic EFTS)	10.0	10.1	10.4	10.6
% Māori postgraduate students (Domestic EFTS)	5.6	5.7	6.0	5.8
% Pacific postgraduate students (Domestic EFTS)	6.0	5.9	6.4	5.9

- The quality of the student intake, as measured by the percentage of school leavers with an entry score grade of five or better, increased marginally in 2013 relative to 2012.
- Although the proportion of domestic EFTS generated by Māori students has not changed significantly from 2012, the number of EFTS increased by 29 (1%) to reach 2,259 EFTS.
- The proportion of domestic Pacific students, especially at undergraduate level, improved marginally compared to 2012. The total number of EFTS generated by Pacific students increased by 137 EFTS (5.6%) to reach 2,570 EFTS in 2013.
- Retention of the undergraduate intake improved fractionally between 2012 and 2013 to reach 88%. The retention rate has remained relatively consistent at 87% since 2011. Retention rates vary significantly by ethnic group and faculty and are closely aligned to students' entry score.

### Objective 5

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
% Total EFTS (Domestic residency)	88.2	87.4	87.3	86.8
% Total EFTS (International residency)	11.8	12.6	12.7	13.2

- Total EFTS increased by 1.2% to reach 33,050 compared with total EFTS in 2012 of 32,657. This growth was fractionally below the planned growth of 1.5%. Full fee-paying International student EFTS increased by 4%, while domestic funded student numbers increased by nearly 1% to 29,380. This was 228 EFTS below budget targets. The reduced domestic enrolment lowered the number of unfunded EFTS the University carried in 2013 to 620 EFTS, around 2.1% of the funded places.
- The proportion of postgraduate enrolments increased in 2013 to 22%; taught postgraduate enrolments increased to comprise 14% of total enrolment. The proportion of enrolments that are research postgraduate remained stable at 7.9%.
- New doctoral enrolments continue to increase in 2013 with 526 new candidates enrolled compared to 509 the previous year.
- The first intakes to the new transition masters programmes offered by the Faculty of Business and Economics enrolled in 2013. 126 students enrolled in the new programmes. 30% of the students are domestic students and 70% are international.
- The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. In 2013, 628 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally funded bursaries and awards; a further 88 students received payments from external sources administered via the University. In 2013, 41% of the University of Auckland Doctoral Scholarships awarded were taken up by international students (an increase of 1%). In all, doctoral students received over \$17.3 million of funding and support in 2013.

## Objective 6

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Taught masters completions (numbers)	587	672	650	533
Research masters completions (numbers)	805	902	900	860
Doctorate completions (numbers)	318	314	355	318

- **The number of doctoral completions has remained stable over the last three years with 2013 completions reaching the same number as those in 2011.**
- **Masters theses completions have also been stable over the last three years.** In 2013 they were marginally below the 2013 target and 2012 actual completions.
- **Taught masters completions are significantly below the 2013 target and the 2012 completions.**

Taught masters enrolments can vary significantly between years; changes to the student support arrangements for postgraduate qualifications may have contributed to changed enrolment patterns and completions numbers in 2013.

- **The quality of the University's doctoral programme was recognised through grants and awards, including two Universitas 21 (U21) Doctoral Mobility Scholarships and one U21 Joint Doctoral Scholarship,**

**awarded to PhD students to further their research.**

- **The winners of the annual Vice-Chancellor's prize for Best Doctoral Theses at the University of Auckland were:** Dr Cosmin Laslau (Chemical Sciences), Dr Chris McKinlay (Liggins Institute), Dr Stefan Oehlers (Molecular Medicine and Pathology), Dr Susan Potter (Film, Television and Media Studies), and Dr David Russell (Auckland Bioengineering Institute).

## Objective 7

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
% Successful course completions - overall domestic (excluding theses)	88	89	88	89
% of students expressing satisfaction with overall programme quality	94	94	≥ 90	94
Degrees accredited by professional associations/accreditation bodies	36	45	36	46
Investment in the learning environment (Total Assets \$ / Total EFTS)	52,139	53,614	54,820	58,242

- **The overall percentage of successful course completions has remained unchanged from 2012.**
- **Although the course completion rate for Māori students at 83% remains high relative to the rate for the university sector, it was lower in 2013 than that achieved in 2012 (85%).**
- **The improvement in course completion rates of Pacific students in 2012 (77%) has not been maintained in 2013 with the rate in 2013 (74%) being fractionally below that in 2011.**
- **The Master of Professional Accounting was accredited by CPA Australia (Certified Practising Accountants Australia) and the New Zealand Institute of Chartered**

**Accountants (NZICA) in 2013.**

- **Three programme and department/school reviews were conducted in 2013.** The School of Te Puna Wānanga (Māori Education) was reviewed by an external panel. The Bachelor of Health Sciences, Bachelor of Health Sciences (Honours) and Bachelor of Technology were also reviewed by external panels.
- **New guidelines for the external review of academic units and disciplinary areas were approved in 2013, and have a tighter focus on the quality of learning and teaching and research.** These guidelines establish the framework for reviews of academic units and disciplinary areas from 2014 onwards.
- **The Committee on University Academic Programmes has**

**approved the introduction of a number of new specialisations and subjects, and the introduction of the following qualifications:**

- Master of Disaster Management
- Master of Marketing
- Master of Applied Finance
- Bachelor of Urban Planning (Honours).
- **Graduating Year Reviews were completed and approved for the following qualifications and specialisations:**
  - Master of Educational Leadership; Postgraduate Diploma in Educational Leadership; Bachelor of Human Services; Diploma in Languages; Certificate in Languages; Education for the Master of Professional Studies.

- Plastics for the Master of Engineering Studies; Plastics for the Postgraduate Certificate in Engineering Studies; Bioinformatics for the Postgraduate Diploma in Science; Early Career Teaching for the Postgraduate Diploma in Education; Writing Studies for the Bachelor of Arts; Jazz Performance and Popular Music for the Bachelor of Music; Medical Physics and Imaging Technology for the Bachelor of Technology; Anthropological Science for the Bachelor of Science.
- **The Academic Integrity course that was developed during 2012 was made available from Semester One.** This course will become a requirement for

all students entering the University, from 2014. It introduces students to academic integrity requirements, provides a context for these requirements and a range of exercises to test their practical grasp of them.

- **Thomas Leggat was joint winner of the Prime Minister's Award for Academic Excellence, the top academic prize for a school leaver.**
- **University of Auckland students were successful in gaining prestigious international scholarships.** Alex Kendall and Jane Leung were awarded four-year Woolf Fisher Scholarships to undertake doctoral study at the University of Cambridge;

Thomas Simpson was awarded the Sir Douglas Myers Scholarship for undergraduate study the University of Cambridge; James Penn received a Robertson Scholarship to Duke University. Alice Wang was awarded a Rhodes Scholarship to undertake postgraduate study at the University of Oxford; Katy Bond won a Cambridge Commonwealth Trust Prince of Wales Scholarship to study for a PhD at the University of Cambridge.

- **Six graduates were awarded Fulbright scholarships in 2013.** In addition, two PhD candidates received Fulbright Travel Awards.

## Objective 8

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
% of students expressing satisfaction with overall University experience	93	93	≥ 90	93
Alumni with whom the University is actively engaged (numbers)	23,904	24,962	≥ 23,500	26,763

- **The annual teaching and learning survey used a random sample of 10,000 students.** In 2013, 94% of first-year undergraduates, 92% of higher-year undergraduates, and 94% of postgraduate coursework students responding indicated that they were generally satisfied with their overall University experience. The survey responses provide insights into many aspects of students' experience at the University and are used widely to understand service and support needs as well as the delivery of courses and academic programmes.
- **The University has 110 formal exchange agreements with partner universities in 25 countries.** In 2013, 277 Auckland students took the opportunity to study for at least one semester overseas, and were represented at 74 of our 110 international partners. New exchange partnerships were confirmed with a number of institutions including partner institutions in Canada and the United Kingdom. The top destinations chosen by exchange students were the USA, UK, Canada, Singapore and Japan. Korea, Germany, Australia and the Netherlands were also popular choices.
- **The majority of the Prime Minister's Pacific Youth Awards were again awarded to University of Auckland students.** Ann-Helen Rasmussen

(Education) won the Leadership Award; Aaron Unasa (Fine Arts) won the Creativity Award; Reina Vaai (Arts and Law) won the Mobiles4Good Award; and Mary Tiunamu (Arts and Law) won an Inspiration Award.

- **The NZ Universities Blues Awards recognise students' commitment to sporting, cultural and leadership excellence as well as their studies.** Seven University of Auckland students received awards: Ying Liu and Yuqing Zhou (Architecture); Gemma Jones (Yachting); Peter Burling (Yachting); Kayla Imrie (Canoeing); JingJing (Alice) Wang (Service and Leadership); and Anton Smith (Service and Leadership).
- **Student teams participated successfully in national and international competitions.** Ben Milsom and Stephanie Thompson came sixth overall at the University World Debating Championships in Berlin – the highest placing for a New Zealand team since 1993; the Auckland Law School team achieved second place overall in the International Chamber of Commerce International Mediation Competition. The chamber ensemble group, Trinity Trio, including Stella Kim and Tina Kim from the School of Music, won the 8th Annual Pettman/ROSL (Royal Over-Seas League) Arts International Scholarship. Ying Liu and Yuqing Zhou, Urban Planning students,

claimed a top prize at the International Federation of Housing and Planning Congress. The University had four teams in the top 15 finalists from around the world. Melanie Pau, Yusef Patel, and Stefan Panovski were awarded a 2013 Bentley Student Design Award for their Entranceway Project at Onehunga Primary School. It is the first time the prestigious global prize has been won by New Zealanders. The School of Architecture and Planning took out the top three prizes at the New Zealand Institute of Architects 2013 Graphisoft Student Design Awards. Student team InfinityTek won the World Citizenship category and were overall winners of the New Zealand finals of Microsoft Imagine Cup 2013. Students from Elam School of Fine Arts won the best "Curated Collaborative Student Project" award for their design project at the international exhibition Design Shanghai 2013, a collaborative piece of work with students from the Shanghai University Art Academy.

- **Blind Mice, a short film by Film Television and Media Studies graduate Walter Lawry, was chosen to screen at a prestigious film festival in Israel, was a finalist in the short film competition at the New Zealand International Film Festival, and won Best Student Film at the 8th annual**

**Show me Shorts Film Festival.**

- **Student success in academic, recreational and cultural activities is celebrated each year with the award of prizes and scholarships.**

Encouragement and support are provided to student-led initiatives such as Spark and Chiasma. The 10th anniversary of Spark

was celebrated in 2013.

- **The University launched Volunteer Hub, its first online network for volunteering, where not-for-profit organisations can register, and people can look for opportunities that suit their availability and skills.**

Students receive formal recognition for

their volunteer work through the Leadership and Service Awards.

- The New Zealand Association of Graduate Employers awarded the University the 2013 Industry Award for providing the Best University School Careers Services in New Zealand.

## High-quality research that benefits society

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

### Objective 9

A growing output of excellent research across all our disciplines.

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Public good research income (New Zealand and International) (\$m)	108.02	109.41	106.7	110.27
Private good research income (New Zealand and international) (\$m)	117.54	120.01	129.1	119.9

- **The results of the 2012 Performance-based Research Fund (PBRF) Quality Evaluation were announced in 2013.**

The breadth and depth of the University's research was acknowledged in the TEC report on the Research Quality review. University of Auckland staff were confirmed as comprising 35% of the A-graded researchers and 25% of the B graded researchers in the tertiary sector.

