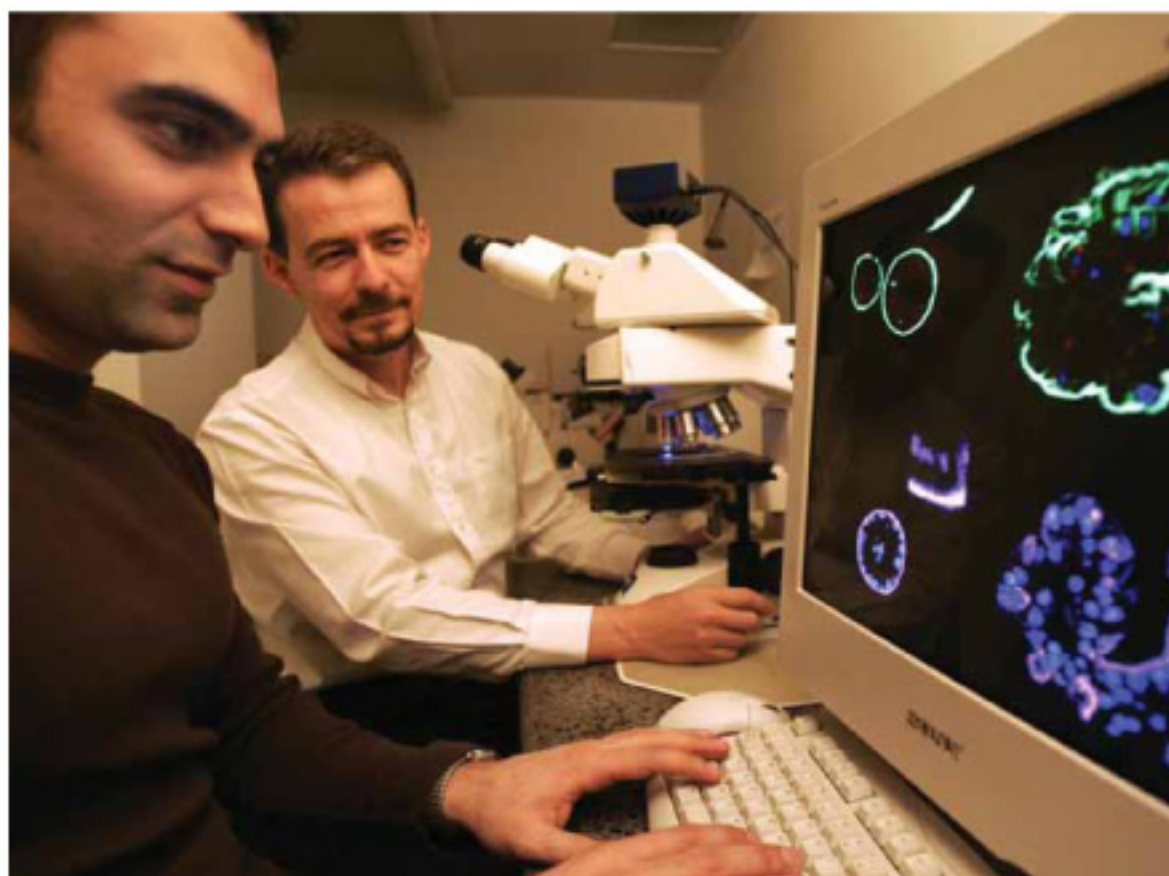




The University of Auckland
2007 Annual Report







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Chancellor's introduction

By almost any measure, The University of Auckland is New Zealand's premier research university, and probably the most significant research institution in the country.

As the 2006 Performance Based Research Fund evaluation, released in early 2007, demonstrates, Auckland has the largest graduate school, the highest level of research income from external public and private agencies (a measure of the confidence those agencies have in the research capability of our staff), and one third of all A rated researchers in the entire country. We also have, in Auckland UniServices Ltd, the largest and most successful research commercialization company in Australasia. The company's patenting activity, based on research conducted in the University, exceeds that of any other research provider in New Zealand and accounts for about one-third of all such activity in the country. And, of the sixteen drugs developed in New Zealand that have gone to clinical trials under the auspices of the US Food and Drug Administration, a remarkable twelve were developed at The University of Auckland.

There is no doubt that The University of Auckland has a key influence on the direction and quality of New Zealand's research, and on its economic development, but much more remains to be done. The University Council and management have set very ambitious

goals in our Strategic Plan 2005-2012, through which we aim to further increase the quality of our student intake, the size of our graduate school, and our research performance, while seeking to ensure that the University remains accessible to students of ability, irrespective of their personal circumstances.

During 2007, Council was very actively engaged with the Government's tertiary reforms, in the hope that these reforms would assist the University in meeting its strategic goals. This engagement included a largely successful challenge, through the Select Committee process and in collaboration with the other universities, to some of the more draconian provisions of the Education (Tertiary Reform) Amendment Bill. Those provisions, if enacted, would have given the government, through the Tertiary Education

Commission, a degree of control over teaching and research activities incompatible with the safeguards for university autonomy and academic freedom enshrined in the Education Act.

Other aspects of this engagement were less encouraging. It seems clear that the current tertiary reforms are being enacted primarily to assist Government in avoiding the wasteful expenditure – of many hundreds of millions of dollars – on low value courses that characterized post-secondary education in the early part of this decade. To some extent the Government has already been successful in reversing that trend, which is to be applauded. However, we are yet to see significant new investment in the university sector. Most disconcerting from Council's point of view is the continuation



of a policy which restricts increases in both the government tuition subsidy and student fees to the level of the Consumer Price Index (or less), when it is clearly understood by all parties that the University's cost structure – driven primarily by staff salaries – increases at the rate of about 1.6 times CPI. Research conducted by this University, and published in *Commentary* last year, shows that over the period 1991-2006 the application of this policy by successive governments has effectively cut university funding by \$359 million per annum. Of that, \$137 million per annum has been passed on to students in the form of higher fees, leaving an annual shortfall in the university sector of just under a quarter of a billion dollars.

The challenge of building an international quality research university in the face of such policies is very real. The University of Auckland remains the only New Zealand university ranked in the world's top 50 (indeed, in the world's top 100) by the *Times Higher Education Supplement's World Ranking of Universities* and it does so despite having much lower levels of income per student or per staff member than its peers. While other sources of revenue – such as philanthropic support, in which this University is having some welcome success – are very important, they cannot compensate for prolonged underinvestment by government and, as a result of its policies, by students. A further consequence of these policies is that The University of Auckland has a considerable backlog of deferred maintenance and capital works and faces constant challenges in recruiting and retaining high quality academic staff. If we are to create a truly world class university – and few would argue that New Zealand does not need such an institution – then we must also invest heavily to create research and teaching spaces comparable with the best in the world and address the internationally uncompetitive levels of academic remuneration that result from inadequate funding. The development of a plan which will see a complete upgrading of the University's facilities over the next decade has been a key focus for Council during 2007, as has been continual advocacy of more realistic funding policies. We have seen limited success through the Tripartite process, but need to make much more progress on establishing appropriate funding arrangements, addressing both base funding levels and annual indexation reflecting our cost base.

The final issue which has particularly concerned Council is that of access. Our own Strategic Plan, adopted in 2005 after wide consultation and confirmed in 2006, makes it clear that we seek only limited growth in student numbers, and that primarily in postgraduate students. The tertiary reforms, which have at their core a move from funding based on student numbers to controlled and targeted investment by government, likewise mean that places in the University must be rationed, so that we admit only as many students as the Government will fund. It was thus disappointing to see, in the debate on this issue towards the end of 2007, the argument that having an "elite" university is somehow a bad thing. To the contrary, every one of the world's leading universities restricts entry to its programmes, and from 2009 The University of Auckland will be no exception. However, as a university that seeks to serve New Zealand by taking its place among the best in the world, Auckland will be highly motivated to attract able students wherever they are, and whatever their personal circumstances. In those programmes that already have restricted access, we operate successful schemes to assist students from underrepresented groups to enter the University and succeed in it. I am confident that we will be able to replicate that success as we move to limited entry for all programmes, and that excellence and equity need not be in conflict.



"During 2007, Council was very actively engaged with the Government's tertiary reforms, in the hope that these reforms would assist the University in meeting its strategic goals."

Hugh Fletcher
Chancellor
The University of Auckland



Vice-Chancellor's review

In the first issue of *Commentary*, a new publication of The University of Auckland in 2007, we listed what are generally regarded as the six characteristics of world-class research universities: top quality staff; a highly selected student population; a strong research culture; a high level of private support through philanthropy; thinking and acting as international institutions; and a high degree of autonomy and academic freedom.

In many of these respects The University of Auckland made considerable progress during 2007.

The very high quality of our staff was evidenced in many ways, most notably through international and national awards. Among the recipients of international awards were: Dr Rosemary Arnoux, who received the prestigious French Ministry of Education award of Chevalier des Palmes Académiques, for her outstanding services as a teacher of French language and culture; Professor Margaret Brimble one of only five Laureates at the 2007 L'Oreal UNESCO Women in Science awards; Associate Professor Cameron Grant, who was awarded a Fulbright Senior Scholarship for 2008; and Professor David Ryan, who became only the second person in the southern hemisphere to be inducted as a Fellow of the Institute for Operations Research and the Management Sciences.

At the national level, there were also numerous achievements, of which only a few can be highlighted here: Professor Richard Faull was awarded the Rutherford Medal, the second year in a row that a University of Auckland Professor has been named New Zealand's top scientist; Associate Professor Michelle Leggott became the inaugural New Zealand Poet Laureate; Dr Christine Rubie-Davies received a National Tertiary Teaching Excellence Award, the fifth year in a row that a staff member of this University has won such an award; Professor Innes Asher won

and students received national awards, fellowships and New Zealand honours as described elsewhere in this Report.

The release in early 2007 of the 2006 Performance Based Research Fund (PBRF) evaluation also demonstrated the quality and productivity of our staff. With only 18 percent of the eligible staff nationwide, this University won 27 percent of the funding associated with staff research quality, 33 percent of the component associated with research degree completions, and 38 percent

"The very high quality of our staff was evidenced in many ways, most notably through international and national awards."

the Liley Medal from the Health Research Council; Professor Bruce Melville received the Royal Society of New Zealand's RJ Scott Medal, and Professor Murray Mitchell a James Cook Fellowship, while Professors Zoran Salcic and Chris Wild were both elected to the Academy of the Royal Society of New Zealand; Dr Nicolette Sheridan had her doctoral research acknowledged with a Te Amorangi; National Māori Academic Excellence Award; and Professors Bill Denny and Bill Wilson were named joint recipients of the Distinguished Biotechnologist Award. A considerable number of other staff

of the funding due to performance in securing external research income. As a result, the University receives about \$62.1 million per annum from the PBRF, one-third of the total allocation. That funding is reinvested largely in the support of the research development and productivity of our excellent staff and postgraduate research students.

The University of Auckland already has a highly selected student body in the sense that a greater proportion of our academic programmes have restricted entry than is the case at most New Zealand universities. As the Chancellor has noted,

the University Council agreed in December to a recommendation from management and Senate that, commencing in 2009, all programmes of the University be limited entry. This recommendation came about for two reasons. First, the University's own strategy, recognizing that the institution is already very large at 38,000 students, calls for limited growth in postgraduate student numbers and none in undergraduates. The aim is to increase the numbers of doctoral and research masters completions. Doctoral theses completions increased from 190 in 2006 to 210 in 2007. Masters theses did not increase from 2006 to 2007, but new programmes that will increase the number of completions have been approved in 2007 for launch in 2008. Second, while accepting that the University's plan for modest growth and change in the composition of the student body is consistent with national priorities, the government declined to fund all the students we expect to enrol in 2008 and beyond. Since unfunded students represent, in effect, a cut in funding (against a background of long-term underinvestment in universities by successive governments), the University has no option but to align the number of domestic students it admits with the number the Government will fund, requiring it to restrict entry to those most able to benefit from, and contribute to, a high quality research-led university.

The strong research culture of the University is amply evidenced by the University's

performance in the PBRF, by the accolades accorded our research staff, and by the premier role of UniServices among technology transfer and commercialization companies in Australasia. Several new developments are, however, worth highlighting. During 2007, the University established a new \$10 million per annum staff research fund to assist in the development of staff research capability. The fund is managed through the faculties in collaboration with the Office of the Deputy Vice-Chancellor (Research). Agreement was also reached on a new fund to support the

“During 2007, the University established a new \$10 million per annum staff research fund to assist in the development of staff research capability.”

strategic purchase of large items of research equipment, and on another fund to support the research and associated costs of PhD students. Many of these schemes have been made possible only because of the University's success in the PBRF. In another important step forward, UniServices has negotiated access to Australian seed funding, to assist the development of intellectual property created at the University across the so-called “valley of death” and into new or existing businesses where it can help to create wealth for New Zealand.

Like all other New Zealand universities, The University of Auckland has not historically had a high level of private support through philanthropy, a marked contrast with leading universities in the United Kingdom and, in particular, the United States. One significant reason for this has been the effective lack in New Zealand of any tax incentives for philanthropy. Elsewhere, tax incentives are one of the major drivers of a culture of philanthropy that benefits top universities to a spectacular degree. More generous arrangements for tax incentivisation

of philanthropy come into effect in New Zealand in 2008, and these stand to benefit the University significantly. Building on the success of the World Class Business School campaign, the University has, during 2007, put in place the infrastructure and capability required to run a major University-wide fund-raising campaign. The support of a great many distinguished alumni and friends of the University has been most gratifying, as has the willingness of our international partner universities to share their expertise with us. At the same time, we have continued to build our national and international alumni





networks, and to hold a large number of alumni events both in New Zealand and overseas. The contributions of some of our top professors as guest speakers at these events were extremely well received.

Thinking and acting as an international institution has, along with research, been one of the defining characteristics of this University. Our continued active engagement as the only New Zealand member of Universitas 21 and the Association of Pacific Rim Universities has been important in maintaining our international presence and encouraging collaboration between staff and students at The University of Auckland and those in our partner institutions. Specific collaborations have also been developed, most notably in 2007 with China: the Confucius Institute in New Zealand, opened in February by the Prime Minister and representatives of our partner university, Fudan; the New Zealand Centre

at Peking University, opened by the Minister of Foreign Affairs in May; and continued development of the trilateral partnership with Tsinghua University and its western partner, Qinghai. These developments will not only assist University of Auckland staff and students to develop connections in the world's fastest growing economy, but also create opportunities for the New Zealand government and business to build on the relationships that the University has established.

The protection of autonomy and academic freedom remains a challenge for all New Zealand universities. Notwithstanding the obligations under the Education Act of Ministers and government officials to preserve and enhance academic freedom and the autonomy of institutions, much of the language emerging from Government is about ownership and control, concepts that are the antithesis of freedom and autonomy.

Nowhere was this more obvious than in the legislation introduced to support the Government's tertiary reforms, and in some of the early negotiations with the Tertiary Education Commission around the Investment Brief and other activities related to the reforms. Although the outcomes of these processes were ultimately appropriate as far as the University is concerned, it is clear that continued vigilance will be necessary as the reforms proceed.

The term "Ivory Tower," meaning an environment in which intellectuals engage in pursuits that are disconnected from the practical concerns of everyday life, is sometimes applied in a pejorative sense to universities. It is not, however, a term that is applicable to The University of Auckland. As this Report highlights, the staff and students of the University are engaged with the communities we serve in a vast array of collaborations and activities. These include:



Overall, 2007 was a very successful year for The University of Auckland. Enrolments were strong after the downturns of the previous years, and the continued diversification of our international student body has protected the University against reliance on any one region. Research performance and revenue grew considerably, and University staff members were recognized both nationally and internationally for the quality and impact of their research and teaching. The University's strong financial management systems again performed well during the year and saw the University meet its key financial targets. Total operating revenue of \$740.8 million was 4.7 percent ahead of budget. A number of faculties were ahead of budget with domestic student enrolments. International enrolments continue to decline from their peak in 2004 at a reduced rate than in previous years and closer to budget. Other revenues, principally externally-funded research at \$162.9 million, were 5.7 percent ahead of budget. Operating expenses were held to budget but, in some areas, cost necessarily increased in tandem with higher teaching and research revenues. Total expenditure was \$718.4 million, 4.7 percent above budget. The University met its key financial targets achieving an operating surplus of \$22.6 million, \$1.3 million ahead of budget and at 3.0 percent of revenue is at the TAMU minimum and at the bottom of the University's target operating range.



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

formal community advisory groups at the University, faculty and programme level; partnerships with schools and communities to assist students from underrepresented groups to succeed in the University while continuing to serve those communities; a range of contributions to the business community in research, industrial development, professional development and formal education; contributions to the cultural and artistic life of Auckland, New Zealand and the international community; and relationships with over 125,000 alumni and friends worldwide. In addition, our staff members serve on a large number of professional, industry and community academies, committees and organizations. The University of Auckland is therefore not only a very large organization – with over 40,000 staff and students – but one that values and actively participates in service to the community.

Perhaps most remarkable is the fact that The University of Auckland has maintained such a high reputation and ranking among the world's leading research universities, while operating on such low levels of public and private investment. That performance is a testimony to the commitment and energy of our many leading academics, and the many general staff who work so hard to support them and their students. It is a pleasure to be able to recognize all of our staff for the work they do, and to express the hope that the Government's reforms will deliver to the University the level of support that will enable us to achieve our full potential in the service of New Zealand.

Professor Stuart McCutcheon
Vice-Chancellor
The University of Auckland



Key facts and figures

2,506

people were enrolled in doctoral and research masters degrees in 2007.

Full Time Equivalent staff (FTE)

	2005	2006	2007
Academic	1,974	1,956	1,949
General	2,358	2,405	2,402
Total	4,332	4,361	4,351

Students

	2005	2006	2007
Equivalent Full Time Students (EFTS)	30,800	29,451	30,232

Gender

	2005	2006	2007
Male	16,581	15,979	16,273
Female	22,839	21,945	22,229
Total	39,420	37,924	38,502

Studyload

	2005	2006	2007
Full Time	23,725	22,337	23,188
Part Time	15,695	15,587	15,314
Total	39,420	37,924	38,502

Ethnicity

	2005	2006	2007
European	15,756	14,970	15,745
Māori	2,806	2,468	2,526
Pacific Island	3,126	3,027	3,124
Asian	13,081	13,129	13,376
Other	2,107	2,177	1,961
Not available	2,544	2,153	1,770
Total	39,420	37,924	38,502

Age Group

	2005	2006	2007
18 or less	5,765	5,930	6,486
19 - 20	9,335	9,168	9,500
21 - 23	8,960	8,999	8,844
24 - 29	5,224	5,011	5,238
30 - 39	4,764	4,165	4,045
40+	5,372	4,651	4,389
Total	39,420	37,924	38,502

Student Enrolment by Qualification (EFTS)

	2005	2006	2007
Doctor of Philosophy	1,158	1,143	1,233
Other doctoral degree	83	72	77
Master Degree	1,537	1,228	1,194
Conjoint Degree	3,266	3,295	3,455
Bachelor Honours	485	507	514
Bachelor Degree	19,947	19,188	19,672
Diploma	2,725	2,530	2,528
Certificate	1,421	1,367	1,443
Total	30,622	29,330	30,116

Programme Enrolments (students)

	2005	2006	2007
Arts	7,223	6,994	8,201
Business and Economics	7,804	7,361	7,621
Creative Arts and Industries	2,056	2,043	2,103
Education	6,250	4,917	4,641
Engineering	2,762	2,810	3,000
Law	1,501	1,614	2,796
Medical and Health Sciences	3,670	4,044	4,452
Science	7,278	7,166	7,605
Theology	201	165	155
University Programmes	2,464	2,476	2,590
Total	41,209	39,590	43,164

Note

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





In 2007, over

5,900

students completed
bachelors degrees

and over

3,500

students completed
postgraduate degrees
and diplomas.

Undergraduate Enrolment (EFTS)

	2005	2006	2007
Arts	4,645	4,450	4,665
Business and Economics	5,228	4,871	4,781
Creative Arts and Industries	1,269	1,316	1,371
Education	3,152	2,441	2,138
Engineering	2,036	1,967	2,078
Law	987	1,123	1,271
Medical and Health Sciences	1,988	1,992	2,091
Science	5,630	5,353	5,523
Theology	108	90	92
University Programmes	654	595	613
Total	25,697	24,198	24,623

Note

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

Postgraduate Enrolment (EFTS)

	2005	2006	2007
Arts	800	687	719
Business and Economics	783	700	688
Creative Arts and Industries	258	231	230
Education	494	860	1,035
Engineering	352	390	424
Law	109	131	148
Medical and Health Sciences	903	953	1,040
Science	1,194	1,150	1,166
Theology	33	28	30
University Programmes		1	13
Total	4,926	5,131	5,493

Qualifications Awarded (by Faculty)

	2005	2006	2007
Arts	1,684	1,707	1,989
Business and Economics	2,205	2,363	2,443
Creative Arts and Industries	549	594	562
Education	1,622	1,623	1,779
Engineering	576	634	629
Law	334	327	404
Medical and Health Sciences	1,023	1,045	1,064
Science	1,829	1,905	1,775
Theology	65	43	42
Total	9,887	10,241	10,687

Note

- Includes all qualifications completed; conjoint degrees qualifications are attributed to each faculty/school.

International Students by country (headcount)

	2005	2006	2007
China	2,744	2,097	1484
- Hong Kong	84	84	84
Malaysia	275	374	524
United States	487	460	474
Korea, Republic of	279	345	401
Germany	229	274	318
India	104	97	91
United Kingdom	66	69	86
Canada	93	72	84
Japan	82	88	83
Vietnam	72	74	68
Taiwan	61	58	66
Russian Federation	57	61	63
France	42	47	59
Norway	74	71	49
Fiji	61	61	49
Indonesia	57	50	46
Pakistan	5	6	35
Singapore	36	31	28
Thailand	18	22	25
Other	315	336	386
Total	5,241	4,777	4,503



University governance

The University was founded in 1883 as a constituent college of the University of New Zealand. Under the University of Auckland Act 1961 the college became an autonomous University. The University is currently administered under the 1961 Act and the Education Act 1989 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 and Profile, 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 the role as critic and conscience of society.

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

Responsibilities of Council

Council is required, when performing its functions, to fulfil various duties.

These include:

- Striving to ensure that the University attains the highest standards of excellence in education, training and research;
- Acknowledging the principles of the Treaty of Waitangi;
- Encouraging the greatest possible participation by the communities served by the University, especially by 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.



Ms Anna Crowe
Elected by
the students

**Professor Stuart
McCutcheon**
(Vice-Chancellor)
Ex Officio

Professor Peter Watts
Elected by the Senate

Mr Hugh Fletcher
(Chancellor)
Appointed by the
Minister of Education

Ms Kate Sutton
Elected by the
Court of
Convocation

Ms Jane Buckman
Elected by the
general staff

**Justice Lyn
Stevens**
Elected by the
Court of
Convocation

**Professor
Roewyn Dalziel**
Deputy Vice-
Chancellor

The Vice-Chancellor

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

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

The Senate

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

- Making recommendations or reports to Council on any matter affecting the University;

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

The Faculties

Each faculty is a committee of Senate and is headed by a Dean who is responsible for management of the teaching, research and administrative activities of 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.

Governance documents

Charter and Investment Plan

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

The Charter has been approved by Council and the Associate Minister of Tertiary Education until December 2011. Under amendments to the Education Act 1989 coming into effect on 1 January 2008, however, the charter will cease to be a statutory document. The Council will no

longer be obliged to approve a charter and obtain the Minister's agreement with it, and it will not by law guide governance and management of the institution. In place of its responsibilities in regard to a charter, Council will become responsible for long-term planning for the University, which it may carry out free of the constraints previously applying to the preparation of charters and without needing Ministerial approval.

The Investment Plan is a rolling statement describing the University's plans and activities for the next three years. The Investment Plan under the Education Act 1989 is also the base document which the Tertiary Education Commission must utilise to release general funding.

Capital Plan and Financial Projections

The Capital Plan is updated annually and sets out the investment required to maintain and enhance the University's infrastructure and resources over a ten-year period. The property capital expenditure programme is reviewed by the Capital Planning and Budgeting Committee with specific project approvals sought from Council. Faculty capital requirements are established subject to an annual Asset Management Plan, the Information Technology spending programme is reviewed by the IT Strategy and Policy Committee before being approved by the Capital Planning and Budgeting Committee, and the Library Committee oversees the General Library's capital expenditure allocation. A projection of the University's Income Statement and Balance Sheet over ten years is prepared as part of the Capital Plan.



Mr Greg Taylor
Appointed by
the Minister
of Education

Professor Richard Faull
Elected by the
academic staff

Mrs Lindsay Corban
Appointed by the
Minister of Education

Mr G Roger W France
(Pro-Chancellor)
Appointed by
the Council

Dan Bidois
Elected by
the Court of
Convocation

**Associate Professor
Jan Crosthwaite**
Elected by lecturers

Mrs Jenny Gibbs
Appointed by
the Council

Mr David Do
Elected by
the students

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

In 2007, the Council undertook a comprehensive review of all its committees. This resulted in new Terms of Reference for several Committees, notably the Finance and Audit Committees. The composition and membership of all Committees was reviewed, as were processes around the preparation and distribution of agendas and reports, and the format and content of reports to the Council. The review also established arrangements for annually evaluating the performance of Council members and Council Committees.

Finance Committee

The Finance Committee is appointed by Council and comprises the Chancellor, Vice-Chancellor, up to four lay members of Council at least one of whom has financial expertise, one general staff member of Council, one academic member of Council and one student member of Council. The committee meets four or five times a year.

