

# THE POWER OF PHILANTHROPY

Annual Report 2019



THE UNIVERSITY OF  
**AUCKLAND**  
Te Whare Wananga o Tāmaki Makaurau  
NEW ZEALAND



# THE POWER OF PHILANTHROPY

**COVER IMAGE:** Dr Richard Christie from the Auckland Bioengineering Institute (ABI) generated this test model of bifurcating vessels. When viewed with computer graphics, these serendipitously formed heart shapes. The ground-breaking work of ABI has been supported by more than \$10 million of philanthropic funding through the Campaign For All Our Futures, including donor investment in advanced organ-modelling work like this.



01	<b>Overview</b>	
	Chancellor's review	4
	Vice-Chancellor's report	6
	Key facts and figures	8
	University governance	10
02	<b>Academic performance</b>	
	The Power of Philanthropy	16
	Faculties, Institutes, UniServices	20
03	<b>Statement of service performance</b>	
	Statement of service performance	28
	Statement of the cost of outputs	40
	Compulsory student services fees	40
	Educational performance indicator commitments	41
04	<b>Financial statements</b>	
	Statement of responsibility	44
	Statement of comprehensive revenue and expenses	45
	Statement of financial position	47
	Statement of cash flows	48
	Statement of changes in equity	50
	Notes to the financial statements	52
	Report of the Auditor-General	86
	Glossary	90



**In 2019 the University of Auckland brought to a conclusion several of its major strategic initiatives.**

Perhaps the most spectacular of these was the completion of our major philanthropic campaign, For All Our Futures, led by Campaign Chair Geoff Ricketts. The objective of this campaign was to raise \$300 million over six years to support our students and staff to achieve things that would not have otherwise been possible – through new scholarships, funded academic positions and outstanding research. The campaign was a stunning success, raising \$380 million from around 7,000 donors, building our endowment from \$54 million to \$220 million and increasing the number of alumni actively engaged with the University from around 49,000 in 2014 to 121,000 in 2019.

A second major initiative was the further rationalisation of our campus infrastructure through the closure of the Tāmaki Campus

and relocation of the balance of its activities to our central city campuses. Although the land on which the campus sat was purchased by the University of Auckland in 1944, it operated as a campus only from 1991. Many staff, students, partners and members of the community contributed to the teaching, research, innovation, entrepreneurship and community service that characterised the 28 years of a rich and vibrant campus life at Tāmaki. However, the relative isolation of the campus was a growing challenge, particularly as multi-disciplinary research and conjoint degree programmes have become increasingly the norm, along with the need for efficiency and scale of operations. Ultimately, expansion of facilities on the Grafton and City campuses, together with the acquisition of the Newmarket site, will allow the University to locate the bulk of its disciplines close to one another on those three sites. The closure of Tāmaki represents a further step in that process of consolidation. On the other hand, we have committed to

**My profound thanks to our many generous and dedicated supporters, and to the staff who made possible the most successful philanthropic campaign in New Zealand's history.**

enhancing our presence in Manukau and Tai Tokerau, where particular community needs require that we have an ongoing, albeit modest, level of activity.

Key to moving remaining activities from Tāmaki was the completion of the new Park West building for the Faculty of Medical and Health Sciences at Grafton. This will also allow for the relocation of School of Medicine staff from the Auckland Hospital when that lease ends in 2020. We also completed the new Engineering Building on the City Campus – a major new facility for a rapidly growing faculty, and one that will also free up space for further developments, notably the planned relocation of the Faculty of Education & Social Work from Epsom to the City Campus.

Waipārūrū Hall, providing an additional 786 beds principally for first-year students, rose spectacularly from the ground and will be occupied in stages during 2020. Good progress was also made on the design of the new Sport, Recreation and Wellness Centre to be built on the site of the existing centre. Building commences in 2020.

The Campaign For All Our Futures and new facilities are just some of the ways in which we support our staff and students. They, in turn, produce outstanding achievements, many of which were recognised through a range of awards and honours in 2019. For example:

- Distinguished Professor Margaret Brimble was made a Dame Companion of the New Zealand Order of Merit for services to science in the New Year's Honours.
- Professor Charles McGhee ONZM (Medicine), Dr Lynn Sadler ONZM (Medicine), Professor Tracey McIntosh MNZM (Māori Studies and Pacific Studies), Associate Professor Paula Morris MNZM (Humanities), Professor Alison Jones MNZM (Te Puna Wananga) and Dr Hinemoa Elder MNZM (Medical Science) were all recipients of New Zealand Honours.
- Peter Bier (Engineering Science), Associate Professor Andrew Luxton-Reilly (Computer Science) and Dr Ngarino Ellis (Humanities, Kaupapa Māori category) were

all recognised through Tertiary Teaching Excellence Awards, with Andrew Eberhard (Graduate School of Management) carrying off the Prime Minister's Supreme Award.

- Distinguished Professor Jane Harding (Liggins Institute), was awarded the Rutherford Medal, the highest honour of the Royal Society of New Zealand Te Apārangi (RSNZ), for her work leading to new therapies and understandings that have improved outcomes for mothers and babies. She was also named supreme winner at the 2019 Women of Influence Awards.
- Professor Jadranka Travas-Sejdic (Chemical Sciences) was awarded the RSNZ Hector Medal for her outstanding contribution to the field of advanced polymers and nanomaterials.
- Associate Professor Selina Tusitala Marsh (Humanities) received the Humanities Aronui Medal for her outstanding creative and scholarly work and was made an ONZM.
- Professor Cather Simpson (Physics and Chemical Sciences) received the Pickering Medal for her pioneering research and commercialisation of innovative photonic technologies.
- Professor Emeritus Roger Horrocks (Social Sciences) was awarded the Pou Aronui Award for being a champion of New Zealand culture, particularly New Zealand's film and television industries, as well as literature and the visual arts.
- Dr Matire Harwood (Population Health) was awarded the Health Research Council of New Zealand (HRC) Te Tohu Rapuora Award for her outstanding leadership and contribution to Māori health.
- Distinguished Professor Ian Reid, Dr Anne Horne and their team (Medicine) received the HRC Liley Medal for their significant medical breakthrough, which has led to a global rethink of how to prevent fractures in older people.
- Dr Yvonne Anderson (Liggins Institute) won

the L'Oréal-UNESCO For Women In Science Fellowship (New Zealand).

- Dr Peng Du (Engineering Science) won the Prime Minister's MacDiarmid Emerging Scientist Prize.

The impact that our institution has was also very pleasingly reflected in the University of Auckland being ranked No. 1 in the world in the inaugural Times Higher Education (THE) University Impact Rankings. This new global ranking measures how well institutions are delivering on the 17 Sustainable Development Goals that were adopted by the United Nations in 2016 and provides a framework for achieving sustainable development. Our highest rankings were for the goals relating to partnership (first equal), good health and well-being (first) and gender equality (sixth equal). All universities in the world were invited to submit data and 500 were ranked.

Finally, I note that in March 2020 Professor Stuart McCutcheon will retire as Vice-Chancellor after 15 years of outstanding service to the University of Auckland and, more broadly, to his country. We were delighted to appoint Professor Dawn Freshwater to succeed Professor McCutcheon. As Vice-Chancellor of the University of Western Australia, Professor Freshwater led the development of that University's ambitious 2030 Vision and 2025 Strategic Plan, and a significant transformation agenda. She has been a leader in world-class universities for more than a decade and remains committed to her academic discipline. Her background and leadership will form a foundation for the University's continuing improvement in research and teaching, as well as our contribution to the wider community. I am therefore very grateful to the many staff, students and other stakeholders who participated in the consultative process that led to this excellent appointment.

**Scott St John**  
**Chancellor**



**In this, my last full year as Vice-Chancellor, I am pleased to be able to report on the many achievements of the University during 2019.**

Student places at the University overall continued to be in strong demand although, as in recent years, that demand has been distributed unevenly. Total domestic Equivalent Full-Time Students (EFTS) were 28,496 which was similar to the 2018 figure (28,482) but down on the target figure of 28,846.

Despite strenuous efforts to support students within the University, proportions of both Māori and Pacific students remained similar to those of recent years, and below targets. It is clear that further effort will need to be focused on the success and preparation for university of these students while they are still in high school. Because of funding constraints, we rely on donors to support many of these initiatives. For example, through the Campaign For All Our Futures we have trebled the number of donor-funded scholarships for students who could not otherwise afford

to attend university; introduced a free online teaching system to support teachers and students of STEM subjects in low-decile schools and already have more than 1,700 students enrolled; and created a mentoring system for students in South Auckland, predominantly Māori and Pacific, to support them in a successful transition to university. These are important initiatives, but there does seem something wrong with a funding system in which our ability to support the success of disadvantaged young people relies so heavily on the generosity of donors.

In contrast to relatively static domestic enrolments, we saw a further marked increase in international student EFTS at 5,742, up by 749 EFTS on the 2018 figure and by 526 EFTS on budget. This growth was evident particularly in undergraduate and taught postgraduate programmes. Our international students make a welcome contribution to the internationalisation and diversity of our campuses and often go on as graduates to be very strong supporters of the University and of New Zealand.

Across both domestic and international students, our taught masters completions (1,201) were slightly down on 2018 (1,243) as were our research masters completions (836 vs 888). We graduated 462 doctoral students in 2019, up appreciably on the 2018 figure of 394 and close to our Strategic Plan goal of 500 per annum.

Having completed the reorganisation of our research support systems in 2018, including an additional 40 specialist support staff in the faculties and Large Scale Research Institutes to support our researchers, we were very pleased to see the University research revenue grow by \$13.4 million to \$220.3 million. Since the level of a university's research output is strongly related to its research income, this bodes well for our future research contributions to New Zealand and the world.

Overall, our revenue for 2019 was \$1.231 billion, a little up on the previous year and on budget but generating a lower operating surplus than in 2018, at 3.8 percent of revenue (taking into account abnormal and one-off transactions).

Two other achievements were of particular note during 2019.

First, as the Chancellor has noted, we were ranked No. 1 globally in the inaugural Times Higher Education University Impact Rankings. These rankings measure how universities worldwide are performing against the United Nations' Sustainable Development Goals. We were delighted to be ranked 6th= in the category of Gender equality, 1st= in Partnerships for the goals, 1st in Good Health and Well-being and No. 1 overall. This outstanding result recognises the University of Auckland's commitment to sustainability and to making a positive social impact through its research, teaching and knowledge transfer.

Second, we concluded the University's six-

year Campaign For All Our Futures. Thanks to the generosity of our many donors, and the energy of many staff, we generated \$380 million in funding. The Campaign attracted the largest gift in the University's history – \$16.5 million from the Hugh Green Foundation – but also a large base of some 7,000 donors. I am profoundly grateful to all those who made the Campaign such a success and whose generosity will be reflected in the achievements of our students and staff for many years to come. Every dollar given to the Campaign will be used to provide scholarships for students, to support new academic positions, and for research chairs and high-quality programmes, the effects of which will be felt for generations to come.

I have been honoured to serve this University for the past 15 years and to work with such outstanding students, staff, Council members, alumni and supporters. My one regret is that despite all that we have achieved, the University of Auckland has – like the other leading New Zealand universities – continued to slide gradually down the main international rankings. On the face of it, this seems paradoxical because we have also increased in size and quality, generated new revenue sources and maintained the required operating surplus. However, the paradox is easily explained.

For the past 20 years or more, annual increases in government funding and domestic student fees have been restricted to about the level of the Consumer Price Index (CPI). Despite our continually seeking efficiencies, often through difficult restructuring exercises, university costs have risen at 1.5 to 2 times CPI. This has been due particularly to internationally competitive labour markets, the need to remedy years of underinvestment in buildings and facilities, and ever-increasing compliance costs. In an organisation whose costs are dominated

by those related to people, this shortfall has meant that each year we have been able to employ fewer staff than would otherwise be the case. And, of course, the effect is cumulative – as our annual fees papers to Council show. It has amounted to something in the order of 650 fewer staff today than would have been the case had funding kept pace with reasonable costs over the past decade. Depending on how many of those missing staff were academic appointments, they would have improved (lowered) our student: staff ratios by 10-20 percent, significantly enhancing both the quality of our teaching and the rankings of our University, and preventing the current slide.

This sorry state of affairs reflects the fact that successive governments – on both sides of the House – have sought to lower the cost of university education (to themselves and to students) in preference to raising quality. It is a situation that contrasts starkly with the willingness of our 7,000 donors to provide more than \$380 million of philanthropic support in just six years. Until we have a government that genuinely concerns itself with and invests in the quality of our universities, as our supporters have done, we will continue to be overtaken by those in other, better-resourced systems. Given the critical role of universities in any society, that will be to the great detriment of New Zealand.