- **The University secured 30.6% of the total PBRF fund or \$80.4 million, up \$5.7 million from 2012.**
- **Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff:** Distinguished Professor Dame Anne Salmond (Māori Studies) won the Rutherford Medal for her "eminent work on Māori social structures and interactions with the European world, and on European exploration and engagement in the Pacific"; Professor Neil Broom (Chemical and Materials Engineering) received the MacDiarmid Medal; Emeritus Professor Harold Marshall (Architecture) received the Pickering Medal; Adjunct Professor Dr Peter Lee (UniServices) was awarded the Thomson Medal; Dr Siouxsie Wiles (Molecular Medicine and Pathology) received the Callaghan Medal; Dr Max Petrov (Surgery) received the Hamilton

Memorial Prize. Distinguished Professor Rod Ellis (Applied Language Studies and Linguistics) has been elected as a Fellow of the Royal Society of New Zealand.

- **Professor John Montgomery (Leigh Marine) was awarded a James Cook Research Fellowship.**
- **Rutherford Discovery Fellowships for top young researchers have been awarded to Dr Craig Radford and Dr Jonathan Sperry from the University, and will bring Dr Suresh Muthukumaraswamy back to the University from the United Kingdom.**
- **The Marsden Fund distributed \$59 million to 109 research teams around the country in 2013.** Thirty-five research teams from the University of Auckland received a total of \$17.8 million for projects addressing issues as diverse as how we conduct social research in New Zealand, exploring the causes of cerebral palsy, and fundamental questions about geometry.
- **The Health Research Council (HRC) is the principal government agency responsible for funding health research in New Zealand.** The University was successful in the HRC's 2013 funding round, receiving a total of \$31.2 million, a 22% increase from last year and about half of the total grant

funding announced. The investment will fund research on topics as diverse as the mechanical basis of heart failure, a new treatment for lazy eye, understanding preventable Māori mortality, and treating child and adolescent mental health problems. Five researchers from the University received HRC Emerging Research First Grants, and two were awarded Feasibility Study grants.

- **The second round of funding administered by the Ministry of Business, Innovation and Employment resulted in five successful bids for the University, with a total value of \$17.2 million.**
- **Eight University of Auckland academics have been awarded HRC Career Development Awards (2014), which will fund their research over two to four years.** A further four staff received HRC Postdoctoral Fellowships specifically for Māori and Pacific Health related research.
- **Six University research teams were successful in securing Royal Society of New Zealand (RSNZ) funding to participate in multi-institutional exchange programmes under the EU FP7 Institutional Research Staff Exchange Scheme (IRSES) 2013.**

- Innovative research into leukaemia and blood cancer at the University of Auckland was boosted with an initial grant of over \$1 million from Leukaemia and Blood Cancer New Zealand for a Leukaemia and Blood Cancer Research Unit.
- Energy generation company Mighty River Power has pledged \$1 million over the next five years to support the establishment of a chair in geothermal reservoir engineering at the University.
- Professor Jim Metson, Deputy Dean of Science, was appointed Chief Science Advisor for the Ministry of Business, Innovation and Employment. This role provides independent specialist advice to ensure the Ministry's science policy and investments deliver high-quality science for New Zealand.
- University of Auckland researchers were awarded research grants and scholarships from a number of other external agencies. These included Lottery Health Research, Cancer Society of New Zealand, Auckland Medical Research Foundation, Neurological Foundation, Genesis Oncology Trust, Maurice & Phyllis Paykel Trust and National Heart Foundation. These grants recognise the importance and quality of the University's research activities.

## Objective 10

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

- The 2013 Celebrating Research Excellence event included the presentation of the Vice-Chancellor's Commercialisation Medals to Professor Diana Lennon (Paediatrics), Professor Peter Malin (Director, Institute of Earth Sciences and Engineering), and Professor Mark Taylor (Director, Light Metals Research Centre). Its winning entry, sponsored by James and Wells, covered UniServices' system for identifying, evaluating, protecting and commercialising intellectual property. Distinguished Professor Emeritus, John Boys and Professor Grant Covic (Electrical and Computer Engineering), were presented with the Researcher Entrepreneur Award.
- Auckland UniServices Ltd took home the top award for "Best Commercialisation of Intellectual Property in International Business" at the New Zealand International Business Awards ceremony.
- SPARX, an e-therapy for adolescent depression developed at the University, won an international digital award from UNESCO's Netexplo, presented for projects that Netexplo call "the ten most innovative and promising digital initiatives of the year".
- In the University's Teaching and Learning Survey, 36% of second and higher year undergraduates, and 39% of coursework postgraduate students had undertaken a work placement, internship or other practical experience during their studies. Of these, 86% of the undergraduates and 94% of the postgraduates agreed that this experience enhanced their studies.

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

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

## Objective 11

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

- The Office of the Pro Vice-Chancellor (Māori) works in partnership with others both within the University and in other institutions on projects including the MANU Ao Academy, Te Wheke a Toi Postdoctoral Fellowship, LENSscience and MITE: Māori in Tertiary Education. University to actively engage with local iwi and hapu including: Hōkianga Science Week, in association with Te Rūnanga O Te Rarawa; Ngāti Hine Festival in Otiria; and Kingitanga Day. The Office has also continued its support of the School of Architecture and Planning's work with the Te Hana Community.
- Links continued to be maintained with iwi in Tai Tokerau and Tāmaki, Waikato, Rotorua, and the central North Island, as well as with iwi networks and collectives.
- The Office sponsored or participated in a number of community initiatives that allow the
- The Pro Vice-Chancellor (Māori) participated in Tū Māia, the Tertiary Education Commission's strategic working group, which is tasked with developing strategic policy to support and improve Māori in Education for the next three years.
- The Whaia Te Pae Tawhiti programme, a four-day recruitment event that aims to motivate and inspire Māori students from outside Auckland to study at the University, brought senior students from 14 schools across the North Island to participate in a series of workshops, tours and activities at the University.

## Strong partnerships with key organisations and communities

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

### Objective 12

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

- The University's Community Consultative Group met on several occasions during 2013 to consider new University developments and comment on their wider community impact.** A number of management and governance issues were discussed along with research developments and initiatives. These included the acquisition and development of the Newmarket site and consequential changes for Tāmaki and Epsom campuses in the longer term, the Academic Audit 2014, and the Minister of Tertiary Education's proposal to reduce the size of university councils.
- The Auckland community took the opportunity to engage with internationally renowned researchers and their research.** Public events included lectures by visiting fellows, inaugural professorial lectures, and the Winter Lecture series entitled "Charms and harms of natural medicines." The 2013 Robb Lectures were delivered by Professor Kwame Anthony Appiah, world renowned philosopher. The theme for the series of three lectures was the importance of social identities for public life.
- The Equity Office - Te Ara Tautika is leading a new partnership between the University and the Royal New Zealand Foundation of the Blind.** The organisations are working together to develop braille maps of the University's campuses.
- In 2013 the University hosted a wide range of events for its donors, alumni and friends providing the opportunity to celebrate philanthropy, promote significant research and update these important stakeholders with key initiatives taking place at the University in line with the Strategic Plan 2013-2020.**
- In Auckland the year began with the Distinguished Alumni Awards Dinner and Auckland Live!, an interview with the six 2013 award winners: Dr Jillian Evans, Norman Godden, Kim Goldwater, Honourable Jim McLay, Andrew Patterson and Young Alumnus of the Year Simon Denny.** These two events celebrated the contribution our alumni made in science, arts, engineering, business, visual arts and architecture.
- Other Auckland alumni events included reunions for law and medical graduates, the Golden Graduates lunch for those who graduated 50 or more years ago, the Celebration of Giving reception, the annual University of Auckland Society debate and a Retirement and Estate Planning lecture.**
- International alumni receptions took place in New York, San Francisco, Los Angeles, Sydney, Melbourne, London and Hong Kong. In New Zealand, events were held in New Plymouth, Christchurch, Wellington and Hamilton.** The theme for most of these events was Creative Thinking, a comprehensive project to promote a deeper understanding of the creative process.
- Two key donor events held were the Chancellor's Dinner which recognises and celebrates outstanding service and philanthropy to the University and the Legacy Lunch which thanks those who have made bequests.** Donors are also hosted at the Centre of Brain Research Open Day and invited to several musical performances and the Songwriter of the Year finale.
- The Graduation Gala Concerto Competition was held at Auckland's Town Hall.** Euphonist Linda Filimoehala, violinist Shauno Isomura and pianist Liam Wooding each performed a full concerto accompanied by the University of Auckland Symphony Orchestra to an enthusiastic full-capacity audience. Shauno received the grand prize for his performance of *Violin Concerto in D Minor, Op 47 Movement I* by Jean Sibelius.

## A sustainable, autonomous university

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

### Objective 13

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Total revenue (\$m)	933	931	959	973
Total revenue \$ / EFTS	28,981	28,521	28,905	29,455
Total revenue per academic staff FTE (\$)	455,316	431,274	461,921	456,814

- Overall University revenue in 2013 is 1.5% above target and has grown 4.5% from 2012.** Growth in International student enrolments and improved processes resulting in early enrolment and better than anticipated cash flow contributed to the improved financial performance.
- Monthly and semestral reviews of financial performance against budget and forecast were undertaken at various levels of the University organisation structure.** Explanations for variances were sought and where appropriate approved.
- The University's teaching and learning revenue from government funding for student enrolments increased in 2013 largely as a consequence of increased funding for science and engineering courses and additional engineering places.**

### Objective 14

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

- Endowment income worth \$8.9 million and current-use philanthropic gifts continue to be used to support a range of University activities including scholarships, professorial research chairs as well as to undertake specific research projects.**

### Objective 15

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Space benchmarks (AFA m <sup>2</sup> / EFTS)	9.2	9.0	9.5	9.1

- The University's campus re-development planning continued in 2013 as scheduled.**
- The University acquired the 5.2ha former Lion Breweries site in Newmarket.** The purchase marks the beginning of a long-term development of the site, spanning a 30 year timeframe, to create a mixed use campus, with purpose-built teaching and research facilities, student accommodation, business development and other facilities. Work has commenced on the retrofit of existing warehouses for Faculty of Engineering research facilities.
- The University entered into an agreement to transfer Colin Maiden Park and its associated facilities to Auckland Council, as part of the long-term strategy to consolidate its activities at the City, Grafton and Newmarket Campuses and significantly reduce its landholdings.**
- The undergraduate Chemistry laboratories were completed, and work on the Science Centre project is underway.**
- Work continued on the progressive seismic evaluation of the University's property portfolio.** As part of the investigation, several building structural upgrades are underway.
- The Carlaw Park student accommodation flats were completed in time for occupation in 2014.**
- The quality of our buildings and their innovative design have been recognised with further awards.** The redevelopment of the Grafton Campus received an Excellence Award in the Coffey Education and Arts Property Awards of the Property Council of New Zealand. University Hall received an award in the Education category at the recent Auckland New Zealand Institute of Architects awards.
- Major information technology infrastructure developments implemented this year included:**

upgrades to both the Finance and Human Resources systems; and the installation of a new high performance data centre network, the QFabric network, for both the Tāmaki and Owen

G. Glenn Building data centres, which substantially improves the scalability and capability of our networks, improving our capability to support research computing and to access “cloud” service.