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; and
- 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; and

- any other matter that Council or the Vice-Chancellor may refer to the committee.

Audit Committee

The members of the Audit Committee are appointed by Council and comprise lay members of Council together with a member of Senate co-opted to the Audit Committee. The committee meets quarterly.

Audit Committee's principal task is to ensure that all financial statements released to the public, stakeholders, lenders or any regulatory body comply with accounting standards, 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, Deloitte. Deloitte is appointed by the Office of the Auditor-General for a three-year term. Audit Committee receives regular reports on any matters which arise in connection with the performance of the external audit, including the adequacy of internal controls and the truth and fairness of the financial reports.

Internal audit is an integral part of the University's risk management framework. Certain internal audit services are contracted in from PricewaterhouseCoopers for a three-year term. To provide an effective service as well as the required level of assurance on a wide range of issues, a core audit programme has been developed, consisting of financial audits and audit areas matching the expertise of the principal audit provider. Audit requirements not covered by the "core" programme are resourced on a flexible, co-sourced basis, to allow drawing on the knowledge, skills and resources of both the University staff and specialist providers. Central to this approach is the development of a business-wide "risk-based" audit plan, which considers all critical business issues, operational risks, risk management processes, compliance with key legislative requirements and the effectiveness of internal financial and operational controls.

Risk management

Risk management and internal audit activities are overseen by the Audit Committee. The University's risk management framework directs activities towards a high-level, process-based approach taking into consideration the external operating environment and including

strategic, operational and financial risks. Risk management activities focus on identifying control gaps in existing processes and systems, and on aligning and embedding the various processes so that risk-based decisions can be made on a consistent basis.

Ethical Standards

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

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

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

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

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

Business details

Bankers

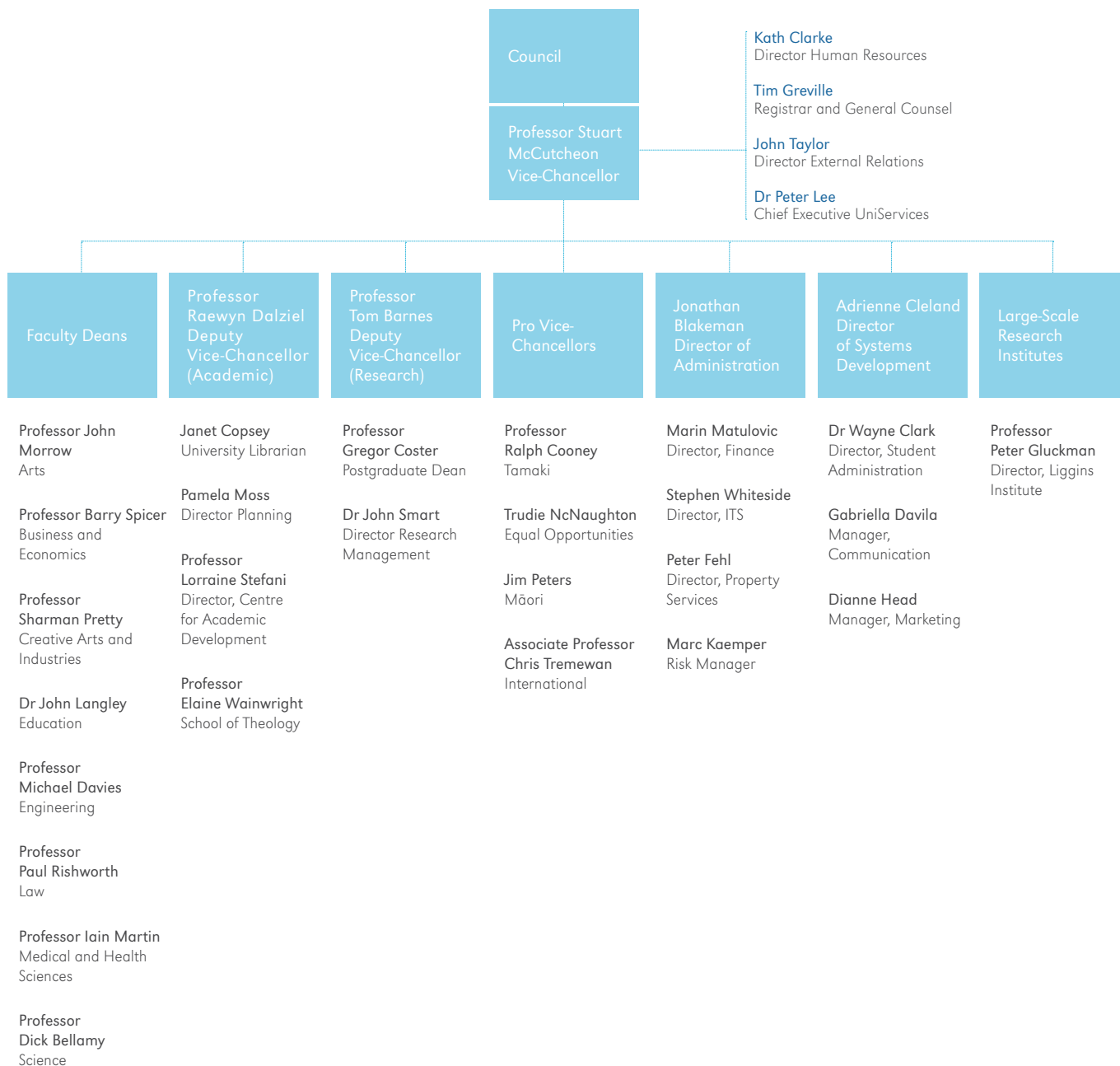
Bank of New Zealand

Auditors

Deloitte – on behalf of the Auditor-General

Valuers

DTZ New Zealand Ltd





The pre-eminence of the faculty in research and scholarship in the Humanities and Social Sciences was recognised nationally and internationally, with a number of significant appointments and awards for faculty members.

Of particular note, Associate Professor Michelle Leggott, (English) was appointed as the inaugural New Zealand Poet Laureate and Dr Rosemary Arnoux

“The faculty improved its PBRF standing in the 2006 round. The overall quality score improved from 4.56 to 4.65 and the number of staff who were rated A increased by 12 percent. The faculty maintained its top 40 rankings in the Times Higher Education Supplement 2007, with Arts and Humanities ranked 32nd and Social Sciences 35th.”

(European Languages and Literatures) received the prestigious French Ministry of Education award of Chevalier des Palmes académiques from the French Ambassador to New Zealand, for her outstanding services as a teacher of French language and culture. Associate Professor Annie Goldson (Film, Television and Media Studies) has been awarded one of 30 highly coveted grants from the prestigious Sundance Institute to fund a feature-length documentary, *An Island Calling*, which traces the 2001 killing of Fiji Red Cross Director-General John Scott in Fiji.

Associate Professor Goldson also received the New Zealand Order of Merit for her services to film.

This year the faculty put particular emphasis on implementing initiatives aimed at the recruitment of high quality taught and research postgraduate students. Initiatives in this area included developing and expanding the PhD writing programme, support of the Summer Scholarship programme, and holding

a postgraduate fair aimed at internal recruitment. The faculty has also focused on developing partnership programmes with low decile and non-traditional feeder schools in South and West Auckland to encourage and facilitate students’ progression towards tertiary study. Significant progress was made in 2007, with partnership arrangements being formalised with Tamaki College and St Mary’s College. The faculty also worked with Northland schools to encourage participation in Courses and Careers Day and the NCEA Lecture Days offered by a

number of departments; this initiative will be developed further in 2008.

The faculty used targeted entry scholarships, the NCEA writing competition, its enhanced recruitment website, “discoverarts”, and a range of publicity material to raise its profile and to promote the benefits of an undergraduate education in the Humanities and Social Sciences. The development of the Inquiring Minds podcasts, which feature interviews with leading researchers within the faculty, has been a highlight of the 2007 promotional activities.

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Recognition of faculty disciplines with high national and international rankings reflects the strong research performance of the faculty. In 2007 faculty members authored 17 books, 121 book chapters, contributed 156 conference papers and 133 research articles in journals. Faculty members across all disciplines provided service as members of editorial boards and peer reviewers for many international journals, university and commercial presses, and funding organisations.

Faculty members are often called upon by the media to provide expert opinions and in particular the staff from the Departments of Political Studies, Sociology and Māori Studies have contributed to debates on topics ranging from the Australian elections to arrests under the Terrorism Suppression Act.

The faculty continued to heighten its profile through public lectures and a number of conferences held over the course of the year which attracted internationally renowned scholars. Highlights included visits from several Hood Fellows who gave very successful public lectures and performances:

- Professor Stephen Chan (School of African and Oriental Studies, University of London) delivered the annual Chapman Lecture;
- Professor Richard Thomas (Harvard University), hosted by the Department of Classics and Ancient History, gave two public lectures;
- Professor David Baldwin and Dr Kristen Thompson (University of Wisconsin), hosted by the Department of English, gave lectures on modern media and the internet, and the Lord of the Rings;
- Associate Professor Coco Fusco (Columbia University, New York), a Cuban-American performer and writer, gave a number of public performances;
- Philippe Antonello, an award-winning Italian photographer, was hosted by the School of European Languages and

Literatures and gave a public lecture and held an exhibition of his work.

In addition:

- Professor Adrian Poole (Trinity College, Cambridge) was the Alice Griffen Fellow, delivering a lecture titled “Shakespeare and the Dogs of War”;
- The newly established Europe Institute hosted the European in Residence, Terry Wynn, a former member of the European Parliament, and Professor Jan Zielonka from Oxford;
- Associate Professor Linda Bryder gave the annual Sinclair Lecture;
- The Hon. Laila Harre gave the annual Jesson Lecture.

- The New Zealand Asian Studies Society and the Asia-NZ Foundation (Asian Studies);
- Screen industries in New Zealand through relationships with the NZ Film Commission, NZ Screen Council (Film, Television and Media Studies);
- The NZ Human Rights Commission, NZ Mental Health Research and Development Strategy Group, Pacific Institute of Advanced Studies in Development and Governance (Pacific Studies);
- Ethics Committees and District Health Boards, through providing expert members and ethical training (Philosophy).

“The faculty continued to heighten its profile through public lectures and a number of conferences held over the course of the year which attracted internationally renowned scholars.”

The faculty has a strong tradition of outreach to the community and supports activity across a range of local, national and international organisations, government entities and businesses. It maintains links with:

- The NZ Historic Places Trust, NZ Department of Conservation, the Museum of New Zealand Te Papa Tongarewa, Regional Councils and Auckland Regional Public Health (Anthropology);

Individual highlights include Dr Melenaithe Taumoeofolau’s work as a member of the Reference Group of the New Zealand Curriculum Project and principal writer of *Tongan in the New Zealand Curriculum* and Dr Robin Woodward’s work with civic bodies such as the Auckland City Council, and North Shore City Council in public art projects including Sculpture on the Gulf and NZ Sculpture Onshore. Dr Jacqui True from the Department of Political Studies began an evaluation for the Asia Pacific Economic Cooperation Forum (APEC), assessing the effectiveness of the organisation’s gender focal point network.

Film, Television and Media Studies continued to be strongly represented on the international stage with staff and student projects screened at international events. A significant achievement in 2007 was the selection of Drs Shuchi Kothari and Sarina Pearson’s NZ Film Commission-funded short film, *Coffee and Allah*, for showing in competition at the Venice Film Festival and the Valladolid International Film Festival in Spain. Student projects were also represented at international festivals.





The mission of The University of Auckland Business School is twofold. Firstly, the school aims to be recognised as one of Asia-Pacific's foremost business schools, known for excellence and innovation in research, learning and partnership with enterprise, and for contributions to enhancing New Zealand's competitiveness and capacity to create wealth and prosperity.

Secondly, the school is committed to educating individuals who will contribute to the enlightened management and leadership of private and public sector organisations, and to the development of sound economic and public policy in a globally connected world.

The dominant event in 2007 has been the completion of the Owen G Glenn Building and the relocation and consolidation of all Business School staff and their activities to their new home. The building is named for the expatriate New Zealand entrepreneur Owen G Glenn in recognition of his generous donation of \$7.5 million to the Business School. The relocation took place over several phases and was completed by early December.

On completion of the building, the third and final report to the Tertiary Education Commission under the Partnership for Excellence agreement was submitted this year. The final report outlines progress

towards achieving the objectives set out in the Business and Development Plan and the impact the Business School and its development initiatives have had on the national level of business management and education.

A high-powered group of business leaders has joined the Business School's new Advisory Board. Chaired by John Hagen, former Chairman of Deloitte in New Zealand, the 21-member board has a mix of international and locally-based members who are among some of New Zealand's most prominent business and community leaders. Two new members were appointed in 2007: Dr. Peter Watson (Distinguished Alumnus and member of the US Friends of The University of Auckland) and Mrs. Brenda Baldwin (CEO of Baldwin and Boyle Group).

The Dean's Distinguished Speaker Series continued into its second year. Prominent speakers this year included Ann Sherry (CEO, Westpac); Paul Kelly (New York investment banker and Advisory Board member); and Professor Bruce Avolio (Gallup Institute, USA).

An additional opportunity was created for Business School students to have exposure to Auckland's most outstanding business leaders through the launch of the "Meet the CEO" series. Speakers included Mark Weldon, CEO of the NZ Stock Exchange; Keith Watson, Managing Director of Hewlett-Packard New Zealand; and

Sarah Kennedy, Managing Director of Healthieries.

The Business School staffing profile has been significantly bolstered this year with the appointment of three professors, each an international expert in his field: Professor Jerry Bowman was appointed as the first Bank of New Zealand Professor of Finance; the Ernst & Young Chair in Financial Accounting was assumed by Professor Phil Shane; and Professor Larry Murphy was appointed Chair of Property.

New appointments have also been made to the Business School's senior management team. Professor Hugh Whittaker has assumed the role of Associate Dean (International). Professor Peter Boxall has become the Associate Dean (Research) and Associate Professor Norman Wong was appointed Associate Dean (Postgraduate).

Faculty Recognition Awards for research, teaching and distinguished service were awarded to: Dr. Chirok Han for New Research Excellence; Dr. Lilliana Erakovic for Annual Research Excellence; Professor Peter Boxall for Sustained Research Excellence; Mike Lee and Joe Beer for Teaching Excellence; Alamelu Badrinarayanan, Judy Bonny, Bhagya Samarasinghe and Robyn Carpenter for General Staff Excellence; and Professor Bryce Hool for Distinguished Contribution.

Two new postgraduate programmes were added to the available range of postgraduate qualifications: the Postgraduate Diploma in Business specialising in Business Development, and with the support of IBM, a new postgraduate course in the area of service science to prepare business students to fill a skills gap in the IT services sector.

and international advertising took place in the latter part of the year, with a view to awarding to top applicants in early 2008.

The school continues to support a number of important research centres including:

- the Mira Szaszy Research Centre focusing on Māori and Pacific Economic Development;

“The school continued to maintain the highest entry standards in New Zealand to its business programmes and Business School students continued to excel in challenges of intellectual rigour and creativity.”

The Business School has continued to work on maintaining and improving its position as the leading business school in research in New Zealand. In the 2006 PBRF assessment, the Business School had increased its number of A and B rated researchers by 32 percent, and thereby has the greatest concentration of A and B rated researchers in business and economics in the country.

This year saw successful grant applications among younger researchers. Dr Chirok Han was awarded a Marsden Fund grant in the area of Economics and Human and Behavioural Sciences; and Dr Tuure Tuunanen (Information Systems and Operations Management), won an Early Career Research Excellence Award.

In 2007 scholarships were awarded to encourage students to study for a research masters and approval was granted to award faculty PhD scholarships. Extensive national

- the Energy Centre which aims to be a balanced and independent authority on New Zealand’s energy priorities and initiatives;
- CODE the Centre for Digital Enterprise which contributes to the development of knowledge about digital enterprise;
- the Asia-Pacific Economic Cooperation (APEC) Study Centre which aims to promote interdisciplinary study and research on APEC related themes;
- the Retirement Policy and Research Centre which focuses on the social and economic pressures caused by the coming retirement of baby boomers; and
- new for 2007, the Centre for Supply Chain Management which aims to develop and disseminate world-class knowledge and practices in supply chain management applicable to Australasian economies.

Also this year the Business School’s Economics Department and the Faculty of Law established an ACC Research Group to examine the principles of the Accident Compensation Corporation and their ongoing relevance in the 21st century.

The Business School continued to foster successful partnerships with enterprises including EXCELERATOR – The New Zealand Leadership Institute and The ICEHOUSE. The Business School has also pursued innovative partnerships to help develop Māori business expertise and business leaders from Northland.

The school continued to maintain the highest entry standards in New Zealand to its business programmes and Business students continued to excel in challenges of intellectual rigour and creativity. The top prize of the Spark* The University of Auckland Entrepreneurship Challenge was won by the creators of an online marketplace that sidesteps the banks, allowing people to lend and borrow directly with each other using the concept of social networking websites. A record 80 entries were submitted to Spark* this year.

The Business School also encourages and supports teams to enter business planning and business case competitions nationally and internationally. In 2007 the Management Consultancy Club team finished equal first at the Endace-sponsored case competition.

With the completion of its new home, the Business School can now take advantage of the opportunities it provides to continue to meet world-class standards in teaching and research.





Home to nationally and internationally recognised academics, artists, musicians and professional practitioners, the National Institute of Creative Arts and Industries (NICAI) is ideally positioned to engage with diverse communities. 2007 was a year of local, national and international activities, exhibitions and performances noted as much for their multi-faceted and inter-disciplinary engagements as for their creative and research excellence.

The faculty's School of Music took centre stage during AK07 when student chamber groups under the banner Bright Young Things and The University of Auckland Strings, performed during this popular festival. The NZTrio, the University's Ensemble in Residence, also featured in AK07, earning more well deserved praise for their innovative repertoire and dynamic interpretations of both traditional and contemporary classical music. In addition to teaching and performing at the School of Music, NZTrio continued to commission work from leading New Zealand

and the quality of life. His visit was made possible through The University of Auckland Foundation.

NICAI continues to build and develop its international network. The Dean, Professor Sharman Pretty, participated in the launch of the NZ Centre at Peking University in May, and took the opportunity to visit a number of institutions in Shanghai and Beijing in order to lay the foundations for future linkages. As a result, the School of Music is now building connections with the Shanghai Conservatory of Music through its KAREN network videoconferencing project, and the Dean and Head of the School of Architecture and Planning will return to China, in early 2008, in order to follow up interest in establishing collaborative projects in the Built Environment discipline areas.

"NICAI's up and coming artists captured the international spotlight during the Auckland Festival, AK07."

NICAI's up and coming artists captured the international spotlight during the Auckland Festival, AK07. For two weeks, the foyers and lobbies of corporate high-rises provided the setting for Elam: Art Upfront. In collaboration with the Gus Fisher Gallery, these spaces, traditionally dedicated to established artists, showcased experimental works from current students and graduates of Elam School of Fine Arts. The works of more than 120 final year undergraduates and postgraduates were publicly showcased in the Elam Open Days, attended by some of this country's most prominent art dealers, collectors and curators.

composers, including James Gardner, John Psathas, Jack Body and Ross Harris.

NICAI played a central role in the organisation and hosting of the Auckland Housing Affordability Forum, a gathering of national and international experts including government, industry and community housing sector representatives. Professor Glen Bramley, one of Britain's leading academics in housing and urban economics, led a series of public seminars on how to achieve better neighbourhoods, schools and services, and the influence of urban form on social sustainability

The Dean and Associate Dean (Academic) both participated in international conferences presented by the European Institute of the Arts, and the Dean presented to the International Symposium for Performance Science in Porto in November, in preparation for hosting the next biennial symposium at NICAI in 2009. NICAI has committed as a collaborative partner to an international venture with the Victorian College of the Arts (The University of Melbourne) and the Emily Carr Institute of Art and Design in Vancouver on the theme of cultural response to communities at risk. At the partnership meeting hosted

by NICAI in September, it was agreed to focus this exciting project on the island nation of Tuvalu.

Dr Te Oti Rakena was appointed to lead NICAI's Tuākana Programme with a mandate to develop the undergraduate programme to be more responsive to student and mentor needs in each of the faculty's academic divisions. Through his engagement with the "Success for All" research project, a collaboration between several faculties of The University of Auckland, Dr Rakena participated in presenting initial findings to the British Educational Research Association and the European Educational Research Association conferences in September.

The NICAI Tuākana Research Assistants Workshop Programme is an intellectual entrepreneurship initiative that encourages Māori and Pacific undergraduates to consider enrolment in postgraduate research degrees through the practical application of higher research skills. A training workshop for a group of our highest achieving Māori and Pacific undergraduates was held in November.

The Gus Fisher Gallery's 2007 programme contained several highly-acclaimed and well-attended exhibitions including works by Ralph Hotere, Professor Stephen Farthing and

architect Vernon Brown, who is credited with developing the vernacular of the kiwi bach.

The University's annual Graduation Gala Concert reached dazzling new heights when more than 1,600 people packed

engaged Pegasus students in a range of behavioural and cognitive exercises, and taught NICAI students the importance of dance as a rehabilitative tool for intellectual and physical development. Members of the Dance Studies programme also participated

"This year's Architecture Week Auckland (AWA07), an annual event organised by the Auckland branch of the New Zealand Institute of Architects, was eagerly attended by staff and students."

Auckland's Town Hall for the free event that featured School of Music conductor Uwe Grodd, student players and members of the Auckland Philharmonia Orchestra.

Laying the foundation for future success, the School of Music also hosted the inaugural Auckland JazzFest 07, a three-day extravaganza of jazz concerts, seminars and workshops.

NICAI's Dance Studies programme featured on national television for its work with the Pegasus Unit, the special needs facility of Pakuranga College in South Auckland. In keeping with previous years, programme leader Ralph Buck led four dance sessions which simultaneously

in Tari '07, an international tertiary student dance festival held biennially in Kuala Lumpur, where their work, particularly their spirited performances of Pasifika-based choreography, was received enthusiastically.

This year's Architecture Week Auckland (AWA07), an annual event organised by the Auckland branch of the New Zealand Institute of Architects, was eagerly attended by staff and students. One of the highlights of this year's event was Britomart's Urban Spoiler project, in which students from The University of Auckland, AUT and Unitec designed and built three giant sculptural pavilions from scaffolding and recycled materials.





September 2007 saw the third anniversary of the amalgamation between the Auckland College of Education and The University of Auckland. During the last three years much has been accomplished to give the Faculty of Education the platform required to be a significant international education faculty.

One of the guiding purposes in the foundation of the faculty was to create a comprehensive organisation that covers all aspects of education and social work, from foundation programmes to professional development services. All of this is done in the context of excellent research, excellent teaching driven by that research, and a commitment to contributions from faculty staff which are necessary to maintain and improve the faculty's functioning.

Throughout 2007 there have been a number of areas within the faculty where significant and encouraging developments are occurring. Internationally, there has been a wide range of contact with scholars and researchers from various parts of the world as the faculty seeks to establish close working relationships and research projects with like institutions. In addition, there has been significant growth in the number of groups attending the faculty for professional development purposes. In some cases this has led to postgraduate enrolments in faculty programmes.

In addition, strong links have been forged through Universitas 21 and the active Education Deans group that operates within that organisation. There are a number of initiatives planned between member universities, particularly at the postgraduate level, and the faculty has been a leader in those developments. Moreover, relationships have developed with a range of universities around the world, particularly in the United States and Asia. It is pleasing to see the regular contact and joint projects that have resulted from these links.

Research has been a major area of focus throughout 2007 and the faculty has developed its leading role in key areas of national education research. The Associate Dean (Research), Dr Mary Hill, has coordinated a marked increase in research, including staff participation in a range of



key projects such as asTTle, Starpath, the Woolf Fisher Research Centre, the National Numeracy Project and the Best Evidence Syntheses. During 2007 plans were developed for an international Education Leadership Centre which will focus on research and practice in educational leadership and the impact that this can have on various institutions. Professor Viviane Robinson, winner of the Headley Beare Award for 2007, is already guiding the production of globally significant work in educational leadership placing the faculty in an ideal place to develop the Education Leadership Centre.

Newly developed programmes in teacher education and social work have operated successfully. An independent external review of teacher education programmes is also underway in order to evaluate their effectiveness. This review will be completed early in 2008.

Two significant developments in teaching and learning are a pilot study to measure the impact on student outcomes of specific teacher education programmes and a large-scale survey instrument to assess student perceptions at entry to, and exit from, teacher education

delivery of professional qualifications in education and social work.

The 2007 year has seen a number of staff receive awards and recognition for various endeavours. A particular highlight was the inaugural professorial lectures delivered

“The 2007 year has seen a number of staff receive awards and recognition for various endeavours.”

programmes. These developments are critical to the faculty in terms of operating in an evidence-based environment. The faculty must be able to demonstrate the effectiveness of programmes.

Continuing efforts are being made to maintain and improve Māori and Pacific community links that are crucial for the

by Professors Alison Jones and Helen Timperley in the latter part of the year. As they are the first professors appointed since the formation of the faculty, both events were of particular significance.





In recent years the nation's engineering profession has been very concerned about the number of engineering graduates from New Zealand universities, which is very low compared to competitor countries. Due to the strong demand from prospective students, it has been possible to increase entry numbers to the BE degree whilst maintaining a high quality intake.

As a direct result, following growth in entry numbers in previous years, the Faculty of Engineering's total undergraduate intake at Part I continued to increase, rising from 550 in 2006 to 620 in 2007. There is a particularly strong demand to study Civil Engineering and this is reflected in the department undergraduate numbers, which have risen from 441 in 2006 to 510 in 2007.