**Stuart McCutcheon**  
Vice-Chancellor

# Key Facts and Figures 2019

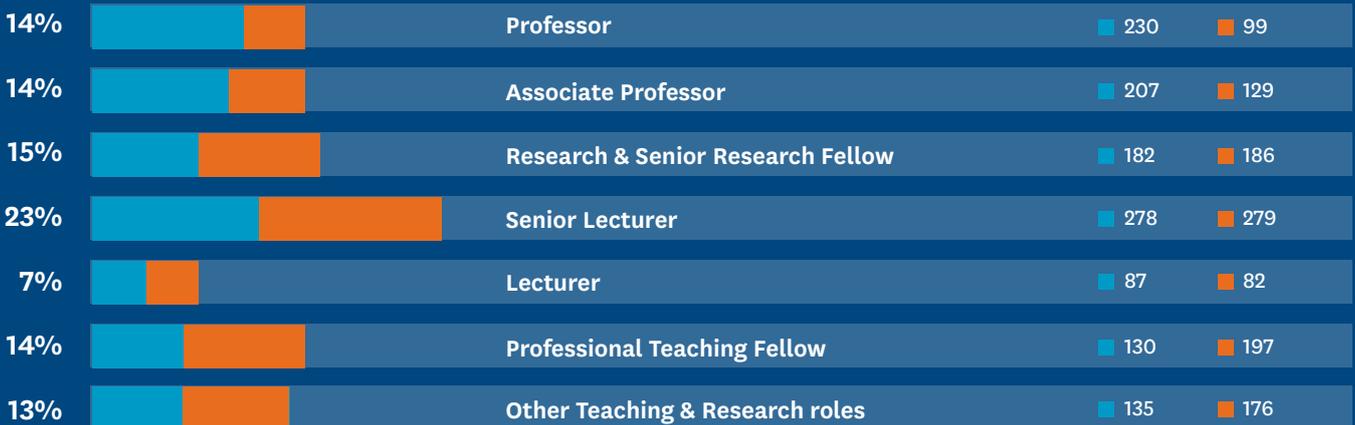
Note: figures on these pages are rounded

## Full-Time Equivalent Staff (FTE)

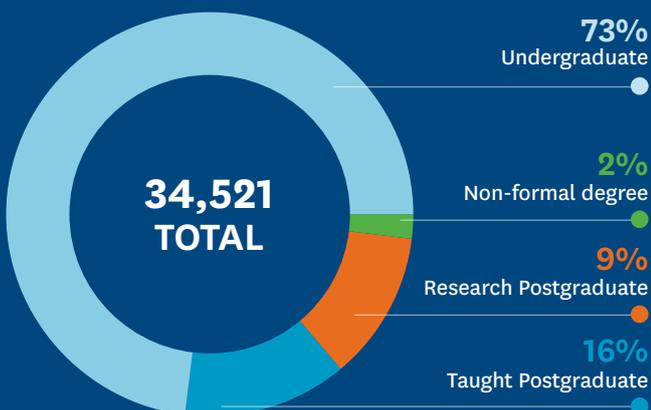


## Academic staff by position (FTE)

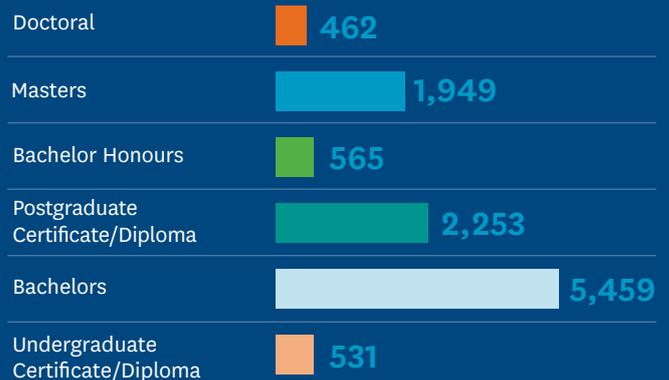
Male Female



## Equivalent Full-Time Students (EFTS)



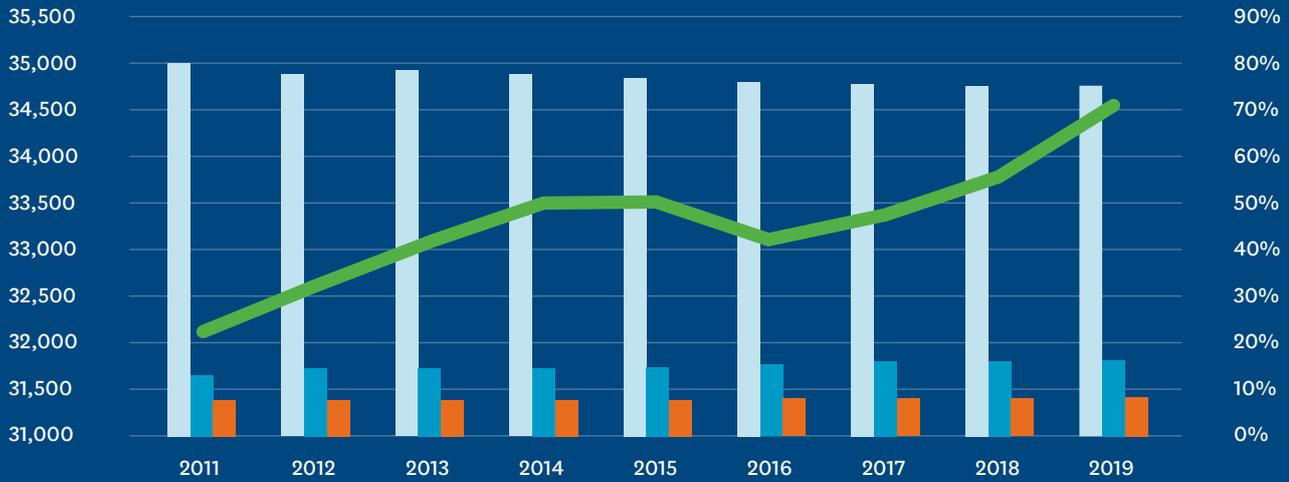
## Completions by qualification



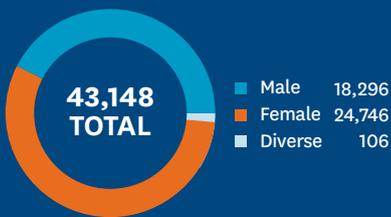
Note: EFTS include English Language Academy (289) and UniBound Programme (22)

## EFTS 2011-2019

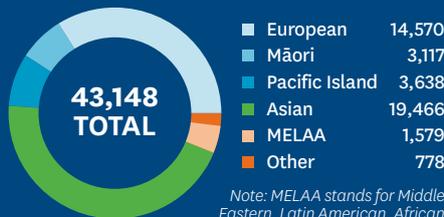
EFTS % Undergraduate % Taught Postgraduate % Research Postgraduate



Note: Undergraduate and non-formal degree EFTS are combined.

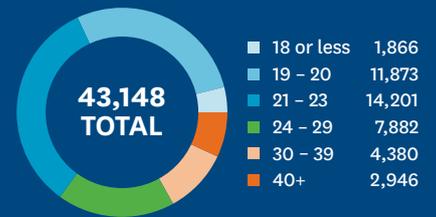


Gender (headcount of students)



Ethnicity (headcount of students)

Note: MELAA stands for Middle Eastern, Latin American, African



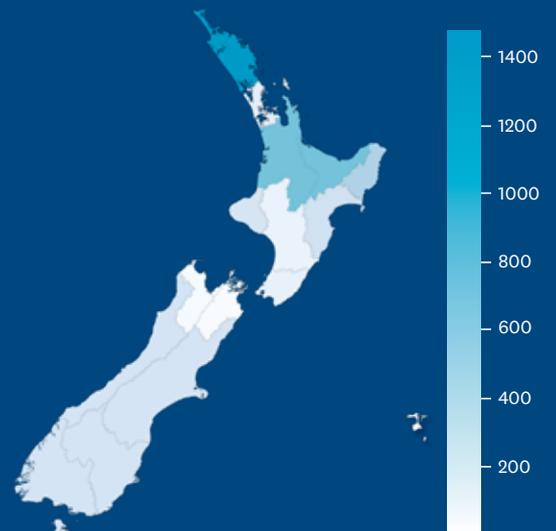
Age group (headcount of students)

## International students



China	4,390	Iran (Islamic Republic of)	146
India	655	Hong Kong	141
United States	611	Vietnam	135
Malaysia	391	United Kingdom	131
Korea, Republic of	223	Other countries	1,652
Indonesia	203	<b>Total</b>	<b>8,678</b>

## Students by iwi affiliation



Note: In cases where a student has more than one iwi affiliation, all affiliations for the student are represented.



The University of Auckland was founded in 1883 as a constituent college of the University of New Zealand. Under the University of Auckland Act 1961, the college became an autonomous university. The University is 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 to preserve and enhance the University's autonomy and academic freedom.

### University leadership: the Council

The University's governing body is the Council, which comprises elected staff and students; a member appointed to advise on Māori issues; a member appointed from the alumni; Council appointees; and Ministerial appointees. The Vice-Chancellor is also a member 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.

## 2019 Council



**From top left:** elected by academic staff – Associate Professor Alex Sims; elected by professional staff – Catherine Dunphy; appointed by relevant Minister – Michael Daniell, Andrew Ferrier, Rachael Newsome, Sir Ralph Norris.

**From bottom left:** Ex officio – Vice-Chancellor Professor Stuart McCutcheon; elected by students – George Barton; appointed to advise on Māori issues – Associate Professor Amokura Kawharu; alumna – Pro-Chancellor Cecilia Tarrant; to provide skills specified by Council – Jan Dawson; Chancellor Scott St John.

## The University's statutory role

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

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

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

## 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 Te Tiriti o Waitangi (the Treaty of Waitangi)
- Encouraging the greatest possible participation of the communities served by the University, especially by under-represented groups
- Ensuring that the University does not discriminate unfairly against any person
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources.

## The Vice-Chancellor

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

- The Deputy Vice-Chancellors (Academic),

(Research), (Strategic Engagement) and (Operations)

- The Pro Vice-Chancellors (Equity), (Māori) and (Pacific)
- The Deans
- The Directors of Human Resources, Planning, Finance, Property Services, ITS and the University Librarian
- The Chief Executive of Auckland UniServices Limited
- The Chair of the University Budget Committee.

## The Senate

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

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

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

## The faculties

Each faculty is headed by a Dean who is responsible for management of the teaching, research and administrative activities of that particular faculty. Each faculty has established its own structure of academic governance. Deans have primary financial responsibility for their faculty. Every year, faculties are required to prepare an annual plan and an annual report that provides detail of achievements and planned activities. Faculties develop strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will move the University, collectively, towards its goals.

## Governance documents

### The Charter

The Charter is a high-level governance document that incorporates the mission, purpose, values and character of the University of Auckland. The Charter is no longer required by the Education Act. The University Council, however, determined that the Charter is of benefit as a guiding document to the University

and has endorsed its retention. The Charter mission and values have been incorporated into the Strategic Plan.

### The Strategic Plan 2013-2020

The Strategic Plan is the key document in the University's cycle of planning, delivery and accountability. The Strategic Plan articulates the University's vision and strategic direction for the period of the Plan. The objectives contained within the Plan form the basis for annual planning and resource allocation as faculties, large-scale research institutes and service divisions consider how they can best use resources to maximise progress towards the higher performance and international standing sought by the University.

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

### Capital Plan and Financial Projections

The Long-Term Academic and Capital Plan sets out the priority strategic initiatives of faculties and service divisions and identifies the investment required to support these initiatives and to maintain University infrastructure and faculties. The property capital expenditure programme is reviewed by senior management with specific project approvals sought from Council. Faculty capital requirements are established subject to an annual Asset Management Plan. The Information Technology spending programme is established subject to the Digital Strategy, and the Library Committee oversees the University Library's capital expenditure allocation. A projection of the University's financial performance and position over ten years is prepared periodically. 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

### Audit and Risk Committee

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

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

The committee also oversees the relationship with the University's external auditors. Ernst & Young was appointed as the University's current external auditor by the Office of the Auditor-General. The Audit and Risk Committee receives regular reports on any matters that arise in connection with the performance of the external audit.

Health and Safety monitoring and internal audits are an integral aspect of the University's risk management framework. PricewaterhouseCoopers is contracted to provide internal audit support.

### Capital Expenditure Committee

The Capital Expenditure Committee is responsible for considering all capital expenditure proposals over \$10 million, with a particular focus on the contribution each proposal would make to the achievement of the Strategic Plan objectives, and the financial sustainability of each proposal.

### Equity Leadership Committee

The Equity Leadership Committee, chaired by the Pro Vice-Chancellor (Equity), provides strategic equity leadership and advises Council, via Senate, and the Vice-Chancellor on fulfilling statutory and compliance obligations, including under the State Sector Act 1988 and the Education Act 1989. Committee membership comprises a range of senior academic and professional staff, student representatives and representatives of the Equity Community of Interest.

The Equity Leadership Committee, Equity Office and Equity Community of Interest contribute to the University of Auckland being a safe, inclusive and equitable place to study and work. Equity leadership enhances the University's reputation and helps attract, retain and support talented people to succeed and contribute to New Zealand's social and economic well-being.

### Finance Committee

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

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

The Finance Committee supports the Council in carrying out its duty under s.181(e) of the Education Act 1989 to "ensure that the institution operates in a financially responsible manner

that ensures the efficient use of resources and maintains the institution's long-term viability".

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

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

### Rūnanga

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

The Rūnanga has five primary roles:

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

The Rūnanga reports to Council through Senate.

### Ethical and safety standards

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

#### Animal Ethics Committee

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

#### Biological Safety Committee

The Biological Safety Committee assesses

applications for the use of genetically modified organisms in the University, in accordance with the delegation by the Environmental Protection Authority (EPA), in order to identify all potential risks to people including researchers and the community, and the environment. Applications are determined in accordance with the Hazardous Substances and New Organisms (HSNO) Act 1996 and any relevant supporting protocols issued by the EPA. In addition, the Biological Safety Committee monitors ongoing work within the University and makes recommendations on containment issues as appropriate. The committee has a system for consultation with Māori.