- **The University replaced its Web Content Management System with Adobe Experience Manager, providing increased capability for our major communications platform.**

## Objective 16

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Energy consumption (KWh/m <sup>2</sup> GFA)	150	155	155	162
Wastewater (m <sup>3</sup> / m <sup>2</sup> GFA)	0.7	0.7	0.7	0.7
Paper (A4 reams / EFTS)	3.7	3.1	3.6	2.7
Solid waste to landfills (m <sup>3</sup> / EFTS)	0.4	0.4	0.4	0.4
CO2 emissions (t CO2-e / EFTS)	0.8	0.8	0.7	0.8

- **The University was nominated as a finalist in the Australasian-wide Green Gown Awards. The Green Gown Awards, organised by the Australasian Campuses Towards Sustainability, recognises excellence in sustainability within the tertiary sectors in both Australia and New Zealand.**

## Objective 17

**A safe and healthy environment.**

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Rates of accident and injury	n/a	617	n/a	540
Rating in self-assurance review	Tertiary	Tertiary	Tertiary	Tertiary

- **The University has a considerable focus on developing a culture that emphasises accident prevention, recognises the value of reliable incident reporting and encourages best practice. A new senior position was established in Human Resources in 2013 to oversee the introduction of the new emphasis and to ensure a culture of best practice is established.**

## Objective 18

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
Operating surplus as a % of revenue	3.5	3.1	2.6	3.0
Operating cash receipts as a % of operating cash payments	116.9	115.0	≥ 115	118.3
Revenue achieved as a % of budget	104	100	100	101.6

- **University management reported quarterly to the Audit Committee on key issues in risk management.**
- **The Council approved the 2014 Budget and noted the University and Faculty Key Performance Indicators that measure progress toward the Strategic Plan objectives.** Progress toward the annual targets for eleven key indicators was reported to Council at each meeting. Progress toward faculty and LSRI annual targets

was reviewed by the Vice-Chancellor as part of Deans' and Directors' mid-year and annual reports, and through the Semestral Review Process.

- **Faculties, service divisions and LSRI submitted progress and end-of-year reports against their 2013 Annual Plans. 2014 Annual Plans were submitted and discussed at the Senior Management Team Planning Meeting in November.** Compliance with University financial

management policies including treasury and transactional policies was monitored on an on-going basis.

- **The updated Strategic Marketing Plan 2013-2016 was approved by the Senior Management Team in July.** This plan now aligns with the University's Strategic Plan 2013 -2020. The Strategic Marketing Plan has been developed to provide a singular view of the University's marketing aspirations over the next three years.

## A public university of global standing

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

### Objective 19

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

Performance indicators	2011 Actual	2012 Actual	2013 Target	2013 Actual
THE Rankings	173	161	≤ 160	164
QS Rankings	82	83	≤ 80	94

- The University of Auckland retained its position as the top New Zealand university in the three main world university ranking systems.** It was the only New Zealand university among the top 100 universities in the QS World University Rankings, attaining a ranking of 94. In the QS individual subject rankings, the University was in the top 50 for eighteen of the twenty-nine subjects, with Accounting and Finance (20), Psychology (22), Education (24), Law (24) and Linguistics (26) ranking particularly well.
- In the THE World University Rankings, the University of Auckland ranked 164 in the world.**
- In 2013, the University ranked just outside the top 200 in the Shanghai Jiao-Tong World Ranking of Universities.**
- The University's international relationships allow access to international forums and networks that provide staff with opportunities for development and collaboration.** The University is an active member and participant in the Worldwide Universities Network (WUN), Universitas 21 (U21), the Association of Pacific Rim Universities (ARPU), and also in the Australian Group of Eight working groups and committees. A range of academic and professional staff enjoyed the benefits of the University's membership of the groups through research collaborations and grants.
- Participation in the Annual Meetings**
- of the networks and contributing to the policy agendas and decisions of those groups is key to maintaining and enhancing our international reputation, leading to further collaborative and research opportunities.** These include the development of a tripartite focus on Pacific Studies with two other APRU partners, Australian National University and Peking University.
- WUN continued to nurture high-impact collaborative research programmes, and increasingly focused on strengthening relationships with key agencies, including the World Health Organisation, UN Foundation and Wellcome Trust.** The University is taking a leadership role in the WUN Public Health Global Challenge Steering Group, chaired by Professor Jane Harding. Over 20 academic staff members from six faculties and institutes are participating in new collaborations as a result of the 2013 round of the WUN Research Development Fund. Two of the WUN-funded projects are being led by University of Auckland researchers.
- The University's collaboration with Fudan University in hosting what is regarded by the Chinese government as one of the most effective Confucius Institutes in the world was boosted in November by the co-hosting of a successful "Oceania China 2013 Forum: China in Change".**
- In keeping with the University's strategy to deepen its existing international relationships rather than seek to grow the number, the number of visiting delegations hosted in 2013 was lower than in previous years.** Visits from international universities included Fudan University, Kuwait University, the University of Alberta, and the University of French Polynesia. Important new relationships established included Kuwait University, the University of Alberta, and a multilateral arrangement with the Universities of French Polynesia, Paris 1 Pantheon-Sorbonne, and California, Berkeley, for the creation of the International Centre for Polynesian Archaeological Research.
- Professor Jenny Dixon was elected Chair of the Board of the New Zealand Centre at Peking University.** The New Zealand Centre is a collaborative venture between Peking University, most New Zealand universities and a number of government agencies to raise the country's profile in China.
- The University participated in two trade missions led by the Prime Minister to Thailand and to Brazil. International students are an increasingly important part of the government's trade agenda.**

# Statement of the cost of outputs

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

	Consolidated			
	2013 Actual \$000	2013 Budget \$000	2012 Actual \$000	2011 Actual \$000
<b>Output classes</b>				
Teaching and learning	624,070	619,843	590,464	578,892
Research	284,323	280,556	273,812	284,704
Community Service	35,390	33,289	37,770	37,126
<b>Total cost of outputs</b>	<b>943,784</b>	<b>933,687</b>	<b>902,046</b>	<b>900,722</b>

# Student services levy

	University	
	2013 Actual \$000	2012 Actual \$000
<b>Student services levies received</b>	<b>19,591</b>	<b>18,739</b>
<b>Allocated against the following student services:</b>		
Advocacy and legal advice	1,767	1,522
Careers information	1,702	1,823
Counselling and pastoral care	3,693	3,307
Employment information	73	71
Financial support and advice	51	42
Health services	1,222	1,233
Media	88	87
Clubs and societies	928	735
Sports and recreation	10,072	9,923
	<b>19,596</b>	<b>18,743</b>





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# FINANCIAL STATEMENTS

## Statement of responsibility

- The Council and management of The University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- The Council and management of The University of Auckland accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Council and management of The University of Auckland, the Financial Statements for the year ended 31 December 2013 fairly reflect the financial position and operations of The University of Auckland.
- The Council of The University of Auckland has reviewed these Financial Statements at its meeting of 17 March 2014 and formally adopted these Financial Statements for issue on 17 March 2014.



Dr Ian Parton  
CHANCELLOR



Professor Stuart McCutcheon  
VICE-CHANCELLOR



Mrs Adrienne Cleland  
DIRECTOR OF ADMINISTRATION

# Statement of comprehensive income

for the year ended 31 December 2013

	Note	Consolidated			University	
		2013 Actual \$'000	2013 Budget \$'000	2012 Actual \$'000	2013 Actual \$'000	2012 Actual \$'000
<b>Operating revenue</b>						
Government grants	2	388,839	377,958	369,905	388,839	369,905
Tuition fees		238,796	238,931	223,512	238,796	223,512
Research and contracts	3	230,191	235,704	229,424	110,266	109,410
Service income		91,310	89,294	87,854	118,751	116,030
Donations		8,885	9,905	7,500	9,842	7,659
Interest received		3,172	1,138	2,580	3,045	2,510
Other revenue		12,278	5,677	10,633	8,576	8,904
<b>Total operating revenue</b>		<b>973,471</b>	<b>958,607</b>	<b>931,408</b>	<b>878,115</b>	<b>837,930</b>
<b>Operating expenses</b>						
People costs	4	568,007	560,421	557,297	489,666	479,086
Operating costs	5	265,041	267,150	245,062	250,993	230,077
Finance costs		161	215	293	1,976	2,260
Depreciation and amortisation	6	110,575	105,901	99,394	108,815	97,546
<b>Total operating expenses</b>		<b>943,784</b>	<b>933,687</b>	<b>902,046</b>	<b>851,450</b>	<b>808,969</b>
<b>Net surplus before tax</b>		<b>29,687</b>	<b>24,920</b>	<b>29,362</b>	<b>26,665</b>	<b>28,961</b>
Income tax expense	14	226		268		-
<b>Net surplus after tax</b>		<b>29,461</b>	<b>24,920</b>	<b>29,094</b>	<b>26,665</b>	<b>28,961</b>
Gain/(loss) on land and buildings revaluation	21	109,165	-	3,222	108,746	3,222
Gain/(loss) on cash flow hedges taken to equity	21	(8)	-	579	(111)	327
<b>Total comprehensive income for the year</b>		<b>138,618</b>	<b>24,920</b>	<b>32,895</b>	<b>135,300</b>	<b>32,510</b>
<b>Attributable to:</b>						
Members of the parent entity		138,618	24,920	32,895	135,300	32,510

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

## Statement of financial position

as at 31 December 2013

	Note	Consolidated			University	
		2013 Actual \$'000	2013 Budget \$'000	2012 Actual \$'000	2013 Actual \$'000	2012 Actual \$'000
<b>Current assets</b>						
Cash and cash equivalents		5,763	-	20,518	1,338	10,996
Short term bank deposits		21,803	-	24,426	20,687	24,351
Receivables	8	53,641	50,172	50,156	36,452	37,135
Research work in progress		13,568	1,920	9,958	9,370	5,272
Derivative financial instruments	25	382	131	390	35	146
Inventories	9	1,912	973	1,649	1,362	1,044
Held for sale property	10	60,655	-	-	60,655	-
Prepayments and other current assets		19,665	25,111	13,786	15,962	13,786
<b>Total current assets</b>		<b>177,389</b>	<b>78,307</b>	<b>120,883</b>	<b>145,861</b>	<b>92,730</b>
<b>Non current assets</b>						
Long term investments		23,332	17,540	16,328	23,289	16,261
Investment in subsidiaries	23	-	-	-	1,000	1,000
Property, plant and equipment	10	1,703,024	1,687,220	1,590,014	1,696,182	1,582,527
Intangible assets	11	21,154	35,015	23,663	19,978	22,674
<b>Total non current assets</b>		<b>1,747,510</b>	<b>1,739,775</b>	<b>1,630,005</b>	<b>1,740,449</b>	<b>1,622,462</b>
<b>Total assets</b>		<b>1,924,899</b>	<b>1,818,082</b>	<b>1,750,888</b>	<b>1,886,310</b>	<b>1,715,192</b>
<b>Current liabilities</b>						
Payables	12	125,134	116,368	105,460	110,207	91,331
Revenue in advance	13	101,375	94,318	101,634	71,132	70,980
Income tax payable		208	-	268	-	-
Loan and borrowings	16	618	618	620	40,618	40,620
Employee entitlements	15	39,719	41,801	36,467	38,241	34,242
<b>Total current liabilities</b>		<b>267,054</b>	<b>253,105</b>	<b>244,449</b>	<b>260,198</b>	<b>237,173</b>
<b>Non current liabilities</b>						
Employee entitlements	15	40,987	46,093	43,312	40,957	43,277
Revenue in advance	13	10,500	17,036	12,000	10,500	12,000
Loans and borrowings	16	62,835	76,338	46,222	62,835	46,222
<b>Total non current liabilities</b>		<b>114,322</b>	<b>139,467</b>	<b>101,534</b>	<b>114,292</b>	<b>101,499</b>
<b>Total liabilities</b>		<b>381,376</b>	<b>392,572</b>	<b>345,983</b>	<b>374,490</b>	<b>338,672</b>
<b>Net assets</b>		<b>1,543,523</b>	<b>1,425,510</b>	<b>1,404,905</b>	<b>1,511,820</b>	<b>1,376,520</b>
<b>Equity</b>						
General equity	20	998,051	996,344	971,016	965,227	940,988
Reserves	21	513,053	399,415	403,025	514,174	404,668
Trust and special funds	22	32,419	29,751	30,864	32,419	30,864
<b>Total equity</b>		<b>1,543,523</b>	<b>1,425,510</b>	<b>1,404,905</b>	<b>1,511,820</b>	<b>1,376,520</b>