The quality of new entrants to the undergraduate programme has been greatly enhanced by the influence and growth of the Accelerated Pathway Programme. This was introduced in 2006 with an entry of 22 and this number rose to 42 in 2007. The number of applications to enter this programme in 2008 indicates an increasing demand for places from high quality candidates. The faculty has also achieved a growth in postgraduate research numbers in line with the University's Strategic Plan. The numbers have risen from 352 in 2006 to 376 in 2007, a growth of 7 percent.

The 2006 PBRF reported that the faculty achieved a PBRF A:B:C:R ratio of 21:33:37:10. This ratio and the aggregate score, which was an improvement on the previous score, reflect the high standard of research in the faculty. Of particular

“During 2007 the faculty received \$8.4 million in research grant income which was a 10 percent increase in grant income over the 2006 figure. Researchers in the faculty had a very successful year in winning new research grants; the total of new awards was \$16.3 million.”

note is the Department of Chemical and Materials Engineering, which obtained the second highest PBRF score for any department in the country. The number of retiring staff will affect detrimentally the numbers of researchers currently in the A and B grades and the faculty has recognised that this must be addressed as a high priority in its recruitment and retention policy.

During 2007 the faculty received \$8.4 million in research grant income which was a 10 percent increase in grant income over the 2006 figure. Researchers in the faculty had a very successful year in winning new research grants; the total of new awards was \$16.3 million. It was pleasing to note that all departments in the faculty received major research awards during the year,

including a number of very large new grants from FRST, TEC and the Marsden Fund. In addition, new UniServices contracts awarded during the year totalled \$4.3 million.

During 2007 the achievements of both staff and students, in national and international arenas, have been recognised by a number of significant accolades and awards. The process for deciding the faculty's best teachers was revised in 2007 to include a new series of teaching awards that reflect both University and National Teaching Excellence Awards criteria.

Our students received international accolades during the year: most notably a team from the Department of Civil Engineering beat 34 other universities from Asia, Australia and New Zealand to win the 2007 International Earthquake Engineering Design Competition held in Taiwan, and Engineering PhD students received two of the nine prestigious William Georgetti Scholarships awarded

nationally this year. Three graduates from the faculty also received Fulbright awards to carry out postgraduate study in the United States.

The new Dean of the Faculty of Engineering, Professor Michael Davies, took up his position in May 2007. Professor Davies was previously from the University of Dundee in Scotland where he was the Deputy Principal and Dean of Engineering and Physical Sciences.

The engagement of national and local government agencies and industrial leaders has helped significantly both to establish new chairs in Civil and Environmental Engineering and to attract leading international academics to take up these posts. Professor Avishai Ceder, formerly of the Technion in Israel, was appointed to the Chair in Transportation, and Professor Pierre Quenneville came from the Royal Military College of Canada to take up the Chair in Timber Engineering. Both of these appointments will help to support new initiatives of great strategic importance to the faculty and the New Zealand economy. Professor Peter Malin, previously Professor of Earth and Ocean Sciences at Duke University, North Carolina, took up his post as Director of the Institute of Earth Science and Engineering (a joint initiative between the Faculties of Engineering and Science, commercialised by UniServices).

Two members of the faculty's academic staff were promoted to the rank of professor during the year: Professor Neil Broom from the Department of Chemical and Materials Engineering has research interests in the field of biomechanics; and Professor Pradeep Bansal from the Department of Mechanical Engineering, has focused his research interests on energy efficiency, particularly with respect to innovation in refrigeration systems.

Visitors to the faculty in 2007 reflected the faculty's wide and varied international contacts. Delegations were received, by the Dean's office, from Taiwan, China, Singapore, Canada, Australia and the USA among others. In addition, departments received visits from large numbers of top scholars from throughout the world. Of particular note was the visit by Professor Mike Trick, a University of Auckland Hood Fellow, who now works at Carnegie-Mellon University in the USA.

The faculty participated in the University's first Postgraduate Road Show this year. Student and staff representatives visited several locations in the South Island with the objective of encouraging students from outside Auckland to undertake their postgraduate engineering studies here.

The new TEC funded Centre of Excellence for Plastics Innovation and Technology, a partnership venture between The University of Auckland and Plastics New Zealand, was established this year and is currently in the process of making key appointments and developing its infrastructure at the Tamaki Campus. The centre is working closely with the Centre for Advanced Composite Materials and the Department of Chemistry.

The Yacht Research Unit (YRU) celebrated 20 years of research and its contributions to the yacht building industry and America's Cup Campaigns with a dinner, at which Emirates Team New Zealand announced that they will establish two new scholarships in the YRU from 2008. The scholarships are for two masters-level engineering students to complete research on the cutting-edge of yacht design.

The faculty continues to maintain its international networks by regular participation in events held by international associations. The Dean attended the U21 Deans' Meeting held in Singapore, the Australian Council of Engineering Deans (ACED) meeting held in Melbourne and the second Asia-Oceania Top University League in Engineering

(AOTULE) Conference, held in South Korea. The members of AOTULE appointed the Dean as its next chairman, and the faculty has been selected to host the third AOTULE conference in Auckland in 2008.

Cross-cultural responsiveness continued to be a priority for the faculty. The South Pacific Indigenous Engineering Students (SPIES) Pacific Retreat 2007 took place in Samoa, which along with other Auckland-based initiatives, such as the Indigenous E'day, STEAM and STEAMAHEAD helped to raise secondary student awareness and interest in Engineering as a career choice.

A successful Engineering Projects in Community Service (EPICS) programme was run again in 2007 and four projects were completed involving students from all Faculty of Engineering departments. The faculty was pleased by the strong endorsement the programme received at a conference for universities taking part in the EPICS programme held in the USA this year.

The faculty is proud of the strong relationships it maintains with its alumni. The Auckland University Engineering Association (AUEA) executive committee, set up a Charitable Trust which has now been signed and ratified as a component of The University of Auckland Foundation, and will lead to increased revenue for the faculty. The Dean and other staff members participated in several national and international alumni reunion functions. The faculty also held a very successful alumni dinner, attended by more than 300 alumni and staff.





The aims of the Faculty of Law for 2007 were firstly to continue to teach its academic programmes, seeking continuous improvement in design and delivery so as to enhance the attractiveness of the Law School as a place to study law; and secondly to undertake research culminating in publications that contribute to the development of law and society and enhance the reputations of the authors, the faculty, and the University.

In 2007 the result of the second PBRF funding round demonstrated the quality of the Law School; the faculty had the highest average quality score (5.7) of the New Zealand law schools, and its ratio of A, B, C, and R grades was 22:52:21:5, exceeding the University's goal for 2012.

Near the end of 2006 the faculty's postgraduate programme gained its own home on Short Street, across the road from the faculty's main home in Eden Crescent, providing improved study space for its PhD students.

The faculty offers two taught masters programmes, the Master of Laws (LLM), and the Master of Environmental Legal Studies (MEnvLS). Both retain a research focus, most courses being assessed by way of a substantial research paper. In 2007 the faculty offered 27 masters courses. Over any two-year period (that being the period over which many part-time Masters students

"2007 was the first year of "open entry" into the two Law courses in Part I of the LLB degree. In 2007 with open entry there were over 1,500 enrolments in Law and Society, and just over 1,000 in Legal Method, a considerable increase from the capped 600 enrolments."

complete their degrees) more than 40 courses are available. The 2007 programme involved visitors from Cambridge, Oxford, Boston, Michigan, Texas, Nebraska, Wyoming, Toronto and Sydney. These visitors teach almost half of the postgraduate courses offered by the faculty.

Enrolments in the taught masters courses were higher in 2007 than ever before. The steady growth in enrolments over the past few years has occurred in both local and international students. The student body is increasingly diverse, both in terms of the jurisdictions in which the students have completed their undergraduate law degrees, and in terms of the professional experience that many of the students have gained before undertaking postgraduate study.

The faculty continued with the part-time appointment of a Postgraduate Manager (Europe) to represent the Law Faculty at LLM fairs in Europe. This year the faculty has been represented at fairs at Bergen and Oslo Universities in Norway, and Stockholm University in Sweden and the results of these visits have been promising.

2007 was the first year of open entry into the two Law courses in Part I of the LLB degree. In 2007 with open entry there were over 1,500 enrolments in Law and Society, and just over 1,000 in Legal Method, a considerable increase from the capped 600 enrolments.

The Faculty of Law has had a support system in place for Pacific students. In 2007, a special innovation was the Pasifika Honours Club, which was recognised with an Equal Opportunities Special Commendation for Innovation, presented by the Vice-Chancellor. It focuses on two objectives: firstly to increase the number of Pasifika students enrolled in the Faculty's LLB Honours programme, and secondly to create a positive spirit of opportunity for all. Traditionally, Pacific students have been under-represented in the LLB Honours programme. The Honours Club encourages top students to excel at an early stage, and prepare them for the challenge of the LLB (Hons) degree. The 2006 Honours Club produced three students who were admitted to LLB (Hons) and two more from that group are on track for a place

when they become eligible in 2008. Five honours' placements from one group certainly represents a dramatic increase in Pacific students.

The faculty maintained its admissions and support programme for Māori students and continued outreach into schools in the University catchment area through school visits and hosting schools in Law School visits. The Māori Issues Law Moot attracted 24 entries, the largest number to date.

A pleasing feature of 2007 was the general success of Auckland law students in competitions and scholarship rounds. Anna Crowe and James Little won the National Mooting competition and will go on to compete in the prestigious Jessup Moot in Washington DC. Other successes include law graduate Eesvan Krishnan who was awarded a Rhodes Scholarship and will pursue a bachelor of civil law degree at Oxford, and Joel Harrison who won a Woolf Fisher Scholarship, the first to gain such an award in Law. His Oxford doctoral study is to be in the field of law and religious freedom.

Several other former students were awarded prestigious awards to study overseas including Huang Chye-Ching (BCom/LLB (Hons) 2005) who won a

Fulbright General Graduate Award to complete an LLM at Columbia University in New York. She will then move to Washington DC to undertake an unpaid congressional internship, made possible through a Sir Wallace Rowling Memorial Award which is reserved each year for the Fulbright awardee who shows "academic excellence, leadership potential and the ability to be a cultural ambassador for New Zealand".

The Auckland University Law Review, the only law review in New Zealand written and produced entirely by students, celebrated its 40th anniversary in 2007. Around 70 former editors and contributors, including Chief Justice, Dame Sian Elias, gathered at the University's Fale Pasifika in November to mark the occasion.

Two staff at the Faculty of Law contributed to *Medical Law in New Zealand*; Professor Warren Brookbanks and Associate Professor Joanna Manning. There are also chapters by Ron Paterson, the Health and Disability Commissioner and formerly a senior lecturer at the Auckland Law School, where he developed the teaching of Medical Law. His chapters were written while spending time at the Law School as a visitor over the past 12

months. The book won the J.F. Northey Memorial Book Award for the best book published by a New Zealand-based author or authors. The award is presented by the Legal Research Foundation.

The prestigious English text book *Bowstead & Reynolds on Agency* is to be edited by Peter Watts of the Law School. This is the Commonwealth's leading text on Agency Law, and is now in its 18th edition, as part of Sweet & Maxwell's Common Law Library series.

The faculty is proud of its many alumni who have achieved success in 2007:

- Four of the 12 new Queen's Counsel recently appointed are graduates of the Law School.
- Sir Owen Woodhouse was admitted to the Order of New Zealand. He may be the first Faculty of Law graduate to ever receive such an honour. Sir Owen Woodhouse had a distinguished legal career as a lawyer, jurist and chair of government commissions.
- Peter Woodhouse QC (BA/LLB (Hons) 1972), son of Sir Owen, was recently appointed as a High Court judge.





The Faculty of Medical and Health Sciences exists to improve the health of local, national and global communities through excellence in teaching, research and service. This mission, along with the faculty vision, values, and goals for the next five years, was confirmed in 2007 through the completion of a strategic plan.

The Bachelor of Pharmacy degree received full accreditation from the New Zealand and Australian Pharmacy Schools Accreditation Committee (NAPSAC) in late 2007, following on from a successful provisional accreditation in 2005. The faculty had further EFTS growth and there is still some capacity in undergraduate programmes, particularly the medical degree (subject to additional funds being made available). The faculty successfully argued for an additional 20 medical places for 2008, and planning for this increase has been underway throughout 2007. New conjoint programmes in Nursing (with Science and Health Sciences) were introduced in 2007, with numbers exceeding original expectations.

The first FMHS theme-based Campus Learning Week, "Population Health Week", was held in 2007, involving 158 Year 5 medical students. The week included conference style activities, as well as a visit to over 120 community agencies to research what is being done to prevent disease and to improve and promote health in the community.

The first cohort of students to take part in the faculty's Rural Regional Initiative was selected in 2007 amid high student interest. The 20 medical students will spend the majority of their fifth year on a new Northland Campus in 2008. The initiative was made possible through the increase in medical funding received, and with the strong support of the Northland District Health Board.

At postgraduate level, new programmes in Clinical Education and Health Informatics were successfully offered for the first time in 2007. Planning is underway for a Bachelor of Health Sciences (Honours) programme, with an anticipated introduction in 2009. Growth in postgraduate research remains a priority for the faculty, and more students are being encouraged to pursue postgraduate research degrees. Efforts in 2007 also focused on revising the regulations for the Doctor of Medicine degree, and supporting PhD students in their research.

Further efforts have been made to widen the pool of countries from which international students are sourced, and increasing numbers of undergraduate students have been sourced from Saudi Arabia, Oman and the United Arab Emirates.

The School of Nursing won a University Equal Opportunities award in 2007 for their recruitment of Māori nurses into postgraduate programmes. This is a

reminder of the important role the faculty plays in increasing the representation of Māori and Pacific people in the health workforce. The faculty continues to offer a foundation Certificate in Health Sciences programme and admission schemes for Māori and Pacific students into its undergraduate programmes. These will continue in 2008, with newly appointed programme-based coordinators providing support to students once enrolled.

The faculty continued its strong focus on growing research activity and revenue in 2007. A successful research forum was held in March, partially in response to the continuing difficulty faced in attracting and particularly retaining high-quality research staff, especially when competing with Australian salaries and government support for research. It is hoped that improvements in research facilities, planned as part of the Grafton redevelopment, will match or better what is available in the top Australian universities.

Research funding highlights for the year included \$3.2 million received through the Marsden annual funding round, spread over five projects; the School of Nursing was awarded \$2.7 million from TEC to lead a major nursing research project; and success in the 2006 Health Research Council Annual Funding Round (results announced in 2007). Two new programmes were approved; one major programme was extended; three new projects were funded and three emerging researchers

received First Grants. UniServices was also awarded a number of grants for work to be conducted by faculty and UniServices staff, and several staff in the faculty are major contributors on other successful grants where the programme is based outside the faculty.

A research consortium involving the Universities of Auckland, Otago, Victoria and Massey, and led by Dr Susan Morton, a senior lecturer in Epidemiology from the School of Population Health and the Liggins Institute, secured almost \$7 million from the government to fund a new longitudinal study of the development of New Zealand children. The study will follow the lives of 7,600 children born in the Auckland and Waikato regions and will be the first study of its kind to begin before the children are born, with mothers recruited in late pregnancy.

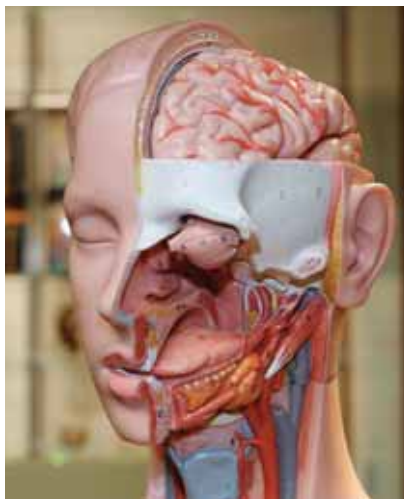
A Memorandum of Understanding has also been signed between the Departments of Ophthalmology, Optometry, and the Molecular Vision Laboratory (Physiology) to establish a National Eye Research & Clinical Centre. The Centre will promote extensive collaboration across the three departments and with other major clinical centres in the vision science field and will foster quality multi-disciplinary education at undergraduate, postgraduate and professional levels.

The faculty has also had another year of positive engagement with its communities. Highlights include:

- Hosting New Zealand's first Brain Bee Challenge, organised as part of Brain Awareness week, and involving approximately 80 Year 11 students from 19 Auckland schools.
- The successful launch of the Northland Clinical Initiative - a partnership between the faculty and the Northland DHB.
- Hosting representatives of the Stevenson Trust, with reports from the three lead researchers currently being supported by the three funds established in the trust's name covering Orthopaedics, Ophthalmology and Plastic/burns support. Support for the faculty's research endeavours from the Stevenson Trust dates back almost 30 years and is approaching \$2 million in value.
- Hosting the trustees of the Breast Cancer Research Trust and BCRT

patron Trelise Cooper, to celebrate the establishment of the professorial chair and the appointment of the inaugural holder of the BCRT Chair in Breast Cancer Research. The Breast Cancer Research Trust has contributed over \$1.5 million to help establish this chair.

- The announcement by the Neurological Foundation that its campaign to support a new Chair in Clinical Neurology has been successful and that the appointment can go ahead. The chair will be a joint appointment with the Auckland District Health Board and will ensure the continued growth of neuroscience, translational neuroscience and clinical neurology in Auckland.



- Hosting a Neurological Open Day to mark International Brain Awareness week. The day involved neurological disease support groups with information stands and a series of mini-lectures and seminars conducted through the day.
- The announcement that Freemasons New Zealand, through their Roskill Foundation, have committed an additional \$1.2 million over the next four years to neurological and gerontology research at FMHS. This generosity builds on the quarter of a century of support the Freemasons have provided our Chair in Gerontology, reflecting a genuine and working partnership in the truest sense.

Planning for the Grafton Campus redevelopment started in 2007. Office space will be redeveloped into an integrated generic laboratory facility. Although capable of housing a number of groups it is planned that it will house a new Neuroscience centre, building upon

the very strong collaborations formed by Professor Richard Faull.

Significant project completions in 2007 included the new multidisciplinary Pharmacology/Pharmacy undergraduate laboratory, commissioned in early 2007, and the AnQual GLP facility which provides a quantum jump in the teaching capabilities of the School of Pharmacy, both for undergraduate and postgraduate students. The facility, one of just a handful in the country, was part-funded by a substantial TEC grant, and has been granted an OECD GLP Compliance Certificate by International Accreditation New Zealand.

2007 also saw the installation of a new transmission electron microscope which is now operational. Funds were also obtained for the purchase of a new imaging system using confocal technology. This meets the faculty's goal of providing state-of-the-art imaging for biomedical research.

Professor Peter Lobie was appointed the inaugural holder of the BCRT Chair in Breast Cancer Research. Professor Lobie will fulfil this role in partnership with the Liggins Institute, where his laboratory is based. Health sector IT veteran, Malcolm Pollock, was appointed establishment director of the National Institute for Health Innovation which was formed last year as a Partnership for Excellence.

Awards and scholarships won by faculty staff and students included:

- Tumuaki and Associate Dean Papaarangi Reid was named as the Public Health Association's Champion for 2007;
- Dr Scott Graham and Dr Johanna Montgomery were recipients of prestigious University of Auckland Early Career Excellence awards;
- Professor Bruce Baguley was awarded the Hercus Medal;
- Jessie Jacobsen, a PhD student, was named New Zealand's 2007 MacDiarmid Young Scientist of the Year;
- Lin-Chien Huang was one of just two non-European based students to be accepted into the European Synapse Summer School at the Bordeaux Neuroscience Institute in France.



In 2007 a number of important developments occurred in the Faculty of Science, the majority involving the strengthening and consolidation of initiatives launched in 2006.

Much effort was expended during the year to build better cohesion and structures in the new School of Geography, Geology and Environmental Sciences (SGGES). Following an international search, Professor Glenn McGregor was appointed as director of the new school.

Associated with SGGES is the newly established Institute for Earth Science and Engineering, under the directorship of Professor Peter Malin, jointly supported by the Faculties of Science and Engineering and administered through UniServices. Two major successes have provided the new institute with important initial underpinning support that follows upon the substantial start-up funding provided by the Vice-Chancellor. The first of these successes has been the winning of a major FRST contract (\$3.9 million) that supports geothermal work aligned with the work of other researchers in the Institute of Geological and Nuclear Sciences and includes support from three companies. The second success has been the winning of a Strategic Relocation Grant (\$8.8 million over five years) from the Ministry of Research Science and Technology. The latter grant will provide considerable underpinning support for Professor Malin's

team over the first five years and enable momentum to be built across a wide range of research initiatives.

2007 also saw the results of the re-bidding round for hosting of the Centres of Research Excellence.

The Maurice Wilkins Centre for Molecular Biodiscovery, led by Distinguished Professor Ted Baker of the School of Biological Sciences, was refunded and received \$23.7 million over six years to support its work carried out with colleagues in the Faculties of Engineering and Medical and Health Sciences. Professor Baker was made a Companion of the New Zealand Order

Chemistry, Department of Chemistry. In February, Margaret was named a 2007 Laureate at the L'Oreal UNESCO Women in Science awards in Paris. She was the first New Zealander to be named a laureate since the awards began in 1998. Margaret was the recipient of the Asia-Pacific Laureate, one of only five laureates presented each year in the global awards. The awards recognise research excellence in women and are overseen by a panel of judges including Nobel Prize winners. Margaret was recognised for her work in synthesising naturally occurring compounds which can be used in the treatment of human diseases. Research

“During the year Science staff were successful in the increasingly competitive Marsden and Health Research Council funding rounds, representing a substantial fraction of the success achieved overall by the University.”

of Merit in the Queen's Birthday Honours. Unfortunately the New Zealand Institute for Mathematics and its Applications was not refunded, although residual funding will be provided over the next few years as the work of the institute is wound down.

During the year, a major award was made to another member of the Maurice Wilkins Centre – Professor Margaret Brimble, Professor of Organic and Medicinal

by the Brimble Group focuses on developing potential drugs for pain, epilepsy, hypertension, cancer and stroke.

During the year Science staff were successful in the increasingly competitive Marsden and Health Research Council funding rounds, representing a substantial fraction of the success achieved overall by the University. Research income attracted to the faculty through UniServices has

again shown substantial growth this year. 2006 brought in \$12.2 million and the 2007 income was noted as \$20 million by the University of Auckland Research Committee.

The ability of staff to access external research funding was enhanced this year by the devolution of internal research funding decisions from the University Research Committee to faculties - coupled with a substantial increase in the funds available for distribution. The Faculty Research Committee, led by Associate Dean Gillian Lewis, allocated \$2.1 million to fund nine post-doctoral positions and 43 other grants. A focus of the allocations was the support of staff starting out on their research careers, as well as the need to build further the careers and research productivity of middle-level staff. The new allocation mechanisms and the increased funding levels have been well received by academic staff.

During 2007 the faculty continued with its efforts to promote careers in Science through initiatives such as "Incredible Science", a one day programme targeting primary and intermediate school children.

During 2007 the faculty continued with its efforts to promote careers in Science through initiatives such as "Incredible Science", a one day programme targeting primary and intermediate school children. The day was once again a major success for the estimated 5,000 children who attended.

Promotional activities associated with building the profile of Marine Science and Information and Communication Technology (ICT) continued throughout the year.

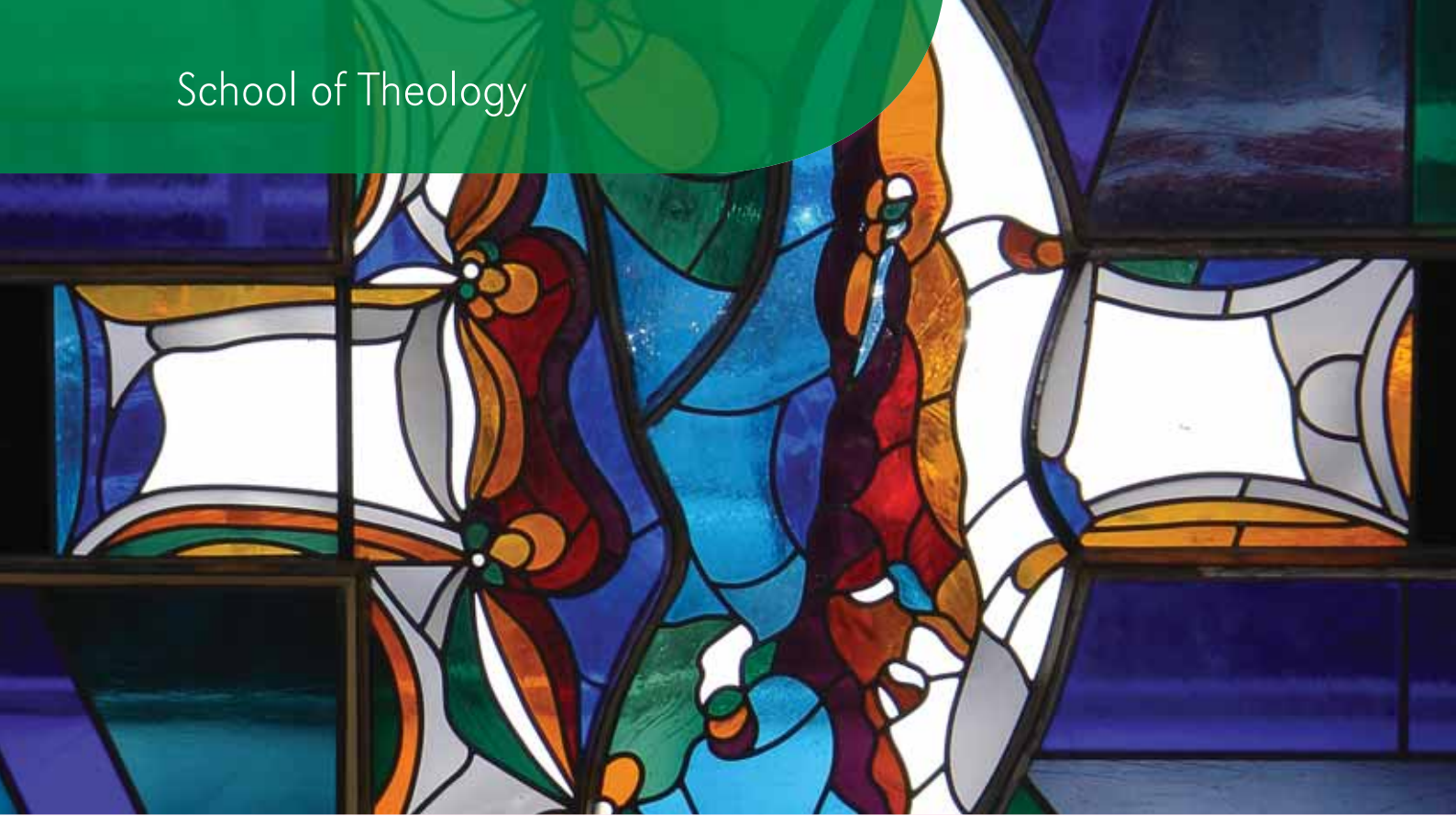
Overall the 2007 year has been a very positive and successful one for the Faculty of Science. The future of the faculty is a bright one.