#### Human Participants Ethics Committee

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

### Other committees reporting to Council:

[Discipline](#)

[Student Appeals](#)

[University Honours](#)

[Vice-Chancellor's Review](#)

### Health, Safety and Well-being

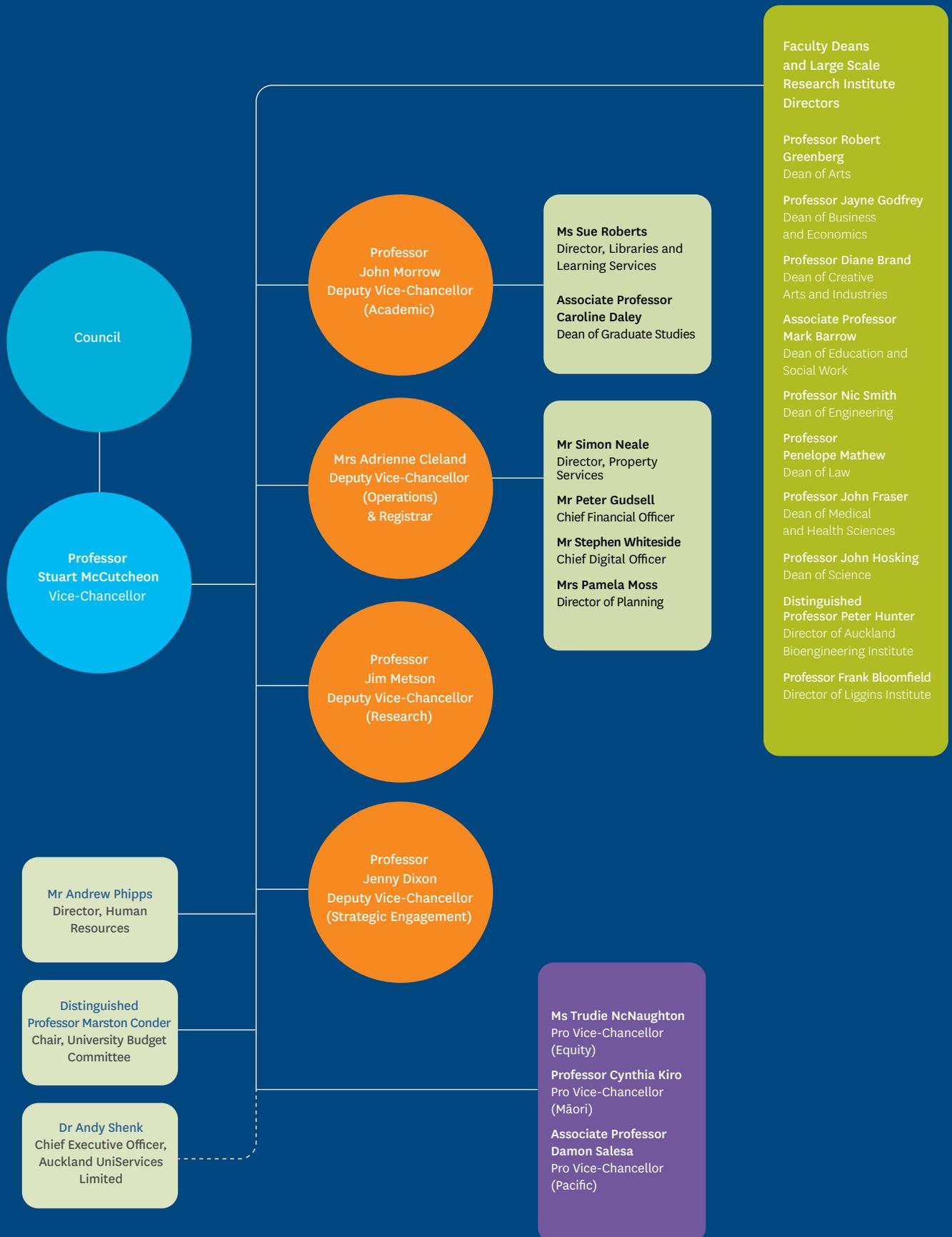
The University Health, Safety and Well-being Committee, chaired by the Vice-Chancellor, is a forum of nominated and elected management and staff representatives that enables staff, unions and students to communicate to management any issues of interest and concern related to health and safety, and to encourage staff participation in the ongoing maintenance and improvement of a safe and healthy environment. The committee reports to the Audit & Risk Committee.

### Business details

<b>Bankers:</b>	Bank of New Zealand, ANZ Bank, Commonwealth Bank of Australia, Hong Kong Shanghai Banking Corporation, Industrial Commercial Bank of China, Bank of Tokyo-Mitsubishi UFJ
<b>Auditors:</b>	Ernst & Young – on behalf of the Office of the Auditor-General
<b>Valuers:</b>	Beca Projects NZ Ltd ART + OBJECT Smith's Bookshop

# University management structure

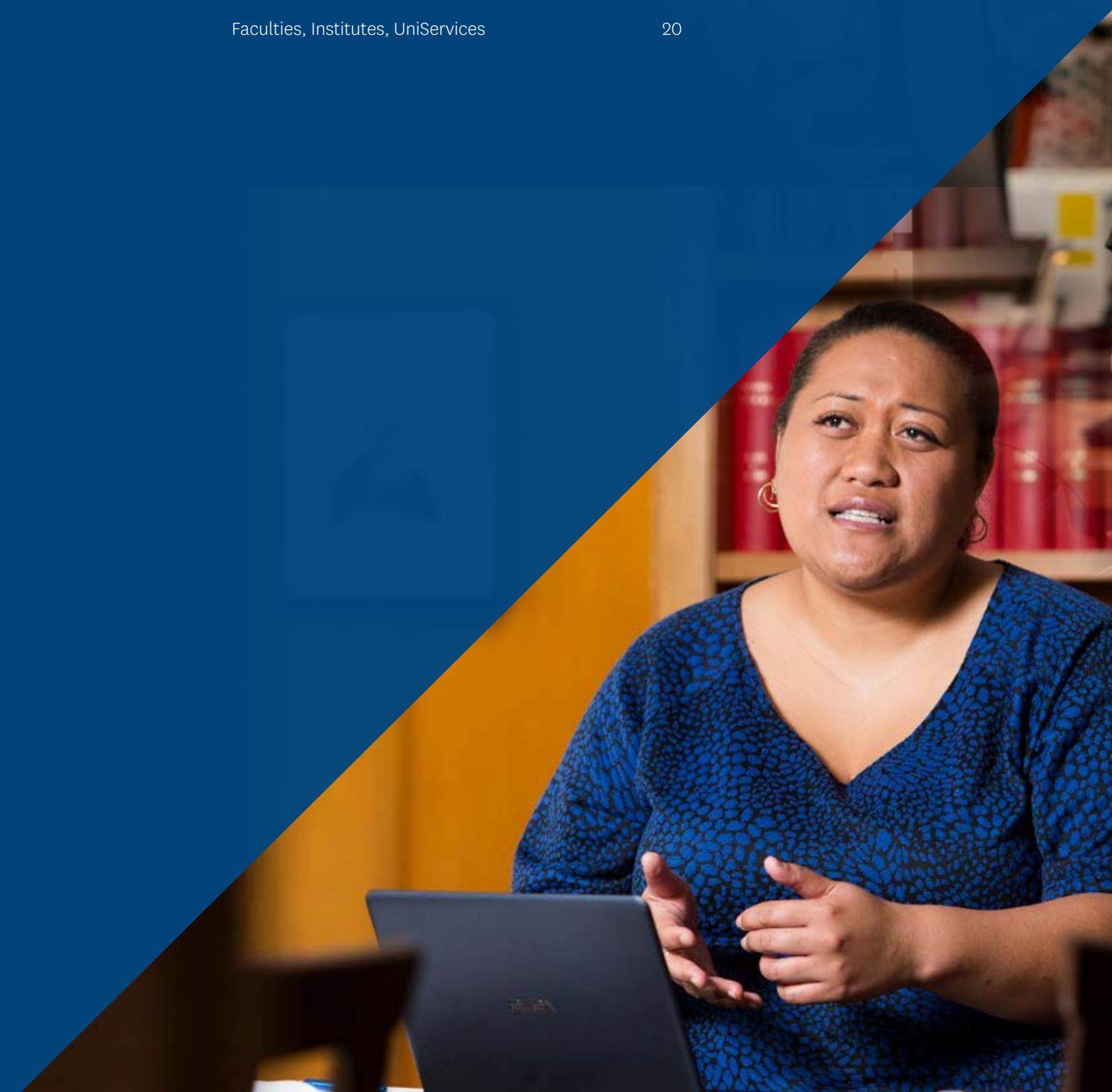
as at 31 December 2019



# 02 Academic performance

---

The Power of Philanthropy	16
Faculties, Institutes, UniServices	20





 Unleash



## Innovation for the future

The University is developing research talent who can add skills to support innovation in all sectors.

# THE POWER OF PHILANTHROPY

This year saw the completion of the University of Auckland's Campaign For All Our Futures. Launched six years ago, the Campaign set out to increase alumni engagement to 50 percent and raise \$300 million in philanthropic funds. It was a huge success – 60 percent of our nearly 200,000 alumni are now actively engaged with the University and we raised \$380,271,165 from 23,592 separate donations by more than 7,000 donors. A \$16.5 million gift from the Hugh Green Foundation was the largest in the history of the University.

At the conclusion of the most successful fundraising campaign of its type in New Zealand history, it is timely to share some of the secrets to our success and reflect on the impact of the Campaign on the University and on the communities we serve.

The concept of philanthropy is thousands of years old, having its origins in the Greek words for love and mankind. In contrast to charity, which typically focuses on eliminating the suffering caused by social problems, philanthropy embodies the idea of investing in or supporting activities that will enhance the human condition: of one person or organisation being generous to many. New Zealanders are among the most generous in the world. We ranked third in the 2017 World Index of Giving, which measures activities such as helping a stranger, donating money and volunteering time. In 2014, the most recent year for which we have the figures, New Zealanders gave nearly \$3 billion, a little over half of it from individuals, 40 percent from trusts and foundations, and 3 percent from businesses.



Volunteer Impact Week ran across the globe as part of the Campaign.



The inaugural Hynds Entrepreneurial Fellow Peter Rachor is teaching entrepreneurship across the University.

Historically, universities in this country were not major beneficiaries of philanthropy, which was focused primarily on the arts, social services and the compulsory education sector. This is in marked contrast to the situation overseas, particularly in the United States. There, private universities have relied on philanthropy for centuries and public universities are following a similar trend with multi-billion dollar campaigns common. That trend, albeit much more modest, is now evident in New Zealand and at the University of Auckland.

One might ask why it is that we need to engage in philanthropy? After all, we are a large organisation with a turnover of approximately \$1.2 billion per annum, significant assets and a large building programme. First, while we can run the basic university functions on government funding and student fees (albeit a diminishing real budget), philanthropy allows our students and staff to do things that would otherwise simply not be possible. It allows us to support students who could not otherwise benefit from the university experience, to attract and retain international quality staff who would otherwise go elsewhere, and to make research breakthroughs that would otherwise lie dormant.

Secondly, we also friend-raise as well as fund-raise. In order to invest in us, people have to understand the importance of what we do. Once they have invested in us, they are more likely to care about and advocate for us.

Finally, our alumni and friends want a university in New Zealand that ranks among the very best in the world. They are aware that there is no great country or city internationally that does not have a great university. Our supporters know that a university cannot

be great if it is condemned to rely solely on government funding.

So what does it take to raise in excess of \$300 million over six years? Five key things have to come together in any successful campaign:

- **A political environment that supports philanthropy.** The widening of tax deductibility provisions some ten years ago greatly encouraged philanthropy in this country compared to the previous situation where deductibility was limited to the curiously precise sum of \$1,890. Even today, we find it easier to raise funds in the US and the UK where donations to New Zealand universities are tax-deductible than across the Tasman where they are not.
- **A cause to believe in.** The basic premise of our Campaign was to seek support to ask and answer important and ambitious questions – the Can We? questions – that would benefit not just the University itself, but also people all over New Zealand and around the world. We argued that, with the help of our friends and supporters, the University could be a vehicle for positive change, 'For All Our Futures'.
- **Receptivity to donor needs.** We want the help of our donors, but they also want something in return. Often it is just to feel that they are supporting an important and worthwhile activity, but they may also want to be involved in the project and will often have good advice to bring to it. And, of course, they may quite legitimately want recognition for themselves or others. This is something we encourage because the public recognition of donors leads others to think about becoming engaged in the same kinds of activities.



Research funded by the George Mason Centre for the Natural Environment, the McCrae family and others allowed our scientists to make advances on how to re-establish mussel beds in the Hauraki Gulf.



**The Auckland Programme for Space Systems (APSS) has taken off, with donations from the likes of alumnus Neil Paton and support and input from Peter Beck and Rocket Lab.**

- A recognition that people give to people. This typically requires that our donors meet, and have confidence in, the students or staff they will be supporting. It also requires the involvement of senior staff, particularly when dealing with major donors.
- Donor confidence that we will care for the resource they give us. This means having in place the professional infrastructure to maximise the return on any invested funds and to guarantee that their money, which in the case of endowments will exist in perpetuity, will always be used for the intended purpose. This we ensure by having the funds in a legally separate University of Auckland Foundation. Gift agreements specify how each donation is to be used and requests by the University for the release of funds are measured against these. All the administrative costs of philanthropy are met by the University, so we can guarantee that every dollar given to us will be used for the intended philanthropic purpose. That is not always the case – some international charities charge an administrative levy on gifts as high as 45 cents in the dollar.

So what has philanthropy enabled us to achieve? Well, \$380 million allows a vast array of achievements, and we have published

100 outcomes from the Campaign ([tinyurl.com/UoA100Impacts](http://tinyurl.com/UoA100Impacts)). But three examples will suffice to illustrate how the power of philanthropy is allowing us to ask and answer important questions.

**All the administrative costs are met by the University so every dollar given is used for the intended philanthropic purpose.**

**We asked: Can we improve the lives of our young people?**

With the help of our donors, we have:

- Discovered that delaying clamping the umbilical cord of premature babies for just 60 seconds cuts the relative risk of death in hospital by a third, potentially saving between 11,000 and 100,000 lives annually worldwide
- Successfully developed and trialled a new and innovative treatment for children and adolescents with cerebral palsy – the most common cause of physical disability in childhood
- Introduced a free online teaching system

to support teachers and students of STEM subjects in low decile schools with nearly 2,000 students already enrolled

- Created a mentoring system for students in South Auckland, predominantly Māori and Pacific, to support them in a successful transition to university
- Trebled the number of donor-funded scholarships for students who could not otherwise afford to attend university
- Created a new Kupe Leadership programme for outstanding masters students from universities throughout the country.

**We asked: Can we address New Zealand's major challenges?**

With the help of our donors we have:

- Established professorial positions that will attract leading health researchers from overseas and keep our top people at home. Among them are the Hugh Green Foundation Chair in Addiction Research; the David Levene Foundation Chair in Brain Research; the John and Marylyn Mayo Chair in Health Law; the Cure Kids Duke Family Chair in Child and Adolescent Mental Health; the Antony and Margaret Morris Chair in Cancer Research; the Garnett Passe and Rodney Williams Memorial Foundation Chair in Otorhinolaryngology and Head and Neck

Surgery; the Hugh Green Foundation Chair in Translational Neuroscience; and the Joyce Cook Chair in Ageing Well

- Developed new techniques to attack melanoma using a patient's own immune system
- Made ground-breaking discoveries in type-1 diabetes, bringing us a step closer to treatment and prevention
- Improved the lives of hundreds of stroke patients with a new method to remove large blood clots from the brain.

