

Finance Committee MINUTES | PART A
25 May 2022
HYBRID | Council Meeting Room and via Zoom
8 am to 10 am



Present: Rob McDonald (Chair), Cecilia Tarrant, Professor Dawn Freshwater, Professor Jennifer Curtin, Catherine Dunphy (exited at 8.30am) and Junyi (Johnny) Wang.

In Attendance: Tim Bluett, Jacqui Metcalf, Helen Cattanach and Mudasir Matto.

1. Apologies	Cathy Quinn and John Paitai were noted as apologies for this meeting.	
2. Disclosures of Interest	Junyi (Johnny) Wang noted a disclosure of interest for <i>Item 10.0: Disestablishment of a Fee</i> , as he is currently a student at the University of Auckland.	RESOLVED (Rob McDonald Cecilia Tarrant) that the disclosures, if any, be noted and the action taken be endorsed.
3. Minutes of Finance Committee of 2 March 2022	<p>Item No 3.1: Minutes, Part A</p> <p>Item No 3.2: Matters Arising from the Minutes, Part A, not elsewhere on the agenda.</p>	RESOLVED (Rob McDonald Professor Dawn Freshwater) that the Minutes, Part A, of the Finance Committee held on 2 March 2022 be taken as read and confirmed.
4. Other Matters for Decision or Noting	There were no other matters for decision or noting.	
	The following section has been approved for insertion in Part A of the minutes. It contains the Forecast Financial Performance for 2022 highlights to the Finance Committee.	

1.0 Financial Highlights - 2022 Forecast Performance

This first forecast for 2022 was completed in April and reflects actual financial results for the three months to March, and actual semester one student enrolments enabling a robust and informed forecast. The main variances and drivers to forecast are noted below.

Table 1: Financial Highlights - 2022

	2022 Forecast	2022 Budget	var	2021 Actual	2020 Actual
EFTS					
Domestic	30,249	30,899	(651)	30,828	28,703
International	5,171	4,662	509	5,391	4,990
Other	389	399	(10)	527	556
	35,808	35,960	(152)	36,746	34,249
Profit and Loss \$m					
TEC Funding	379.5	379.5	-	379.2	350.7
Domestic Fees (net)	207.0	208.7	(1.8)	209.9	187.2
Intl Fees (net)	173.9	157.0	16.9	172.0	165.0
Other	109.7	109.3	0.4	110.5	109.9
	870.1	854.6	15.5	871.6	812.8
Academic salaries	234.0	239.2	5.2	220.2	232.8
Other People Costs	101.2	102.0	0.8	99.0	97.0
Opex / Depn	65.8	61.3	(4.5)	62.3	54.5
	401.0	402.5	1.5	381.5	384.3
T&r contribution	469.1	452.1	17.0	490.1	428.5
Research Revenue	341.9	335.9	6.0	311.5	284.6
Research Expenditure	298.7	298.8	0.1	281.0	246.8
EFR contribution	43.3	37.1	6.1	30.5	37.8
Other Revenue	141.4	154.1	(12.7)	138.0	136.4
Other PC+Opex	451.5	442.8	(8.7)	398.6	457.6
Other Lease Depn	175.7	182.1	6.4	184.4	175.0
Other contribution	(485.8)	(470.8)	(14.9)	(445.0)	(496.2)
Operating surplus	26.6	18.4	8.2	75.5	(29.9)

The forecast operating surplus of \$26.6m (2.0%) is a \$8.2m improvement over the budget.

The EFTS forecast highlights a favourable mix change from budget expectations; internationals are up 509 EFTS, being a 4% drop from 2021, with a softening in domestic enrolments due to low unemployment and an attractive job market.

Favourable revenue impacts from the increased international EFTS mix is the main influence on the net surplus position, offset by the direct impacts of the red traffic light restrictions during the first four months of the year. The specific impacts were loss of revenue from student accommodation and other direct cost impacts related to the pandemic.

Key risks to consider mainly concern the pressures in cost inflation which will have a gradual impact in 2022 but are expected to lead to step change increases to our cost base in 2023 and beyond.

The closing cash balance in 2021 provides some resilience to withstand the start of the inflationary imbalance during 2022 and leads to a favourable net cash position compared to budget.

5. Leave of Absence

There was no Leave of Absence 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 (Professor Jennifer Curtin | Junyi Wang) that the public be excluded from Part B of this meeting AND THAT, Mr Bluett, Mr Matto, Mrs Cattanach 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 2 March 2022, Minutes Part B</p> <p>Item No 7.2: Finance Committee Meeting 2 March 2022, Matters Arising from Minutes, Part B</p> <p>Item No 8.0: Financial Performance & Forecast for 2022-2024</p> <p>Item No 9.0: Treasury Management, Compliance and Cash Flow Report</p> <p>Item No 10.0: Disestablishment of a Fee</p> <p>Reason for passing this resolution in relation to each matter: The protection of the interests mentioned below. Grounds under section 48(1) for the passing of this resolution: 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;ii) 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 08.03 am.</p> <p>The meeting closed at 09.15 am.</p> <p>Approved as a true and correct record.</p> <hr/> <p>Rob McDonald, Chair</p> <p>Date:</p>		