Professor Margaret Brimble



Distinguished Professor Ted Baker



The School of Theology has now been operational within The University of Auckland for five years, and 2007 marked the second year of the rolling out of the school's new curriculum. All of the courses in the new curriculum have been reviewed by a taskforce of the Board of Studies for quality control and are ready for external benchmarking, a process which will take place in 2008.

In April 2007, the school was successful in obtaining its first external research grant from the Sainsbury Trust to undertake research into Spirit Possession in Aotearoa New Zealand and its relationship to mental



health and well-being. This has provided a focus for the school's research through its Research Unit for the Study of Christianity in Aotearoa New Zealand and Oceania,

research Masters degree remain small. The postgraduate programme is supported by a calendar of research seminars which include both skill development

"The last five years have seen the school become established in the University. Teaching and research capabilities of staff have been significantly enhanced through inservice and staff development so that the school contributes expertise in both these areas to the University's goal of excellence."

and has enabled us to involve a wide range of staff members and recently graduated research students in this joint project. Our goal is to have a first volume in this project ready for publication by April 2008.

Book publications and their launches continued to characterise the school's research profile. The school is also contributing to a collaborative project on contemporary challenges in mental health for Pacific peoples. These publications and collaborations highlight the research commitment of school staff and strengthen its community networks and relationships.

The graduation of six students with PhD degrees in 2007 marked the success of the school's postgraduate programme. Student numbers in taught postgraduate courses doubled from 5.2 percent of EFTS to 10.4 percent, but numbers in the

and opportunities to present aspects of students' ongoing research.

The last five years have seen the school become established in the University. Teaching and research capabilities of staff have been significantly enhanced through in service training and staff development so that the school contributes expertise in both these areas to the University's goal of excellence. Members of the school participate in a wide range of University activities ensuring that the School of Theology is well represented and makes its contribution to the life of the University.

Liggins Institute

The Liggins Institute's major achievements for 2007 include new major research funding, new prestigious international collaborations, rapid growth in the Liggins Education Network for Science, and increased public promotion of science and research outputs.

Management re-organisation, which began in 2007, will continue during 2008 to streamline policies and procedures that readily facilitate the research performed and enhance the quality of all forms of research outputs. The institute directorate has been restructured so that the director is now responsible for strategic management and the deputy director responsible for operational management and assistance in strategic development.

The Liggins Institute has been a large scale research institute (LSRI) for two years and in 2007 it received a major increase in funding from the following sources:

- The Institute achieved three new Foundation for Research Science and Technology (FRST) programme grants;
- Fonterra has expanded its relationship with the institute to include support of a post-doctorate research fellow and research expenses;
- Neuren has purchased three compounds from Liggins and is taking these to the pharmaceutical industry;
- Landcorp has commissioned research into nutrition during pregnancy to optimise pregnancy outcomes;
- Epi Gen, an international research collaboration including Southampton, MRC UK, AgResearch and the Liggins Institute has expanded, leading to lodged patents for epigenetic measures. Funding has been achieved from sources in NZ and the UK and is supported by industry partner funding. Pivotal to developmental epigenetics is Sequenom II, a major research platform for genomic analysis, purchased with contributions from AgResearch, Landcorp, NRCGD and The University of Auckland.

In August 2007, the TEC renewed the National Research Centre for Growth and Development (NRCGD) as a Centre of

Research Excellence (CoRE) for a further six years. The achievements of the NRCGD were reflected in the 35 percent increase in funding which identifies the NRCGD as the CoRE with the largest operational and capital equipment budgets in the country. The reasons for the success of the NRCGD include the breadth of collaborations, ten sites across four universities, and the full extent of translational research from

"In August 2007, the TEC renewed the National Research Centre for Growth and Development (NRCGD) as a Centre of Research Excellence (CoRE) for a further six years."

cell culture through to clinical studies and health policy. The NRCGD renewal has enabled the Liggins Institute to expand its research activities to include developmental epigenetics, nutritional ecology and public health modelling to further strengthen the breadth of translational research performed.

The institute has continued to collaborate internationally during 2007. There was the ongoing relationship with Cambridge University, UK and a new collaborative research Memorandum of Understanding has been signed with the National University of Singapore. An intellectual property agreement and contract have been signed with the Singapore Institute of Clinical Sciences with Professor Peter Gluckman appointed as adjunct investigator and head of the Laboratory for Growth, Development and Metabolism. Through these joint ventures, the number of internationally recognised researchers with honorary appointments and active research collaborations with the institute has increased to 15 in 2007 from ten in 2006. Professors Peter Gluckman and Wayne Cutfield are current presidents of international societies; the Developmental Origins of Health and Disease and the Asia Pacific Paediatric Endocrine Society respectively.

The Liggins Institute has maintained an active high profile in publicising and promoting biomedical research in the community: Professor Lord Robert Winston delivered six public lectures as

a guest of the Liggins Institute; a public lecture series on the theme "The Seasons of Life" was held during September; the Liggins Institute sponsored *Dialogue* magazine that profiles research and staff, was distributed to 8,000 New Zealanders including all Auckland high schools.

There were successes among the academic staff most notably Professor Peter Lobie, who was appointed to a newly established

Chair in Breast Cancer Research, funded by the Breast Cancer Research Trust. Professor Lobie was also appointed an honorary professor of the University of Science and Technology of China.

Research highlights include:

- The Centre for Human Evolution, Adaptation and Disease has been established at the Liggins to focus on evolutionary medicine. In February 2007 the centre hosted an international forum on "Forecasting in development" that included eight international experts in the field;
- An increase to seven A grade PBRF researchers and eight researchers with an H index score of >20;
- Professor Jane Harding's Australia and New Zealand collaborative project on reducing neonatal death through the use of corticosteroids was published in the *New England Journal of Medicine*;
- Professor Peter Gluckman published in the *Proceedings of the National Academy of Sciences (USA)* that nutritional status directionally influences the effects of neonatal leptin on hepatic gene expression and epigenetic status in adulthood.
- Professor Peter Gluckman's book, *Mismatch - why our world no longer fits our bodies* was launched in April.



UniServices is a wholly-owned company of The University of Auckland. It commercialises University research and capability to provide new research and teaching opportunities, to generate revenue for investment in further research, to secure intellectual property as the basis for future licences and equity, and generally for the social and economic benefit to the broader community.

UniServices aims to achieve revenues of \$140 million in 2012 by doubling externally-funded research and development from the results in 2005.

UniServices, a not-for-profit enterprise, provides incremental research funding and employment for University researchers and academic staff. UniServices seeks commercial outcomes to bring value not only back to the University, but to the New Zealand economy as well. The annual revenue for UniServices has grown rapidly from \$75 million in 2006 to \$87 million in 2007, making it the largest organization of its kind in Australasia. Most of this revenue goes towards salaries and support of researchers in the University, but in addition to salaries, UniServices was able to provide \$32 million of direct benefits in 2007 from varied internal and external sources.

UniServices seeks to ensure that, where possible, the commercialisation of intellectual property is rewarded with cutting edge contract research from

“spin-out” companies. For example Proacta Therapeutics has contracted UniServices in 2007 for \$1.6 million of research in biology/chemistry and UniServices is undertaking two new clinical trials for Proacta.

In 2007, the National Institute of Health Innovation appointed an establishment director who has made progress on the first project of the institute, the deployment of a health technology lab (renamed from the original Health Interoperability Lab) for the development and testing of systems, systems interoperability and, in due course, other technologies.

Professor Peter Malin took up directorship of the Institute of Earth Sciences and Engineering in August 2007. A trip to Indonesia and Australia has led to a number of proposals that are under consideration and development with Indonesian and Australian companies.

The Centre for Software Innovation continues to run its IT academy and Growth Industry Pilot Initiative grant of which the Extenda Programme in conjunction with the School of Business and Economics is a major party. It has also been successful with a FRST grant in 2007 led by Professors Hosking (Computer Science) and Grundy (Electrical and Computer Engineering), and an Instituto de Iniciativas de Orientación Familiar bid on Robotics in Aged Care led by Dr Bruce MacDonald (Electrical and Computer Engineering).

The Light Metals Institute is now an established contract research organisation exhibiting strong growth and acting as the model for UniServices enterprise centres.

UniServices has assisted in a strategy championed by the Faculty of Medical and Health Sciences to create a virtual centre for clinical trials as a first step towards a prospective centre in the proposed clinical building.

The Board of UniServices has endorsed the concept of an institute for health services research, and it has given strong support to the proposal and formed a steering committee to work out details of its constitution.

The Dean of Education has agreed to the appointment of a UniServices establishment director that will bring together key strands in school leadership and better position us to win new contracts in professional development that will be tendered in 2008.

A comprehensive review of business systems was completed in 2007 to ensure that UniServices has scalable systems that are capable of supporting a \$135 million organisation by 2012 and the strategic intent to devolve business enterprises in a manner that maximises their entrepreneurial drive while maintaining legal, commercial and reputational safety.



Consulting the community...

The Community Consultative Group (CCG), created in 1999, is comprised of key members of diverse national and local communities that are connected, in varying ways, to the University. The University shares information about its activities, programmes and planned developments with this group; the group then provides feedback to the University and to their communities about future activities and plans. Through the CCG, the University endeavours to create more mutually beneficial relationships with the communities it serves. Feedback from it enables the University to shape its future to support and respond to community needs.

The CCG was established consistent with the provisions of the Education Act to recognise the University's obligations to the communities it serves and, in particular, the contributions the University is expected to make to the development of an internationally competitive, knowledge-based society. It acts as a channel through which communications can flow both from the University to communities and from communities to the University.

The group has met five to six times annually since its first meeting in October 1999. It includes members of many of the communities the University serves, including the business, social, ethnic, educational, professional, local government

and the North Auckland communities. Individuals are invited to become members of the CCG after consultation with senior members of the University, stakeholder groups and current members of the group.

The CCG provides valuable advice on matters ranging from perceptions of University research to community understanding of the need for international standards; from the types of educational programmes offered to their perception of the importance of University's international standing; and from student accommodation to changes in tertiary education legislation.

The impact of the group can be far reaching especially when considering documents such as the University's Strategic Plan and Investment Plan. Members have the opportunity to comment on these, and how they address their differing community needs, before the documents are submitted by the Vice-Chancellor, to the Council and, where appropriate, to the Tertiary Education Commission.

The CCG is a valuable source of advice to the Vice-Chancellor and the University and a means by which the University communicates with a number of communities it serves.

Creating epic ideas...

In 2005 the Faculty of Engineering began the first EPICS (Engineering Projects in Community Service) programme outside the North American region. EPICS enables multidisciplinary teams of engineering undergraduates and academic mentors (supervisors), together with technical advisors, to work with community organisations that need engineering input. The projects are long term, resulting in systems that have a significant, lasting impact on the community organisations and the people they serve.

EPICS students work closely with the client organisations, and gain experiential learning in long-term engineering projects, leadership and project management skills, communication skills, and experience in multidisciplinary teams. Community organisations gain access to technology and expertise, giving them the potential to improve their quality of service or to provide new services.

The EPICS programme was founded in 1995 at Purdue University and is currently run in 16 universities in the US. Auckland remains the one international programme and is regarded by EPICS National US as a flagship programme because of the high level of engineering content in all its projects.

Teams at Auckland are made up of final-year engineering students doing EPICS for credit, supported by volunteer students from other parts of the degree.



The Auckland programme, in common with the 16 US National programmes, attracts equity target groups; in 2007 the EPICS credit students at Auckland include 42 percent women and 20 percent Māori and Pacific Island students.

Waiheke Waste Resource Trust

EPICS has run projects with the Waiheke WRT since the inception of the programme in 2005, with the aim of on-site recycling of the island's waste products.

Waiheke produces two tonnes of waste cooking oil per month; this must be transported off the island for disposal at a cost of approximately \$200 per tonne. The 2007 project has explored ways in which the waste oil can be treated to make it suitable for use as an extender in diesel fuel. Previous EPICS projects on Waiheke have successfully designed a process for producing biodiesel from waste cooking oil using a chemical process. A further project run in 2005 and 2006 developed methods of crushing glass bottles into sand, saving a current shipping cost of \$20,000 per month.

As a result of WRT's support, a biodiesel plant has now been installed on Waiheke and a glass crushing plant is expected to be installed in the near future.

Auckland War Memorial Museum

The EPICS Museum project team is creating accurate three-dimensional, digital photo models of various Māori and Pacific Island artifacts held in the collection of the Auckland War Memorial Museum. The students are using 3-D digitising tools to capture the full

three-dimensional geometry and surface detail of the objects. The museum will use the digital models for archival documentation, historical conservation, on-line exhibition, and replication.

A high resolution (0.1 mm) colour scanner has been purchased using a grant from the Department of Internal Affairs' Digital Strategy; this has resulted in the development of the first fully rendered, coloured digital models. A website has also been created.

In future years, it is planned not only to further develop the scanning and post-processing techniques, but also to integrate the digital models into the existing museum website, and to use them in interactive displays within the museum. The data can also be applied to create transportation and display support pieces for artifacts.

Carlson School for Cerebral Palsy

Cerebral palsy is a non-progressive disorder that affects motor skills, resulting from damage to the brain during early developmental stages. An initial needs-assessment at Carlson School highlighted a lack of funding for individual motorised wheelchairs for the more able students.

The EPICS project has developed a prototype motorised platform driven by a student seated on it in his or her own manual wheelchair. The rear wheel-driven platform can accommodate all sizes of wheelchair in the school and still fit through doorways for storage. The platform is

finished to a professional level, and also incorporates safety bars and bindings, together with rear-mounted controls for staff. Planned future enhancements include accommodating individual motor skills and learning requirements.

The EPICS programme has generated much interest and support at Carlson School, and in the Faculty of Medical and Health Sciences where the students were invited to present their work in November.

Unitec

The aim of this one-year project was to develop a method of transporting and assembling the structural members of the whareniui of Te Noho Kotahitanga, the Unitec Marae, using traditional Māori methods. The elements were transported from the carving house to the construction site by using a lifting frame. A traditional expectation required the elements to be hidden from public view during transportation; this needed well coordinated teamwork by a large number of people, characteristic of traditional Māori techniques. To assemble the elements, a combination of scaffold towers together with blocks and tackles were used. All processes needed to meet the requirements of both the main contractors and Occupational Health and Safety, show good construction site practice and preserve the artwork on each structural member.

...bringing schools and scientists together...

The Liggins Education Network for Science provides school teachers and students with access to scientific research communities at the Liggins Institute, Faculty of Medical and Health Sciences, and School of Biological Sciences within the University of Auckland.

Programmes are designed to inspire schools to maximise student potential through a wide range of high-quality learning opportunities for both teachers and students.

Since its establishment in 2001, the Liggins Institute has earned international recognition for its scholarship and research. In 2006 it became The University of Auckland's first large-scale research institute. The institute is host of the National Research Centre for Growth and Development and is recognised as a world-class leader in growth, development and the developmental origins of health and disease. Professor Peter Gluckman, Director of the Liggins Institute, has made public awareness and understanding of science and medical research a vital part of the institute's civic role.

The Liggins Education Network for Science is a unique initiative, providing opportunities for school teachers and students to access and interact with scientific research communities.

The increasing complexity of science in our daily lives combined with the global shortage of science graduates and the challenges posed by adverse health statistics within our communities all present significant reasons for increased interaction between scientists and school students. Contact for scientists with schools and students through the Sir John Logan Campbell Classroom is seen as a vital and positive addition to The University of Auckland.

Jacquie Bay, a secondary science and biology teacher with experience in

Faculty of Medical and Health Sciences and Department of Psychology. These programmes, targeting Year 10 and Year 13 classes, have been developed to encourage students to explore the role of biomedical research in New Zealand society and show direct links between concepts used in research and concepts taught in schools. Very importantly for Year 13 Biology students these programmes are allowing the students to have hands-on experience of biotechnologies such as gene cloning that are included in NCEA Level 3 Biology but that are not feasible in school laboratories.

"The classroom visit in June and Whakapiki Ake programme at the Liggins Institute in December have given our daughter direction for her life – she is now sure of what she wants to achieve and very determined that she is going to Auckland University and will become a research scientist."

leadership of school science programmes and national biology education initiatives is Director of the Liggins Education Network for Science.

In its first year of operation the classroom day programmes reached over 1,600 students from throughout the Auckland region and involved 100 scientists and postgraduate students from the Liggins Institute, School of Biological Sciences,

While the day programmes are having a significant impact on a large number of students, the Student-Scientist Mentor Scheme is providing a potentially life changing opportunity for a small group of high achieving students. Fifteen students each year will join and remain in the programme for two to four years dependent on their age at entry. In 2007, nine were Year 10 students from Tamaki College and six were selected from the





NIWA Auckland Science and Technology Fair. Sixty percent were Māori or Pacific students. Each student undertook their own research, supported by teaching from the Liggins Education Network and a scientist mentor. All achieved Royal Society of New Zealand (RSNZ) Creativity in Science and Technology (CREST) awards, with 83 percent of the Year 10 students achieving Silver CREST awards, designed for Year 11–13 students. Eleven received major awards at the Auckland Science and Technology Fair and three were selected by RSNZ to attend Realise the Dream. All three gained awards and two will present their research at the Beijing Youth Science Creation Competition in March 2008.

Teacher professional development programmes have included hands-on workshops, seminar days and student teacher programmes. These have been attended by more than 180 teachers and student teachers and while most were from the Auckland region teachers from as far a field as Matamata, Whangarei and Northland attended these events.

There is a strong desire to explore the potential for e-learning. The live web-cast of the Robert Winston Auckland Schools Lecture, challenging students to consider the ethical dilemmas resulting from advances in science, saw at least 70 schools connecting, more than doubling the live physical audience of 1,000 students.

An archive version of this lecture has since been downloaded more than 2,600 individual times in New Zealand, mainly to school classes. Seminars for NCEA scholarship Biology candidates and classes for remote schools via the internet have been trialled and show strong potential for future development.

The Liggins Institute sees this programme as a fundamental component of its contribution to New Zealand society. Research is investigating its impact on learning, career choices and attitudes towards the role of science in society. Early results indicate that this is significant. At the end of 2007 more than twice as many booking requests than places available had been received for 2008 programmes. Universities in New Zealand and overseas have indicated an interest in collaborative development of similar initiatives. Planning is underway to increase the human and physical resources to enable this exciting and innovative programme to grow to meet the needs of a greater number of New Zealand school students.

Building brilliant partnerships...

The Schools Partnership Office coordinates three mentoring schemes for Auckland secondary school students. The programmes are all different in their approach but all aim to raise the

expectations and achievement of Year 13 students and to encourage them to progress to tertiary education.

MATES – Mentoring and Tutoring Education Scheme

In 2002 the MATES project was established in partnership with the then Pacific Foundation, based on the Perach Mentoring project in Israel, to provide support for students in four schools. A University student mentors each school student on a one-to-one basis in weekly sessions throughout the school year. The programme is organised by a project leader and three part-time coordinators who take responsibility for the mentoring relationships and the activities in each session. In addition, the school students visit the University and participate in events with the students from the other MATES schools. The main objectives for the programme are to raise the confidence, aspirations and achievement of the school students. The programme also gives mentors enhanced awareness of social issues and they gain valuable personal development. The weekly mentoring sessions usually involve individual tutoring as well as group work on a relevant theme.

The MATES project is now in its sixth year of operation and has grown from 40 mentees in three secondary schools in 2002 to 120 mentees in 10 secondary schools in 2007. 99 of 121 former mentees took up tertiary study in 2007.

The students in the programme are all in Year 13 and the schools involved are in the low- to mid-decile range with Māori and Pacific Island students accounting for approximately 60 percent of those selected for mentoring. Considerable efforts are made to select mentors who will be compatible and build a positive relationship with the student mentored.

The MATES programme is funded by the University, Great Potentials (the new name for the Pacific Foundation) and the Todd Foundation. Funds are available to continue in 2008 and further support will be sought to continue the mentoring scheme in the years ahead.

The ten schools in the programme in 2007 are: Aorere College, Auckland Girls Grammar, De La Salle College, Kelston Boys High School, Massey High School, Onehunga High School, Otahuhu College, Penrose High School, Southern Cross Campus Senior School, Te Kura Māori O Nga Tapawae.

Massey mentoring

The University of Auckland has worked in partnership with Massey High School on two programmes focused on the needs of Māori and Pacific students.

2007 is the fourth year of “Ua Logo e Tino Matagi Lelei” or “MP2” with over 70 students involved. The purpose of the programme was to mentor Year 11 Pacific students at Massey, with the intention of encouraging tertiary participation. More importantly 2007, marks the year when the first cohort from 2004 entered tertiary education. An impressive 45 percent of mentees have come to the University. Retention rates for Pacific students at Massey have risen considerably over the last four years.

“Te Pae Tawhiti” was launched at Massey High school in 2006 as the Māori Mentoring Programme for Year 11 students. In much the same manner as MP2, successful University of Auckland Māori mentors go out each week to mentor a group of Māori students at the school Marae. There are approximately 30 students on the programme currently.

Students are also offered University visits and an academic retreat during the year.

The two mentoring schemes at Massey High School are funded by the school and by a contribution from the Vice-Chancellor’s Strategic Development Fund.

Tamaki Tutoring

In a similar vein to MATES, Tamaki Tutoring offers tutoring in a range of subjects for Year 13 secondary students undertaking Level 3 NCEA. The tutoring sessions are held at the Tamaki Campus and ten students from each of Tamaki College, Sacred Heart College and Glendowie College are selected by school staff to attend. University students tutor the school students each week providing an opportunity for University of Auckland



achieving tertiary students from a variety of subject areas.

The University is very supportive of the Tamaki tutoring programme as it gives it good exposure in local schools and in the community. Students receive advice about applications and enrolment for The University of Auckland and it is hoped that many will continue their education here.

Of the 2006 students on the programme, 14 have enrolled at The University of Auckland, five in conjoint degrees.

Fresh life in old friends...

There have been University of Auckland alumni for as long as there has been a University of Auckland – 125 years in May 2008 – yet it is only in relatively recent years that this large and diverse group has been the focus of considerable attention in an effort to achieve a world-wide, life-long network for its members.

A dedicated Alumni and Friends Office, operating as part of External Relations at University House in Princes Street, is charged with the 2005-2012 Strategic Plan objective to “engage alumni and friends in mutually supportive and productive relationships”.

Now 125,000 strong, the Alumni and Friends organisation provides the opportunity for graduates and supporters to stay connected with one another and with news and events at the University and to enjoy a range of benefits and services. Opportunities to keep up-to-

“Now 125,000 strong, the Alumni and Friends organisation provides the opportunity for graduates and supporters to stay connected with one another and with news and events at the University and to enjoy a range of benefits and services.”

students to engage with their community. The sessions are not taught ‘classes’ and the tutors encourage the students to develop independent work habits and learning.

The immediate objectives include enhancing academic achievement, enhancing enjoyment of learning and providing an opportunity for like-minded Year 13 students to interact with each other and with high

date are provided through the bi-annual *Ingenio* magazine, which is mailed and emailed to more than 90,000 readers, and the monthly e-newsletter, @auckland, sent to 50,000. A new initiative in late 2007 was the establishment of a secure University of Auckland Alumni and Friends presence on the social networking website Facebook. This, and the proposed introduction of an on-line net community,



“A new initiative in late 2007 was the establishment of a secure University of Auckland Alumni and Friends presence on the social networking website Facebook.”

are part of an on-going drive to connect with alumni in ways that are meaningful and convenient for them.

Benefits to alumni include discounts, for example, on Regency Duty Free purchases, the right to vote in the Court of Convocation elections (degree graduates only) and participation in networking opportunities. In October 2007 the additional benefit of a 15 percent discount on all Auckland University Press books and CDs was introduced.