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

# Statement of cash flows

for the year ended 31 December 2013

	Note	Consolidated			University	
		2013 Actual \$000	2013 Budget \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Cash flows from operating activities</b>						
Government grants		385,342	375,234	370,016	385,342	370,016
Tuition fees		245,235	243,097	229,900	245,235	229,900
Other operating receipts		330,954	340,760	325,646	238,282	232,837
Goods and services tax (net)		226	(7,667)	4,149	1,567	3,229
Payments to employees		(506,139)	(486,900)	(496,304)	(445,470)	(434,773)
Other operating payments		(307,072)	(319,263)	(312,576)	(272,237)	(273,908)
Net cash provided by operating activities	7	148,546	145,261	120,831	152,719	127,301
<b>Cash flows from investing activities</b>						
Interest received		3,012	2,333	2,752	2,884	2,396
Dividends received		-	-	1,664	-	-
Repayments of loan from subsidiary		-	-	-	-	(9,978)
Short term bank deposits		(4,381)	(1,720)	(21,423)	(3,362)	(21,393)
Property, plant and equipment and work in progress		(177,618)	(211,574)	(134,486)	(175,779)	(132,760)
Borrowing costs capitalised		(686)	-	(676)	(686)	(676)
Net cash provided by (used in) investing activities		(179,673)	(210,961)	(152,169)	(176,943)	(162,411)
<b>Cash flows from financing activities</b>						
Interest paid		-	-	-	(1,816)	(1,968)
Proceeds from borrowings		195,750	66,330	87,500	195,750	87,500
Repayments of borrowings		(179,300)	(630)	(46,130)	(179,300)	(46,130)
Net cash provided by/(used in) financing activities		16,450	65,700	41,370	14,634	39,402
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(14,677)</b>	<b>-</b>	<b>10,032</b>	<b>(9,590)</b>	<b>4,292</b>
Cash and cash equivalents at the beginning of the financial year		20,518	-	9,929	10,996	6,147
Effects of exchange rate changes on cash and cash equivalents		(78)	-	557	(68)	557
<b>Cash and cash equivalents at the end of the financial year</b>		<b>5,763</b>	<b>-</b>	<b>20,518</b>	<b>1,338</b>	<b>10,996</b>
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		1,167	-	18,373	(40)	10,061
Foreign currency current accounts at bank		4,596	-	2,145	1,378	935
		<b>5,763</b>	<b>-</b>	<b>20,518</b>	<b>1,338</b>	<b>10,996</b>

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

# Statement of changes in equity

for the year ended 31 December 2013

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

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

	As at 1 January 2012	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2012
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2012</b>						
General equity	945,883	29,094	-	(3,981)	20	971,016
Asset revaluation reserve	399,433	-	3,222	-	(20)	402,635
Hedging reserve	(189)	-	579	-	-	390
Trust and special funds	26,883	-	-	3,981	-	30,864
<b>Total</b>	<b>1,372,010</b>	<b>29,094</b>	<b>3,801</b>	<b>-</b>	<b>-</b>	<b>1,404,905</b>

<b>University 2012</b>						
General equity	915,988	28,961	-	(3,981)	20	940,988
Asset revaluation reserve	401,320	-	3,222	-	(20)	404,522
Hedging reserve	(181)	-	327	-	-	146
Trust and special funds	26,883	-	-	3,981	-	30,864
<b>Total</b>	<b>1,344,010</b>	<b>28,961</b>	<b>3,549</b>	<b>-</b>	<b>-</b>	<b>1,376,520</b>

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies

### Basis of Preparation

#### Reporting Entity

The financial statements of The University of Auckland and its subsidiaries for the year ended 31 December 2013 were authorised for issue by the Council on 17 March 2014.

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

The central office of the University's management is located at Alfred Nathan House, 24 Princes St, Auckland, New Zealand.

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

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

#### Compliance with NZ IFRS

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

#### Historical Cost Convention

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

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

#### Judgments and Estimations

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

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

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

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

- The estimated useful lives of Property, Plant and Equipment and Intangible Assets.
- Whether the fair value of Property, Plant and Equipment has been impaired during the year.
- The rate of future salary increases and the discount rate used to present value future cashflows, which are used to calculate the employee entitlements liabilities.
- The selection of the categories for reporting of Financial Assets and Liabilities within the financial statements.
- The discount rate used to present value future cashflows of non-interest bearing loans.
- The designation of certain assets as fair value through profit and loss where the group of financial assets is managed and its performance evaluated on a fair value basis in accordance with the University's Treasury Management Policy.
- The value of work in progress and expensing of any expenditure that will not contribute to the long term value of the asset being constructed.

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

#### Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the University of Auckland and its

subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

#### Subsidiaries

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

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the statement of comprehensive income. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the parent entity's financial statements.

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

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

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

#### Associates

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies (continued)

### Investments

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

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

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

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

### Transactions Eliminated on Consolidation

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

### The University of Auckland Foundation

The University of Auckland Foundation is a registered charitable trust that raises funds for a number of charitable purposes including achievement of knowledge and dissemination thereof by teaching and research, assisting students to pursue courses of study at The University of Auckland and general advancement of The University of Auckland. The University Council has received independent professional advice that the Foundation is a separate legal entity, is not under the control of The University of Auckland and determines its own financial and operating policies with the power to distribute funds to parties other than the University. Accordingly the University Council is of the view that it should not consolidate the Foundation, as to do so would overstate the financial position of the University and may give the misleading impression that the Foundation is in some way controlled by the University.

The University has not calculated the financial

effect of a consolidation. The latest published financial position of the Foundation shows that it had net assets of \$105.7 million as at 31 December 2012. The financial statements of the Foundation for 2013 are not publicly available as they have not yet been approved by the Foundation's trustees.

### Foreign Currency Translation

#### Functional and Presentation Currency

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

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

#### Transactions and Balances

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

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

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

Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at balance date are recognised in the statement of comprehensive income, except where cash flow hedge accounting is used and the resulting fair value movements on the forward exchange contracts are deferred in the hedging reserve.

### Revenue

#### Government Grants

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

#### Tuition Fees

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

### Service Income

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

### Donations

Unrestricted donations are recognised as revenue upon entitlement.

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

Donated assets are recognised at fair value.

### Research and Contracts

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

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

### Revenue Received while Acting as an Agent

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

### Sale of Goods

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

### Dividend and Interest Revenue

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

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

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

### Derivative Financial Instruments

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies (continued)

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

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

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

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

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

### Financial Assets

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

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

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

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

#### *Loans and Receivables*

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

#### *Impairment of Financial Assets*

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

Objective evidence of impairment could include:

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

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

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

Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

### Prepayments

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

### Inventories

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

### Research Work in Progress

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

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

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

### Property, Plant and Equipment

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

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the statement of comprehensive income, in which case the increase is credited

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies (continued)

to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings or works of art is charged as an expense in the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset class.

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

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

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

Certain land in Crown title is included in property, plant and equipment. The University has unobstructed control of this land and derives substantial tangible benefits from its use. The University has sole and unrestricted use of buildings located on Crown land and has assumed ownership of these buildings. Although legal title has not been transferred, the University has assumed all the normal risks and rewards of ownership.

Library collection held as at 31 December 1991 was valued internally, based on the estimated volume of the collection and weighted average cost as at that date. This valuation is taken as deemed cost under NZ IFRS. Except for library special collections all subsequent acquisitions are recorded at cost less accumulated depreciation and impairment, if any. At balance date the library collection is carried at deemed cost less accumulated depreciation and impairment, if any. Library special collections are carried at assessed market value.

All permanent withdrawals from the collection are recorded at average cost less accumulated depreciation and impairment, if any.

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

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

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

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

### Depreciation

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

Buildings	1 - 10%
Library collection - serials	20%
- other	16.7%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

### Intangible Assets

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

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

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

estimated useful lives of 3 to 5 years on a straight line basis.

### Asset Impairment

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

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies (continued)

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

### Employee Entitlements

Provision is made for the University's liability for general and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and the liabilities are capable of being measured reliably. Annual leave is calculated on an actual entitlement basis at the rates expected to apply at time of settlement. Sick leave, long service leave and retirement gratuities have been calculated on an actuarial basis which estimates the present value of amounts payable in respect of existing employees based on assumed rates of sickness, death, disablement, resignation, retirement and salary progression.

### Goods and Services Tax (GST)

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

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

### Taxation

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

Net profits derived from operations of a branch and subsidiary of the consolidated entity are taxed at the tax rates under the laws of those countries.

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

Deferred income tax is provided on all temporary differences, if any, at the reporting date between the tax bases of assets and

liabilities and their carrying amounts for financial reporting purposes.

### Trust and Special Funds

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

### Leases

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

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

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

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

Finance charges are charged directly against income.

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

### University/subsidiaries as lessor

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

### Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and

services. They are carried at amortised cost and due to their short-term nature they are not discounted.

### Loans and borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

### Borrowing costs

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

### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 1 Statement of accounting policies (continued)

### Statement of Cash Flows

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

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

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

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

*Interest Paid* is classified as a financing cash flow and *Interest and Dividends Received* are classified as investing cash flows.

*Cash and Cash Equivalents* comprise cash on hand, cash in banks and investments in money market instruments and other short-term, highly liquid investments with original maturities of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents is stated net of outstanding bank overdrafts when the bank has full right of set-off against accounts which are in funds. Bank overdrafts, for which the bank has no right of set-off are shown within current liabilities in the statement of financial position.

### Budget Figures

The budget figures are those approved by Council before the beginning of the 2013 financial year. They have been prepared using the same accounting policies as those used in the preparation of these financial statements. The budget figures have not been audited.

### Changes in Accounting Policy

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

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

### Change in Accounting Estimate

During 2013 the University Library undertook a detailed review of depreciation rates for electronic media and printed books. The result of this review was that depreciation over a life of 6 years was considered by management to better reflect generally accepted practice and the estimated useful lives of electronic media and printed books.