**Over the course of the campaign, the endowment fund grew by 307 percent, from \$54 million to \$220 million.**

**We asked: Can we foster a successful culture of innovation and enterprise to help drive our economy?**

With the help of our donors, we have:

- Created an entrepreneurial programme for students and staff that ranks with the world's best
- Opened the Unleash Space, an innovation hub where more than 1,000 students and staff imagine, design and create prototypes of new technologies
- Established annual study tours to Silicon Valley for student entrepreneurs
- Developed mentoring programmes for women in business, science, law and engineering to help break through glass ceilings



**Philanthropist John Hynds in the Unleash Space with student technologists and a Hynds drain cover they designed.**

- Readied for launch the first mini-satellite from our Space Systems Programme.

But even this list does not do justice to the diversity of opportunities created by the Campaign. Among many other things we have established with donor support, are:

- The Maclaurin Goodfellow Chair in Theological and Religious Studies, investigating how spirituality affects people and the role of religion in driving historical, political, social and cultural change
- The Watercare Chair in Infrastructure, with the inaugural holder a specialist in water distribution systems
- The George Mason Centre for the Environment, which brings together a wide range of expertise in green chemistry, marine science and biological sciences focused on restoring and protecting our natural environment

- The Wallace Opera Training Programme, which culminates in the Music School's annual Opera Scenes production
- The Rewi Thompson undergraduate scholarship and Murray Wren Masters scholarship in Architecture
- A major programme in the Auckland Bioengineering Institute to expand research to understand and model cerebral palsy
- Postgraduate and summer scholarships to support students participating in archaeological excavations on Ahuahu Great Mercury Island
- An expanded music programme based on the gift of a clavichord and the only virtual organ held in a New Zealand university, completing the Music School's early keyboard collection and resulting in growing student numbers.

We have also begun to build an endowment for the University – a resource base that will support our work in perpetuity. Over the course of the Campaign the endowment grew by 307 percent, from \$54 million to \$220 million. Great universities of the world all have significant endowment funds, critical in providing flexibility to take advantage of significant research and recruitment opportunities as they arise.

In conclusion, philanthropy has become a powerful vehicle for the University to achieve many things that would otherwise be impossible. We have asked and answered important questions and we have changed lives.

Because of investment by our donors, the University is a different and more capable organisation. That investment in the creation and dissemination of knowledge will produce dividends for many years to come.



**University researchers are developing new treatments for amblyopia (lazy eye).**



**Turuhira Hotene, left, won the Major Māori Award in the 2019 Blues Awards. She's seen here performing at Te Matatini ki te Ao (the biennial national kapa haka championships).**

## Arts

In 2019, the Arts Faculty had, as one of its key objectives, the implementation of innovations in undergraduate learning and teaching, to transform the student experience.

The faculty introduced a raft of initiatives to transform students' learning experience and provide a greater platform for student success and retention. These included Ako Arts, which seeks to embed Māori and Pacific worldviews in courses delivery and places a greater emphasis upon whanaungatanga and connection among students and teaching staff; Arts+, a new, embedded student peer mentoring programme to provide more visible and accessible support for student transition and cohort building; enhanced training for all Tuākana, GTAs and Arts+ mentors, emphasising development of cultural competence and ability to support the needs of a diverse student body; and CAREER 100 'Crafting Your Career', the first of a new suite of 'Career' courses to support and enhance Arts students' future career-readiness.

In 2019, the faculty performed strongly in research, with excellent outcomes in the PBRF and Marsden funding round (with six successful bids out of ten submitted) and enhanced international rankings.

However, a changing research landscape, with greater dependence upon external funding sources, and requirements to demonstrate impact and engagement with Vision Mātauranga, makes it imperative for the faculty to increase its research outputs, their visibility and impact.

To address these challenges the faculty has:

- Established 13 inter-disciplinary research 'hubs' to develop externally funded projects in the future
- Created a new Associate Dean (Mātauranga Māori) role to lead initiatives and build capacity in Vision Mātauranga among the faculty's researchers
- Developed proposals for a revitalised mentoring structure, to be implemented in 2020, to help grow the research careers of the next generation of academics
- Established new Māori and Pacific Post-Doctoral Fellowships to generate a pipeline of high-quality Māori or Pacific academics suitable for future permanent positions.

The 2019 Staff Survey results indicate progress has been made in addressing issues of staff morale, well-being and engagement. However, more work is required in 2020 if the changes are to be embedded.

The faculty has formed a new group, Te Rōpū Whakamana Tangata, to provide guidance and leadership about issues of concern among faculty staff and students. This group is providing direction for how the faculty can foster equity, mutual acceptance and respect within our community, drawing on Māori values of tapu and mana.

The faculty has also commissioned staff training and awareness-raising sessions on how to identify and respond effectively to gender-based harassment, and Arts staff were the first to participate in the University's anti-bullying and harassment training.

## Business and Economics

Following endorsement of the new vision, mission and purpose statements at the end of 2018, a major undertaking in 2019 was the development of a Strategic Plan 2020-2025 for the Business School. The plan proposes reviewing what and how we teach so that we can better meet the needs of our key stakeholders, including students, employers, and alumni. The plan also proposes strategies to improve the quality and impact of our research and to strengthen external engagement.

This year has seen a focus on renewing faculty academic leadership, continuing a major senior recruitment campaign, succession planning at faculty and departmental levels, re-energising the teaching and research agendas, reviewing our undergraduate programmes, and strengthening alignment with the Business School's strategic research and education themes of high economic and social importance.

Research activity within the Business School remains healthy. From an internal perspective, the Faculty Research Development Fund once again produced a range of research projects from various departments. The Strategic Research Themes Fund was successfully reintroduced this year, leading to three high-quality projects. Researchers continue to apply to the usual domestic funders but an increasing number are investigating new sources of funding, many based overseas.

The Business School continues to be involved in collaborative projects such as the

Te Pūnaha Ātea Auckland Space Institute and the University's Food and Health Programme.

The Business masters portfolio continued to expand in 2019 with the development and launch of new programmes and the largest student intake ever. The refreshed MBA programme also launched in late 2019 with a relevant, interdisciplinary curriculum and diverse cohort.

A significant philanthropic gift, through the University's Campaign For All Our Futures, from entrepreneur Tony Falkenstein, will enable up to 14 students to travel to Silicon Valley over the next five years. The students will visit contemporary business hubs in order to observe and hone the skills required for entrepreneurial success, and to assist them in starting successful sustainable businesses.

The Business School continues to provide innovative educational and co-curricular activities through the Centre for Innovation and Entrepreneurship, the Unleash Space, and the Velocity \$100k Challenge.

Our students competed well in a variety of case competitions held locally and overseas. The Champions Trophy, held annually in Auckland, is considered to be the premier event in the international case competition calendar. These high-intensity competitions provide a unique environment for students to demonstrate their capabilities. Investment in student professional development activities is seen as an important differentiator for the Business School.

The Women's Mentoring Programme completed its ninth year in 2019. This programme, which matches female students with successful businesswomen, provides a unique professional development opportunity for students to benefit from their mentor's experience and industry knowledge.

A new Business School Advisory Board was established in early 2019 to support and accelerate the achievement of our goals, and strengthen engagement with business.

## Creative Arts and Industries

In 2019, the Faculty of Creative Arts and Industries (CAI) advanced its mission to deliver excellence in teaching, research, creative practice and performance, while providing exceptional value to our stakeholders. We worked to refresh our collective vision, to promote our core values and aspirations, be responsive to an ever-changing future and increase collaboration with creative partners.

Several new academic programme initiatives are under various stages of development and delivery, with a view to enhancing student employability, entrepreneurship and relevance to industry. They include the Bachelor of Urban

Planning (Honours), the Master of Urban Planning (Professional), and a reformulation of the Bachelor of Fine Arts. The new Bachelor of Music curriculum is under way and has attracted positive student evaluations. The Bachelor of Design programme launches in March 2020. Accordingly, four new staff have been appointed. The space fit-out and technical procurement are in the final stages of development. A successful marketing campaign has attracted significantly more applications than anticipated. Collaboration with other faculties to build conjoint degrees has been very productive, and a new interdisciplinary Master of Design degree has achieved the first stage of approval.

Dance Studies and the Beijing Dance Academy started a Joint Bachelor of Community Dance with the first intake of students in 2020. Dance Studies programmes have relocated to a newly refurbished facility, bringing all staff and students together in one building. A new degree, of Master of Dance Movement Therapy, was launched this year.

In October, the faculty achieved our campaign target of \$6.8 million in philanthropic funding. Significant gifts and bequests have been received including an important commitment to Māori and Pacific architecture scholarships, and a commitment in support of students of the degree of Master of Dance Movement Therapy.

The number of applications made by CAI researchers for external research funding has significantly increased (42 in the past 12 months), with applications submitted to a more diverse range of funders. A subcontract for MBIE Endeavour funding has been granted to a CAI researcher working in the area of Māori homelessness. The Venice Biennale Foundation has pledged co-funding for CAI's exhibition in the 2020 Venice Biennale of Architecture.

In 2019, CAI established a working group to explore ideas of tolerance and collegiality across the faculty. The committee discussed issues of gender, ethnicity and culture, mental health and well-being. This work will underpin future initiatives planned across the faculty.

A number of professional development workshops have been delivered, including training to address unconscious bias, bullying and harassment. This year has seen significant improvements in Health and Safety practice and compliance within the faculty. The establishment of a Te Reo speech bank is under way for CAI staff as part of our important work on cultural fluency and awareness-building. These initiatives are part of the ongoing Faculty Culture Project and have translated into improved results in the Staff Survey.

## Education and Social Work

The reputation of the Faculty of Education and

Social Work (EDSW) as New Zealand's pre-eminent research-led provider of education, counselling and social work programmes was cemented by the announcement in 2019 of the 2012-18 PBRF results. The number of A-ranked researchers in the faculty doubled from 13 to 26. In the field of education, the University has 20 A-ranked professors, 19 of whom are in the faculty of Education and Social Work.

The faculty continues to work hard to attract quality applicants to its major teaching programmes in initial teacher education and social work. In 2019, intakes into the primary and secondary teaching preparatory programmes struggled to meet expected numbers, while in Social Work the new intake increased slightly on 2018. As a result of an ongoing decline in overall numbers, the faculty started 2019 with a smaller academic staff complement than in the previous year.

During 2019 the faculty completed all the approval steps to introduce reinvigorated initial teacher education programmes from 2020. It is anticipated that the changes made will increase the attractiveness of these offerings and provide us with options to improve the efficiency of programme delivery. EDSW also welcomed the first international students into a redeveloped BED (TESOL). These students come from three partner Chinese universities in a 2 + 2 arrangement. Articulation agreements have also been negotiated with other universities.

Non-doctoral postgraduate recruitment has improved, attracting good numbers into a new Master of Educational Practice, without drawing students away from established postgraduate offerings. EDSW has developed a 'virtual classroom' and redeveloped 12 MEdPrac courses for distance delivery, either wholly online or using the virtual classroom. From 2020 students can complete the programme without physically attending the University. Also in 2020, EDSW will launch the Master of Educational Leadership through the Auckland Online platform, as one of the first two offerings in the University.

The faculty surpassed its fundraising goal in the Campaign For All Our Futures with donors either supporting EDSW students to achieve things that would not otherwise have been possible, or creating the capacity for the University to enhance educational opportunities for students in schools, especially lower decile. A significant investment has been the STEM Online NZ programme. The development of STEM-ready university entrants is hampered by a shortage of specialist mathematics, physics and chemistry teachers in New Zealand secondary schools. The programme has developed high-quality online resources specifically for NCEA, available to all secondary

schools throughout the country. The support that donors provided to the programme has enabled more than 3,000 students to register to use the modules. Generous support from the Woolf Fisher Trust has enabled the faculty to provide scholarships to registered primary teachers to enrol in BEd (Tchg)(Hons) and PGCertEd, and to develop specialised teaching expertise in primary school science and mathematics teaching. A significant donation was also given as a seeding grant to assist in the development of a Centre for Asia Pacific Refugee Studies. This centre will start work in 2020, committed to a transformative research agenda focusing on social justice and human rights.

The plan to move the faculty from Epsom to the City Campus has involved senior staff in the detailed planning. The faculty has also worked with the University to prepare for the opening of its new South Auckland Campus (Tai Tonga) and ending the partnership with MIT.

## Engineering

Against a background of significant change, 2019 was an extremely successful year for the Faculty of Engineering. We continued to pursue our two main strategic goals, focusing on maximising our research impact and delivering an excellent student experience.

Engineering continues to be an attractive option for our students. The overall student growth of the faculty has created both challenges and opportunities. In particular, the growth in undergraduate enrolments, in an environment of decreasing school leaver numbers, has been a success.

The teaching and learning space has also seen several developments. All nine BE (Hons)

programmes completed their curriculum renewals in 2019 and sought the necessary approval through either the faculty or University Academic Programmes Committee, as appropriate. One new programme – the BE (Hons) in Structural Engineering – was introduced. Additionally, in order to prepare teaching staff to best utilise the potential of the new multi-disciplinary learning spaces (MDLS) in the new Engineering building, B405, we continued our multi-year teaching transformation project, in which a set of early adopters known as course ‘champions’ were trained (in 2018) in course redesign and pedagogical approaches to best utilise the potential of the new MDLS. During 2019 they implemented the course innovations identified during their earlier training and reported their findings to the project steering group. A particularly pleasing aspect of the findings was clear evidence that significant improvements in student satisfaction (e.g. a SET GA score rising from a little over 70 percent to 95 percent) could be achieved without radical course or delivery re-design.