Central to the Alumni and Friends calendar is the programme of events organised for alumni and friends in New Zealand centres and around the world. In 2007 the theme

of “world class research” saw some of our most highly-esteemed researchers giving addresses to alumni groups on the latest research in their respective fields:

- Distinguished Professor Peter Hunter on “The Virtual Human Physiome Project”;
- Professor Bill Denny on “Smart drugs for cancer therapy”;
- Distinguished Professor Brian Boyd on “Storytelling from *Lolita* to *Dr. Seuss*”; and
- Professor John Montgomery on “New Zealand’s oceans – prototype for a blue planet?”

More than 2,500 alumni attended 20 functions in 2007.

The Distinguished Alumni Awards (DAA) Annual Dinner in March 2007 brought together 500 alumni and supporters in a celebration of the outstanding accomplishments and the significant contributions being made by DAA recipients across business, law, science, education, history, literature and sport. The announcement of the 2008 DAA recipients in November 2007 further illustrated the exemplary achievements of the University’s alumni and friends.

Another highlight of the 2007 calendar was the Golden Graduates luncheon at which Professor Richard Faull gave a presentation on “New cells for old brains” to an audience of 240, which was more than double the number that attended the previous year.

In October 2007 University of Auckland Alumni Scholarships were awarded to 19 Year 13 students who have enrolled in a full-time degree programme at the University and have demonstrated high academic achievement and motivation to succeed. Established in 1997, the scholarships assist students entering the University from school who, because of financial hardship, may not otherwise be able to undertake a University degree.

Active alumni groups and informal networks operate in centres in Australia, Asia, the Middle East, North America and Europe, providing opportunities for networking with other University of Auckland alumni. In late 2007, activity began towards the re-establishment of a Pacific alumni group.

Engagement with the Auckland alumni and friends base – currently numbering 60,000 and including 1,200 University of Auckland Society members – will be a prime focus for the Alumni and Friends Office in the University’s 125th Jubilee year and beyond. Partnership with organisations in the wider community will provide greater opportunities for networking and for access to cultural and educational events.

As approximately 9,000 new graduates, many of them aged in their twenties, become part of the world-wide alumni network each year, novel ways to connect and maintain involvement with this important community are vital. A commitment to providing fresh

opportunities for alumni and friends to stay in touch and to benefit from a life-long relationship with their alma mater will continue to steer the goals and activities of the Alumni and Friends Office.

Diverse celebrations...

The Maidment Theatre

During the month long celebration that marked the opening of the Maidment Theatre in 1976, the festival programme noted that "Through its use for a wide range of cultural activities - drama, music, opera, dance, film, lecture and forum - the new theatre will serve as a bridge between the University and the community".

Today Maidment Theatre Te Atamira is firmly embedded in the cultural life of the University and of the Auckland community. Not only is the theatre a bridge between the University and community, but it is also a doorway to, in particular, the City Campus.

This year more than 5,000 secondary students attended day-time performances of main stage productions - for many of them it was their first contact and visit to the City Campus. Audience research suggests that the cultural and social diversity of the Maidment audience continues to expand and to further evolve.

As the only mid-size performance venue in Auckland offering a full range of theatre services, the theatre has become a key venue and home to the Auckland Theatre Company and a wide range of University and community producers. The client base is diverse and includes student clubs, university departments, the commercial sector, film-makers, dancers, musicians and both amateur and professional theatre groups. The Musgrove Studio continues as a popular venue for student productions and small scale work. This studio was renamed in 2006 and honours the late Professor Sydney Musgrove and his contribution to theatre and performance at the University and in Auckland.

During 2007, 53 departments, clubs and organisations hired performance and event space presenting 305 individual performances and events in the Maidment Theatre or the Musgrove Studio. There was a total attendance of 54,083 people.

Most theatre hirers and clients brought with them well-established marketing and publicity infrastructure and in some

instances a ready-made audience in the form of a subscribing group. Those organisations enjoyed the highest audience attendance and generally the greatest success. The added benefits of central and local government arts funding to those organisations also benefitted the quality of work presented in the theatre.

2007 highlights included:

- Auckland Festival (AK07) presented four productions to capacity houses. AK07 was voted Best Cultural Event of the Year by *Metro* magazine.
- Art History hosted a visit by internationally-acclaimed performance artist and Hood Fellow, Coco Fusco who presented her work *A Room of One's Own: Women and Power in the New America*.
- Four main stage productions were presented by Auckland Theatre Company.
- Professor Angela Davis, currently Professor of History of Consciousness, Director of Feminist Studies and the Presidential Chair of the University of California presented a lecture focusing on the philosophy of punishment.
- Honorary Doctor of Laws degrees were conferred on Dr Alan Bollard and Dr Bruce Hadden.
- A unique adaptation of Shakespeare's *As You Like It* was presented by Stage 2 Productions, the University Drama Club.

More than 300 performances are now programmed and contracted until October of 2008 when the Maidment will close for four months for the installation of a new roof.



Statements of service performance

International standing

Objective 1

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
The University's position among New Zealand universities (in international university rankings)	1	1	1	1
Membership of international associations of universities				
- Association of Commonwealth Universities	Yes	Yes	Yes	Yes
- Universitas 21	Yes	Yes	Yes	Yes
- Association of Pacific Rim Universities	Yes	Yes	Yes	Yes

- The University made significant progress in advancing its China Strategy. Auckland International co-ordinated a high-level University mission to China in March aimed at ensuring Auckland and its partner universities have a good understanding of each other's practices and processes with respect to postgraduate education and the recruitment of students. It also ensured that, in the context of strong competition between international research universities for the best postgraduate students from China, Auckland is on the ground competing for them.
- The Confucius Institute was launched on 18 February 2007 in partnership with Fudan University and Hanban, the Office of Chinese Language Council International.
- The New Zealand Asia Institute successfully hosted an international conference on "ASEAN at Forty: Reflections and Visions" in May. ASEAN and NZ scholars and practitioners interacted intensively at this forum to share their knowledge and expertise on ASEAN's chequered history and on its future visions.
- On 21 May, the New Zealand Centre at Peking University was launched by Rt. Hon. Winston Peters, New Zealand Foreign Minister, together with Professor Xu Zhihong, President of Peking University and Professor Stuart McCutcheon, Vice-Chancellor of The University of Auckland. This was made possible through funding and donations organised by The University of Auckland. The New Zealand Centre will function as a policy forum and research centre on economic transformation and innovation in the context of the New Zealand-China relationship and it will provide academic courses on New Zealand to Peking students, as well as undertake special projects.
- The University of Auckland has worked in partnership with Tsinghua University and Qinghai University on a trilateral project. The aim of this project is to assist universities in the less economically developed western provinces of China in advancing their teaching and research capabilities. This project has been personally endorsed by the Chinese Minister of Education, H.E. Zhou Ji.
- Agreements which were negotiated with scholarship agencies in China (CSC) and Pakistan (HEC) continue to produce quality doctoral and postgraduate students, with numbers forecast to increase in future years. In 2007 the University received 29 new PhD students from Pakistan. Further rounds of Pakistan scholarships are currently underway for the 2008 intake. The scholarship scheme from China has generated a record number of PhD applications from China and was supported by several high level visits to top Chinese universities throughout 2007.
- Over 60 major university-level visits were hosted during the year. Visitors have included the President of Finland, the Director-General of Education from Malaysia, the Deputy Minister of Education from Saudi Arabia, the Indonesian Minister of Trade, the Deputy Secretary-General of the China Scholarship Council, and the Singapore Air Force Chief. Visits also included a Chinese Parliamentary Delegation and China Education Officials and the Consul-General of the Sultanate of Oman. There were also visits from a number of partner universities: British Columbia, Chile, Copenhagen, Dublin, Fudan, Hong Kong, Nottingham, Seoul, Sogang, Tsinghua and Zhejiang to name but a few.
- The University Research Office has actively promoted the European Union's FP7 opportunities in collaboration with the University's Research Committee and the Europe Institute. Several proposals were submitted for the Marie Curie Fellowships. One has been funded, and two are short listed.

Objective 2

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of local students undertaking study overseas through 360° Auckland Abroad	124	151	150	284
Number of incoming study abroad and exchange students	859	890	1,125	933
Number of countries with international enrolments of 50 EFTS or more	13	12	13	13

- The first-ever International Cultural Festival jointly organised by Auckland International and AUSA, as part of the University's Intercultural Mosaic Week, took place in September 2007 and attracted a great turnout of both international and domestic students, as well as staff.
- Key United States of America partners of the University include top research universities such as Stanford University (APRU), University of California – Berkeley (APRU), University of California – Los Angeles (APRU), University of California – Davis (APRU) and the University of Virginia (U21) among others. Student exchanges have been developed with some of these key partner universities at both the undergraduate and graduate level.
- Local students studying abroad have increased from 151 in 2006 to 284 in 2007.
- The 2007 appointment of an Associate Director (International Mobility) and the appointment of an additional Student Mobility Officer allowed for greater collaboration with the faculties, as well as providing additional resourcing in order to focus on the development of external funding/scholarship support to increase outbound exchange students for future years.
- An international education workshop was held on 6 August for senior University managers/staff with presentations from international speakers from the USA and the UK. The workshop reviewed case studies of best practice in internationalisation of the curriculum, recruitment, and outcomes of recent surveys of the international student experience in NZ, Australia, the UK and the USA.
- The University promoted the opportunities for international study, for example, 360° Auckland Abroad is featured in the inside cover of the 2008 undergraduate prospectus.

Research and creative work

Objective 3

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
% of PBRF eligible staff who achieve an A Quality Category in the research quality evaluation report	10%	14%	15%	14%
% of PBRF eligible staff who achieve a B Quality Category in the research quality evaluation report	36%	36%	45%	36%
% of PBRF eligible staff who achieve an R Quality Category in the research quality evaluation report	20%	16%	≤ 12%	16%

- The results of the 2006 PBRF Research Quality Evaluation were made known in May 2007. One third of New Zealand's A rated researchers, comprising 14 percent of our research staff, are based at The University of Auckland. 50 percent of the University's research staff were awarded an A or B Research Quality score in the 2006 evaluation. An overall ratio of 14:36:34:16 was achieved.
- The University gained 30 percent of overall PBRF funding in 2007.
- A Faculty Research Development Fund introduced in 2007 with a \$10 million budget was established to enhance the development of research across the University. The Fund is distributed amongst the faculties on the basis of PBRF performance. Each faculty has established processes that are overseen by the DVC (Research) to distribute the funds.
- The Faculty Research Development Fund will provide an opportunity to support significant research projects in each faculty on a more strategic basis and provide developmental support for academic staff.
- Other initiatives also designed to enhance research support and opportunities, including a Cross-Faculty Research Fund.

Objective 4

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
% of academic staff with doctorates	70%	73%	80%	73%
Number of postdoctoral fellowships awarded	6	6	12	48
Number of doctoral theses completed	228	190	300	210
Number of research masters theses completed	671	650	740	600

- Growth in the doctoral programme is occurring at a significant rate. Total new doctoral enrolments in 2005 and 2006 were 275 and 333 respectively and in 2007 enrolments reached 377, an increase of 13 percent annually.
- The University is producing a Postgraduate Marketing and Recruitment Plan. This will encourage the recruitment of top domestic and international postgraduate research students to the University. Key target countries have been identified, and work is commencing already to reach students in these countries (United Kingdom, United States of America, Australia, Germany, China, India, Malaysia, Pakistan, and France). Faculty involvement in international and domestic recruitment is being strongly encouraged. Auckland International is preparing country-specific plans for postgraduate research student recruitment.
- The PhD Statute 2003 has been revised by the Board of Graduate Studies and following approval by Senate and Council came into effect on 1 January 2008 as the PhD Statute 2008.
- A successful audit review of the Domestic Status Policy for new International Doctoral Students was conducted by the New Zealand Universities Academic Audit Unit, and the University received an excellent report.
- A new Doctoral Skills Programme commenced in 2007. All new enrolled doctoral students are required to attend an Induction Day, which has been very successful with excellent student reviews. Students are also introduced to the early, mid and late phases of the programme, which provides them with a balanced set of educational and skills to allow students to complete and submit their research in a timely manner. Nearly 300 doctoral students have attended and feedback has been very positive.
- The University has provided funding of \$2.4 million for a new Postgraduate Research Student Support (PReSS) programme whereby doctoral students will receive some funding to assist with the costs of their research.
- The Doctoral Handbook, which has extensive information for doctoral students and their supervisors, was revised, updated and re-published.
- A questionnaire has been developed for use with those students who terminate their doctoral studies without apparent reason, so that the University can learn from those experiences and modify approaches where necessary.
- Regular meetings have continued between the Dean of Graduate Studies and the Postgraduate Students Association (PGSA) regarding students' needs, experiences, future opportunities and aspirations.



Objective 5

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
External research revenue earned (\$m)	145	152	175	163

- Revenue earned by the University from externally-sponsored research projects running in 2007 reached \$80.2 million. Research revenue from UniServices was \$82.8 million, giving a total research revenue of \$163 million, up from \$152 million in 2006.
- The value of new research contracts and grants won was \$78 million from the Research Office and \$104 million from UniServices, a total of \$182 million and up by \$25 million from the \$157 million contracted in 2006.
- Researchers at the University were successful in gaining 19 of 59 grants awarded by the Health Research Council in 2007. Total funding awarded to The University of Auckland was \$13.6 million from a total of \$56.8 million awarded nationally.
- 21 Marsden research grants were awarded to the University in 2007, totalling over \$10.1 million in research funding.
- A strategy for encouraging closer working practices between the Research Office and UniServices has been developed. Consequently, UniServices Business Managers are invited to participate in the Research Office's assistance strategy programme for all major funding rounds. The relationship between the Research Office and UniServices is being further enhanced through regular meetings involving senior managers from both organisations.
- Phase 2 of the Research Information Management System (RIMS) has been implemented and is the primary data entry point used in the Research Office for recording research grant applications and contracts.
- 17 full proposals for the main round of the Foundation for Research Science and Technology (FRST) were submitted in early January and another three proposals were submitted to the International Polar Year Fund in April. 13 of these proposals were successful and contracted from mid-October.

Objective 6

Develop large-scale research institutes of excellence.

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of Centres of Research Excellence (CoREs) hosted	4	4	4	4

- The Liggins Institute had a very successful second year as a large-scale research institute. The National Research Centre for Growth and Development (NRCGD), a CoRE hosted by the Institute was re-funded for a further six years with a significant increase in the available funding.
- The Faculty of Engineering's Bioengineering Institute will become a University large-scale research institute (Auckland Bioengineering Institute - ABI) in January 2008. Memoranda of Understanding between the Faculty and the Auckland Bioengineering Institute have been agreed in 2007.
- The re-funding of the CoREs in 2007 had a good outcome for the University. Three of the existing CoREs, Maurice Wilkins Centre for Molecular Biodiscovery, Ngā Pae o te Māramatanga and NRCGD were re-funded for a further six years. The New Zealand Institute of Mathematics and its Applications received a further three years of transition funding.

Teaching and learning

Objective 7

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
% of total EFTS enrolled in research postgraduate programmes	6.0%	6.0%	6.6%	6.0%
% of total EFTS enrolled in taught postgraduate programmes	10.0%	11.0%	11.2%	12.0%
% of total EFTS enrolled in undergraduate programmes	84.0%	83.0%	82.2%	82.0%
% of NCEA scholarship winners subsequently enrolled at The University of Auckland	N/A	34.0%	33.0%	42.0%
% of postgraduate EFTS contributed by international students	12.0%	12.0%	14.0%	14.0%

- The University achieved overall EFTS growth of 2.7 percent in 2007 compared with 2006 numbers. The rate of Postgraduate EFTS growth at 7 percent was significantly higher than the undergraduate EFTS growth at 1.7 percent.
- During 2007 baseline growth targets for each faculty and programme were identified to ensure the University achieves its future growth and composition targets.
- The University's recruitment strategies resulted in an increased number of school leavers enrolling at the University in 2007. Although more than 80 percent of school leavers are from the wider Auckland Region and 62 percent from our top 20 contributing schools, an increased number of students was recruited from outside the Auckland region.
- The University has developed policies and processes to assist in moving toward a higher proportion of postgraduate students, including a review of postgraduate recruitment and marketing, better processes for handling postgraduate enquiries, and increased postgraduate scholarship provision.

Objective 8

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of 1st Class bachelors honours/masters completions	576	629	650	682
Number of accreditations received for degree programmes	27	28	30	30
Number of departmental and programme reviews	2	4	7	3

- The following degree programmes were accredited in 2007:
 - Master of Arts in Film, Television and Media Studies by the New Zealand Screen Council;
 - Bachelor of Property by the Royal Institute of Chartered Surveyors;
 - Master of Business Administration by the Association of MBAs (UK);
 - Bachelor of Pharmacy by the New Zealand and Australia Pharmacy Schools Accreditation Committee.
- The Departments of Commercial Law, Mechanical Engineering and Statistics were reviewed by external Review Panels.
- The Committee on University Academic Programmes approved the introduction of the following qualifications:
 - Bachelor of Engineering (Honours);
 - Graduate Certificate in Law;
 - Graduate Diploma in Law;
 - Master of Architecture (Professional);
 - Postgraduate Certificate in Professional Supervision;
 - Postgraduate Diploma in Professional Supervision;
 - Bachelor of Fine Arts (Honours).
- The Committee on University Academic Programmes approved the introduction of Writing Studies into the Bachelor of Arts, Anthropological Science into the Bachelor of Science, Screen Production at postgraduate level in Arts, Biosecurity at postgraduate level in Science, and Construction Management into the Master of Engineering Studies.
- Graduating Year Reviews were completed and approved for the following qualifications:
 - Bachelor of Visual Arts;
 - Bachelor of Performing Arts;
 - Master of Teaching English to Speakers of Other Languages;
 - Postgraduate Certificate in Light Metals Reduction Technology;
 - Master of Environmental Legal Studies;
 - Foundation Certificate in English for Academic Purposes.

Objective 9

Create and maintain an outstanding teaching and learning environment.

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Student to academic staff ratio	17.5	17.7	18.0	18.2
% new undergraduate students re-enrolled in the following year	86%	85%	91%	88%
% of courses using the University's online learning management system CECIL	67%	69%	80%	78%
Number of student computer work stations	4,339	4,790	4,600	4,790
Budget spent on library collections (\$m)	15.4	16.1	17.2	16.8*

*Previous totals include commitments whereas the 2007 Actual does not. Commitments will not be included in future reporting.

- The Owen G Glenn building was completed, housing the Business School. This state-of-the-art building creates open spaces to encourage interpersonal interaction to produce a better work and study environment. There are lecture theatres of varying sizes including two six hundred seat theatres with impressive audio visual capabilities. The ground floor of lecture theatres, case rooms and social spaces, is dotted with interactive pods designed to encourage team work or individual study. Postgraduate students are now housed in offices and workspaces in the upper levels of the building, which encircle an impressive atrium as a focal point.
 - A pilot project has been running throughout 2007, in which Subject Librarians have trialled new ways of presenting course-specific library materials to students within the context of their course.
 - The Student Learning Centre's referencing resource, Referencite, won the Inaugural Award for Outstanding Academic Integrity Resource, presented at the Asia-Pacific Conference on Educational Integrity.
- Undergraduate and postgraduate students were surveyed on their views on teaching and learning at the University.
 - The University reviewed its portfolio of entry-level scholarships and increased the number of awards.
 - Six staff received University of Auckland Teaching Excellence Awards.
 - Dr Christine Rubie-Davies of the Faculty of Education received a National Tertiary Teaching Excellence Award.



Te Tiriti o Waitangi/The Treaty of Waitangi

Objective 10

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
% of total domestic EFTS who identify as Māori	7.6%	7.0%	7.4%	6.9%
Number of graduates who identify as Māori	623	553	550	655
Number of doctoral graduates who identify as Māori	10	9	12	10
% of all academic staff (FTE) who identify as Māori	4.8%	5.1%	5.1%	5.0%
% of all general staff (FTE) who identify as Māori	5.3%	5.1%	5.3%	5.2%
Number of MoUs signed with mana whenua, iwi Māori, and Māori organisations	3	3	4	5
Number of Tuākana programmes	28	50	42	38
Number of pathway programmes to degree programmes available to Māori students	5	5	6	6

- The Northland Enrolment Assistance Centres project resulted in an 86 percent increase in enrolments from Northland over the period 2006-2007. The University has since adopted this concept for other regions including Waikato, Bay of Plenty and Rotorua in 2008.
- The University Communications and Marketing department is developing specific marketing strategies for prospective Māori and Pacific students.
- The University assisted NorthTec staff to organise a successful national annual conference, Te Toi Tauira mo te Matariki, for supporting Māori in tertiary education.
- Representatives from the University attended Māori interest events in Wellington and Waikato, notably the Māori Liaison conference, Te Toi Tauira, and the National Māori Academic Awards Dinner hosted by Waikato University at Ngaruawahia Marae.
- New University staff are encouraged to participate in a Powhiri and to attend Marae protocol workshops.

Community engagement

Objective 11

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of Adult and Community Education funded EFTS	162	120	130	127
Number of Community Consultative Group meetings	4	4	5	4
Number of Partnerships for Excellence awarded or continued	5	5	5	5
Number of bilateral agreements with international universities	207	116	250	117
Number of secondary schools in formal partnership with The University of Auckland	8	10	10	12

- The University provided a range of opportunities for the community to engage with internationally renowned researchers and their research. These included the 2007 Winter Lecture Series in which experts across the fields of medicine, science and engineering presented current thinking on food and beverages and their possible roles in influencing health and wellbeing. The 2007 Robb Lecture was delivered by Dr Yash Ghai a constitutional lawyer from Kenya on the theme, ethnicity, human rights and democracy. International visitors and inaugural lectures delivered by new Professors traversed a wide range of issues and themes.
- The introduction of 2007 of Cultural and National day celebrations has allowed closer links to be developed with consulates, embassies and local community group who contributed to the organisation of

the events. Celebrations recognised the diversity of the University's international students.

- The University continued to expand its engagement with local secondary schools. Opportunities for students to become

familiar with the University environment and to participate in mentoring programmes are made available through Schools partnership and faculty agreements with secondary schools. The success of a pilot arrangement with Kaitaia and Bay of

Islands Colleges that allowed students to be involved in Courses and Careers Day and NCEA Lecture Days through a Northland Schools weekend visit was such that it will be developed further in 2008.

Objective 12

Engage alumni and friends in mutually supportive and productive relationships.

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of Distinguished Alumni awards	6	6	6	6
Number of editions of <i>Ingenio</i> and electronic alumni/friends newsletters	13	13	10	14
Number of university-wide alumni events held in New Zealand	6	10	10	12
Number of university-wide alumni events held overseas	12	14	14	14

- The University has continued to review and develop the annual programme of national and international alumni events, building in as much as possible an integrated advancement strategy.
- The University held a Distinguished Alumni Awards dinner, and related lecture series.
- In 2007, the University began creating a "Lost Graduates" strategy to seek out, contact and connect with past graduates.
- The University publishes several Alumni newsletters, including an online newsletter to keep Alumni aware of University activities.
- The University published 183,000 copies of *Ingenio*, its alumni magazine, of which approximately 157,300 were circulated to national and international alumni. The rest were distributed internally and to the media.



Excellent people

Objective 13

Recruit and retain a high-quality staff and student body that draws upon the widest possible pool of talent.

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Equal opportunities plans reviewed and reported each year	Achieved	Achieved	Achieved	Achieved
% of total EFTS who identify as Pasifika	7.8%	8.1%	8.3%	8.1%
Number of graduates who identify as Pasifika	531	533	525	643
% of all academic staff (FTE) who identify as Pasifika	2.4%	2.6%	2.5%	2.3%
% of all general staff (FTE) who identify as Pasifika	5.1%	5.1%	5.2%	5.0%
% of academic positions (FTE) filled by women	42.0%	43.0%	44.0%	44.0%
% of senior academic positions (FTE) filled by women	22.0%	22.0%	23.0%	24.0%
% of senior general staff positions (FTE) filled by women	41.0%	42.0%	43.0%	42.0%

- Māori and Pasifika academic and general staff FTEs have increased.
- The Equal Opportunities Office continues to conduct participant surveys and debrief meetings with key staff across faculties after each equity event in order to evaluate the effectiveness of each initiative and make changes as appropriate.
- Disability Services have conducted a student satisfaction survey and held a focus group for participants.
- In the Women Returning to Work Project, the EEO Office has conducted research in partnership with Association of University Staff and Human Resources, and analysed the needs of general and academic staff women returning to work following parental leave.
- A report on Gender and PBRF Ratings was produced which provides recommendations for best practice.
- A Māori advancement project is being developed. Over 50 Māori academic and general staff attended a hui which identified Te Reo Me Ōna Tikanga, promotion and professional development, recruitment and retention, and leadership as priorities. A promotions workshop for Māori academics was held and other activities, including seminars by Māori scholars are being provided as part of the Manu-Ao Māori Academic Network Across Universities in Aotearoa.
- The University established the Pacific Reference Group to provide strategic and policy advice, to the Pro Vice-Chancellor (EO) and the EO Committee, on progress and achievements of the University's Strategic Plan in relation to Pacific people.
- A national Women in Leadership Programme was established in collaboration with the EEO Commissioner, NZVCC, and other universities. Four senior women from the University participated in the Programme in 2007.
- After small but steady increases in previous years, numbers of women professors decreased from 38 FTE in 2006 to 35 FTE in 2007. Male professors decreased by 1 FTE in 2007.
- Numbers of women associate professors increased from 60 FTE in 2006 to 66 FTE in 2007. Male associate professors increased by 1 FTE in the same period. Women senior lecturers also had a small increase from 263 FTE in 2006 to 265 FTE in 2007. Although there have not been significant increases in the proportion of professors it is pleasing to note that in the last 5 years the percentage of women associate professors has risen from 18 percent to 27 percent and women senior lecturers have increased from 34 percent to 45 percent.
- The Excellence in Equal Opportunities Awards were presented by the Vice-Chancellor to:
 - Professor Ralph Buck (Dance) for his Community Dance Programme;
 - Stallone Vaiaoga-Loasa (Arts) for innovation in Māori and Pacific student retention;
 - The Psychology Tuākana Programme (Science) for Māori and Pacific Student Support;
 - The Māori Nursing Postgraduate Programme (Medical and Health Sciences) for innovation in recruiting Māori nurses into postgraduate studies.
- Special commendations for new equity initiatives were awarded to:
 - The Pasifika Law Honours Club (Law);
 - The Pasifika Early Childhood Education Specialisation Programme (Education).
- An award for sustained commitment to advancing equity was made to Dr Tracey McIntosh, Associate Dean (Equity) from 2004-2007 in the Faculty of Arts.