Depreciation rates for these asset classes have accordingly been adjusted from 12.5 percent straight line to 16.7 percent straight line.

An additional \$9.747 million of depreciation expense in relation to these assets has been recognised in 2013. The 2014 impact of this change in depreciation rate is estimated to be an increase in depreciation of \$2.575 million.

### Standards issued not yet effective

The External Reporting Board decided in 2011 to move to a multi-standards framework, with for-profit entities remaining on NZ IFRS and PBEs moving to a new set of accounting standards based on International Public Sector Accounting Standards. In May 2013 the New Zealand Accounting Standards Board of the External Reporting Board (XRB) issued its public sector PBE Accounting Standards that PBE's will need to apply from 1 July 2014. The University and its controlled entities will move to this new set of accounting standards for its December 2015 year end. The impact of the adoption of the PBE Accounting Standards is not known at this stage.

# Notes to the Financial Statements

for the year ended 31 December 2013

## 2 Government grants

	Consolidated/University		
	2013 Actual \$000	2013 Budget \$000	2012 Actual \$000
Student component funding	295,391	295,033	286,307
Clinical Training Agency grants	4,371	3,324	4,014
Other Government grants	8,479	3,541	6,508
Performance Based Research Funding	80,598	76,060	73,076
<b>Total Government grants</b>	<b>388,839</b>	<b>377,958</b>	<b>369,905</b>

## 3 Research and contracts

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
External research income	134,679	140,499	98,691	101,585
Other research and contract income	95,512	88,925	11,575	7,825
<b>Total research and contracts</b>	<b>230,191</b>	<b>229,424</b>	<b>110,266</b>	<b>109,410</b>

## 4 People costs

	Consolidated			University	
	2013 Actual \$000	2013 Budget \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Academic salaries	265,716	261,384	261,483	248,997	243,417
Professional salaries	222,262	218,311	219,313	179,876	175,488
Defined contribution expense	16,709	15,999	15,775	16,709	15,775
Contracts for service	42,080	39,974	39,027	20,759	20,858
Other people costs	21,240	24,753	21,699	23,325	23,548
<b>Total people costs</b>	<b>568,007</b>	<b>560,421</b>	<b>557,297</b>	<b>489,666</b>	<b>479,086</b>

The consolidated entity and the University have termination benefits of \$2.52 million included in total people costs in the current year (2012: \$2.64 million).

# Notes to the Financial Statements

for the year ended 31 December 2013

## 5 Operating costs

	Consolidated			University	
	2013 Actual \$'000	2013 Budget \$'000	2012 Actual \$'000	2013 Actual \$'000	2012 Actual \$'000
Operating costs include the specific expenses:					
<b>Losses</b>					
Loss on disposal of property, plant and equipment	14,503	14,015	903	14,505	903
Net foreign currency loss / (gain)	(247)	-	(628)	(125)	(557)
<b>Conferences, travel and accommodation</b>	23,756	21,749	23,639	18,081	17,566
<b>Consumable supplies</b>	19,985	24,424	20,170	15,400	15,943
<b>Prizes and scholarships</b>	20,466	21,103	20,993	20,466	20,993
<b>Repairs and maintenance</b>	31,423	19,942	27,482	30,754	26,789
<b>Operating leases</b>					
Properties	12,028	10,380	9,548	8,647	7,616
Equipment	5,696	5,970	5,811	5,686	5,801
Motor vehicles	280	227	308	170	197
<b>Total operating lease costs</b>	<b>18,004</b>	<b>16,577</b>	<b>15,667</b>	<b>14,503</b>	<b>13,614</b>
<b>Auditor remuneration</b>					
Audit services	366	339	339	282	262
Other services - review engagement	-	-	-	-	-
Other services - assurance engagement	-	-	-	-	-
Other services - taxation engagement	25	-	12	-	-
<b>Total auditor's remuneration</b>	<b>391</b>	<b>339</b>	<b>351</b>	<b>282</b>	<b>262</b>

## 6 Depreciation and amortisation

	Consolidated			University	
	2013 Actual \$'000	2013 Budget \$'000	2012 Actual \$'000	2013 Actual \$'000	2012 Actual \$'000
<b>Depreciation</b>					
Buildings	45,470	31,858	43,678	45,446	43,655
Leasehold improvements	1,279	1,294	1,674	874	1,302
Library collection	25,614	30,985	16,497	25,614	16,497
Plant and equipment	28,690	31,772	28,843	27,703	27,728
<b>Total depreciation</b>	<b>101,053</b>	<b>95,909</b>	<b>90,692</b>	<b>99,637</b>	<b>89,182</b>
<b>Amortisation</b>					
Software	9,522	9,992	8,702	9,178	8,364
<b>Total depreciation and amortisation</b>	<b>110,575</b>	<b>105,901</b>	<b>99,394</b>	<b>108,815</b>	<b>97,546</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

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

	Consolidated			University	
	2013 Actual \$000	2013 Budget \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Net surplus for the year	29,461	24,920	29,094	26,665	28,961
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation	110,574	105,901	99,394	108,815	97,546
Donated assets	(139)	(1,227)	(271)	(1,097)	(985)
Foreign exchange fluctuation	(125)	-	(557)	(125)	(557)
Other non cash items	(3,500)	213	(1,524)	(3,500)	(1,528)
	106,810	104,887	97,042	104,093	94,476
<b>Changes in net assets and liabilities:</b>					
Decrease/(Increase) in receivables	(3,485)	894	(6,366)	684	(4,149)
Decrease/(Increase) in prepayments and other current assets	(5,878)	(1,745)	391	(2,175)	105
Decrease/(Increase) in inventories	(264)	(360)	(667)	(318)	(62)
Decrease/(Increase) in research work in progress	(3,610)	902	(987)	(4,099)	(238)
Increase/(Decrease) in payables and provisions	19,613	(689)	(14,220)	18,876	(9,592)
Increase/(Decrease) in income in advance	(1,758)	2,488	6,188	(1,347)	3,017
Increase/(Decrease) in employee entitlements	928	3,875	3,857	1,679	4,293
	5,546	5,365	(11,804)	13,300	(6,626)
<b>Add/(less) items classed as investing activities:</b>					
Interest income	(3,172)	(1,136)	(2,580)	(3,045)	(2,510)
Dividend income	-	-	(1,664)	-	-
Loss on disposal of property, plant and equipment	14,505	14,017	903	14,505	903
Movements relating to capital expenditure	(8,265)	(2,792)	8,047	(8,276)	8,337
	3,068	10,089	4,706	3,184	6,730
<b>Add/(less) items classed as financing activities:</b>					
Finance costs	161	-	293	1,977	2,260
(Increase)/Decrease in income in advance	3,500	-	1,500	3,500	1,500
	3,661	-	1,793	5,477	3,760
<b>Net cash flow from operating activities</b>	<b>148,546</b>	<b>145,261</b>	<b>120,831</b>	<b>152,719</b>	<b>127,301</b>

## 8 Receivables

	Note	Consolidated		University	
		2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Trade receivables		54,594	50,847	31,542	32,684
Less provision for receivables impairment		(953)	(691)	(514)	(370)
Net receivables		53,641	50,156	31,028	32,314
Related company receivables	24	-	-	5,424	4,821
<b>Total receivables</b>		<b>53,641</b>	<b>50,156</b>	<b>36,452</b>	<b>37,135</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 8 Receivables (continued)

Movements of the provision for doubtful debts are as follows

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Balance at 1 January	691	1,040	370	394
Charge for the year	582	432	342	378
Amounts written off	(281)	(643)	(159)	(264)
Unused amounts reversed	(39)	(138)	(39)	(138)
<b>Balance at 31 December</b>	<b>953</b>	<b>691</b>	<b>514</b>	<b>370</b>

### Aging analysis of trade receivables

The aging analysis of trade receivables is as follows:

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Current	40,299	36,697	29,975	31,849
31 to 60 days – past due not impaired	4,870	5,661	2,239	1,107
61 to 90 days – past due not impaired	2,049	2,654	947	603
61 to 90 days – considered impaired	14	20	14	20
91 days and over – past due not impaired	6,423	5,144	3,291	3,576
91 days and over – considered impaired	939	671	500	350
	54,594	50,847	36,966	37,505
Receivables past due but not considered impaired are:	13,342	13,459	6,477	5,286

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

## 9 Inventories

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Raw materials	68	46	68	46
Work in progress	-	2	-	2
Finished goods	1,844	1,601	1,294	996
<b>Total inventories</b>	<b>1,912</b>	<b>1,649</b>	<b>1,362</b>	<b>1,044</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 10 Property, plant and equipment

	Consolidated							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection at valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount</b>								
Balance as at 1 January 2012	267,846	970,129	25,339	265,137	16,889	316,985	171,018	2,033,343
Additions	1,299	50	1,088	15,110	546	35,558	69,135	122,786
Disposals	-	(496)	-	(1,577)	-	(8,294)	-	(10,367)
Transfers	-	185,164	647	-	-	522	(186,333)	-
Net revaluation increments	-	3,220	-	-	-	-	-	3,220
<b>Balance as at 1 January 2013</b>	<b>269,145</b>	<b>1,158,067</b>	<b>27,074</b>	<b>278,670</b>	<b>17,435</b>	<b>344,771</b>	<b>53,820</b>	<b>2,148,982</b>
Additions	62,258	7,635	9	15,282	302	23,958	71,201	180,645
Disposals	-	(16,877)	(1,149)	(1,429)	-	(4,110)	-	(23,565)
Transfers	-	51,913	-	-	-	8,592	(60,505)	-
Transfers to held for sale	(54,947)	(5,843)	-	-	-	-	-	(60,790)
Net revaluation increments	121,278	(134,411)	-	-	-	-	-	(13,133)
<b>Balance as at 31 December 2013</b>	<b>397,734</b>	<b>1,060,484</b>	<b>25,934</b>	<b>292,523</b>	<b>17,737</b>	<b>373,211</b>	<b>64,516</b>	<b>2,232,139</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2012	-	39,129	18,851	200,777	-	216,698	-	475,455
Disposals	-	(72)	-	(1,316)	-	(5,791)	-	(7,179)
Depreciation expense	-	43,678	1,674	16,497	-	28,843	-	90,692
<b>Balance as at 1 January 2013</b>	<b>-</b>	<b>82,735</b>	<b>20,525</b>	<b>215,958</b>	<b>-</b>	<b>239,750</b>	<b>-</b>	<b>558,968</b>
Disposals	-	(2,805)	(599)	(1,404)	-	(3,665)	-	(8,473)
Depreciation expense	-	45,470	1,279	25,614	-	28,690	-	101,053
Transfers to held for sale	-	(135)	-	-	-	-	-	(135)
Net revaluation increments	-	(122,298)	-	-	-	-	-	(122,298)
<b>Balance as at 31 December 2013</b>	<b>-</b>	<b>2,967</b>	<b>21,205</b>	<b>240,168</b>	<b>-</b>	<b>264,775</b>	<b>-</b>	<b>529,115</b>
<b>Net book value</b>								
<b>As at 1 January 2012</b>	<b>267,846</b>	<b>931,000</b>	<b>6,488</b>	<b>64,360</b>	<b>16,889</b>	<b>100,287</b>	<b>171,018</b>	<b>1,557,888</b>
<b>As at 31 December 2012</b>	<b>269,145</b>	<b>1,075,332</b>	<b>6,549</b>	<b>62,712</b>	<b>17,435</b>	<b>105,021</b>	<b>53,820</b>	<b>1,590,014</b>
<b>As at 31 December 2013</b>	<b>397,734</b>	<b>1,057,517</b>	<b>4,729</b>	<b>52,355</b>	<b>17,737</b>	<b>108,436</b>	<b>64,516</b>	<b>1,703,024</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