In the research space, achievements in 2019 include winning significant external research funding. Though slightly lower than in 2018, we are particularly pleased at the number of major prestigious funds being awarded to future research leaders and early career academics. These have come from both the Marsden Fund and MBIE Endeavour Smart Ideas Fund, and this bodes well for ongoing funding success. Significant emphasis is placed on individual support for emerging academics, through targeted meetings involving faculty staff alongside UniServices Business Development Managers and the Faculty Kaiarahi. This approach helps early-career academics identify

the public and private-good aspects of their research, to identify opportunities for industry engagement in it and to identify where their research may be of relevance to Māori or benefit from Māori input at an early stage.

In the sustainability area, the Campaign For All Our Futures was a great success for the Faculty of Engineering, exceeding both our fundraising and alumni engagement targets. A significant amount was raised in external funding from philanthropic supporters and industry partners and these incredible gifts have enabled the faculty to deliver programmes, projects and research that we simply would not have been able to support through our ‘business as usual’ budget. Additionally, in 2019, we awarded more than \$20,000 in grants to students from this fund.

## Law

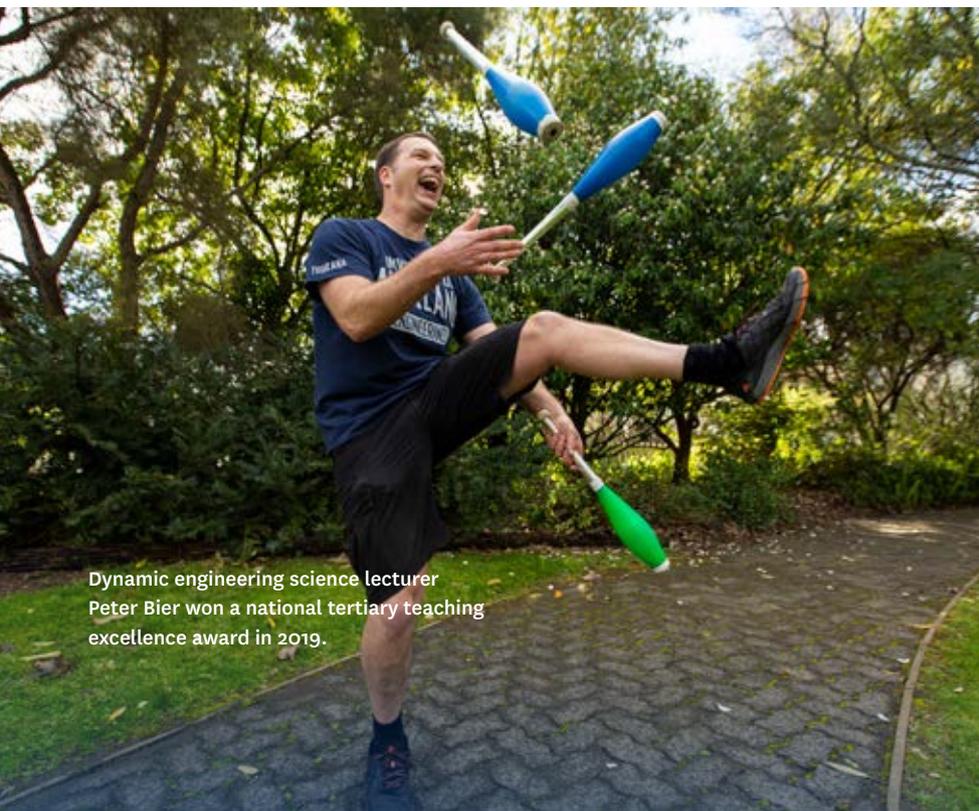
The Law School is ranked in the top 50 law schools globally under the Quacquarelli Symonds (QS) World University Rankings. In advancing its research objective, significant achievements for the Faculty of Law included: winning two of the four Legal Research Foundation awards for the best legal writing; winning the international Richard Macrory prize for the best environmental article in the leading *Journal of Environmental Law*; and the award of competitive research grants and funding including a Royal Society NZ (RSNZ) Marsden Fast Start and two grants for a single project from the Vice-Chancellor’s Strategic Fund and the Borrin Foundation.

Significant conferences this year included the Corporate Law Teachers’ Association conference, and a conference that looked at the future shape and directions of Aotearoa’s Alcohol and other Drug Treatment Courts.

The faculty continued to offer a diverse range of undergraduate elective courses to complement its core papers at Parts II and III. In the field of assessment, 13 law courses utilised computer-based exams. Significantly more courses in the faculty adopted online submission for assessment tasks. In 2020, the faculty will be restructuring how it delivers its largest course, LAW 121G. The faculty will also explore how to integrate innovation content into the first-year curriculum with the support of the University’s Hynds Entrepreneurial Teaching Fellow.

Undergraduate EFTS increased by 32 domestic EFTS while at the postgraduate level there was growth of 15 international EFTS.

Significant staff achievements include Dr Anna Hood receiving a RSNZ Marsden Fast Start grant, as well as a University Early Career Teaching Excellence Award. Dr Hood was also the inaugural winner of the faculty’s 2019 Student’s Choice Teaching Excellence



Dynamic engineering science lecturer Peter Bier won a national tertiary teaching excellence award in 2019.



**Professor Jadranka Travas-Sejdic (Science) won the Hector Medal in 2019, for her outstanding contribution to the field of advanced polymers and nanomaterials.**

Award and was one of two recipients of the faculty's Early Career Teaching Excellence Award. Mr Jayden Houghton was the second recipient of the faculty's Early Career Teaching Excellence Award and a recipient of a 2020 CLear Fellowship, along with Associate Professor Hanna Wilberg. Law's Senior Research Programme Coordinator, Dr Charlotte Bennett, received a Marsden Fast Start located within the Arts Faculty and the Faculty's Career Development and Employment Engagement Manager, Clodagh Higgins, won the 2019 NZ Association of Graduate Employers Industry award for the Best Careers Service.

Other staff and alumni distinctions included: Emeritus Professor David Williams elected to the Academy of the Royal Society Te Apārangi; He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction, led by Professor Ron Paterson, was published in December; Ms Rosslyn Noonan's appointment as Chair of the Family Justice Review; and alumnae, the Honourable Justice Dame Helen Winkelmann appointed to the role of the Supreme Court Chief Justice, and Ms Moana Maniapoto honoured as a University Distinguished Alumna for 2019.

## Medical and Health Sciences

The Faculty of Medical and Health Sciences (FMHS) is a premier teaching and health sciences research faculty. Our mission is to improve the health of our local, national and global communities through excellence in teaching, research, service and engagement.

With the opening of building 507, Zone A, the School of Population Health and the

University Clinics moved into Park West in November 2019. The Simulation Centre for Patient Safety also moved from Tāmaki to building 502, a purpose-built simulation centre. Considerable work has been undertaken to maximise the benefits of the new Park West building. The planning saw the relationship between the Schools of Medicine and Population Health strengthen, with the likelihood of future collaboration. The state-of-the-art public clinics will provide experiential teaching for clinics-based disciplines, as well as increasing our engagement with our local community.

Since moving, there have been very favourable comments by staff on their new accommodation, the new clinics' space and the simulation centre. The School of Medicine and the Clinical Research Centre move into building 507, Zone B, in late February 2020.

A high point for the faculty was two of our staff winning University teaching awards: Dr Rhys Jones received the University's Leadership in Teaching and Learning award, and Dr Anuj Bhargava received a Sustained Excellence in Teaching award.

Professional staff have also been recognised at University level with Alhad Mahagaonkar, Technical Manager, receiving the Vice-Chancellor's Excellence Award for Community Engagement, highlighting his international standing as a subject matter expert. The Technical Services structure was implemented successfully this year and technical staff have continued to be recognised for their essential contribution, receiving two of the four FMHS Professional Staff Awards.

As well as enhanced support, the research capability of FMHS has been significantly

boosted by the Campaign For All Our Futures, where more than 80 percent of the generous \$208 million gifted to FMHS from 1,121 donors, benefited research directly or through additional Chairs and Fellowships. We are very grateful the faculty's work in improving health outcomes has been recognised to such an extent and we look forward to reporting the ongoing benefits of this investment in years to come.

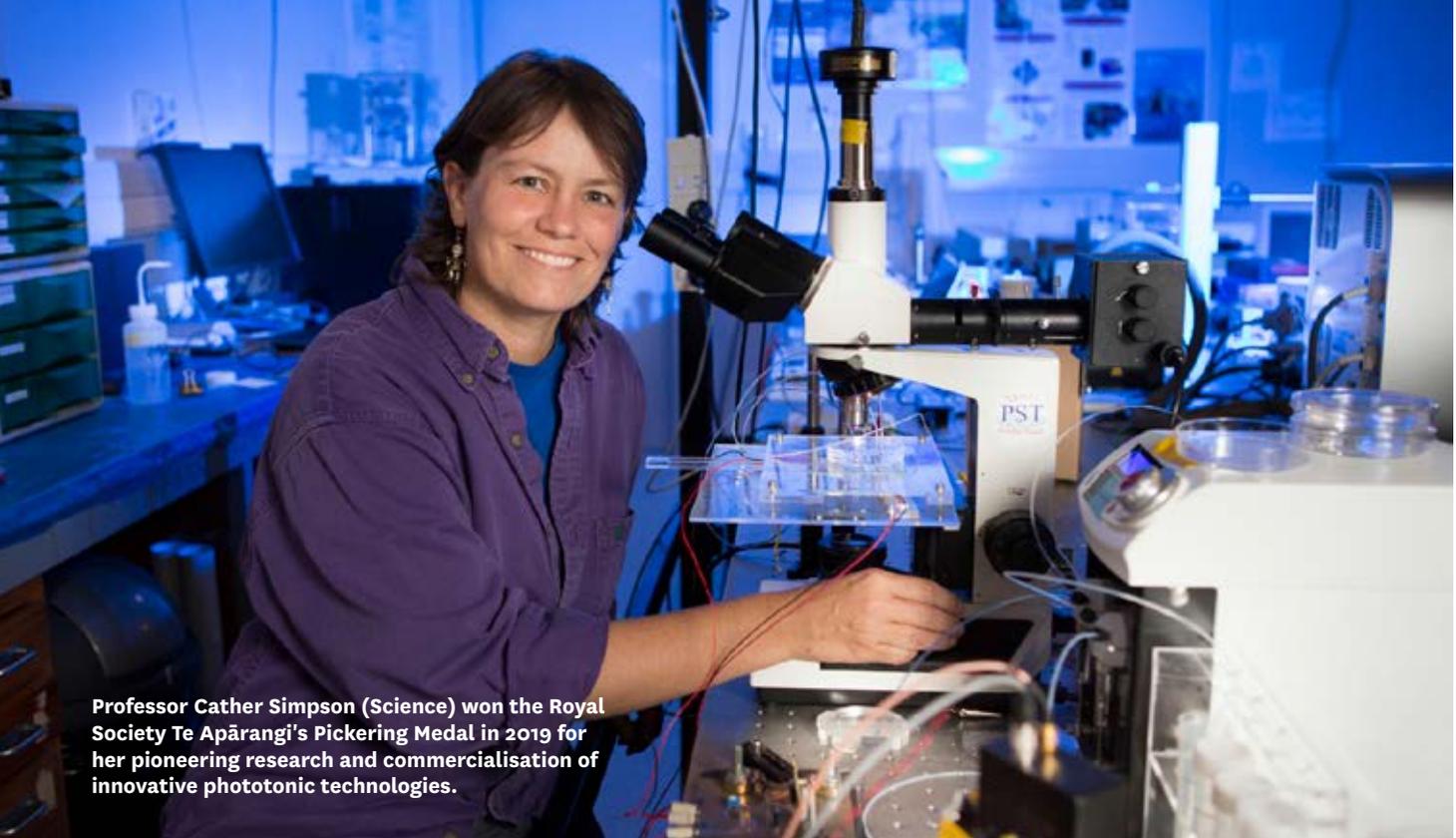
Part of the ongoing strategic planning work of the faculty has seen the appointment of Dr Collin Tukuitonga as the faculty's inaugural Associate Dean, Pacific. Dr Tukuitonga, who is Niuean, has served Pacific communities in many influential roles in his distinguished public health career. He will spearhead the implementation of the Pacific Strategy, which will strengthen the faculty's ability to address the needs of our Pacific community, staff and students.

Finally, current and former colleagues and friends of the Tāmaki Innovation Campus came together on 24 October at an event to mark the closing of the campus. It acknowledged its history and contribution to the University and community and celebrated the many achievements generated there.

## Science

The Science Faculty's mission and values statement focuses on scientific and educational excellence and innovative contributions to societal and economic impact. In 2019 philanthropic support played an important part in our ability to realise these values, several examples of which follow.

Research funded by the George Mason Centre for the Natural Environment (GMCNE),



**Professor Cather Simpson (Science) won the Royal Society Te Apārangi's Pickering Medal in 2019 for her pioneering research and commercialisation of innovative photonic technologies.**

the McCrae family and others allowed Jen Hillman, Andrew Jeffs and colleagues to make advances on how to re-establish mussel beds in the Hauraki Gulf, to better understand how mussel beds influence the quality of our marine environment, and how onshore activity leads to water turbidity influencing mussel health.

Other GMCNE funding has allowed Dr Kevin Simon, Dr Gavin Lear and Victor Gambarini to search for micro-organisms that degrade plastic waste. Mr Gambarini, with help from ESR, has already been able to identify several novel plastic-degrading micro-organisms and enzymes in the New Zealand landscape and is looking to harness them for at-scale use.

A new appointment has been made to the Glavish-Buckley Chair in Climate Physics. Professor David Noone, from Oregon State University, brings enormous experience in climate modelling and field-based atmospheric measurement, allowing us to better understand what influences global and local climate.

A crowd-funded appeal, led by alumnus Hadley Wickham of RStudio fame, has enabled the Department of Statistics to establish the Ihaka Lectures, named after Associate Professor Ross Ihaka. Ross co-created R – a statistical programming language used by the majority of the world's statisticians. The Ihaka Lectures are public lectures on a contemporary topic in Statistics. In 2019, the topic was the "Rise of the machine learners: Statistical learning in the computational era".