Objective 14

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of students who take part in the UniGuide scheme	1,277	1,702	1,250	973
% of students included in university wide survey expressing satisfaction with University experience	N/A	93%	85%	94%
% of new students (EFTS) who are international students	18%	16%	18%	16%

- The University continually promotes to prospective students the social, recreational and cultural opportunities that are offered by campus life at The University of Auckland.
- The Prospectus and Summer School Handbook were reviewed to ensure that students are presented with appropriate information for application, admission and enrolment.
- Undergraduate and postgraduate students are strongly encouraged to engage fully with the University in order to fulfil their academic, personal, and career development through participation in a wide range of activities such as the student radio station 95 bfm, UniGuides, the Recreation Centre, national and international competitions and projects arranged through their faculties and the Careers Centre.
- The School of Graduate Studies and the Postgraduate Students' Association have hosted a number of functions to welcome and orientate new postgraduate students to the University, and to encourage them with their academic postgraduate research programmes.
- The University encourages strong, effective and creative student leadership through the Auckland University Students' Association, departmental and faculty staff-student consultative committees and membership of faculty University committees.
- Each year student success in academic, recreational and cultural activities is celebrated through the award of prizes, scholarships, and the University Blues which are the premier sporting and cultural accolade for students. Encouragement and support is provided to student-led initiatives such as Spark* and Chiasma.
- Student teams successfully participated in national and international competitions in 2007. A team from the Department of Civil Engineering beat 34 other universities from Asia, Australia and New Zealand to win the 2007 International Earthquake Engineering Design Competition held in Taiwan. Engineering students also took part in international competitions such as Warman Design competition and the Formula SAE Automotive Design and Performance competition. Law students were successful in three of the four national law students' competitions and one pair will go on to compete in the prestigious Jessup Moot in Washington DC, United States, in April 2008.
- The University's students were successful in gaining prestigious scholarships to study overseas. Three Engineering graduates received Fulbright awards to carry out postgraduate study in the United States. Lin-Chien Huang from the Faculty of Medical and Health Sciences is one of just two students from outside Europe to be accepted into the European Synapse Summer School at the Bordeaux Neuroscience Institute in France. Law graduate Eesvan Krishnan was awarded a Rhodes Scholarship and will pursue a bachelor of civil law degree at Oxford and Joel Harrison won a Woolf Fisher Scholarship, the first to gain such an award in Law. His Oxford doctoral study is to be in the field of law and religious freedom. Alana Alexander, (recent BSc Honours graduate) won the 2008 International Fulbright Science and Technology Award to undertake a fully-funded PhD study on cetacean genetics at Oregon State University.
- The new Student information Centre "Student Central" was built and opened in 2007, to provide students with a one-stop-shop for support in their University lives.
- The University continues to maintain its international standing through the accreditation of its programmes.
- The University constantly assess and evaluates its programmes to keep a relevant portfolio of qualifications.
- Jessie Jacobsen, a PhD student (Neurogenetics and Neuroanatomy) was named New Zealand's 2007 MacDiarmid Young Scientist of the Year for her pioneering work in the fight against Huntington's Disease.

Objective 15

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Number of University of Auckland Teaching Excellence Awards awarded	5	6	6	5
Number of staff participating in Academic Heads development and support programme	102	178	115	105
Number of staff awarded U21 fellowships	5	0	4	0
Number of general staff attending University-wide induction programme	414	332	300	200
Number of general staff Excellence Awards awarded	3	3	3	3
Number of scholarships provided for staff to participate in executive management education programmes	6	8	6	6
Number of staff participating in the Women in Leadership programmes	142	222	190	193
Number of Equity Awards	4	3	4	4

- New Zealand honours were awarded to several academics:
 - Officer of the New Zealand Order of Merit: Associate Professor Annie Goldson (Film, TV and Media Studies) for services to film, in the Queens Birthday Honours 2007;
 - Companion of the New Zealand Order of Merit: Distinguished Professor Ted Baker (School of Biological Sciences) for services to science and Professor Gregor Coster for services to public health.
- Royal Society of New Zealand and other medals and awards won by University staff were:
 - Professor Richard Faull (Anatomy) was awarded the Rutherford Medal for contribution to the advancement of science or technology;
 - Professor Innes Asher (Paediatrics) won the HRC's Liley Medal for contribution to medical and health sciences;
 - Professor Bruce Melville (Civil and Environmental Engineering) received the RJ Scott Medal;
 - Professor Zoran Salcic (Computer Systems Engineering) and Professor Chris Wild (Statistics) were both elected Fellows of the Royal Society of New Zealand;
 - Professor Murray Mitchell (Liggins Institute) received the James Cook Fellowship.
- Other New Zealand honours and awards won included:
 - Associate Professor Michelle Leggott, (English) was appointed as the inaugural New Zealand Poet Laureate;
 - Dr Nicolette Sheridan (Nursing) had her doctoral research acknowledged with a Te Amorangi: National Māori Academic Excellence Award;
 - Professors Bill Denny and Bill Wilson (Cancer Research Centre) were named joint recipients of this year's Distinguished Biotechnologist Award at the annual NZBio Conference;
 - Professor George Ferguson (Chemical and Materials Engineering), was awarded the Richard Henry Cooper Memorial Award for an Outstanding Contribution to Metallurgical and Materials Engineering in NZ by the Society of Materials New Zealand Incorporated;
 - Dr Christine Rubie-Davies (Teaching, Learning and Development) was a recipient of a National Tertiary Teaching Excellence Award;
 - Hūfanga Dr Okusitino Māhina (Anthropology) received the Creative New Zealand Pacific Heritage Arts Award.
- The following staff were made Fellows of the New Zealand Academy of the Humanities Te Matanga o te Whaingā Aronui:
 - Professor James Belich (History);
 - Associate Professor Stephen Davies (Philosophy);
 - Professor Michael Neill (English Literature);
 - Professor Nick Perry (Media Studies);
 - Distinguished Professor Dame Anne Salmond (Social Anthropology, Māori Studies and History).
- International honours accorded members of the University included:
 - Dr Rosemary Arnoux (European Languages and Literatures) received the prestigious French Ministry of Education award of Chevalier des Palmes académiques from the French Ambassador to New Zealand, for her outstanding services as a teacher of French language and culture;
 - Professor Margaret Brimble (Chemistry) was named a 2007 Laureate at the L'Oreal UNESCO Women in Science awards;
 - Associate Professor Cameron Grant (Paediatrics) awarded a Fulbright Senior Scholarship for 2008;
 - Professor David Ryan (Engineering Science) became only the second person in the Southern Hemisphere to be inducted as a Fellow of the Institute for Operations Research and the Management Sciences, US;
 - Professor Pierre Quenneville, who recently joined the Department of Civil Engineering, was awarded the

Canadian Wood Council - Wood Champion award.

- A Staff Survey was conducted with 54 percent staff participation, to assess the current culture and climate of the University. Staff Survey Action Planning Workshops were completed in November. Over 170 staff, with attendance from all faculties and service divisions, and both general and academic staff, participated. These workshops were an important step

in understanding the survey results and determining how these can assist the University to improve the working environment for staff.

- The University continued to develop its leadership programmes for academic and general staff.
- General Staff Excellence awards were presented in November, recognising the value colleagues place on staff

contributions to the University. The 2007 awardees were:

- Rachel Chidlow (Information Commons) for excellence in leadership;
- Susan Pullen (Auckland Cancer Society Research Centre) for sustained excellence in performance;
- Leonie Hayes, Yin Yin Latt and Vanessa Newton-Wade (Digital Services) for sustained excellence in innovation.

Resourcing and organising for quality

Objective 16

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

Performance Indicators*

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Total revenue (\$000)	651.6	667.3	707.5	740.8
Operating surplus as a % of revenue	3.0%	3.1%	3%	3.0%
Operating cash receipts as a % of operating cash payments	120%	116%	115%	119%
Net equity (\$000)	1,013.2	1,037.0	1,055.1	1,185.7
Months cash cover	12.10%	16.79%	12.78%	20.34%

*Some numbers have been adjusted for reporting under NZ IFRS.

- The University conducted Semestral Reviews of faculties and service divisions, where actual and forecast performance were measured against budget.
- The University completed monthly reviews of financial performance and monitoring against budget and forecasts. Variances were investigated and appropriate actions were taken.
- The University conducted robust, independent business case reviews of capital expenditure proposals prior to approval to proceed.
- The University reviewed its long-term capital plan and financial projections and developed an accommodation strategy aligned with the University's Strategic Plan.
- The University ensures that internal compliance measures are constantly reviewed, updated and enforced to maintain standards of best practice.
- The University now reports under International Financial Reporting Standards (IFRS). Issues and transition effects were identified, and IFRS adjustments have been finalised with auditors. A clear information and introduction programme was given to all finance managers across the University.
- The automation of withholding tax in PeopleSoft is complete, replacing manual intervention and consequently minimising tax errors and costs.

Objective 17

Increase and diversify the University's revenue.

- The University has successfully applied for funding of research projects from external providers.
- The University is engaged by external organisations to advance their research needs.
- The University has entered into collaborative activities with other universities, locally and internationally, to advance research projects that offer opportunities to diversify funding streams.
- The annual revenue for UniServices has grown rapidly from \$75.6 million in 2006 to \$86.9 million in 2007, making it the largest organization of its kind in Australasia.
- The market capitalization of companies based upon the University's licensed technology decreased to \$550 million in 2007. UniServices Ltd remains involved with, and owns shares in, most of these companies.

Objective 18

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

- The completion of the Owen G Glenn Building was a significant milestone in 2007. The Faculty of Business and Economics moved into the new building, which boasts two six hundred seat lecture theatres and uses state-of-the-art lecture room facilities.
- The ten year maintenance plan for buildings and infrastructure was further developed and several projects are underway. In excess of 240 large, medium, refurbishment, mechanical and miscellaneous projects were also undertaken.
- A risk analysis of expensive equipment in faculties has been completed.
- An evaluation of the usage of the Maidment Theatre was carried out.
- The redevelopment of the Grafton Campus has begun – the administration on level five has been moved out and refurbishment has begun to transform the space into laboratory facilities, modelled on the successful open plan research laboratory design common in modern Australian research institutes; this will accommodate over 90 research active staff and students.
- The School of Pharmacy’s AnQual Laboratory was formally opened in April. As a fully fledged GLP facility it provides a quantum jump in the teaching capabilities of the School of Pharmacy, and also complements the drug development activities across the Faculty of Medical and Health Sciences and wider University.
- The programme to upgrade the City Campus lecture theatres which commenced in 2006 has proceeded well with some theatres completed and work underway on several others. To date contracts for three upgrade packages have been let and a fourth is in the pipeline at year’s end.
- A further review of teaching spaces was carried out across all campuses and more intensive reviews undertaken in association with defined projects, including the Grafton Campus redevelopment, postgraduate study needs and the co-location of various Faculty of Arts departments.
- The University provides advanced facilities that enable pioneering research projects to be conducted. For example, the Centre of Applied Optics had a laser laboratory and laser equipment installed.

Objective 19

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
Report at least twice annually to Audit Committee on key issues in risk management	Achieved	Achieved	Achieved	Achieved
Implement annual internal audit plan and carry out recommendations	Achieved	Achieved	Achieved	Achieved

- The University conducted a review to enable the clarification and streamlining of human resource and financial delegations.
- The Council undertook a review of its sub-committees and their terms of reference.



Objective 20

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

Performance Indicators

	2005 Actual	2006 Actual	2007 Target	2007 Actual
% of service divisions and faculties participating in University-wide continuous improvement process	70%	84%	100%	100%
Number of Administrative Function Reviews	2	2	2	2
Annual review of Capital Plan and Financial projections	Achieved	Achieved	Achieved	Achieved

- The University undertook administrative function reviews of the International Office and Student Services. Reports on the administrative reviews of the Research Office and Human Resources were published and their recommendations are being implemented.
 - 100 percent of the University faculties and service divisions are participating in the Continuous Improvement Programme (CIP).
- The programme has initiated efficiency improvements in University processes.
- The Council approved the Budget Report 2008 and noted the Key Performance Indicators for faculties and LSRI's, prepared against each of the University's Strategic Plan objectives.
 - Faculty and service divisions submitted their own strategic plans and/or 2008
- Annual Plans using the University Strategic Plan as a template, to ensure alignment between planning at all levels.
- The University negotiated its first Investment Plan/Profile with the Tertiary Education Commission to secure funding that will permit it to achieve, over time, the goals of its Strategic Plan.



Statement of resources

Buildings

	2005	2006	2007
Gross area of University buildings (m ²)	425,819	422,174	492,578

Land

The University is responsible for a total land area of 187.2ha. This includes 18.5ha on the City Campus, 32.4ha at the Tamaki Campus, 1.5ha at Whangarei and 122.1ha at Leigh Marine Research Laboratory and various bush reserves.

Library Resources

	2005	2006	2007
Collections			
Printed books and theses	1,579,812	1,618,142	1,646,544
Printed serials (volumes)	579,002	588,742	589,489
Total printed volumes	2,158,814	2,206,884	2,236,033
Electronic books	217,191	283,997	295,506
Print serials titles	6,044	5,890	5,551
Electronic serials titles	66,063	81,699	82,900
Services			
Loans – total	1,185,287	1,178,766	1,140,513
LEARN sessions	4,204,728	5,046,290	5,783,910
Library teaching sessions	2,102	1,865	1,590*
Attendance at Library teaching sessions	28,125	25,081	19,966*
Number of libraries/Information Commons	17	16	16
General Library average open hours per week	90	90	90
Information Commons average hours open per week	113	113	113
Study spaces	3,618	3,733	3,694
Study/training spaces with computer workstations	944	1,064	1,089
Total number of study spaces	4,562	4,797	4,783

* Statistics from 2007 do not include Law academic courses taught by the Library.



Financial statements


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STATEMENT OF RESPONSIBILITY

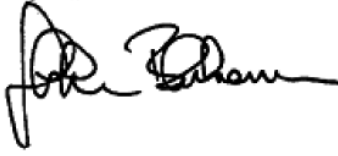
- The Council and management of The University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them. In meeting their responsibility, the Council and management of The University of Auckland have considered carefully the appropriate accounting treatment for suspensory loans received from the Crown in relation to two Partnerships for Excellence. As more fully explained in Note 17 to the financial statements, and after receiving expert, professional advice, the Council and management of The University of Auckland believe that these loans should be recognised as liabilities until they are forgiven consequent on the University meeting the contractual milestones relating to each loan, at which time they should be recognised in the Statement of Financial Performance as revenue, not through the Statement of Changes in Equity as an owner’s contribution. The University’s auditor disagrees with this treatment and believes these loans should have been recognised as capital contributions from the Crown. The auditor’s unqualified report, which includes a statement of their disagreement on this matter, is set out on pages 93 to 94.
- 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 2007 fairly reflect the financial position and operations of The University of Auckland.
- The Council of The University of Auckland has reviewed these financial statements and by resolution approved these financial statements for issue at its meeting of 25 February 2008.



Hugh Fletcher
CHANCELLOR



Professor Stuart McCutcheon
VICE-CHANCELLOR



Johnathan Blakeman
DIRECTOR OF ADMINISTRATION

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 December 2007

Reporting Entity

The financial statements of The University of Auckland and its subsidiaries for the year ended 31 December 2007 were approved for issue by the Council on 25 February 2008.

The University of Auckland was established by The University of Auckland Act 1961. The principal activity of the University is the provision of teaching and research services.

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

The University of Auckland and its subsidiaries (the consolidated entity) are designated as public benefit entities for financial reporting purposes.

Basis of Preparation

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.

These financial statements are the first parent and consolidated entity annual financial statements to be prepared in accordance with NZ IFRS. NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards has been applied in the preparation of these financial statements.

Financial statements of the consolidated entity until 31 December 2006 were prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the financial statements, the University has amended certain accounting policies applied in NZ FRS financial statements to comply with NZ IFRS. The comparative figures in

respect of 2006 have been restated to reflect these amendments.

Reconciliations and descriptions of the effect of the transition from previous NZ FRS to NZ IFRS on the University's equity, income and statement of cashflows are given in Note 25.

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 and works of art.

Works of art and land and buildings are revalued every three years and are stated at revalued amount less impairment and subsequent accumulated depreciation on buildings.

Judgments and Estimations

In the application of NZ IFRS 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. 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.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an

opening NZ IFRS balance sheet at 01 January 2006 for the purposes of the transition to NZ IFRS.

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 exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

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

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

Associates

Associates are all entities over which the consolidated entity has significant influence but not control and that is neither a subsidiary or interest in a joint venture, generally evidenced by holdings of between 20 percent and 50 percent of the voting rights.

The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence

STATEMENT OF ACCOUNTING POLICIES

commences until the date that significant influence ceases.

When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

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.

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 consolidated entity 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. Foreign exchange differences arising on translation are recognised in profit or loss.

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 at the reporting date exchange rate of monetary assets and liabilities denominated in foreign currencies are

recognised in the income statement, except where cash flow hedge accounting is used and the resulting foreign exchange gains and losses are deferred in equity reserves.

Revenue

Government Grants

Government grants are recognised as revenue upon entitlement. 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 and Service Income

Tuition fees and service income are recognised as revenue upon entitlement.

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.

Donations received specifically as capital contributions toward the acquisition of assets or endowments which are not available as a contribution towards operating costs are accounted for as unusual items in the income statement when recognised.

Sponsored Research

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

Derivative Financial Instruments

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

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

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

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. 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, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

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

STATEMENT OF ACCOUNTING POLICIES

Financial Assets

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the entity financial statements.

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

Financial Assets Designated as at Fair Value through Profit or Loss

The consolidated entity holds restricted investments which have been designated as financial assets at fair value through profit or loss. Any resultant gain or loss is reflected in the Income Statement which is later reflected as a movement in Trust and Special Equity. These assets are stated at fair value. Fair value is determined in the manner described in Note 9.

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

Available-for-Sale Financial Assets

Certain shares held by the consolidated entity are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

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.

Property, Plant and Equipment

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

Any revaluation increase arising on the revaluation of land and buildings or works of art is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement 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 profit or loss 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.

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.

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. All subsequent acquisitions are recorded at cost less accumulated depreciation. All permanent withdrawals from the collection are recorded at average cost.

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

Leasehold Improvements are carried at cost less accumulated depreciation.

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

Depreciation

All items of property, plant and equipment other than freehold land and works of art are depreciated using the straight-line method (except for the Library collection, which uses the diminishing value method) at rates that will write off the cost or 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 (excluding serials)	8% DV
Serials	10%
Teaching and research equipment	10 - 20%
Computer equipment	33 - 50%
Plant and equipment	5 - 20%
Leasehold improvements	9 - 21%
Other property, plant and equipment	10 - 20%

Depreciation on buildings is recognised in Property Services as an occupancy cost and charged to activity centres on the basis of square metres occupied.

STATEMENT OF ACCOUNTING POLICIES

Intangible Assets

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment.

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 (3 to 5 years) on a straight line basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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 annually and 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 an 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 (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit

or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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

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

Employee Entitlements

Provision is made in respect of 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 they 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 Accounts Receivable and Accounts Payable which are stated inclusive of GST. The balance of GST payable to the Inland Revenue Department is included in Accounts Payable.

Taxation

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

Trust and Special Funds

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

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 installments 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 balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

Where the consolidated entity is the lessor, assets leased to third parties under operating leases are included in property, plant and equipment in the Balance Sheet. 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.

STATEMENT OF ACCOUNTING POLICIES

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.

Restructuring

Restructuring is a programme planned and controlled by management that materially changes the scope of a business undertaken by the consolidated entity or the manner in which that business is conducted. The consolidated entity recognises a provision for restructuring when the Council have approved a detailed formal plan, and the restructuring has commenced or a public announcement regarding the restructuring has been made. Costs and expenditures related to ongoing operations are not included in the provision for restructuring.

Statement of Cash Flows

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

Operating Activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Operating activities include all transactions and other events that are not investing or financing activities.

Investing Activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can

include securities not falling within the definition of cash and cash equivalents.

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

Interest Paid and *Interest and Dividends Received* are classified as financing cash flows and investing cash flows respectively.

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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Budget Figures

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

The budget figures have been prepared in accordance with NZ IFRS.

Changes in Accounting Policy

These financial statements are the consolidated entity's first annual financial statements prepared in accordance with NZ IFRS. The accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening NZ IFRS balance sheet at 01 January 2006 for the purposes of the transition to NZ IFRS.

Reconciliations and descriptions of the effect of the transition from previous NZ FRS to NZ IFRS on the University's equity, income and statement of cash flows are given in Note 25.

Change in Accounting Estimate

During 2007 the library identified that there had been significant changes in publishing and purchasing trends for hardcopy serials. Based on this new information, management considers a 10 percent straight line depreciation rate to be more indicative of how the future economic benefits of this asset type will be consumed

in the future. Depreciation rates for this asset class have been adjusted accordingly from 8 percent diminishing value to 10 percent straight line.

An additional \$27.391 million of depreciation expense in relation to these assets has been recognised in 2007. The 2008 impact is estimated to be a depreciation savings of \$0.424 million.

Standards and Interpretations In Issue Not Yet Effective

At the date of authorisation of the annual report, the following standards and interpretations were in issue but not yet effective. The revised standards are not expected to have a material impact on the amounts recognised in the annual report but will change the presentation and disclosures currently made.

NZ IAS 1 Presentation of Financial Statements – revised standard

Effective for annual reporting periods beginning on or after 1 January 2009. Expected to be initially applied in the financial year ending 31 December 2009.

The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a statement of comprehensive income) or in two statements (an income statement and a statement of comprehensive income), separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

NZ IFRS 3 Business Combinations – revised standard and NZ IAS 27 Consolidated and Separate Financial Statements – revised standard

Effective for annual reporting periods beginning on or after 1 July 2009. Expected to be initially applied in the financial year ending 31 December 2010.

The revised NZ IFRS 3 and NZ IAS 27 together change the accounting for business combinations.

Key changes to NZ IFRS 3 affect the recognition and measurement rules for pre-existing contracts, costs incurred in a business combination, and the calculation of goodwill for business combinations

STATEMENT OF ACCOUNTING POLICIES

achieved in stages. The revised NZ IFRS 3 also provides two options for measurement of minority interest, requires the reassessment and designation of existing contractual arrangements, and restricts subsequent changes to the initial measurement of contingent consideration.

Key changes to the revised NZ IAS 27 include the requirement to record changes in a parent's ownership interest in a subsidiary that do not result in a loss of control within shareholders' equity and

the requirement, upon loss of control of a subsidiary, to remeasure to fair value the remaining investment in the former subsidiary. By consequential amendment to IAS 28 and IAS 31, the treatment required for loss of control is extended to investments in associates and joint ventures. The revised NZ IAS 27 also requires a parent to attribute the minority interest's share of total comprehensive income to the minority interest even when this would result in the minority interest having a deficit balance.

The revised NZ IFRS 3 and revised NZ IAS 27 are to be applied prospectively to business combinations and changes in control in reporting periods beginning on or after 1 July 2009. Accordingly no restatements will be required in respect of transactions prior to the date of adoption.

No other standards and interpretations in issue not yet effective are expected to have a material impact on the annual report of the consolidated entity.

INCOME STATEMENT

for the year ended 31 December 2007

	Note	CONSOLIDATED			UNIVERSITY	
		2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Operating revenue						
Government grants	1	301,837	282,779	255,259	301,837	255,259
Tuition fees		167,065	169,198	161,849	167,065	161,849
Research contracts		162,949	154,113	153,175	80,195	80,114
Service income		83,013	81,999	78,008	91,965	85,937
Donations		5,165	6,019	2,774	5,165	2,774
Interest		8,665	6,580	5,962	7,452	5,780
Other income	2	12,145	6,769	10,288	11,949	10,123
Total operating revenue		740,839	707,457	667,315	665,628	601,836
Operating expenses						
People costs	3	408,796	401,093	386,610	360,320	344,155
Operating costs	4	213,198	216,183	192,537	188,798	170,697
Depreciation and amortisation	5	96,422	68,928	67,334	95,380	66,300
Total operating expenses		718,416	686,204	646,481	644,498	581,152
Operating surplus for the year before unusual items		22,423	21,253	20,834	21,130	20,684
Unusual items						
Donations for capital projects	6	195		321	195	321
Restructuring provision				(4,517)		(4,517)
Net surplus		22,618	21,253	16,638	21,325	16,488
Attributable to:						
Members of the parent entity		22,618	21,253	16,638	21,325	16,488
Minority interest						

The Statement of Accounting Policies on pages 59 to 64 and the Notes to the Financial Statements on pages 69 to 91 form part of and should be read in conjunction with this statement.