**10 Property, plant and equipment (continued)**

	University							Total
	Assets in use						Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection valuation	Works of art at valuation	Plant and equipment at cost	Capital work in progress at cost	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Gross carrying amount</b>								
Balance as at 1 January 2012	<b>267,096</b>	<b>969,837</b>	<b>22,786</b>	<b>265,137</b>	<b>16,889</b>	<b>307,570</b>	<b>170,241</b>	<b>2,019,556</b>
Additions	1,299	50	97	15,110	546	34,798	69,899	121,799
Disposals	-	(496)	-	(1,577)	-	(8,294)	-	(10,367)
Transfers	-	185,164	634	-	-	522	(186,320)	-
Net revaluation increments	-	3,220	-	-	-	-	-	3,220
<b>Balance as at 1 January 2013</b>	<b>268,395</b>	<b>1,157,775</b>	<b>23,517</b>	<b>278,670</b>	<b>17,435</b>	<b>334,596</b>	<b>53,820</b>	<b>2,134,208</b>
Additions	62,258	7,632	9	15,282	302	23,606	71,201	180,290
Disposals	-	(16,877)	(766)	(1,429)	-	(3,579)	-	(22,651)
Transfers	-	51,913	-	-	-	8,592	(60,505)	-
Transfers to held for sale	(54,947)	(5,843)	-	-	-	-	-	(60,790)
Net revaluation increments	120,808	(134,358)	-	-	-	-	-	(13,550)
<b>Balance as at 31 December 2013</b>	<b>396,514</b>	<b>1,060,242</b>	<b>22,760</b>	<b>292,523</b>	<b>17,737</b>	<b>363,215</b>	<b>64,516</b>	<b>2,217,507</b>
<b>Accumulated depreciation</b>								
Balance as at 1 January 2012	-	<b>39,106</b>	<b>17,541</b>	<b>200,777</b>	-	<b>212,254</b>	-	<b>469,678</b>
Disposals	-	(72)	-	(1,316)	-	(5,791)	-	(7,179)
Depreciation expense	-	43,655	1,302	16,497	-	27,728	-	89,182
<b>Balance as at 1 January 2013</b>	-	<b>82,689</b>	<b>18,843</b>	<b>215,958</b>	-	<b>234,191</b>	-	<b>551,681</b>
Disposals	-	(2,805)	(216)	(1,404)	-	(3,135)	-	(7,560)
Depreciation expense	-	45,446	874	25,614	-	27,703	-	99,637
Transfers to held for sale	-	(135)	-	-	-	-	-	(135)
Net revaluation increments	-	(122,298)	-	-	-	-	-	(122,298)
<b>Balance as at 31 December 2013</b>	-	<b>2,897</b>	<b>19,501</b>	<b>240,168</b>	-	<b>258,759</b>	-	<b>521,325</b>
<b>Net book value</b>								
<b>As at 1 January 2012</b>	<b>267,096</b>	<b>930,731</b>	<b>5,245</b>	<b>64,360</b>	<b>16,889</b>	<b>95,316</b>	<b>170,241</b>	<b>1,549,878</b>
<b>As at 31 December 2012</b>	<b>268,395</b>	<b>1,075,086</b>	<b>4,674</b>	<b>62,712</b>	<b>17,435</b>	<b>100,405</b>	<b>53,820</b>	<b>1,582,527</b>
<b>As at 31 December 2013</b>	<b>396,514</b>	<b>1,057,345</b>	<b>3,259</b>	<b>52,355</b>	<b>17,737</b>	<b>104,456</b>	<b>64,516</b>	<b>1,696,182</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 10 Property, plant and equipment (continued)

University land in crown title with a value of \$209.6 million (2012: \$152.5 million) is included in property, plant and equipment. Further details about Crown land have been outlined in the accounting policies.

Works of Art held by the University are independently valued by ART+OBJECT. The valuation basis is assessed at market value. The most recent valuation was effective 31 December 2011.

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

For land and buildings that are not specialised in nature, fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the consolidated entity, and to market based yields for comparable properties. Where buildings are specialised in nature, their value is determined on an optimised depreciated replacement cost basis.

The most recent valuation was effective 31 December 2013.

### Held for Sale

At 31 December 2013 the University had a conditional sale agreement for the sale of land and buildings at Colin Maiden Park (\$60.655 million). The sale was settled on 31 January 2014.

## 11 Intangible assets

	Consolidated			University		
	Software at cost \$000	Capital work in progress at cost \$000	Total \$000	Software at cost \$000	Capital work in progress at cost \$000	Total \$000
<b>Gross carrying amount</b>						
Balance as at 1 January 2012	59,035	5,223	64,258	57,281	5,223	62,504
Additions	1,215	7,716	8,931	1,189	7,716	8,905
Disposals	(308)	-	(308)	(308)	-	(308)
Transfers	7,580	(7,580)	-	7,580	(7,580)	-
<b>Balance as at 1 January 2013</b>	<b>67,522</b>	<b>5,359</b>	<b>72,881</b>	<b>65,742</b>	<b>5,359</b>	<b>71,101</b>
Additions	1,510	5,884	7,394	1,465	5,398	6,863
Disposals	(992)	-	(992)	(992)	-	(992)
Transfers	8,007	(8,007)	-	8,007	(8,007)	-
<b>Balance as at 31 December 2013</b>	<b>76,047</b>	<b>3,236</b>	<b>79,283</b>	<b>74,222</b>	<b>2,750</b>	<b>76,972</b>
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 January 2012	40,817	-	40,817	40,364	-	40,364
Disposals	(301)	-	(301)	(301)	-	(301)
Amortisation expense	8,702	-	8,702	8,364	-	8,364
<b>Balance as at 1 January 2013</b>	<b>49,218</b>	<b>-</b>	<b>49,218</b>	<b>48,427</b>	<b>-</b>	<b>48,427</b>
Disposals	(611)	-	(611)	(611)	-	(611)
Amortisation expense	9,522	-	9,522	9,178	-	9,178
<b>Balance as at 31 December 2013</b>	<b>58,129</b>	<b>-</b>	<b>58,129</b>	<b>56,994</b>	<b>-</b>	<b>56,994</b>
<b>Net book value</b>						
<b>As at 1 January 2012</b>	<b>18,218</b>	<b>5,223</b>	<b>23,441</b>	<b>16,917</b>	<b>5,223</b>	<b>22,140</b>
<b>As at 31 December 2012</b>	<b>18,304</b>	<b>5,359</b>	<b>23,663</b>	<b>17,315</b>	<b>5,359</b>	<b>22,674</b>
<b>As at 31 December 2013</b>	<b>17,918</b>	<b>3,236</b>	<b>21,154</b>	<b>17,228</b>	<b>2,750</b>	<b>19,978</b>

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 12 Payables

	Note	Consolidated		University	
		2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Trade payables		125,134	105,460	108,571	89,655
Related company payables	24	-	-	1,636	1,676
<b>Total payables</b>		<b>125,134</b>	<b>105,460</b>	<b>110,207</b>	<b>91,331</b>

## 13 Revenue in advance

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Current liabilities</b>				
Revenue received in advance*	41,883	38,479	41,883	38,479
Research contracts obligations	59,492	63,155	29,249	32,501
<b>Revenue in advance – current</b>	<b>101,375</b>	<b>101,634</b>	<b>71,132</b>	<b>70,980</b>
<b>Non current liabilities</b>				
Revenue received in advance*	10,500	12,000	10,500	12,000
<b>Revenue in advance – non current</b>	<b>10,500</b>	<b>12,000</b>	<b>10,500</b>	<b>12,000</b>

\*As at 31 December 2013 the consolidated entity had \$10.5m of Partnerships for Excellence funding classified as non current liabilities (2012: \$12m) and \$1.5m of Partnerships for Excellence funding classed as current liabilities (2012: \$3.5m).

The Partnerships for Excellence funding from the Crown is in the form of suspensory loans. The loans are to be forgiven when key milestones have been achieved. The income is to be recognised when the milestones have been met and the loans are forgiven. During the year the University met key milestones that resulted in \$3.5 million of loans being forgiven (2012: \$1.5 million). The income is included in Government Grants in the statement of comprehensive income.

If certain key contractual milestones are not met, up to \$12 million is repayable on 30 June 2015.

# Notes to the Financial Statements

for the year ended 31 December 2013

## 14 Income tax

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

Income tax payable by the consolidated entity relates to net profits derived from branches of the subsidiary operating in Hong Kong and the Kingdom of Saudi Arabia being taxed at the applicable rates under the laws of those countries.

The major components of income tax expense are:

*Statement of comprehensive income*

*Current Income tax*

Current income tax charge

Adjustments in respect of current income tax of previous years

*Deferred income tax*

Relating to origination and reversal of temporary differences

Income tax expense reported in net surplus

Consolidated	
2013 \$000	2012 \$000
226	268
-	-
-	-
<b>226</b>	<b>268</b>

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

Accounting surplus before tax

Less: Surplus generated in New Zealand operations

Surplus generated in branch and subsidiary operations

At the branch statutory income tax rates

Income tax expense reported in net surplus

Consolidated	
2013 \$000	2012 \$000
29,687	29,362
28,530	28,020
1,157	1,342
226	268
<b>226</b>	<b>268</b>

## 15 Employee entitlements

### Current liabilities

Accumulated annual leave

Retirement allowance

Long service leave

**Total employee entitlements – current**

### Non current liabilities

Sick leave

Retirement allowance

Long service leave

**Total employee entitlements – non current**

Consolidated		University	
2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
25,287	23,104	23,809	20,879
14,019	12,895	14,019	12,895
413	468	413	468
<b>39,719</b>	<b>36,467</b>	<b>38,241</b>	<b>34,242</b>
371	506	341	471
38,771	40,858	38,771	40,858
1,845	1,948	1,845	1,948
<b>40,987</b>	<b>43,312</b>	<b>40,957</b>	<b>43,277</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 16 Loans and borrowings

	Note	Consolidated		University	
		2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Current liabilities</b>					
Non interest bearing loan		618	620	618	620
Interest bearing loan from subsidiary	24	-	-	40,000	40,000
<b>Total loans and borrowings - current</b>		<b>618</b>	<b>620</b>	<b>40,618</b>	<b>40,620</b>
<b>Non current liabilities</b>					
Non interest bearing loan		3,585	4,222	3,585	4,222
Interest bearing bank loans		59,250	42,000	59,250	42,000
<b>Total loans and borrowings - non current</b>		<b>62,835</b>	<b>46,222</b>	<b>62,835</b>	<b>46,222</b>

### Non interest bearing loan

On 30 June 2011 the University acquired a winery, which included property, plant and equipment, from the K & J Goldwater Family Trust. Consideration for the acquisition was made in the three parts being a cash payment, a gift by way of reduction in the purchase price and an interest free loan with a term of 10 years. The non interest bearing loans above represent the fair value of the current and non current portions of this loan with an average effective interest rate of 4.6% (2012: 3.2%).