As a result of our annual appeal, alumni donated funding for nesting boxes for more than 300 pairs of little blue penguins installed on islands in the Hauraki Gulf and around

Leigh. In a number of places, penguins moved in within a week and reared chicks. Radio tags, also provided by alumni, have recorded the huge distances the penguins swim to gather food to feed their chicks.

Through Kalman Trust funding, five Kalman Fellows were hosted this year in the Department of Mathematics. The scheme develops and promotes mathematics and mathematics teaching in the Auckland secondary school community. Funding covers the cost of releasing fellows from their teaching commitments, and an honorarium.

Continued support from US donor Lesley Shelley has enabled Rod Dunbar's team to develop new techniques to attack melanoma with T cells. Progress has been positive and the team is aiming to treat their first melanoma patient within a year. As well, Quentin Atkinson and the Centre for Computational Evolution have received funding from the Stewart Family (UK) to kick-start a focused research project to identify the most evolutionarily distinct, globally endangered (EDGE) languages in the world.

### **Auckland Bioengineering Institute**

The Auckland Bioengineering Institute (ABI) is a world leader in computational physiology and the development of novel bio-instrumentation. It has experienced steady growth in external research funding and postgraduate students since its establishment, and major growth in research income from 2017-19.

ABI hosts the Medical Technologies Centre of Research Excellence (MedTech CoRE) and is a founding partner of the Consortium for

Medical Device Technologies (CMDT). Together with the MedTech CoRE and CMDT, it has been instrumental in co-ordinating a national approach to medical technology R&D and translation in New Zealand, linking university research with the MedTech industry and healthcare system.

In recent years, growth in public funding in New Zealand science has focused on business growth and, most recently, on personal well-being, including mental health. Government expects outcomes from investment in the forms of research impact, economic benefits and the development of research talent who can add skills to support innovation in the business sector. ABI continues to demonstrate delivery of excellent science and skilled graduates adding economic and/or societal value.

National and international public-good funding provides the primary support for our basic science research with the potential to lead to translational projects for support by the MedTech CoRE, or to other non-CoRE outcomes. International (US) funding for our basic research increased considerably through 2017-18. ABI continues to attract international students through reputation, and by building and fostering relationships with leading universities in targeted countries.

### **Liggins Institute**

During 2019 the Liggins Institute has grown its research outcomes and postgraduate student supervision, with significant success for individual staff and students in addition to the overall achievements of the Institute.

Liggins continues to grow the number of philanthropic scholarships, supporting a diverse student body achieving their learning and educational goals and building capability for the future. Named scholarships are being renewed, demonstrating the value perceived by our donors, with the Institute receiving philanthropic funding for six additional scholarships this year. We are addressing the capacity for postgraduate supervision and training through a targeted recruitment drive.

Philanthropic support has also been key for the advancement of our strategic priority around the development of an internationally leading centre for perinatal research, with particular emphasis on world-class clinical trials in this area. Development of this expertise has the potential to have a significant impact on clinical research into the future.

Other research activity has been advanced significantly through philanthropic support, most notably research into the microbiome in young people who are overweight/obese as well as novel approaches to identifying genetic contributions to Type 1 diabetes and Parkinson's disease. Both areas of research have the potential to lead to novel interventions in the future.

A strategic retreat in 2019 underpinned the development of our updated Strategic Plan. Key components relating to student and postgraduate training and support were rolled out this year with the research strategy following in early 2020.

In 2019 we also established an Equity Committee for the Institute which is already quite active. A key objective in health and wellness was the development of guidelines protecting staff, students and participants in our clinical research area. These included guidelines around needle-stick injury and ensuring immunity against measles and whooping cough, which received universal support from staff and students.

Community engagement is a priority in our Strategic Plan. The Institute has continued to grow its community outreach through public lectures, the Gluckman Symposium, Institute visits and forums for participants in our clinical trials, and educational/research update visits to six District Health Boards, and more planned in 2020.

We are enormously proud of our students and staff, many of whom received national and international recognition in 2019, including the Royal Society Rutherford Medal, the Supreme NZ Women of Influence award, the L'Oréal-UNESCO For Women In Science Fellowship (New Zealand), winner of the University's postgraduate student competition, and numerous international student prizes, many of which were won by Pacific students.

## UniServices

UniServices provides the business development and contracting functions for the externally funded research portfolio of the University of Auckland.

UniServices also has sole responsibility for protection and commercialisation of the intellectual property of the University. New IP and new expertise arising from research fuel the creation of new opportunities for expanded research, as well as the creation of new non-research business units and assets for commercialisation via licensing and establishment of new start-ups.

In 2019, UniServices contributed significantly to supporting the research that brings to life the new knowledge and expertise targeted by the University's For All Our Futures philanthropic campaign. The company worked extensively with researchers to compete for, and contract, well in excess of \$280 million worth of new research projects during the year.

Spread across more than 1,000 new contracts for fundamental and applied research in a hugely diverse range of disciplines, the growing research portfolio of the University continues to far outperform any other research organisation in New Zealand.

UniServices plays a vital role in maintaining the flow of resources that underpins the University's research portfolio.

As part of its continuing focus on growing research funding for the University, in 2019 UniServices launched a wide variety of support offerings designed to help researchers and their teams compete for funding more efficiently and commercialise their research outputs more successfully. This has included support with grant writing and editorial services, researcher education and career development workshops, travel support for the establishment and maintenance of international collaborations,

and other support offerings aimed at growing the scale and breadth of the University's total research activities.

In terms of commercialisation, UniServices doubled the size of its contracts with the New Zealand Government for the Pre-seed Accelerator Fund (PSAF) and the Commercialisation Partners Network in 2019. When combined with the company's own University of Auckland Inventors Fund, these expanded contracts allow UniServices to work with many more Auckland inventors and their teams to bring new technologies and new ideas to life.

This year alone we have made significant advances in such fields as new medicines and new medical devices, clean energy systems, power and control systems for satellites, sustainability and resilience for tomorrow's cities and a whole host of other promising technologies.

We have also invested in skills development for young entrepreneurs, especially those from under-represented groups in society, to help equip the future leaders of New Zealand with the skills they need to make the best investment decisions for their futures and for all of us.

Below: Distinguished Professor Jane Harding (Liggins Institute) won the Royal Society Te Apārangi Rutherford Medal in 2019. (Pictured with interns funded by the Aotearoa Foundation, Gordon Liu and Olivia Hofer and staff member Dr Chris McKinlay.)



# 03 Statement of service performance

---

Statement of service performance	28
Statement of the cost of outputs	40
Compulsory student services fees	40
Educational performance indicator commitments	41





## Opportunity for all

The number of philanthropic scholarships grew in 2019, supporting a diverse student body to achieve their learning and educational goals and building capability for the future.

# Statement of service performance

The University of Auckland's mission is to be: "A research-led, international university, recognised for excellence in teaching, learning, research, creative work and administration, for the significance of its contributions to the advancement of knowledge and its commitment to serve its local, national and international communities." The Strategic Plan 2013-2020 is based on this mission statement and has led to 19 objectives reflecting this core mission, which align with seven aspirations.

The outputs of the University of Auckland are: research-informed teaching, learning and scholarship; fundamental and commercial applications of research and creative works; and contributions to its local, national, and international communities. All our objectives can be related to at least one of these three output classes. The Statement of Service Performance is arranged based on our Strategic Plan 2013-2020. The targets for our KPIs are determined as part of our annual planning and budget cycle.

## Accomplished and well-supported staff

**Leading universities are primarily defined by their ability to attract and foster the best students and the most accomplished teachers, researchers and administrators. The University of Auckland aims to recruit and retain a high-quality and diverse body of academic and professional staff, who are passionate about their work and enthusiastic about their contribution to the University's objectives. We seek to provide staff with an environment that develops and rewards talent, is flexible to their needs, and fosters high levels of engagement. Staff are encouraged to provide leadership in their professional capacities outside the University, extending benefits to the wider communities, nationally and internationally. The objectives in this first section are focused on our staff, an integral part of delivering our desired outcomes with respect to all our output classes.**

Our first aspiration contributes to all three of our output classes. Our outputs depend on the activities of our staff, both academic and professional. The people costs remain our most significant cost. This increased from \$656 million in 2018 to \$669 million in 2019, an increase of 2%, in line with the increase in revenue and making up 54.3% of the total unrestricted revenue. The financial statements provide more detailed information about the breakdown of the costs.

## Objective 1

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Student : academic staff ratio (EFTS : AFTE)	18.2	18.1	18.2	18.3
Academic : professional staff ratio* (AFTE : Professional Staff FTE)	1.5	1.4	1.5	1.5
Peer-reviewed publications per AFTE	4.3	4.6	4.8	3.9
Citations per AFTE	171.0	186.6	175.0	197.2
Number of prestigious awards held by academic and professional staff	319	320	≥300	358
Percentage of Māori staff in academic positions	6.0	5.9	7.0	5.9
Percentage of Pacific staff in academic positions	2.6	2.7	3.5	2.5
Percentage of Māori staff in professional positions	6.8	6.7	7.5	6.7
Percentage of Pacific staff in professional positions	6.1	6.4	6.6	6.4

\*Calculation includes professional staff in the faculties and LSRIIs only.

- The Student to Academic Staff Ratio (SSR) reflects the resources available to support our teaching and learning outputs. The investment in academic staff is a balance between maintaining academic quality through increased staff numbers and the impact of the costs of staff on financial viability. The SSR has risen marginally from 18.1 to 18.3 due to overall academic FTE (AFTE) remaining stable, while student numbers have increased. The academic staff to professional staff ratio has remained stable over the past few years and has remained on target.
- Both the peer-reviewed publications and the citations per academic FTE are related to the development of potential and the reward for performance. These are both an essential part of the annual Academic Development and Performance Review. The purpose of this review is to have regular engagement between academics and academic heads and to receive appropriate support so that careers can progress in a manner that meets both personal professional objectives and the University's strategic objectives. The number of research outputs has dropped, leading to a lower-than-target number of publications per AFTE. The number of citations per AFTE has continued to increase year-on-year, displaying our strong position in the research community.
- The number of prestigious awards held by our academic and professional staff is external recognition of performance. In 2019, 37 national and international awards were bestowed on 33 of our staff members. In total, there are 358 awards held by our current staff.

- In 2019, 19 academic staff members have been promoted to the position of professor, of whom seven are women, and 31 have been promoted to the position of associate professor, of whom 14 are women.
- Active engagement with Māori and Pacific communities as potential staff is an ongoing activity. The University's appointment guidelines encourage the appointment of staff from equity groups, when candidates are of equal merit. Although the percentage of Māori academic and professional staff has remained the same as in 2018, the actual number has gone up from 138 FTE to 141 FTE for academic staff and from 217 FTE to 230 FTE for professional staff. The FTE for Pacific academic staff has gone down slightly from 63 FTE to 59 FTE, while Pacific staff in professional positions have gone up from 206 FTE to 221 FTE.
- The number and percentage of women in senior academic positions has remained stable, with a marginal increase of just under four FTE compared to last year. At the end of 2019, 225 FTE of a total of 652 FTE (34.5%) senior academic positions were held by women. The number of FTEs for women in senior professional positions went up from 217 in 2018 to 249 in 2019. Due to an increase in the total of senior professional staff FTE, the percentage of women declined from 52% in 2018 to 50%. For more information, see Key Facts and Figures on page 8.
- Each year the University acknowledges its academic and professional staff in a number of ways. For professional staff there are the Vice-Chancellor's Excellence Awards, recognising excellence in each of the five dimensions of the University's Leadership Framework and the objectives of the Strategic Plan 2013-2020. The University acknowledges the achievements and success of its academic staff through awards such as the Teaching Excellence Awards, Early Career Research Excellence Awards and Research Excellence Awards. These awards are bestowed annually in an official ceremony to honour the winners. This highlights one of the ways the University focuses on the development of potential and rewarding performance.
- In 2019 the University adopted new policy and procedures to address bullying, harassment and discrimination. The University is committed to being safe, inclusive and equitable. It seeks to uphold the mana (standing) and tapu (sacredness) of individuals, whānau (family) and communities connected to it. With this policy, the University confirms its commitment to ensuring people are treated with dignity and respect. All members of the University community have the right to study and work in a safe and inclusive environment. A two-part learning programme has been developed as an integral part of the policy implementation. Part one is online and is called Foundation and Awareness Building. This is open to all staff. The second part is Skills and Capability Development. This is a workshop that was available from late 2019. The Senior Leadership Team has completed this workshop and the programme is being rolled out across the University. This work will continue in 2020.

## Objective 2

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of staff positive about staff engagement in staff surveys	80	80	≥80	77

- Since 2007 the University of Auckland has run a biennial Staff Survey. The most recent survey was conducted in May 2019. All fixed-term and permanent staff who had been employed on or before 1 April 2019 were invited to participate. In total 6,291 staff members were invited to participate. The response rate for 2019 was 65%. The University runs this survey because staff are critical to the success of the University. The understanding gained from staff surveys has been used to help prioritise and develop new and existing initiatives aimed at improving the employment experience of staff and enhancing staff engagement.
- The proportion of staff positive about staff engagement dropped slightly from 80% to 77%, which does mean that the University has not met its target for 2019 of 80% or higher. In their plans for 2020-2022, the Senior Leadership Team included initiatives to address issues identified in the staff survey results. The initiatives will take further shape in 2020.
- Initiatives undertaken in 2019 as a result of the 2017 survey results include:
  - Improvement of staff recognition through weekly awards to give formal acknowledgement to everyday efforts at the Faculty of Engineering
  - Appointment of Dr Hirini Kaa as Kaiārahi at the Faculty of Arts to improve connectedness within the faculty
  - Implementation of a new professional staff remuneration framework, which aims to provide a modern and transparent system with the goal to improve engagement.
- The IRiS programme has entered a new phase with the implementation of the Technical Services Review in 2019. The aim of this review is to create organisational improvements for the technical workforce covering both research and teaching. The improvements should include improved career pathways, greater developmental opportunities, role clarity and a more engaged workforce.
- More than 500 professional staff enjoyed a full day of networking, exploration and inspiration at the 'Discover' ASPIRE Conference held in July 2019. The ASPIRE Conference is a unique development opportunity for University of Auckland professional staff. The keynote speaker was Peter Beck from Rocket Lab, now an adjunct professor at the University. Other highlights included a breakfast session in the Fale Pasifika for 100 technical staff, which included a TEDx-style opening session featuring a diverse range of speakers and offering a wide range of networking opportunities.



