

Finance Committee MINUTES | PART A

28 February 2024

HYBRID | Council Meeting Room and via Zoom

08.00am to 10.00am



Present: Rob McDonald (Chair), Cecilia Tarrant, Professor Dawn Freshwater, John Paitai, Gemma Skipper, Professor Julia Tolmie and Hala Barakat

In Attendance: Adrienne Cleland, Tim Bluett, Mudasir Matto and Jacqui Metcalf

1. Apologies	Julia Arnott-Neenee and Cathy Quinn were noted as an apology.	
2. Disclosures of Interest	No further disclosures were made.	
3. Minutes of Finance Committee of 22 November 2023	<p>Item No 3.1: Minutes, Part A Noted.</p> <p>Item No 3.2: Matters Arising from the Minutes, Part A, not elsewhere on the agenda.</p>	RESOLVED (Chair Cecilia Tarrant) that the Minutes, Part A, of the Finance Committee held on 22 November 2023 be taken as read and confirmed.
4. Other Matters for Decision or Noting	<p>The Chair welcomed Professor Julia Tolmie and Gemma Skipper to the Finance Committee.</p> <p>4.1 Committee Responsibilities and Processes This paper was noted.</p> <p>4.2 Committee Terms of Reference The Committee's Terms of Reference were reviewed, and no amendments were made.</p>	<p>RESOLVED (Chair Prof. Julia Tolmie) that</p> <ul style="list-style-type: none"> i) The report be received and noted; and ii) Finance Committee recommend to Council that the amended Committee Terms of Reference be adopted.
Other Matters for Decision or Noting	The following section has been approved for insertion into Part A of the minutes. It contains the 2023 Financial Performance highlights for the Finance Committee.	

PART A
2023 FINANCIAL PERFORMANCE – UNIVERSITY ONLY



	2021	2022	2023		
	Actual	Actual	Actual	Budget	var
EFTS					
Domestic	30,828	30,159	28,936	30,484	(1,548)
International	5,391	4,999	5,607	5,172	435
Other	528	669	794	603	191
	36,748	35,827	35,337	36,259	(922)
International %	14.7%	14.0%	15.9%	14.3%	1.6%
Postgraduate %	24.2%	23.4%	24.8%	24.5%	0.3%
TEACHING & RESEARCH					
TEC funding	379.2	380.8	375.2	392.6	(17.4)
Fees	377.4	382.2	411.8	410.6	1.2
PBRF/Other	115.3	118.8	123.8	114.0	9.8
	871.8	881.8	910.8	917.3	(6.4)
Academic salaries	220.2	228.1	241.9	249.1	7.2
Other costs	142.3	147.3	157.9	157.2	(0.7)
Depreciation	19.0	18.6	19.4	20.2	0.8
Contribution	490.3	487.7	491.6	490.7	0.9
Contribution %	56.2%	55.3%	54.0%	53.5%	0.5%
RESEARCH & CONTRACTS					
Research revenue	255.2	276.5	290.6	288.0	2.6
Research costs	218.4	230.0	250.3	256.5	6.2
Contribution	36.8	46.5	40.3	31.5	8.8
Contribution %	14.4%	16.8%	13.9%	10.9%	2.9%
OTHER OPERATING ACTIVITIES					
Revenue	145.3	161.9	196.4	177.7	18.8
People costs and opex	399.1	434.0	538.3	503.3	(35.0)
Depreciation	184.4	176.8	178.3	188.3	10.0
Other contribution	(438.3)	(448.9)	(520.2)	(514.0)	(6.3)
Operating surplus	88.9	85.3	11.7	8.3	3.4
% revenue	7.0%	6.5%	0.8%	0.6%	(0.2%)
SBITDA % revenue (excl	19.5%	18.7%	12.0%	12.7%	(0.7%)

- The 2023 financial result for the core University teaching and research related operations continued to reflect several residual post pandemic impacts.
- Domestic enrolments fell below expectations as high youth employment, lower University entrance attainment combined with student preparedness related higher attrition rates.
- International students returned in greater numbers than expected, especially in the postgraduate offerings of Science and Business.
- Anticipated salary and operating cost inflation combined with the lifting of border restrictions and supply-chain problems to see costs accelerate faster than revenues. Latent demand for staff, rising activity levels and salary inflation has resulted in teaching-related people costs rising at twice the rate of core teaching revenues in 2023.
- Similarly, significant increases to overheads and operating expenditure affected utilities, travel, and asset related costs.
- The significant drop in surplus from the previous year drives lower operating cashflows although a favourable year end net cash position remains. TEC risk ratios remain sound.

Note: Surplus and revenue in 2021 to 2023 exclude non-cash fair value gain accounting adjustments linked to Crown Investment Partners Interest Free Loan and an asset donation.

5. Leave of Absence

No leave of absence was requested for the next meeting.

6. Public Exclusions

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered:

RESOLVED (Chair | Prof. Dawn Freshwater) that the public be excluded from Part B of this meeting AND THAT Mrs Cleland, Mr Bluett, Mr Matto and Mrs Metcalf be permitted to remain for this part of the meeting, after the public be excluded, because of their knowledge of the matters to be discussed.

	<p>Item No 7.1: Finance Committee Meeting 22 November 2023, Minutes Part B</p> <p>Item No 7.2: Finance Committee Meeting 22 November 2023, Matters Arising from Minutes, Part B</p> <p>Item No 8.0: Financial Performance for 2023</p> <p>Item No 9.0: Treasury Reports</p> <p>Reason for passing this resolution in relation to each matter:</p> <p>The protection of the interests mentioned below.</p> <p>Grounds under section 48(1) for the passing of this resolution:</p> <p>Those in Section 9 of the Official Information Act 1982 namely:</p> <ul style="list-style-type: none">i) To protect the privacy of the persons referred to in the recommendations and to maintain the confidentiality of those recommendations; andii) To enable the University to carry on without prejudice or disadvantage negotiations; andiii) To prevent the disclosure or use of Official Information for improper gain or advantage.	<p>This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because they relate to aspects of the administration of the University of Auckland for which those persons are responsible.</p>
<p>The meeting moved into a Public Excluded Session at 08.04 am.</p> <p>The meeting closed at 09.18 am.</p> <p>Approved as a true and correct record.</p> <p>_____</p> <p>Rob McDonald, Chair</p> <p>Date:</p>		