### Interest bearing loan from subsidiary

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan is on demand and the University pays a rate of interest equivalent to an investment portfolio of 12% on call, 68% 1 year and 20% 5 years, with interest rates as at August 2012.

### Fair values

The carrying amount of current and non-current loans and borrowings approximate their fair value. The fair value has been calculated by discounting the expected future cash flows at prevailing market interest rates ranging from 3.8% to 5.1% (2012: 3.1% to 4.4%).

### Assets pledged as security

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

### Defaults and breaches

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

### Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 25.

# Notes to the Financial Statements

for the year ended 31 December 2013

## 17 Leases

### Operating lease commitments

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

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Non-cancellable operating leases</b>				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	27,085	22,305	24,636	20,434
Later than 1 year and not later than 5 years	69,532	72,962	64,945	66,967
Later than 5 years	80,758	74,395	80,758	74,395
<b>Total operating lease commitments</b>	<b>177,375</b>	<b>169,662</b>	<b>170,339</b>	<b>161,796</b>
<b>Operating lease commitments by type</b>				
Properties	169,510	160,891	162,625	153,100
Motor Vehicles	266	305	118	238
Equipment	7,599	8,466	7,596	8,458
<b>Total operating lease commitments by type</b>	<b>177,375</b>	<b>169,662</b>	<b>170,339</b>	<b>161,796</b>

### Operating lease receivables

Operating leases relate to property held by the University that is leased to external parties to provide additional services to students. The properties are not investment properties because they are either held by the University, as a public-benefit entity, for strategic purposes or to meet its service delivery objectives where rental revenue derived is incidental to the purpose of holding the property. The lease terms range from 1 to 21 years. All operating lease contracts contain market review clauses in the event the entity exercises its option to renew. There is no option to purchase the property at the expiry of the lease period.

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Within 1 year	2,283	2,478	3,796	4,037
Later than 1 year and not later than 5 years	3,021	3,733	6,492	8,818
Later than 5 years	413	558	413	558
<b>Total operating lease receivables</b>	<b>5,717</b>	<b>6,769</b>	<b>10,701</b>	<b>13,413</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 18 Capital commitments

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

	Consolidated/University	
	2013 Actual \$000	2012 Actual \$000
Property Services projects	64,308	33,257
Other capital expenditure	1,721	621
<b>Total capital commitments</b>	<b>66,029</b>	<b>33,878</b>

## 19 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2013 (2012: Nil).

## 20 General equity

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Balance at beginning of financial year	971,016	945,883	940,988	915,988
Net surplus	29,461	29,094	26,665	28,961
Transferred in from revaluation reserve	(871)	20	(871)	20
Less net (surplus)/deficit transferred (to)/from trust and special funds	(1,555)	(3,981)	(1,555)	(3,981)
<b>Balance at end of financial year</b>	<b>998,051</b>	<b>971,016</b>	<b>965,227</b>	<b>940,988</b>

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

## 21 Reserves

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Asset revaluation reserve	512,671	402,635	514,139	404,522
Cash flow hedge reserve	382	390	35	146
<b>Total Reserves</b>	<b>513,053</b>	<b>403,025</b>	<b>514,174</b>	<b>404,668</b>

# Notes to the Financial Statements

for the year ended 31 December 2013

## 21 Reserves (continued)

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Asset revaluation reserve</b>				
<b>Land and buildings</b>				
Balance at beginning of financial year	387,358	384,156	389,245	386,043
Transferred to general equity	871	(20)	871	(20)
Revaluation increments/(decrements)	109,165	3,222	108,746	3,222
<b>Balance at end of financial year</b>	<b>497,394</b>	<b>387,358</b>	<b>498,862</b>	<b>389,245</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	15,277	15,277	15,277	15,277
<b>Balance at end of financial year</b>	<b>15,277</b>	<b>15,277</b>	<b>15,277</b>	<b>15,277</b>
<b>Total asset revaluation reserve</b>	<b>512,671</b>	<b>402,635</b>	<b>514,139</b>	<b>404,522</b>

Land, Buildings, Works of Art and Library Special Collections are re-valued to fair value every three years, as determined by an independent valuer. The latest revaluation was carried out in 2013 for land and buildings and Library Special Collections, and in 2011 for Works of Art.

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

	Consolidated		University	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
<b>Cashflow hedge reserve</b>				
Balance at beginning of financial year	390	(189)	146	(181)
Gain/(loss) recognised	(357)	625	(357)	625
Transferred to initial carrying amount of hedged item	349	(46)	246	(298)
<b>Total cashflow hedge reserve</b>	<b>382</b>	<b>390</b>	<b>35</b>	<b>146</b>

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 22 Trust and special funds

	Consolidated/University			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
<b>2013</b>				
Balance at beginning of financial year	1,794	16,952	12,118	30,864
Income	1,630	858	1,439	3,927
Less expenditure	1,670	325	377	2,372
Net surplus (deficit)	(40)	533	1,062	1,555
<b>Balance at end of financial year</b>	<b>1,754</b>	<b>17,485</b>	<b>13,180</b>	<b>32,419</b>
<b>2012</b>				
Balance at beginning of financial year	1,779	13,246	11,858	26,883
Income	1,647	4,191	690	6,528
Less expenditure	1,632	485	430	2,547
Net surplus (deficit)	15	3,706	260	3,981
<b>Balance at end of financial year</b>	<b>1,794</b>	<b>16,952</b>	<b>12,118</b>	<b>30,864</b>

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

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

## 23 Investments

### Investment in subsidiaries

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

Investment in subsidiaries of \$1 million (2012: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2012: 100%). The principal activity of Auckland UniServices Limited is commercial research, it is incorporated in New Zealand, and it has a 31 December balance date.

Auckland UniServices Limited has a 100% interest in each of its four subsidiaries: : Active Mobile Security Limited (2012: nil), Arataki Therapeutics Limited (2012: nil), Kumanu Limited (2012: 100%) and Auckland UniServices (HK) Limited (2012: 100%). Active Mobile Security Limited, Arataki Therapeutics Limited and Kumanu Limited were non-trading at year-end. Auckland UniServices (HK) Ltd began trading in 2013 and is consolidated in the accounts. The value of each shareholding is \$1.00 (2012: \$1.00).

### Investment in associates

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

	Consolidated			
	Percentage of holding		Holding Value of Shares	
	2013 %	2012 %	2013 \$000	2012 \$000
DNA Diagnostics Limited	50.00	50.00	-	-
Ebonz Limited*	29.40	29.40	-	-
Engender Technologies Limited*	43.00	43.00	-	-
Halo Inductive Power Technologies Limited*	53.94	53.94	-	-
Number One Development Limited*	25.25	47.50	-	-
Bloktech Systems Limited (Previously Intellicontrol Systems Limited)	41.67	41.03	-	-

The above associates were incorporated in New Zealand with the exception of Halo Inductive Power Technologies Ltd, which was incorporated in Guernsey.

\*Non-trading entities

# Notes to the Financial Statements

for the year ended 31 December 2013

## 23 Investments (continued)

### Other investments

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

These entities are neither subsidiaries nor associates and each shareholding has a nil or nominal value of \$1 as at balance date (2012: \$1.00 each).

## 24 Related party transactions

Included within other revenue on the Statement of Comprehensive Income are dividends of \$3.7 million (2012: \$1.7 million). These dividends were received from an investee company of Auckland UniServices Limited.

### Auckland UniServices Limited

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

The amount of transactions charged by the University to Auckland UniServices Limited during 2013 was \$35.0 million (2012: \$40.6 million).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The amount of transactions charged by Auckland UniServices Limited to the University during 2013 was \$7.9 million (2012: \$10.6 million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.82 million (2012: \$1.97 million).

Balances outstanding at 31 December 2013 are:

1. Receivables	\$5,424,469	(2012: \$4,820,585)
2. Payables	\$1,635,557	(2012: \$1,676,293)
3. Loan from subsidiary	\$40,000,000	(2012: \$40,000,000)

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

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

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

### Key management personnel compensation

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

	Consolidated/University	
	2013 Actual \$000	2012 Actual \$000
Short-term employee benefits	6,625	7,045
Post-employment benefits	1,049	1,072
<b>Total employee benefits</b>	<b>7,674</b>	<b>8,117</b>

No key management personnel had termination benefits in 2013 (2012: nil). Post-employment benefits include contributions to defined contribution plans of \$0.34m in the current year (2012: \$0.37m) and retirement gratuities of \$0.71m (2012: \$0.70m).

## 25 Financial instruments

### Financial risk management practices

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

### Currency risk

Currency risk arises from movements in foreign exchange rates and can impact cash flows. The University has exposure to currency risk from off shore transactions with suppliers. This exposure is mitigated through the use of financial instruments which are utilised in accordance with Treasury Management Policy. The following table details the financial instruments outstanding as at reporting date. All hedges are effective hedges and match both the timing and amount of cash flows for the hedged items.

## Notes to the Financial Statements

for the year ended 31 December 2013

## 25 Financial instruments (continued)

## Cash flow hedges

	Consolidated							
	Average exchange rate		Foreign currency		Contract value		Difference to fair value	
	2013	2012	2013 FC'000	2012 FC'000	2013 NZ\$000	2012 NZ\$000	2013 NZ\$000	2012 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8316	0.8199	2,800	3,648	3,367	4,449	52	(37)
6 to 12 months	0.8142	0.8253	1,450	750	1,781	909	24	9
<b>Buy Australian Dollars</b>								
Less than 6 months	0.8752	0.7931	2,446	636	2,795	802	(144)	(6)
6 to 12 months	0.9245	0.7978	2,400	300	2,596	376	(7)	(1)
12 to 24 months	-	0.7980	-	60	-	75	-	-
<b>Buy British Pounds</b>								
Less than 6 months	0.5129	-	400	-	780	-	26	-
<b>Buy Euros</b>								
Less than 6 months	0.5848	0.6426	657	951	1,123	1,480	(22)	36
<b>Sell US Dollars</b>								
Less than 6 months	0.7804	0.8008	4,236	3,232	5,428	4,036	234	111
6 to 12 months	0.7681	0.7711	1,472	1,059	1,917	1,374	83	74
12 to 24 months	0.7530	0.7599	964	1,669	1,280	2,196	34	106
24 to 36 months	0.7543	0.7451	468	648	620	869	(6)	34
36 to 48 months	-	0.7474	-	176	-	235	-	3
<b>Sell Australian Dollars</b>								
Less than 6 months	0.8031	0.7843	489	820	609	1,045	76	16
6 to 12 months	0.7932	0.7878	568	331	715	420	93	5
12 to 24 months	-	0.7923	-	899	-	1,134	-	5
<b>Sell Swiss Francs</b>								
Less than 6 months	0.7367	-	113	-	154	-	(2)	-
6 to 12 months	0.7264	-	31	-	43	-	(1)	-
<b>Sell Euros</b>								
Less than 6 months	0.5981	0.5969	57	18	95	29	(1)	1
6 to 12 months	-	0.5927	-	35	-	59	-	2
12 to 24 months	-	0.5882	-	18	-	30	-	1
<b>Sell British Pounds</b>								
Less than 6 months	0.5020	-	1,526	-	3,040	-	(54)	-
6 to 12 months	0.5119	-	26	-	51	-	(3)	-
12 to 24 months	0.5020	-	52	-	104	-	(6)	-
<b>Sell Norwegian Krone</b>								
Less than 6 months	4.9741	-	150	-	30	-	1	-
6 to 12 months	4.9585	-	150	-	30	-	-	-
12 to 24 months	4.8707	-	250	-	51	-	-	-
24 to 36 months	4.7803	-	100	-	21	-	-	-
<b>Sell Singapore Dollars</b>								
Less than 6 months	1.0131	0.9697	252	667	249	688	5	27
12 to 24 months	-	0.9276	-	41	-	44	-	4
					<b>26,879</b>	<b>20,250</b>	<b>382</b>	<b>390</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 25 Financial instruments (continued)