## Objective 3

An environment in which distributed leadership is developed and valued.

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of staff positive about leadership in staff surveys	62	62	≥65	59

- Staff positivity about leadership declined marginally in the 2019 staff survey, to 59%. Proximity was related to positive sentiment. The results show 77% of staff have confidence in the decisions made by their direct manager, while this drops to just under 50% for the confidence in the Senior Leadership Team's vision for the future. Compared to 2017, the gap between staff and the Senior Leadership Team (SLT) has increased.
- The result of the 2019 survey has sparked discussion and has led to endorsement by the SLT of four focus areas for staff engagement initiatives. The goal is to reconnect and strengthen engagement and the trust of all staff in leadership.
- Leadership:** Create a highly engaging approach to the 2020 Strategic Plan process with a focus on purpose, vision and values.
- Key Academic Workforces:** Senior Lecturers and Senior Research Fellows.
- Ways of working:** Innovation & Empowerment and Work Organisation & Operating Efficiency.
- Professional Staff:** Career Development.
- Faculties are actively encouraging leadership roles and offer both academic and professional staff the opportunity to attend leadership programmes. Some of these programmes are general in nature but there are also dedicated programmes for equity groups, for example the Women in Leadership Programme. This programme is open to professional and academic staff and is highly popular, with more women wanting to attend than places available.
- In 2019, work has continued on the Academic Leadership Framework. In this project, the University explores how to increase effective support of members of the academic community in their day-to-day leadership roles, while delivering high-quality, consistent academic advice and an improved experience for students. The aim of this project is to provide clarity for individual staff and students of the responsibilities of academic leaders. The goals for the initiative are to improve the timeliness of decision making, improve role satisfaction, provide effective induction and professional development and also, ultimately, to improve the student experience.

## Able students, successful graduates and alumni

The capabilities of our graduates, enhanced through their university experience, provide our largest impact on society. A high-quality teaching and learning environment, combined with extracurricular opportunities, helps to ensure that our qualifications are of international standing, and that our graduates are independent and critical thinkers with mastery of a body of knowledge and professional skills, and a broad world view.

The impact we have as a university on society, through the enhanced capabilities of our graduates, is achieved through our research-informed learning and teaching and the extracurricular opportunities we provide. The cost of our teaching and learning outputs is \$786 million. It provides outcomes for a large number of students – 43,148 students are enrolled at the University in a formal degree. In 2019, 11,219 students met the requirements of their formal programme. Our most recent Graduate Destination Survey shows that 76% of our graduates are employed within one year of completing their degree, with an employment rate of 96%, while 18% continue with further study. The University is the No. 1 ranked university in New Zealand, and 71st worldwide in the QS 2019 Graduate Employability Rankings.

## Objective 4

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of school leavers entering with a GPE greater than or equal to 5	57.7	60.9	60.0	60.2
Percentage of Māori undergraduate students (Domestic EFTS)	8.8	8.7	11.0	8.7
Percentage of Pacific students undergraduate (Domestic EFTS)	12.2	12.5	12.0	12.3
Percentage of Māori postgraduate students (Domestic EFTS)	6.7	6.3	8.0	6.5
Percentage of Pacific postgraduate students (Domestic EFTS)	5.6	6.0	9.0	5.9

- The quality of the student intake, as measured by the percentage of school leavers with a grade point equivalent (GPE) score of 5 or better is 60.2%. This is slightly down from 60.9% in 2018. The competition for high-achieving New Zealand students is very high, not only from New Zealand universities but also overseas. The marginal drop in the percentage compared with 2018 reflects this growing competition.
- Increasing the number and percentage of EFTS generated by Māori and Pacific students remains a challenge. Each faculty is employing initiatives to attract more Māori and Pacific students, including increases in dedicated scholarships, pathway courses, dedicated strategies for Māori and Pacific students and embedding Indigenous knowledge, values and culture in our teachings. The offices of the Pro Vice-Chancellor Māori and the Pro Vice-Chancellor Pacific have begun a review of the scholarships for equity groups,

which will conclude in 2020. Together, the offices are addressing the question of how to improve the reach to academically capable Māori and Pacific students.

- The initiatives are not limited to students enrolled at the University but are also aimed at raising achievement in secondary schools. With initiatives such as STEM Online NZ, UniBound, the Pacific Academy and the Buchanan Programme, the University aims to increase access, retention and achievement for Māori, Pacific and financially disadvantaged students. These initiatives offer additional support to improve their achievements in the compulsory sector and prepare them for university study.

- The University is committed to increase participation for Māori and Pacific students. The participation rate for both equity groups is part of our educational performance commitments. The participation rate in the performance commitments is calculated slightly differently than our KPIs as shown in the table on the opposite page. In our KPIs we make a distinction between undergraduate and postgraduate level. The TEC makes a distinction based on the programme level. For more information see the full overview of all our Educational Performance Indicator Commitments on page 41.

- The University of Auckland had a strong presence at this year’s Big Gay Out. The Equity Office – Te Ara Tautika, in collaboration with Auckland University Students’ Association (AUSA), the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) student and staff network, faculty Rainbow Groups, Campus Life and Central Marketing, led the involvement. A large number of prospective and new students visited the University’s tent to learn what the University offers this community. Feedback was positive about the University’s commitment to being safe, inclusive and equitable for LGBTI students and staff.

## Objective 5

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of total EFTS (Domestic residency)	82.8	81.6	82.0	79.5
Percentage of total EFTS (International residency)	17.2	18.4	18.0	20.5

- Since 2013, the University has experienced a shift in the composition of its student body. In 2019, the percentage of international students grew to 20.5%, up from 13% in 2013. The University actively engages with key strategic international partners to attract international students. The Faculty of Science, for example, has developed a number of joint programmes with Chinese universities. In 2019, the first cohort of 55 South West University Data Science students arrived at the University of Auckland. These students enrol on campus for two years to complete their University of Auckland degree. In addition, the University has agreed articulation agreements with several Chinese universities.
- In 2019, the University signed an agreement with the Indian Institute of Technology Kharagpur to offer a joint PhD programme. Students who

participate in this programme will study under the supervision of academics in both institutions and spend time in both universities.

- A total of 34,521 EFTS was achieved in 2019. This is an increase of 716 EFTS from the 2018 total of 33,805 EFTS, a growth of 2.1%. The growth of our EFTS is shown in the Key Facts and Figures on page 8. Part of the growth between 2018 and 2019 is the result of the recognition of the EFTS generated by students enrolled in the English Language Academy (ELA) and our UniBound programme. Excluding the EFTS associated with these programmes, EFTS have grown by 406 or 1.2%, which is still above our target of 1% per annum. Full-fee international student EFTS, excluding ELA, increased by 9.2% from 2018 level to reach 5,454 EFTS. Domestic funded student EFTS were maintained at the

same level as 2018 with 28,496 EFTS (2018: 28,482). In 2019 the University had slightly fewer EFTS generated by first-year students, but this was compensated by the high number of first-year students in 2018, of whom 87% were retained.

- The proportion of EFTS generated by students enrolled at postgraduate level decreased marginally compared to 2018 to 24.7% (2018: 24.9%). In 2019 the main growth of our student numbers in a formal degree was at undergraduate level (349 EFTS), with minor growth at the taught postgraduate (43 EFTS) and research postgraduate (15 EFTS) level. The proportion of undergraduate, taught postgraduate and research postgraduate is provided in the Key Facts and Figures on page 8.



## Objective 6

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Taught masters completions (numbers)	960	1,243	883	1,201
Research masters completions (numbers)	762	888	794	836
Doctorate completions (numbers)	435	394	520	462

- Since 2013, a substantial number of students have graduated from the University with a postgraduate degree. The number and achievements of our masters and doctoral graduates have a significant bearing on the University's reputation and ranking, and on our contribution to society. Since holders of postgraduate degrees occupy many influential roles in the public and private sectors, postgraduate degree completions are important measures of the University's wider social and economic impact.
- The number of taught masters completions increased significantly between 2013 and 2018 growing from 533 in 2013 to 1,243 in 2018. The growth seems to have stabilised in 2019 with a small decrease in the number of completions to 1,201, which is still well over the target of 883 completions. Our taught masters programmes are becoming increasingly popular with international students. Until 2017, the percentage of international students completing was relatively stable at around 40% of the taught masters completions; in 2018 this grew to 52%. In 2019, the percentage of taught masters degrees awarded to international students grew to 56%. Domestic student numbers have also increased in taught masters programmes. Growth has been strong as a result of the expansion of the transition masters programmes, allowing students to move from a generic undergraduate programme to employment-focused masters.
- The number of research masters completions has been stable over the past couple of years. In 2019 the number declined marginally compared with 2018, to 836 completions.
- The number of doctoral completions increased to 462, up 68 completions on 2018. Although this was below target, it represents an important milestone. Doctoral completions are highly variable year-on-year, with a range of factors affecting completion, including the proportion of full-time versus part-time students. Since 2013, the first year of our current Strategic Plan, more than 2,700 doctoral candidates have completed their programme successfully. By the end of 2020, the final year of the Strategic Plan, more than 3,000 doctoral candidates will have received their PhD from the University of Auckland.
- The quality of graduates from the University's doctoral programme was recognised through grants and awards, including the annual Vice-Chancellor's Prizes for Best Doctoral Theses at the University of Auckland, received by: Yvonne Anderson (Liggins Institute), Emma Davidson (Chemical Sciences), Rachel Low (Science), Jacqualine Robinson (FMHS) and Julie Spray (FMHS).
- The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. In 2019, 917 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally funded bursaries and awards. A further 159 students received payments from external sources administered via the University; 60 of these were international students. In 2019, 33% of the University of Auckland Doctoral Scholarships awarded were taken up by international students. In all, doctoral students received more than \$26.5 million worth of funding and support in 2019.

## Objective 7

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

Performance indicators (as a percentage)	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of successful course completions – overall domestic (excl theses)	88.7	88.4	89.0	88.6
Percentage of new undergraduate retention (re-enrolment)	87.1	87.9	89.0	87.1
Percentage of students expressing satisfaction with overall programme quality	95.1	95.0	≥95	95.1
Percentage of courses with an evaluation score of 80% or more	58.5	65.3	≥72	65.0
Degrees accredited by professional associations/accreditation bodies	53	52	≥50	52

- Our reputation as a world-class University with students, their whānau, the research community and our local community rests significantly on the quality of our teaching and learning. The percentage of successful course completions is an important measure of the quality of our teaching. Course completions for our domestic students remained the same as last year at 88.6% (2018: 88.4%). This is slightly below our target of 89%. An important indicator of retention is the successful completion of courses in the first year. For first-year domestic students, the course completion rate is 83.9%. The first-year completion rate for Māori students is 78.8%, which is up from 77.8% in 2018. The first-year completion rate for Pacific students dropped from 68.6% in 2018 to 65.3% in 2019. The overall successful completion rate for our domestic students is broken down between Māori, Pacific and non-Māori/non-Pacific students in our Educational Performance Indicator Commitments on page 41. A gap is still visible between these three groups. We have several

initiatives in place to close this gap but it remains a challenge. One of the actions taken in 2019 was to review the University Targeted Admission Scheme (UTAS) and to design new ways to enable both Māori and Pacific students to enter the University and sustain their study, especially in the crucial first year. This work will continue in 2020 and is a priority issue for the offices of the Pro Vice-Chancellor Māori and Pro Vice-Chancellor Pacific.

- The percentage of students retained after their first year dropped to the 2017 level of 87.1%, almost 2% below the target. The programmes where retention seems to be a problem have been identified. Specific processes will be put in place in 2020 to address issues at an earlier stage within these programmes. The Faculty of Arts has run a pilot programme in 2019 using the information available about student’s university preparation to give additional support to students who are at risk of not succeeding. This programme seems to

have had a positive impact on retention for the Faculty of Arts, although it is still too early to support this with actual retention numbers. Further implementation of these processes in other faculties will be examined. There will be renewed focus on retention after the successful implementation of the Student Digital Journey project application process, through the implementation of Whakamana Tāngata: Student Services Strategy which was endorsed in late 2019.

- The annual Learning and Teaching Survey, where 10,000 students are randomly selected, had a response rate this year of 40.5%, the highest response rate yet. The sample consists of undergraduate and postgraduate taught students. The satisfaction with the overall programme quality has been stable over the past few years with 95.1% of students agreeing with the statement of satisfaction with the programme quality.

- In 2019, most courses were evaluated. Courses excluded either did not have the required number of students enrolled or were excluded from evaluation, based on the type of course. Together with the learning and teaching survey, the course evaluations are an important gauge of student views. The outcomes of the course and teaching evaluations are used to ensure that teaching quality is one of the key attributes to evaluate academic staff. In 2019, 65.3% of all evaluated courses achieved 80% or higher for the overall course quality measure. This is below the 72% target for 2019, but is at a similar level to the previous year. The quality measure requires 80% of the students who complete the evaluation, to agree with the statement, “overall I was satisfied with the quality of this course”. Courses are under constant review by the Academic Quality Office and actions are taken to improve the quality of courses where needed.

## Objective 8

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Percentage of students expressing satisfaction with overall university experience	95.0	94.8	≥95	91.9

- The annual Learning and Teaching Survey was introduced in the previous objective. The performance indicator chosen to measure this objective is students’ satisfaction with their overall university experience. The overall satisfaction rating declined in 2019 from 94.8% to 91.9% overall. There were no significant differences between the three groups of students (first year, second year and higher undergraduates and postgraduate taught). This survey is used to understand students’ perceptions of service and support needs, as well as the delivery of courses and academic programmes across the University.

The results, including the quantitative and qualitative questions in the survey, have been analysed by the Academic Quality Office.