BALANCE SHEET

as at 31 December 2007

	Note	CONSOLIDATED			UNIVERSITY	
		2007 Actual \$'000	2007 Budget \$'000	2006 Actual \$'000	2007 Actual \$'000	2006 Actual \$'000
Current assets						
Cash and cash equivalents	9	26,445	502	13,195	20,561	9,472
Short term investments – unrestricted	9	15,500	925	4,505	15,500	4,500
Short term investments – restricted	9		625	193		193
Receivables and prepayments	10	45,930	43,920	40,444	44,658	29,537
Inventories and research work in progress	11	13,496	6,939	8,978	5,082	3,110
Total current assets		101,371	52,911	67,315	85,801	46,812
Non current assets						
Long term investments – unrestricted	9	150	150	150	1,150	1,150
Long term investments – restricted	9	18,419	15,855	21,930	16,479	15,930
Loans	9	1,811	1,717	1,811	1,650	1,580
Property, plant and equipment	12	1,304,479	1,220,174	1,161,403	1,292,046	1,156,304
Intangible assets	13	7,728		6,497	6,225	5,590
Total non current assets		1,332,587	1,237,896	1,191,791	1,317,550	1,180,554
Total assets		1,433,958	1,290,807	1,259,106	1,403,351	1,227,366
Current liabilities						
Bank overdraft			21,370			
Finance lease liabilities	18	726	726	726	726	726
Payables	14	170,021	159,838	160,503	147,624	137,599
Employee entitlements	15	23,167	20,257	21,587	22,637	21,222
Provisions	16	12,760	4,134	9,359	12,760	9,359
Derivative financial instruments	9	83		956	83	956
Total current liabilities		206,757	206,325	193,131	183,830	169,862
Non current liabilities						
Employee entitlements	15	28,268	29,341	26,740	28,240	26,740
Income in advance	17	12,000			12,000	
Finance lease liabilities	18	1,089		1,816	1,089	1,816
Total non current liabilities		41,357	29,341	28,556	41,329	28,556
Total liabilities		248,114	235,666	221,687	225,159	198,418
Net assets		1,185,844	1,055,141	1,037,419	1,178,192	1,028,948
Equity						
General equity	21	832,481	835,513	811,051	827,350	807,213
Reserves	22	335,321	202,103	209,276	332,982	205,064
Trust and special funds	23	17,860	17,525	16,671	17,860	16,671
Parent entity interest		1,185,662	1,055,141	1,036,998	1,178,192	1,028,948
Minority interest		182		421		
Total equity		1,185,844	1,055,141	1,037,419	1,178,192	1,028,948

The Statement of Accounting Policies on pages 59 to 64 and the Notes to the Financial Statements on pages 69 to 91 form part of and should be read in conjunction with this statement.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the year ended 31 December 2007

	Note	CONSOLIDATED			UNIVERSITY	
		2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Gain/(loss) on works of art revaluation	22			4,590		4,590
Gain/(loss) on land and buildings revaluation	22	127,045			127,045	
Available-for-sale investments:	22					
Valuation gain/(loss) taken to equity		(309)		3,538		
Transferred on sale		(1,564)				
Transferred to profit or loss on impairment						
Cash flow hedges:	22					
Valuation gain/(loss) taken to equity		(748)		(987)	(748)	(983)
Transferred to profit or loss for the period						
Transferred to initial carrying amount of hedged item		1,621		31	1,621	27
Net income recognised directly in equity		126,045		7,172	127,918	3,634
Surplus for the period		22,618	21,253	16,638	21,325	16,488
Total recognised income and expense for the period		148,663	21,253	23,810	149,243	20,122
Attributable to:						
Members of the parent entity		148,663	21,253	23,810	149,243	20,122
Minority interest						

The Statement of Accounting Policies on pages 59 to 64 and the Notes to the Financial Statements on pages 69 to 91 form part of and should be read in conjunction with these statements.

CASH FLOW STATEMENT

for the year ended 31 December 2007

	Note	CONSOLIDATED			UNIVERSITY	
		2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Cash flows from operating activities						
Government grants		302,339	282,584	258,041	302,339	258,041
Tuition fees		174,588	173,965	168,749	174,588	168,749
Dividends received		120		32	120	32
Other operating receipts		262,625	253,695	248,962	182,859	181,120
Goods and services tax		1,301	1,089	(2,332)	1,157	(2,146)
Payments to employees		(374,785)	(361,334)	(333,113)	(335,942)	(299,724)
Other operating payments		(246,957)	(257,913)	(249,325)	(211,865)	(220,819)
Net cash provided by (used in) operating activities	8	119,231	92,086	91,014	113,256	85,253
Cash flows from investing activities						
Interest received		8,238	4,408	6,202	7,025	6,020
Advance from subsidiary					6,000	19,700
Advance to subsidiary					(8,000)	
Investments		(9,051)		29,631	(11,076)	24,012
Property, plant and equipment and work in progress		(116,348)	(125,963)	(143,729)	(107,296)	(141,252)
Net cash provided by (used in) investing activities		(117,161)	(121,555)	(107,896)	(113,347)	(91,520)
Cash flows from financing activities						
Convertible loan		12,000			12,000	
Interest paid			(84)	(85)		(85)
Repayment of finance lease liabilities		(726)	(836)	(726)	(726)	(726)
Net cash provided by (used in) financing activities		11,274	(920)	(811)	11,274	(811)
Net increase/(decrease) in cash and cash equivalents						
		13,344	(30,389)	(17,693)	11,183	(7,078)
Cash and cash equivalents at the beginning of the financial year		13,195	9,521	30,862	9,472	16,524
Effects of exchange rate changes on cash		(94)		26	(94)	26
Cash and cash equivalents at the end of the financial year		26,445	(20,868)	13,195	20,561	9,472

The Statement of Accounting Policies on pages 59 to 64 and the Notes to the Financial Statements on pages 69 to 91 form part of and should be read in conjunction with this statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1 Government grants

	CONSOLIDATED/UNIVERSITY		
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000
Student component funding	226,912	220,042	217,248
Clinical training agency	1,919	1,834	1,876
Other government grants	5,214	5,225	2,460
PBRF income	67,792	55,678	33,675
Total government grants	301,837	282,779	255,259

2 Other income

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Other income includes the following specific income:					
Change in fair value of financial assets classified as fair value through profit and loss	356		1,474	356	1,474
Hedging gains			22		18

3 People costs

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Academic salaries	204,065	199,627	188,299	185,007	171,637
General salaries	161,283	156,919	143,583	141,305	126,731
Defined contribution expense	8,103	7,291	7,096	8,103	7,096
Other salary related expenses	35,345	37,256	47,632	25,905	38,691
Total people costs	408,796	401,093	386,610	360,320	344,155

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

4 Operating costs

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Operating costs include the following specific expenses:					
Losses					
Loss on disposal of property, plant and equipment	909	408	2,716	909	2,629
Net foreign currency loss/(gain)	94		302	94	(26)
Finance costs					
Interest expense			172	2,639	1,875
Prizes and scholarships					
	19,722	19,819	19,204	19,719	19,179
Operating leases					
Properties	8,692	8,711	9,578	8,692	9,578
Equipment	6,942	9,825	8,008	6,911	7,977
Total operating leases costs	15,634	18,536	17,586	15,603	17,555
Auditor remuneration					
Audit services	268	268	262	229	222
Other services	37	30	25	29	25
Total auditor remuneration	305	298	287	258	247

5 Depreciation and amortisation

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Depreciation					
Building and leasehold improvements	33,262	31,618	31,246	33,085	30,952
Library collection	36,985	9,608	9,343	36,985	9,343
Plant and equipment	22,620	26,976	21,743	21,945	21,061
Leased equipment	726	726	726	726	726
Total depreciation	93,593	68,928	63,058	92,741	62,082
Amortisation					
Software	2,829		4,276	2,639	4,218
Total depreciation and amortisation	96,422	68,928	67,334	95,380	66,300

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

6 Unusual items

	CONSOLIDATED/UNIVERSITY		
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000
Donations for capital projects	195		321
Restructuring provision			(4,517)
Total unusual items	195		(4,196)

A provision was made in the 2006 financial statements to cover the expected costs of restructuring particular faculties. This provision was supported by a detailed restructuring plan.

7 Cost of service statements

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

- Teaching and research - Research programmes - Academic services - Institutional services

The Cost of Service Summary on page 92 reconciles costs and income from significant activities to total revenue and total expenses as disclosed in the Income Statement.

8 Reconciliation of operating surplus and net cash flows from operating activities

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Net surplus for the year	22,618	21,253	16,638	21,325	16,488
Add/(less) non cash items					
Depreciation and amortisation	96,422	68,928	67,334	95,380	66,300
Changes in fair value of financial assets	(356)		(1,474)	(356)	(1,474)
Donated assets	(1,686)	(3,029)	(2,142)	(1,686)	(2,142)
Foreign exchange fluctuation	94		(26)	94	(26)
Other non-cash items	7		(22)	7	(18)
	94,481	65,899	63,670	93,439	62,640
Changes in net assets and liabilities					
(Increase)/decrease in receivables and prepayments	(5,486)	(2,896)	485	(15,121)	5,808
(Increase)/decrease in inventory and research work in progress	(4,518)	(828)	7,903	(1,972)	179
Increase/(decrease) in payables and provisions	12,919	7,615	(1,816)	13,426	15,592
Increase in employee entitlements	1,580		5,584	1,415	5,488
	4,495	3,891	12,156	(2,252)	27,067
Add/(less) items classed as investing activity					
Repayment of short term borrowings					
Interest income	(8,665)	(6,580)	(5,962)	(7,452)	(5,780)
(Gain)/loss on sale of property, plant and equipment	909	(1)	2,716	909	2,629
Movements in working capital relating to investing	3,865	5,804	334	5,787	(19,921)
	(3,891)	(777)	(3,580)	(756)	(23,072)
Add/(less) items classed as financing activity					
Interest paid		85	85		85
Operating expenditure relating to movements in non current employee entitlements	1,528	1,735	2,045	1,500	2,045
Net cash flow from operating activities	119,231	92,086	91,014	113,256	85,253

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

9 Financial instruments

Financial risk management practices

Exposure to credit, interest rate and currency risks arise in the normal course of the University's business. 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 is mitigated through the use of forward currency contracts which are utilised in accordance with Treasury policy.

The following table details the forward foreign currency contracts outstanding as at reporting date:

	CONSOLIDATED/UNIVERSITY							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2007	2006	2007 FC'000	2006 FC'000	2007 NZ\$'000	2006 NZ\$'000	2007 NZ\$'000	2006 NZ\$'000
Buy US Dollars								
Less than 6 months	0.7589	0.6320	2,215	1,136	2,919	1,798	2	(176)
6 to 12 months	0.7272	0.6071	993	3,110	1,366	5,122	(14)	(593)
Buy Australian Dollars								
Less than 6 months	0.8580	0.8943	469	33	538	37	(7)	
Buy Great British Pounds								
Less than 6 months	0.3646	0.3363	250	126	686	374	(30)	(23)
6 to 12 months	0.3636	0.3311	195	450	536	1,359	(14)	(78)
Buy Euros								
Less than 6 months	0.5106	0.5332	439	1,287	860	2,413	(19)	(6)
6 to 12 months	0.5040	0.4755	125	465	248	978	(1)	(80)
Buy Japanese Yen								
Less than 6 months	84.6870		3,070		36			
					7,189	12,081	(83)	(956)

As at reporting date the aggregate amount of realised losses under forward foreign exchange contracts relating to anticipated future transactions is \$0.083 million (2006: \$0.956 million). In the current year, these losses have been deferred in the hedging reserve to the extent the hedge is effective.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

Interest rate risk

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

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2007:

	Weighted average interest rate	Variable interest rate \$000	Fixed maturity dates			Total
			Mature within one year \$000	Mature in one to two years \$000	Non interest bearing \$000	\$000
Loans and Receivables						
Cash and cash equivalents	8.48%	5,485	20,960			26,445
Bank deposits and bills	8.73%		15,500			15,500
Receivables					26,753	26,753
Financial Liabilities at Amortised Cost						
Payables					(75,564)	(75,564)
Available-for-Sale Financial Assets						
Share portfolio					1,881	1,881
Other Financial Assets						
Other investments					2,020	2,020
Designated at Fair Value						
Restricted funds - externally managed equities portfolio					8,176	8,176
Restricted funds - externally managed bonds and cash portfolio					8,303	8,303
Total financial instruments – consolidated		5,485	36,460		(28,431)	13,514

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2006:

	Weighted average interest rate	Variable interest rate \$000	Fixed maturity dates			Total
			Mature within one year \$000	Mature in one to two years \$000	Non interest bearing \$000	\$000
Loans and Receivables						
Cash and cash equivalents	6.27%		13,195			13,195
Bank deposits and bills	7.65%		4,505			4,505
Receivables					29,226	29,226
Financial liabilities at Amortised Cost						
Payables					(81,833)	(81,833)
Available-for-Sale Financial Assets						
Share portfolio					5,919	5,919
Other Financial Assets						
Other investments					2,042	2,042
Designated at Fair Value						
Restricted funds - externally managed equities portfolio					6,909	6,909
Restricted funds - externally managed bonds and cash portfolio					9,214	9,214
Total financial instruments – consolidated			17,700		(28,523)	(10,823)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

The following table details the parent entity's exposure to interest rate risk as at 31 December 2007:

	Weighted average interest rate	Variable interest rate \$000	Fixed maturity dates		Non interest bearing \$000	Total \$000
			Mature within one year \$000	Mature in one to two years \$000		
Loans and Receivables						
Cash and cash equivalents	8.51%	1,561	19,000			20,561
Bank deposits and bills	8.73%		15,500			15,500
Loans from subsidiary company	8.10%		(37,700)			(37,700)
Loan to subsidiary			8,000			8,000
Receivables					17,525	17,525
Financial Liabilities at Amortised Cost						
Payables					(59,073)	(59,073)
Other Financial Assets						
Investment in subsidiary					1,000	1,000
Other investments					1,800	1,800
Designated at Fair Value						
Restricted funds – externally managed equities portfolio					8,176	8,176
Restricted funds – externally managed bonds and cash portfolio					8,303	8,303
Total financial instruments – parent		1,561	4,800		(22,269)	(15,908)

The following table details the parent entity's exposure to interest rate risk as at 31 December 2006:

	Weighted average interest rate	Variable interest rate \$000	Fixed maturity dates		Non interest bearing \$000	Total \$000
			Mature within one year \$000	Mature in one to two years \$000		
Loans and Receivables						
Cash and cash equivalents	7.22%		9,472			9,472
Bank deposits and bills	7.65%		4,500			4,500
Loans from subsidiary company	7.45%		(31,700)			(31,700)
Receivables					18,319	18,319
Financial Liabilities at Amortised Cost						
Payables					(64,659)	(64,659)
Other Financial Assets						
Investment in subsidiary					1,000	1,000
Other investments					1,730	1,730
Designated at Fair Value						
Restricted funds – externally managed equities portfolio					6,909	6,909
Restricted funds – externally managed bonds and cash portfolio					9,214	9,214
Total financial instruments – parent			(17,728)		(27,487)	(45,215)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	Note	CONSOLIDATED		UNIVERSITY	
		2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Disclosed in the balance sheet as:					
Cash and cash equivalents		26,445	13,195	20,561	9,472
Short term investments – unrestricted		15,500	4,505	15,500	4,500
Short term investments – restricted			193		193
Long term investments – unrestricted		150	150	1,150	1,150
Long term investments – restricted		18,419	21,930	16,479	15,930
Loans		1,811	1,811	1,650	1,580
Disclosed in the notes to the accounts as:					
Receivables	10	26,753	29,226	17,525	18,319
Loan to subsidiary company	10			8,000	
Payables	14	(75,564)	(81,833)	(59,073)	(64,659)
Loan from subsidiary company	14			(37,700)	(31,700)
Total Financial Instruments		13,514	(10,823)	(15,908)	(45,215)

Restricted investments are held for purposes specified by Endowments and Scholarships funds. They are not available for general University use.

Restricted investments include investment of Endowment Funds of \$5.498 million (2006: \$5.661 million) and Scholarship Funds of \$10.449 million (2006: \$8.989 million).

Fair values of financial assets and liabilities

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

Bank Deposits, Bank Bills, Receivables and Payables

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

Bank Bonds, Commercial Paper, NZ Government Securities, SOE Stock and Local Authority Stock

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

Derivative Financial Instruments

Forward exchange contracts are marked to market using listed market prices.

Share Portfolio

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

Independently Managed Trust Fund Investments

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

Loan to and from Subsidiary Companies

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

For the financial assets and liabilities listed above, the carrying value approximates to fair value as disclosed in the balance sheet.

Credit risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation. Financial assets, which potentially subject the University to concentrations of credit risk, consist of cash, short-term deposits, investments and forward foreign exchange contracts. The maximum credit risk as at 31 December 2007 is the fair value of the financial asset/liability. The University manages this risk by placing cash, short term deposits and investments 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 Receivables due to its relatively low value at any given time.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

Capital and liquidity risk management

The University of Auckland and its subsidiaries manages its capital to ensure all entities will be able to continue as a going concern. The capital structure of the consolidated entity consists of cash and cash equivalents and general equity, reserves and trust and special funds as disclosed in Notes 21, 22 and 23 respectively. The consolidated entity does not hold any share capital. 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 \$100 million, and an expiry date of 31 March 2008 and is reviewed annually. As at 31 December 2007, the University had not drawn down against this facility.

Shares in subsidiaries

Name	Interest 2007	Interest 2006	Principal activities	Balance date
Auckland UniServices Limited	100%	100%	Commercial research	31 December
Uni-Accommodation Limited	100%	100%	Student accommodation	31 December
Eversdale Holdings Limited	100%	Nil	Property holdings	31 December
via Auckland UniServices Limited the following subsidiaries also form part of the group				
NeuronZ Limited	89%	89%	Research	31 December
UniSports Limited	100%	100%	Non-trading	31 December
Lifestyle Compass Limited	100%	100%	Non-trading	31 December
New Zealand Seed Fund Partnership Limited	100%	100%	Non-trading	31 December
New Zealand Seed Fund Management Limited	100%	100%	Non-trading	31 December
E-Learnings Asia Pacific Limited	100%	100%	Non-trading	31 December
Cecil Limited	100%	100%	Non-trading	31 March

10 Receivables and prepayments

	Note	CONSOLIDATED		UNIVERSITY	
		2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Trade receivables		28,487	31,440	14,862	15,583
Less provision for doubtful debts		(2,261)	(2,313)	(1,801)	(1,188)
Net receivables	9	26,226	29,127	13,061	14,395
Related company receivables	9			3,938	3,825
Loan to subsidiary	9			8,000	
Accrued interest	9	527	99	527	99
Prepayments		19,177	11,218	19,132	11,218
Total receivables and prepayments		45,930	40,444	44,658	29,537

11 Inventories and research work in progress

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Raw materials	242	339	242	339
Research work in progress	12,726	8,058	4,312	2,190
Other work in progress	2	4	2	4
Finished goods	526	577	526	577
Total inventories and research work in progress	13,496	8,978	5,082	3,110

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

12 Property, plant and equipment

	CONSOLIDATED								Total
	Assets in use							Assets under construction	
Gross carrying amount	Freehold land at cost/valuation \$000	Buildings at cost/valuation \$000	Leasehold improvements at cost/valuation \$000	Library collection at cost/valuation \$000	Works of art at cost/valuation \$000	Plant and equipment at cost \$000	Leased plant and equipment at cost \$000	Capital work in progress at cost \$000	\$000
Balance as at 1 January 2006	163,817	630,808	21,738	176,466	8,509	208,699	3,631	97,730	1,311,398
Additions		5,104	203	13,677	185	22,808		99,257	141,234
Disposals			(3,666)	(840)	(189)	(7,429)			(12,124)
Transfers		75,401	2,340			2,663		(80,404)	
Net revaluation increments					4,590				4,590
Balance as at 1 January 2007	163,817	711,313	20,615	189,303	13,095	226,741	3,631	116,583	1,445,098
Additions	7,000	4,109	149	14,506	252	18,760		65,471	110,247
Disposals		(300)		(763)		(3,872)			(4,935)
Transfers		167,214				2,375		(169,615)	(26)
Net revaluation increments/ (decrements)	43,183	(2,861)							40,322
Balance as at 31 December 2007	214,000	879,475	20,764	203,046	13,347	244,004	3,631	12,439	1,590,706
Accumulated depreciation									
Balance as at 1 January 2006		27,105	12,175	66,852		122,900	363		229,395
Disposals			(2,028)	(241)		(6,489)			(8,758)
Transfers		(494)				494			
Depreciation expense		28,779	2,467	9,343		21,743	726		63,058
Balance as at 1 January 2007		55,390	12,614	75,954		138,648	1,089		283,695
Disposals		(255)		(298)		(3,787)			(4,340)
Transfers		(4)				6			2
Depreciation expense		31,777	1,485	36,985		22,620	726		93,593
Net revaluation decrements		(86,723)							(86,723)
Balance as at 31 December 2007		185	14,099	112,641		157,487	1,815		286,227
Net book value									
As at 31 December 2006	163,817	655,923	8,001	113,349	13,095	88,093	2,542	116,583	1,161,403
As at 31 December 2007	214,000	879,290	6,665	90,405	13,347	86,517	1,816	12,439	1,304,479

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	UNIVERSITY								Total \$000
	Assets in use							Assets under construction	
Gross carrying amount	Freehold land at cost/valuation \$000	Buildings at cost/valuation \$000	Leasehold improvements at cost/valuation \$000	Library collection at cost/valuation \$000	Works of art at cost/valuation \$000	Plant and equipment at cost \$000	Leased plant and equipment at cost \$000	Capital work in progress at cost \$000	
Balance as at 1 January 2006	163,155	630,359	19,614	176,466	8,509	203,030	3,631	97,729	1,302,493
Additions		5,104	202	13,677	185	22,557		99,257	140,982
Disposals			(3,405)	(840)	(189)	(7,375)			(11,809)
Transfers		75,401	2,340			2,663		(80,404)	
Net revaluation increments					4,590				4,590
Balance as at 1 January 2007	163,155	710,864	18,751	189,303	13,095	220,875	3,631	116,582	1,436,256
Additions		3,109	149	14,506	252	18,578		65,471	102,065
Disposals		(300)		(763)		(3,872)			(4,935)
Transfers		167,214				2,400		(169,614)	
Net revaluation increments/ (decrements)	43,183	(2,861)							40,322
Balance as at 31 December 2007	206,338	878,026	18,900	203,046	13,347	237,981	3,631	12,439	1,573,708
Accumulated depreciation									
Balance as at 1 January 2006		27,071	11,454	66,852		120,632	363		226,372
Disposals			(1,851)	(241)		(6,410)			(8,502)
Transfers		(494)				494			
Depreciation expense		28,745	2,207	9,343		21,061	726		62,082
Balance as at 1 January 2007		55,322	11,810	75,954		135,777	1,089		279,952
Disposals		(255)		(298)		(3,755)			(4,308)
Transfers		(4)				4			
Depreciation expense		31,743	1,342	36,985		21,945	726		92,741
Net revaluation decrements		(86,723)							(86,723)
Balance as at 31 December 2007		83	13,152	112,641		153,971	1,815		281,662
Net book value									
As at 31 December 2006	163,155	655,542	6,941	113,349	13,095	85,098	2,542	116,582	1,156,304
As at 31 December 2007	206,338	877,943	5,748	90,405	13,347	84,010	1,816	12,439	1,292,046

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 5 to the financial statements.

An independent interim valuation was performed by DTZ New Zealand for all land and buildings occupied by the University as at 31 December 2007. The interim valuation which approximates to fair value, resulted in an increase of \$83.9 million to the optimised depreciated replacement cost of buildings and a \$43.1 million increase to the fair value of land as at 31 December 2007.

All land is valued on a market basis. All buildings on separate titles and with an identifiable market have been valued on a market basis. Buildings located on the main campuses have, in general, been considered as being specialised and are valued at optimised depreciated replacement cost.

All works of art held by the University as at 01 January 2006 were revalued as at that date. An independent valuation was performed by Webbs Specialist Auctioneers and Valuers. The valuation basis is assessed at market value.

Crown land with a value of \$103,273,275 is included in Property, Plant and Equipment.