As at the reporting date the consolidated entity had aggregate unrealised gains under foreign exchange contracts in relation to anticipated future transactions of \$0.382 million (2012: unrealised gains of \$0.390 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

	University							
	Average exchange rate		Foreign currency		Contract value		Difference to fair value	
	2013	2012	2013 FC'000	2012 FC'000	2013 NZ\$000	2012 NZ\$000	2013 NZ\$000	2012 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.8316	0.8199	2,800	3,648	3,367	4,449	52	(37)
6 to 12 months	0.8142	0.8253	1,450	750	1,781	909	24	9
<b>Buy Australian Dollars</b>								
Less than 6 months	0.8773	0.7881	2,386	276	2,720	350	(134)	(5)
6 to 12 months	0.9245	-	2,400	-	2,596	-	(7)	-
<b>Buy British Pounds</b>								
Less than 6 months	0.5129	-	400	-	780	-	26	-
<b>Buy Euros</b>								
Less than 6 months	0.5848	0.6426	657	951	1,123	1,480	(22)	36
<b>Sell US Dollars</b>								
Less than 6 months	0.7962	0.8009	742	294	932	367	21	10
6 to 12 months	0.7646	0.7665	843	526	1,103	686	52	41
12 to 24 months	0.7543	0.7677	861	1,103	1,142	1,437	29	55
24 to 36 months	0.7543	0.7451	468	648	620	869	(6)	34
36 to 48 months	-	0.7474	-	176	-	235	-	3
					<b>16,164</b>	<b>10,782</b>	<b>35</b>	<b>146</b>

As at reporting date the University had aggregate unrealised gains under forward exchange contracts in relation to anticipated future transactions of \$0.035 million (2012: unrealised gains of \$0.146 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

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

The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2013 the aggregate amount of unrealised losses under foreign exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.155 million (2012: unrealised losses of \$0.005 million).

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

As at 31 December 2013 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these future anticipated transactions is \$0.103 million (2012: unrealised gains of \$0.006 million).

The consolidated entity and the University have entered into a number of education contracts to undertake research priced in foreign currencies. The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2013 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.434 million (2012: unrealised gains of \$0.389 million).

# Notes to the Financial Statements

for the year ended 31 December 2013

## 25 Financial instruments (continued)

### Interest Rate Risk

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

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

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

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

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2012:

	Consolidated			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5years \$000	\$000
<b>Financial assets</b>				
Loan facility (revolving credit)	-	-	(42,000)	(42,000)
Cash and cash equivalents	20,518	-	-	20,518
Short term bank deposits	-	24,426	-	24,426
<b>Total financial instruments – consolidated entity</b>	<b>20,518</b>	<b>24,426</b>	<b>(42,000)</b>	<b>2,944</b>

# Notes to the Financial Statements

for the year ended 31 December 2012

## 25 Financial instruments (continued)

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

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

The following table details the University's exposure to interest rate risk as at 31 December 2012:

	University			Total
	Fixed maturity dates			
	Variable interest rate \$000	Mature within one year \$000	Mature within 1-5 years \$000	\$000
<b>Financial assets/(liabilities)</b>				
Loan Facility (Revolving Credit)	-	-	(42,000)	(42,000)
Loan from subsidiary	(40,000)	-	-	(40,000)
Cash and cash equivalents	10,996	-	-	10,996
Short term bank deposits	-	24,351	-	24,351
<b>Total financial instruments – University</b>	<b>(29,004)</b>	<b>24,351</b>	<b>(42,000)</b>	<b>(46,653)</b>

### Fair values of financial assets and liabilities

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

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

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

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

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 25 Financial instruments (continued)

	Quoted market price  (Level 1)  \$000	Valuation technique – market observable inputs  (Level 2)  \$000	Valuation technique – non-market observable inputs  (Level 3)  \$000	Total    \$000
<b>Consolidated entity</b>				
<b>2013</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,519	5,167	-	8,686
Externally managed bonds and cash portfolio	-	8,602	-	8,602
Derivative financial instruments - foreign exchange contracts	-	382	-	382
	<b>3,519</b>	<b>14,151</b>	<b>-</b>	<b>17,670</b>
<b>2012</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,220	4,801	-	8,021
Externally managed bonds and cash portfolio	-	7,855	-	7,855
Derivative financial instruments - foreign exchange contracts	-	390	-	390
	<b>3,220</b>	<b>13,046</b>	<b>-</b>	<b>16,266</b>
<b>University</b>				
<b>2013</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,519	5,167	-	8,686
Externally managed bonds and cash portfolio	-	8,602	-	8,602
Derivative financial instruments - foreign exchange contracts	-	35	-	35
	<b>3,519</b>	<b>13,804</b>	<b>-</b>	<b>17,323</b>
<b>2012</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio	3,220	4,801	-	8,021
Externally managed bonds and cash portfolio	-	7,855	-	7,855
Derivative financial instruments - foreign exchange contracts	-	146	-	146
	<b>3,220</b>	<b>12,802</b>	<b>-</b>	<b>16,022</b>

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

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

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

# Notes to the Financial Statements

for the year ended 31 December 2013

## 25 Financial instruments (continued)

### Interest Rate Sensitivity

For the year ended 31 December 2013 if interest rates on cash and cash equivalents, loans and investments had fluctuated up or down by 100 basis points, the surplus for the consolidated entity would have been \$0.564 million higher/lower (2012: \$0.317 million higher/lower). For the University the surplus would have been \$1.019 million higher/lower (2012 \$0.813 million higher/lower).

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

### Credit Risk

Credit risk is the risk of the failure of a debtor or counter party to honour their contractual obligation. Financial assets, which potentially subject the University and consolidated entity to concentrations of credit risk, consist of cash and cash equivalents, short term investments, loans to subsidiaries, receivables and derivative financial instruments. The maximum credit risk as at 31 December 2013 is the gross amount of the financial assets less impairment. The University and consolidated entity manages this risk by placing cash and cash equivalents, short term investments and derivative financial instruments with institutions which have a high credit rating and by limiting the amount that can be invested in any one institution.

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

### Capital and liquidity risk management

The University and its subsidiaries manage their funds so as to ensure all entities will be able to continue as going concerns. The capital structure of the consolidated entity consists of general equity, reserves and trust and special funds as disclosed in Notes 20, 21 and 22 respectively. The consolidated entity does not have any share capital on issue. The University manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The University has an unsecured Fluctuating Committed Cash Advance Facility with a maximum limit of \$300 million (2012: \$210 million), and an expiry date of 31 July 2018. As at 31 December 2013, the University had drawn down \$59.25 million against this facility (2012: \$42 million).

## 26 Events after the reporting period

The sale of Colin Maiden Park was settled on 31 January 2014, with the university receiving \$60.655m from Auckland City Council.

## INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF  
THE UNIVERSITY OF AUCKLAND AND GROUP'S  
FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2013

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

We have audited:

- the financial statements of the University and group on pages 45 to 75, that comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 30 to 40.

### Opinion

In our opinion:

- the financial statements of the University and group on pages 45 to 75:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the University and group's:
    - financial position as at 31 December 2013; and
    - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and group on pages 30 to 40 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2013.

### *Capital contributions from the Crown*

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

Our audit was completed on 17 March 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

### Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material

misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the University and group's preparation of the financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.

An audit also involves evaluating:

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

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

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

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

The Council is responsible for preparing financial statements that:

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

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

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

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

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

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

#### **Independence**

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

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



Brent Penrose  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand

# Statement of resources

## Buildings

	2011	2012	2013
Gross area of University buildings (m <sup>2</sup> )	563,828	561,140	555,599

## Land

The University owns a total land area of 210.1ha. This includes 19.3ha on the City Campus, 3.2ha at Grafton, 32.4ha at the Tāmaki Campus, 5.2ha at Newmarket Campus, 11.5ha at Epsom, 1.5ha at Whangarei, 14.2ha at Waiheke and 122.6ha at Leigh Marine Research Laboratory and in various bush reserves.

## Library resources

	2011	2012	2013
<b>Collections</b>			
Printed books & theses	1,704,930	1,725,224 *	1,739,503
Printed serials (volumes)	572,790	410,169 * †	397,315 †
<b>Total printed volumes</b>	<b>2,277,720</b>	<b>2,135,393 *</b>	<b>2,136,818</b>
Electronic books	491,058	557,270	670,238
Print serial titles	4,913	4,772	4,662
Electronic serial holdings	118,351	124,927 *	127,949
<b>Services</b>			
Loans - total	911,527	805,140	697,675
Library web page sessions	6,995,318	7,233,718 *	6,705,369 ‡
Library teaching sessions	1,606	1,494	2,128 §
Attendance at Library teaching sessions	21,361	20,641	31,076 §
Number of Libraries / Information Commons	15	15	15
General Library average open hours per week	90	90	90
Information Commons average open hours per week	113	113	113
Study spaces <sup>†</sup>	3,517	3,431	3,480 §
Study / training spaces with computers	1,157	1,155	1,176 §
Laptops for loan	155	155	160
<b>Total number of study spaces<sup>†</sup></b>	<b>4,674</b>	<b>4,586</b>	<b>4,656 §</b>

\* 2012 figure amended

† More than 160,000 volumes transferred to the CONZUL shared store over 2 years

‡ Traffic from robots/crawlers excluded from 2013

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

# Glossary

## Acronym

## Expanded meaning

ABI	Auckland Bioengineering Institute
ARWU	Academic Ranking of World Universities
APRU	Association of Pacific Rim Universities
AQS	Average Quality Score
CRI	Crown Research Institute
DELNA	Diagnostic English Language Needs Assessment
DHB	District Health Board
EFTS	Equivalent Full-Time Students
EPA	Environmental Protection Authority
ERI	External Research Income
FMHS	Faculty of Medical and Health Science
FTE	Full-Time Equivalent
GPE	Grade Point Equivalent
HSNO	Hazardous Substances and New Organisms
HRC	Health Research Council
KPI	Key Performance Indicator
LSRI	Large Scale Research Institute
MANU-AO	Māori Academic Network across Universities in Aotearoa
MAPAS	Māori and Pacific Admission Scheme
MBIE	Ministry of Business, Innovation and Employment
NICAI	National Institute of Creative Arts and Industries (also referred to as faculty of)
NIH	National Institutes of Health
NIWA	National Institute of Water and Atmospheric Research
OECD	Organisation for Economic Cooperation and Development
OGGB	Owen G. Glenn Building
PBRF	Performance-Based Research Fund
PfX	Partnerships for Excellence
QS	Quacquarelli Symonds
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
THE	Times Higher Education Supplement
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UTAS	Undergraduate Targeted Admission Scheme
U21	Universitas 21
WUN	Worldwide Universities Network