13 Intangible assets

	CONSOLIDATED			UNIVERSITY		
	Software \$000	Capital work in progress at cost \$000	Total \$000	Software \$000	Capital work in progress at cost \$000	Total \$000
Gross carrying amount						
Balance as at 1 January 2006	26,388	1,398	27,786	26,255	1,027	27,282
Additions	1,694	1,955	3,649	1,694	1,422	3,116
Disposals	(635)		(635)	(635)		(635)
Transfers	2,819	(2,819)		2,119	(2,119)	
Balance as at 1 January 2007	30,266	534	30,800	29,433	330	29,763
Additions	977	3,778	4,755	219	3,778	3,997
Disposals	(2,673)		(2,673)	(2,673)		(2,673)
Transfers	963	(937)	26	745	(745)	
Balance as at 31 December 2007	29,533	3,375	32,908	27,724	3,363	31,087
Accumulated amortisation						
Balance as at 1 January 2006	20,615		20,615	20,543		20,543
Disposals	(588)		(588)	(588)		(588)
Amortisation expense	4,276		4,276	4,218		4,218
Balance as at 1 January 2007	24,303		24,303	24,173		24,173
Disposals	(1,950)		(1,950)	(1,950)		(1,950)
Amortisation expense	2,829		2,829	2,639		2,639
Transfers	(2)		(2)			
Balance as at 31 December 2007	25,180		25,180	24,862		24,862
Net book value						
As at 31 December 2006	5,963	534	6,497	5,260	330	5,590
As at 31 December 2007	4,353	3,375	7,728	2,862	3,363	6,225

Aggregate amortisation expensed during the year is recognised as an expense and disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

14 Payables

	Note	CONSOLIDATED		UNIVERSITY	
		2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Trade payables	9	75,564	81,833	57,928	63,946
Related company payables	9			1,145	713
Loan from subsidiary	9			37,700	31,700
Revenue received in advance		18,106	12,586	18,070	12,586
Research contract obligations		76,351	66,084	32,781	28,654
Total payables		170,021	160,503	147,624	137,599

15 Employee entitlements

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Current liabilities				
Accumulated annual leave	15,998	15,410	15,468	15,045
Retirement allowance	6,579	5,580	6,579	5,580
Long service leave	590	597	590	597
Total employee entitlements – current	23,167	21,587	22,637	21,222
Non current liabilities				
Sick leave	2,245	1,777	2,217	1,777
Retirement allowance	24,752	23,659	24,752	23,659
Long service leave	1,271	1,304	1,271	1,304
Total employee entitlements – non current	28,268	26,740	28,240	26,740

16 Provisions

	CONSOLIDATED/UNIVERSITY				
	Restructuring provision \$000	Faculty Research Development Fund \$000	Vice- Chancellor's Strategic Development Fund \$000	Academic Support Fund \$000	Total Actual \$000
2007					
Balance at beginning of financial year	4,517		4,782	60	9,359
Increase/(decrease) to provision		8,167	3,414	401	11,982
Amounts incurred against provision	(4,517)	(698)	(3,011)	(355)	(8,581)
Balance at end of financial year		7,469	5,185	106	12,760
2006					
Balance at beginning of financial year			6,080	84	6,164
Increase/(decrease) to provision	4,517		1,644	247	6,408
Amounts incurred against provision			(2,942)	(271)	(3,213)
Balance at end of financial year	4,517		4,782	60	9,359

NOTES TO THE FINANCIAL STATEMENTS

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Faculty Research Development Fund

The fund is to enable Faculty Research Committees to fund specific research activities. These costs are expected to be incurred in the next financial year.

Vice-Chancellor's Strategic Development Fund

The fund is to enable the Vice-Chancellor to meet agreed strategic development opportunities that arise during the course of the year and which require immediate funding. These costs are all available to be incurred in the next financial year.

Academic Support Fund

The fund is to provide support for distinguished academics engaged in research. These costs are expected to be incurred in the next financial year.

Restructuring provision

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

17 Income in advance

During the year the University received \$12 million from the Crown for Partnerships for Excellence funding (2006: Nil) in the form of suspensory loans. The loan is convertible to income based on key milestones being met.

The list below details the funding (\$m) available for conversion annually:

	CONSOLIDATED/ UNIVERSITY
	\$000
2010	\$1,500
2011	\$2,750
2012	\$2,750
2013	\$2,750
2014	\$2,250
Total	\$12,000

If certain key contractual milestones are not met, up to \$7.0 million is repayable 30 June 2015 and up to \$5.0 million is repayable 30 June 2016.

18 Leases

Finance lease liabilities

Finance leases relate to leased plant and equipment with a lease term of 5 years (refer to Note 12). There is no option to purchase the equipment for a nominal amount at the conclusion of the lease agreement.

Liabilities included in the accounts for finance leases are as follows:

	CONSOLIDATED/ UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000
Within 1 year	726	726
Later than 1 year and not later than 5 years	1,089	1,816
Later than 5 years		
	1,815	2,542
Disclosed in Balance Sheet as:		
Current liabilities	726	726
Non current liabilities	1,089	1,816
Total finance lease liabilities	1,815	2,542

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

Operating lease commitments

The University and its subsidiaries lease various offices, premises 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	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Non-cancellable operating leases				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	14,850	14,859	13,816	13,498
Later than 1 year and not later than 5 years	27,198	28,029	25,612	26,199
Later than 5 years	1,773	4,099	1,773	3,810
Total operating lease commitments	43,821	46,987	41,201	43,507
Operating lease commitments by type				
Properties	31,798	37,960	29,309	34,648
Equipment	12,023	9,027	11,892	8,859
Total operating lease commitments by type	43,821	46,987	41,201	43,507

Operating lease receivables

Operating lease receivables relate to property held by the University that is leased to external parties to provide additional services to students. The properties are not considered investment properties as they are not held for the purposes of investment return or future capital gain.

The lease terms range from 2 to 6 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	
	2007 Actual \$000	2006 Actual \$000
Within 1 year	1,779	305
Later than 1 year and not later than 5 years	2,400	3,377
Later than 5 years		765
Total operating lease receivables	4,179	4,447

19 Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

	CONSOLIDATED/ UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000
Property Services projects	36,224	38,102
Other capital expenditure	2,129	1,436
Total capital commitments	38,353	39,538

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

20 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2007 (2006: Nil).

21 General equity

Included in equity at the end of the year is a total of \$36.379 million (2006: \$36.379 million) representing accumulated capital contributions made by the Crown under s15 Public Finance Act 1989. This funding has been made for specific purposes – Owen G Glenn Building \$25.000 million, Centres of Research Excellence \$8.841 million and Tertiary Education Strategic Change Fund \$2.538 million. All contributions were received prior to 2005.

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Balance at beginning of financial year	811,051	794,668	807,213	790,980
Net surplus	22,618	16,638	21,325	16,488
less Net surplus transferred to Trust and special funds	(1,188)	(255)	(1,188)	(255)
add revaluation reserves transferred to retained earnings on disposal of assets				
Balance at end of financial year	832,481	811,051	827,350	807,213

The University and consolidated entity does not hold any share capital.

22 Reserves

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Asset revaluation	333,739	206,694	333,065	206,020
Investment revaluation	1,665	3,538		
Hedging	(83)	(956)	(83)	(956)
Balance at end of financial year	335,321	209,276	332,982	205,064
Asset revaluation reserve				
Land and buildings				
Balance at beginning of financial year	199,077	199,077	198,403	198,403
Transferred to retained surplus on sale of revalued assets				
Revaluation increments	127,045		127,045	
Balance at end of financial year	326,122	199,077	325,448	198,403
Works of art				
Balance at beginning of financial year	7,617	3,027	7,617	3,027
Revaluation increments		4,590		4,590
Balance at end of financial year	7,617	7,617	7,617	7,617
Total asset revaluation reserve	333,739	206,694	333,065	206,020

The asset revaluation reserve arises on the revaluation of land and buildings and works of art. Where a revalued land or building or work of art is sold that portion of the asset revaluation reserve which relates to that asset, is effectively realised, and is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Investment revaluation				
Balance at beginning of financial year	3,538			
Revaluation increase/(decrease)	(309)	3,538		
Sale of investments	(1,564)			
Balance at end of financial year	1,665	3,538		

The investment revaluation reserve arises on the revaluation of available for sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised and is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

	CONSOLIDATED		UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Hedging reserve				
Balance at beginning of financial year	(956)		(956)	
Gain/(loss) recognised	(748)	(987)	(748)	(983)
Transferred to profit or loss				
Transferred to initial carrying amount of hedged item	1,621	31	1,621	27
Balance at the end of financial year	(83)	(956)	(83)	(956)

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

23 Trust and special funds

	CONSOLIDATED/UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
2007				
Balance 1 January 2007	2,021	5,661	8,989	16,671
Income	3,172	2,136	1,799	7,107
Less expenditure	(3,280)	(2,299)	(339)	(5,918)
Net (deficit) surplus	(108)	(163)	1,460	1,189
Balance at end of financial year	1,913	5,498	10,449	17,860
2006				
Balance 1 January 2006	1,920	6,339	8,157	16,416
Income	6,526	1,478	1,128	9,132
Less expenditure	(6,425)	(2,156)	(296)	(8,877)
Net surplus (deficit)	101	(678)	832	255
Balance at end of financial year	2,021	5,661	8,989	16,671

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

24 Related parties

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

Auckland UniServices Limited

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

The value of transactions charged by the University to Auckland UniServices Limited during 2007 was \$19.2 million (2006: \$18.3 million).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The value of transactions charged by Auckland UniServices Limited to the University during 2007 was \$5.8 million (2006: \$4.2 million).

Interest charged by Auckland UniServices Limited to the University throughout the year was \$2.6 million (2006: \$1.8 million).

Balances outstanding at 31 December 2007 are:

1. Sundry debtors \$2,590,964 (2006: \$2,364,197)
2. Current account \$1,335,593 (2006: \$1,460,481)
3. Sundry creditors \$984,207 (2006: \$480,766)
4. Loan account \$37,700,000 (2006: \$31,700,000)

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

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

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

Uni-Accommodation Limited

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

The balance owed by the University to Uni-Accommodation Limited at 31 December 2007 is \$161,018 (2006: \$231,593).

Eversdale Holdings Limited

Eversdale Holdings Limited is a wholly owned subsidiary of The University of Auckland which holds property for University use.

The balance owed by Eversdale Holdings Limited to the University as at 31 December 2007 is \$8,000,000 (2006: Nil).

There were no other intercompany transactions during the year.

Key management personnel compensation

The compensation of the key management personnel of the consolidated entity/University is set out below.

	CONSOLIDATED/ UNIVERSITY	
	2007 Actual \$000	2006 Actual \$000
Short-term employee benefits	5,784	5,290
Post-employment benefits	783	797
Other long-term employee benefits		
Termination benefits		
Total employee benefits	6,567	6,087

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

25 New Zealand Equivalents to International Financial Reporting Standards

Reconciliation of Equity Reported Under Previous New Zealand Generally Accepted Accounting Practice (NZ GAAP) to Equity Under New Zealand Equivalents to IFRS (NZ IFRS).

i. As at date of transition to NZ IFRS: 01 January 2006

	Note	CONSOLIDATED			UNIVERSITY		
		Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000
Current assets							
Cash and cash equivalents	a)	3,407	27,454	30,861	1,824	14,700	16,524
Short term investments – unrestricted	a)	61,579	(27,454)	34,125	43,200	(14,700)	28,500
Short term investments – restricted		109		109	109		109
Receivables and prepayments		40,538		40,538	34,558		34,558
Inventories and research work in progress		6,024		6,024	4,076		4,076
Total current assets		111,657		111,657	83,767		83,767
Non current assets							
Long term investments – unrestricted		150		150	1,150		1,150
Long term investments – restricted		14,817		14,817	14,512		14,512
Loans		1,811		1,811	1,619		1,619
Property, plant and equipment	b)	1,089,173	(7,171)	1,082,002	1,082,860	(6,738)	1,076,122
Intangible assets	b)		7,171	7,171		6,738	6,738
Total non current assets		1,105,951		1,105,951	1,100,141		1,100,141
Total assets		1,217,608		1,217,608	1,183,908		1,183,908
Current liabilities							
Finance lease liabilities		726		726	726		726
Payables		154,268		154,268	125,204		125,204
Employee entitlements		16,004		16,004	15,734		15,734
Provisions		6,164		6,164	6,164		6,164
Derivative financial instruments	c)		22	22		18	18
Total current liabilities		177,162	22	177,184	147,828	18	147,846
Non current liabilities							
Employee entitlements	d)	22,820	1,875	24,695	22,820	1,875	24,695
Finance lease liabilities		2,542		2,542	2,542		2,542
Total non current liabilities		25,362	1,875	27,237	25,362	1,875	27,237
Total liabilities		202,524	1,897	204,421	173,190	1,893	175,083
Net assets		1,015,084	(1,897)	1,013,187	1,010,718	(1,893)	1,008,825
Represented by:							
General equity	c) d)	796,564	(1,897)	794,667	792,872	(1,893)	790,979
Reserves		202,104		202,104	201,430		201,430
Trust and special funds		16,416		16,416	16,416		16,416
Total equity		1,015,084	(1,897)	1,013,187	1,010,718	(1,893)	1,008,825

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

ii. At the end of the last reporting period under previous NZ GAAP: 31 December 2006

	Note	CONSOLIDATED			UNIVERSITY		
		Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000
Current assets							
Cash and cash equivalents	a)	11,695	1,500	13,195	7,972	1,500	9,472
Short term investments – unrestricted	a)	6,005	(1,500)	4,505	6,000	(1,500)	4,500
Short term investments – restricted		193		193	193		193
Receivables and prepayments		40,444		40,444	29,537		29,537
Inventories and research work in progress		8,978		8,978	3,110		3,110
Total current assets		67,315		67,315	46,812		46,812
Non current assets							
Long term investments – unrestricted		150		150	1,150		1,150
Long term investments – restricted		21,930		21,930	15,930		15,930
Loans		1,811		1,811	1,580		1,580
Property, plant and equipment	b)	1,167,900	(6,497)	1,161,403	1,161,894	(5,590)	1,156,304
Intangible assets	b)		6,497	6,497		5,590	5,590
Total non current assets		1,191,791		1,191,791	1,180,554		1,180,554
Total assets		1,259,106		1,259,106	1,227,366		1,227,366
Current liabilities							
Finance lease liabilities		726		726	726		726
Payables		160,503		160,503	137,599		137,599
Employee entitlements		21,587		21,587	21,222		21,222
Provisions		9,359		9,359	9,359		9,359
Derivative financial instruments	c)		956	956		956	956
Total current liabilities		192,175	956	193,131	168,906	956	169,862
Non current liabilities							
Employee entitlements	d)	24,963	1,777	26,740	24,963	1,777	26,740
Finance lease liabilities		1,816		1,816	1,816		1,816
Total non current liabilities		26,779	1,777	28,556	26,779	1,777	28,556
Total liabilities		218,954	2,733	221,687	195,685	2,733	198,418
Net assets		1,040,152	(2,733)	1,037,419	1,031,681	(2,733)	1,028,948
Represented by:							
General equity	d)	812,828	(1,777)	811,051	808,990	(1,777)	807,213
Reserves	c)	210,232	(956)	209,276	206,020	(956)	205,064
Trust and special funds		16,671		16,671	16,671		16,671
Parent entity interest		1,039,731	(2,733)	1,036,998	1,031,681	(2,733)	1,028,948
Minority interest		421		421			
Total equity		1,040,152	(2,733)	1,037,419	1,031,681	(2,733)	1,028,948

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

iii. Reconciliation of surplus for the year ended 31 December 2006

	Note	CONSOLIDATED			UNIVERSITY		
		Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000
Operating revenue							
Government grants	e)	257,757	(2,498)	255,259	257,757	(2,498)	255,259
Tuition fees		161,849		161,849	161,849		161,849
Research contracts		153,175		153,175	80,114		80,114
Service income	e)	78,587	(579)	78,008	86,516	(579)	85,937
Donations	e)	5,465	(2,691)	2,774	5,465	(2,691)	2,774
Interest		5,962		5,962	5,780		5,780
Other income	c)	10,266	22	10,288	10,105	18	10,123
Total operating revenue		673,061	(5,746)	667,315	607,586	(5,750)	601,836
Operating expenses							
People costs	d)	386,708	(98)	386,610	344,253	(98)	344,155
Operating costs	e)	198,304	(5,767)	192,537	176,464	(5,767)	170,697
Depreciation and amortisation		67,334		67,334	66,300		66,300
Total operating expenses		652,346	(5,865)	646,481	587,017	(5,865)	581,152
Operating surplus for the year before unusual items		20,715	119	20,834	20,569	115	20,684
Unusual items							
Donations for capital projects		321		321	321		321
Restructuring provision		(4,517)		(4,517)	(4,517)		(4,517)
Net surplus		16,519	119	16,638	16,373	115	16,488
Attributable to:							
Members of the parent entity		16,519	119	16,638	16,373	115	16,488
Minority interest							

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

iv. Reconciliation of Statement of Cash flows for the Year Ended 31 December 2006

	CONSOLIDATED			UNIVERSITY		
	Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000	Previous NZ GAAP \$000	Effect of Transition NZ IFRS \$000	NZ IFRS \$000
Cash flows from operating activities						
Government grants	258,041		258,041	258,041		258,041
Tuition fees	168,749		168,749	168,749		168,749
Dividends received	32		32	32		32
Interest received	f) i. 6,202	(6,202)		6,020	(6,020)	
Other operating receipts	248,962		248,962	181,120		181,120
Goods and services tax	(2,332)		(2,332)	(2,146)		(2,146)
Payments to employees	(333,113)		(333,113)	(299,724)		(299,724)
Interest paid	f) i. (85)	85		(85)	85	
Other operating payments	(249,325)		(249,325)	(220,819)		(220,819)
Net cash provided by (used in) operating activities	97,131	(6,117)	91,014	91,188	(5,935)	85,253
Cash flows from investing activities						
Interest received	f) i.	6,202	6,202		6,020	6,020
Investments	f) ii. 96	29,535	29,631	96	23,916	24,012
Advance from subsidiary				19,700		19,700
Fixed assets and work in progress	(143,729)		(143,729)	(141,252)		(141,252)
Net cash provided by (used in) investing activities	(143,633)	35,737	(107,896)	(121,456)	29,936	(91,520)
Cash flows from financing activities						
Repayment of finance lease liabilities	(726)		(726)	(726)		(726)
Interest paid	f) i.	(85)	(85)		(85)	(85)
Net cash provided by (used in) financing activities	(726)	(85)	(811)	(726)	(85)	(811)
Net increase/(decrease) in cash and cash equivalents	(47,228)	29,535	(17,693)	(30,994)	23,916	(7,078)
Cash and cash equivalents at the beginning of the financial year	65,095	(34,233)	30,862	45,133	(28,609)	16,524
Effects of exchange rate changes on cash	26		26	26		26
Cash and cash equivalents at the end of financial year	17,893	(4,698)	13,195	14,165	(4,693)	9,472

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

v. Notes to the reconciliations

a) Cash and cash equivalents

Under NZ IFRS, cash and cash equivalents comprise of cash on hand, cash in banks and investments in money market instruments and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at 01 January and 31 December 2006, the University held a number of investments that were classified as short term investments under previous NZ GAAP but should be reclassified as cash and cash equivalents under NZ IFRS.

As at 01 January 2006

Consolidated entity: \$27,454,000 is transferred from short term investments to cash and cash equivalents.

University: \$14,700,000 is transferred from short term investments to cash and cash equivalents.

As at 31 December 2006

Consolidated entity: \$1,500,000 is transferred from short term investments to cash and cash equivalents.

University: \$1,500,000 is transferred from short term investments to cash and cash equivalent.

b) Intangible assets

Under NZ IFRS (and related interpretations), computer software that is not an integral part of the related computer hardware is to be treated as an intangible asset, provided certain criteria are met.

This has resulted in intangible assets increasing and property, plant and equipment decreasing on adoption of NZ IFRS.

As at 01 January 2006

Consolidated entity: \$7,171,000 is transferred from property, plant and equipment to intangible assets.

University: \$6,738,000 is transferred from property, plant and equipment to intangible assets.

As at 31 December 2006

Consolidated entity: \$6,497,000 is transferred from property, plant and equipment to intangible assets.

University: \$5,590,000 is transferred from property, plant and equipment to intangible assets.

c) Derivative financial instruments

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

Under NZ IFRS all derivative contracts are recognised at fair value in the Balance Sheet. Changes in the fair value of the derivatives are recognised in the Income Statement unless strict hedge criteria are met. This includes testing the hedging relationship both prospectively and retrospectively for effectiveness. Ineffectiveness outside the prescribed parameters precludes the use of hedge accounting and may result in volatility in the Income Statement. Cash flow hedge accounting is expected to be the predominant form of hedge accounting applied by the University.

These new rules on accounting for hedging instruments will introduce volatility within equity reserves, and, where hedges are deemed ineffective, within the Income Statement.

As at 01 January 2006

Consolidated entity: \$22,000 liability is recognised which represents the fair value of forward exchange contracts, these contracts do not meet the criteria for hedge accounting and are debited to the Income Statement.

University: \$18,000 liability is recognised which represents the fair value of forward exchange contracts, these contracts do not meet the criteria for hedge accounting and are debited to the Income Statement.

As at 31 December 2006

Consolidated entity: \$956,000 liability is recognised which represents the fair value of forward exchange contracts, these contracts do meet the criteria for hedge accounting and are debited to the hedging reserve.

University: \$956,000 liability is recognised which represents the fair value of forward exchange contracts, these contracts do meet the criteria for hedge accounting and are debited to the hedging reserve.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

d) Employee entitlements

NZ IAS 19 requires employee benefits to be recognised as services are rendered as opposed to an entitlement. The University of Auckland has undertaken an actuarial valuation to determine the likelihood of employees taking more than their current years sick leave entitlement.

As at 01 January 2006

Consolidated entity: \$1,875,000 liability for sick leave is recognised and debited to equity.

University: \$1,875,000 liability is recognised and debited to equity.

As at 31 December 2006

Consolidated entity/University: Sick leave liability is reduced by \$98,000 with a corresponding credit to the Income Statement.

e) Revenue arising from acting as agent

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

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

As at 01 January 2006

There is no impact on the opening Balance Sheet.

As at 31 December 2006

Consolidated entity/University: \$5,767,000 revenue and operating expenses is de-recognised in the Income Statement.

f) Cash flow

- i. Interest received and paid is reclassified from operating activities to investing and financing activities.
- ii. Investments with a maturity date greater than 90 days have been reclassified from cash and cash equivalents per the cash flow statement to investments.

COST OF SERVICES SUMMARY

for the year ended 31 December 2007

	CONSOLIDATED			UNIVERSITY	
	2007 Actual \$000	2007 Budget \$000	2006 Actual \$000	2007 Actual \$000	2006 Actual \$000
Cost of significant activities					
Teaching and research	373,071	371,372	354,765	373,274	355,025
Research programmes	180,848	187,948	171,504	107,445	107,607
Academic services	144,946	141,281	136,379	141,732	133,093
Institutional services	147,066	130,428	130,266	149,562	131,860
Total cost of significant activities	845,931	831,029	792,914	772,013	727,585
less internal transactions	(127,515)	(144,825)	(146,433)	(127,515)	(146,433)
Total external costs	718,416	686,204	646,481	644,498	581,152
Revenue from significant activities					
Teaching and research	516,874	501,109	470,452	519,233	474,108
Research programmes	184,404	185,314	181,419	110,149	115,746
Academic services	42,742	41,067	41,307	39,558	38,020
Institutional services	124,334	124,792	120,570	124,203	120,395
Total revenue from significant activities	868,354	852,282	813,748	793,143	748,269
less internal transactions	(127,515)	(144,825)	(146,433)	(127,515)	(146,433)
Total external revenue	740,839	707,457	667,315	665,628	601,836
Operating surplus from significant activities	22,423	21,253	20,834	21,130	20,684

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

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 December 2007



TO THE READERS OF
THE UNIVERSITY OF AUCKLAND AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007

The Auditor-General is the auditor of The University of Auckland ('the University') and group. The Auditor-General has appointed me, Nick Main, using the staff and resources of Deloitte, to carry out the audit of the financial statements and statement of service performance of the University and group, on his behalf, for the year ended 31 December 2007.

Unqualified Opinion

In our opinion:

- ♦ the financial statements of the University and group on pages 58 to 92:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the University and group's financial position as at 31 December 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- ♦ the performance information of the University and group on pages 42 to 55 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 30 April 2008, and is the date at which our opinion is expressed.

The basis of our opinion which refers to the treatment and disclosure of income in advance is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

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

Income in Advance

In forming our unqualified opinion, we considered the recognition, presentation and disclosure of income in advance in the balance sheet and Note 17. In our view, the substance of the transaction relating to the Partnerships for Excellence funding is equity in nature given the Crown has appropriated the funds as a capital appropriation in order to increase the capability of the University. Based on the substance of the transition, in our view, the funding should have been recognised as a capital contribution from the Crown rather than as income in advance. However, the amount involved is not material to the financial statements as a whole.

Responsibilities of the Council and the Auditor

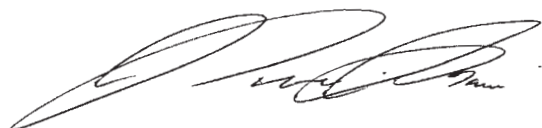
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2007. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2007. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from Section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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



NICK MAIN
Deloitte

On behalf of the Auditor-General
Auckland, New Zealand

GLOSSARY

Acronym	Expanded meaning
AIC	Auckland Innovation Centre
BeSTGRID	Broadband enabled Science and Technology GRID
CECIL	The University of Auckland's Learning Management System
CoRE	Centre of Research Excellence
CRI	Crown Research Institute
DHB	District Health Board
EEdO	Equal Educational Opportunities
EFR	Externally Funded Research
EFTS	Equivalent Full Time Students
FMHS	Faculty of Medical and Health Sciences
FRST	Foundation for Research Science Technology
FTE	Full Time Equivalent
GPE	Grade Point Equivalent
HRC	Health Research Council
IESE	Institute of Earth Science and Engineering
KAREN	Kiwi Advanced Research and Education Network
KPI	Key Performance Indicator
LSRI	Large Scale Research Institute
MANU-AO	Māori Academic Network across Universities in Aotearoa
MAPAS	Māori and Pacific Admission Scheme
MIT	Manukau Institute of Technology
MoRST	Ministry of Research Science and Technology
nDeva	The student administration system
NICAI	National Institute of Creative Arts and Industries (also referred to as Faculty of)
NIWA	National Institute of Water and Atmospheric Research Ltd.
NRCGD	National Research Centre for Growth and Development
PBRF	Performance Based Research Fund
PfX	Partnerships for Excellence
R&D	Research and Development
RIMS	Research Information Management System
SBS	School of Biological Sciences
SGGES	School of Geography, Geology and Environmental Science







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