- The University has conducted the second Graduate Destination Survey in 2019. All graduates from 2018 were asked to participate in this survey in November 2019. It had a response rate of 25% with 62% of respondents indicating they had done some form of co-curricular activity that helped them prepare for their future work. Of all students, 70% indicated that the co-curricular activities in which they participated had enhanced their university experience.

- At a faculty level there are a range of activities to provide extracurricular experiences, such as the Women’s Mentoring Programme at the Business School, a programme in its ninth year in 2019. This programme, which matches female students with successful businesswomen, provides a unique professional development opportunity for students to benefit from their mentor’s experience and industry knowledge. In 2019, the Faculty of Law has piloted a Women’s Mentoring Programme to connect students with mentors from various professional backgrounds.



## High-quality research that benefits society

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

The University of Auckland conducts high-quality research on a large scale and across the full range of disciplines represented by our faculties and Large Scale Research Institutes. The cost of our research output is \$369 million.

### Objective 9

A growing output of excellent research across all our disciplines.

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Number of peer-reviewed research and creative outputs	7,348	7,986	8,000	6,845

- The main measure of our output is the number of peer-reviewed research and creative outputs. This has grown from almost 5,500 in 2013 to 6,845 in 2019. This is lower than in 2018, but reflects a priority being given to the quality of outputs rather than simply the quantity.
- The Office of Research Strategy & Integrity (ORSI) developed and launched the University's Research Impact Strategy in 2019 through a series of workshops with academic staff. Part of this strategy is the Research Impact Guide, containing tools and resources to support researchers in generating impact from research.
- The University has submitted 11 Centres of Research Excellence (CoREs) bids as well as a portfolio of bids to MBIE's Data Science Investment Platform. The University was successful in being awarded one programme for \$10 million, out of four funded for \$49 million nationally. The bids for the CoREs are still in progress.
- The MBIE 2019 Endeavour Fund received 414 applications for research funding in 2019, with 71 proposals approved for funding. The University had eight projects funded in the 2019 Smart Ideas category with a total value of just under \$8 million and two projects funded in the Research Programmes category with a total value of just under \$19 million. The University has obtained \$26.8 million of multi-year research funding, representing 11% of the national total (2018: 16%). Funded projects included research focused on child welfare, nutrition, non-invasive cancer treatment, improving New Zealand homes and drinking water.
- University of Auckland staff received 35 awards in the Marsden Funds (from 76 preliminary proposals that progressed to full proposals) out of a national total of 125. The 35 awards granted to the University amount to \$21.7 million, representing 26% of the amount awarded nationally. This is slightly up on our 2018 result of 29 awards worth \$18 million, 21% of the national total.
- In the 2019 Health Research Council funding round, the University was awarded 13 grants from 44 applications under consideration. These awards comprised two programmes and 11 projects. The total funding amounted to \$22 million compared with \$39 million in 2018.
- The University also received \$1 million from the MBIE Catalyst Strategic Space Fund for two projects in small-satellite radar to monitor New Zealand's oceans and coasts, and space satellite mission design and control.

### Objective 10

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

- In April 2019, the 2018 Performance-Based Research Fund (PBRF) results were announced. The University has cemented its position as the most influential research university in the country. There are a couple of notable changes reflected in this year's results. There was a significant increase (relative to 2012) in the percentage and number of Full Time Equivalent staff (FTE) achieving an A or B grade. The total FTE of staff with an A-grade increased to 100 FTE – or 21.9% of eligible staff – compared with 16.9% in 2012. This speaks to the quality of our staff and the impact the University's researchers make in New Zealand and internationally. In recent years the University has made a deliberate investment in new and emerging researchers. This has resulted not only in an increase in staff with a C(NE) grade, but also 18% of our new and emerging staff achieved A or B grades. This includes four As – half of the As awarded to early-career academics across New Zealand. The results reflect the hard work put in by research academics, the support provided to them across the University, and our commitment to being a high-quality, research-led institution.
- The University collaborated with TVNZ to create a series of six videos that aired for six weeks each week on Sundays, during 1 News at 6pm, from mid-March to the end of April 2019. The videos feature academic staff members from a range of disciplines demonstrating how the University is future-proofing the careers of students via its innovation, research and entrepreneurial learning environment.
- Raising the Bar 2019 was a great success with more than 1,300 alumni, staff, students and members of the public participating. On 27 August in ten bars around central Auckland, 20 University of Auckland lecturers gave talks on a wide variety of subjects. The event is a worldwide initiative aimed at making education part of a city's popular culture. It is the third year it's been held in Auckland.

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

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

### Objective 11

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

- The Office of the Pro Vice-Chancellor Māori has expanded in 2019 to allow it to take on a stronger leadership role. In February, Michael Steedman (Ngāti Whātua o Ōrākei, Ngāti Whātua, Te Uri o Hau) was appointed to the inaugural position of Kaiarataki (Deputy Pro Vice-Chancellor Māori). A second new position of Kaimanaaki, focused on developing a new Māori student recruitment strategy, in conjunction with the University's Schools Partnership Office, iwi and kura (schools), will increase the University's presence at cultural events of significance to Māori.
- The network of Kaiārahi in the University has grown in 2019. Almost all faculties and some service divisions now have a Kaiārahi, as well as an Associate Dean – Māori. A Community of Interest for Kaiārahi was developed and is meeting once a month with the Kaiarataki.
- A Te Reo Language Plan for the University, the development of which was led by the Office, was approved in August 2019. The plan contains three audacious goals for the protection, promotion and development of Te Reo me ōna Tikanga. This follows the Te Reo Māori Policy, which supports the revitalisation of the Māori language by providing a framework for the use of Te Reo Māori across the University. The development of a corpus of Te Reo Māori terms relevant to the University is under development.
- The Hokinga Mauri ceremony in March was an important milestone marking the transfer from the Pro Vice-Chancellor (Equity) of the governance and administration of the University's TEC Equity funding for Māori and Pacific students to the Pro Vice-Chancellors Māori and Pacific. Organised by the Kaiarataki, with support from Māori and Pacific colleagues and kaumatua Rāwiri Wharemate, three stones were used in the ceremony to represent the shared mauri now vested in mutual success around equity for Māori and Pacific students and the three Pro Vice-Chancellors.
- In December, the new Engineering Building was opened during a dawn blessing. The opening ceremony featured a haka, performed by academic and professional staff of the Faculty of Engineering. The staff haka, *Me Hoki Whakamuri Kia Anga Whakamua*, was developed in partnership with Tāpetā Wehi and was created to be meaningful to staff and students. The opening included the unveiling of Te Pou Herenga Tangata, crafted by Delani Brown. The sculpture reflects understanding and acknowledgement of the whenua and mana whenua and celebrates the diversity of the people, experience and knowledge within the faculty.
- The University is changing its signage guidelines, and bilingual signage is an important part of this. The aim is to immerse the campus in Te Reo, while not overly complicating the signs. The signage in the Engineering Building is based on the new guidelines.
- The University organised a kapa haka competition for staff and students. All faculties and several service divisions participated in this competition, won by the Faculty of Medical and Health Sciences. The goal of this competition is to re-enforce Māori passion and identity among staff and students and to demonstrate our expertise, waiata, kapa haka and tikanga.



## Strong partnerships with key organisations and communities

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

### Objective 12

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

- The University is hosting a joint initiative with Auckland Museum. The initiative was developed to support the museum's *Future Tāmaki* exhibition, due to open in June 2020. The initiative took the form of a workshop, attended by nearly 20 academics from a range of faculties. The museum has released details of a fantastic new engagement opportunity for our research, with topics relevant to the future of Tāmaki Makaurau and that will make interesting and provocative experiences for visitors. This opportunity will enable the University's researchers to collaborate in the development of research-driven participatory visitor experiences and to actively engage with the wider Auckland community. It will also enable the University to contribute to the community's understanding of the urban challenges facing the city.
- In January, Deputy Vice-Chancellor (Strategic Engagement) Professor Jenny Dixon, Dean of Science Professor John Hosking, Associate Dean of Science Professor Sebastian Link and Miranda Herbert, Deputy Director International, attended a three-day conference in Harbin, China, organised by the Australian Education Management Group. They met with the President of North East Forestry University (NEFU) to finalise a Memorandum of Understanding for a joint college (Aulin College) and articulation agreements with the Faculty of Science. The first cohort of students enrolled in September and will be taught in part by University of Auckland academic staff on NEFU's Harbin campus, transferring to Auckland in July 2022.
- Good engagement and connections have been made with several Russell Group Universities regarding the future of student services. These connections contributed to the development of Whakamana Tāngata, the Student Services Strategy endorsed by the SLT in December. The implementation phase of the strategy development begins in 2020. The Russell Group connections also contributed to our understanding of online learning capability requirements, digital transformation, organisational design and doctoral management.
- In August, a Memorandum of Understanding was established between the University of Auckland and Workbridge. This new relationship will increase opportunities for meaningful employment for students and alumni with disabilities. It will complement the role of the Student Disability Services' Careers and Employment Adviser in the Equity Office, and the support provided by Career Development and Employability Services. Workbridge is a specialist employment service focused on supporting people with disability, injury or illness. The Pro Vice-Chancellor (Equity) says the agreement to work together "will assist in overcoming a significant obstacle people with disabilities face, which is access to equitable employment". People with disabilities are three times less likely to be in work, more likely to work part-time and earn less than those without disabilities.
- The first Robotics Process Automation course, for software engineering students in the Faculty of Engineering, was held in July as part of the University Academic Alliance with the robotics software vendor UIPath. The interest in the course exceeded expectations with more than 20 students enrolling and working on industry projects from Downer and PWC. Students presented their Robotics Process Automation Solutions to UIPath in November.

## A sustainable, autonomous university

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

### Objective 13

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Total revenue (\$m)	1,147	1,202	1,214	1,231
Total revenue \$ / EFTS	34,366	35,556	35,340	35,657
Total revenue per academic staff FTE (\$)	513,617	512,134	527,906	512,574

- Unrestricted University revenue has grown by 2.4% from 2018 to 2019 and is 1.4% higher than target. Increased revenue is due to a number of factors, including the continuing increase in international student enrolments and higher-cost courses. Both factors are reflected in the increase of revenue per EFTS, from 35,556 to 35,657. The revenue per academic FTE has increased marginally compared to 2018.
- Monthly and semestral reviews of financial performance against budget and forecast were undertaken at various levels of the University. Explanation for variances were sought and, where appropriate, approved.
- The increase in international students, see objective 5, has increased the percentage of revenue from tuition fees to 28.6% compared to 27.2% in 2018, while the percentage of student component funding by the government has decreased from 27.8% to 27.4%. 2019 is the first year where the percentage of tuition fees, which includes the fees-free funding, has surpassed the student component funding as a percentage of our total revenue. For more information, see the Statement of Comprehensive Revenue and Expenses on page 45 for an overview of the total revenue. Note 2 Government Grants on page 57 provides a breakdown of the government grants.



## Objective 14

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

- The endowment income for 2019 was \$32 million, which represents 3% of the total operating revenue.
- The University of Auckland Campaign For All Our Futures ended on 31 October 2019, raising an extraordinary \$380,271,165 to fund research, innovation and initiatives to support students. Publicly launched in September 2016 with a target of \$300m, it was New Zealand’s most ambitious and successful fundraising campaign ever. A formal gala celebration incorporating the 2019 Chancellor’s Dinner took place at Shed 10 in November, with 620 guests. The purpose was to thank major supporters and show the impact of their partnership and generosity, through addresses from the Chancellor, the Vice-Chancellor, a featured academic, a featured student and videos focusing on philanthropic projects at the University. The grand total was announced by the Chair of the Campaign, Geoff Ricketts. In addition, an announcement was made about the largest-ever single gift to the University, \$16.5m from the Hugh Green Foundation to endow the Hugh Green Biobank and establish the Hugh Green Chair in Translational Neuroscience. More details about this campaign and its outcomes are described in the essay *The Power of Philanthropy* on page 16 and in the faculty overviews from page 20.
- The University of Auckland Volunteer Impact Week (VIW) was held 16-22 June with more than 500 University alumni, students and staff taking part in more than 30 projects by giving at least one hour of their time to a local cause. VIW supports the University’s For All Our Futures alumni engagement challenge, “Can we increase the contribution our community makes to the world?”, and builds on the collaboration with Volunteering New Zealand’s National Volunteer Week. The week included local efforts in New Zealand, such as helping homeless families, working to restore the natural environment and assisting a hospice organisation to get donated goods to those in need. Internationally, groups of alumni and friends came together to help clean up a school in the Philippines, build trails in Vancouver and work with refugee students in Malaysia.

## Objective 15

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

- In 2019 the new Grafton Hall, a 323-bed fully catered hall of residence, opened and was fully occupied. It replaces the hall operated on the same site by the Presbyterian Methodist Congregationalist (PMC) Foundation that was demolished due to seismic issues. Grafton Hall is operated by the University, and the PMC Foundation has used its resources to establish residential scholarships. Grafton Hall is the first University building to incorporate bi-lingual signage throughout the building.
- The University signed a contract for a new South Auckland site at 6 Osterley Way in central Manukau, and physical works began in the second half of 2019. The campus, named Te Papa Ako o Tai Tonga, is due to open in Semester One 2020. It will enable the continuation of our current activities in South Auckland, as well as additional future activities, which will include an extended Foundation Programme. The property brief also included provision of a student commons, so that the South Auckland-based students can have access to resources, study informally and collaborate at times when they are not attending the City Campus.
- From the start of Semester Two 2019, 165 lecture recording-capable rooms recorded more than 1,000 hours of content a day, equating to 0.5TB. Over the exam period, the number of students streaming recordings increased significantly, resulting in a degradation of service. In response, a transcoding server will be replaced with a high spec unit to ensure future demand growth is met without strain on the infrastructure.



## Objective 16

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Energy consumption (KWh/m <sup>2</sup> GFA)	153.0	162.8	159.0	154.5
Wastewater (m <sup>3</sup> / m <sup>2</sup> GFA)	0.7	0.7	0.7	0.7
Paper (A4 reams / EFTS)	2.7	2.4	2.3	2.1
Solid waste to landfills (m <sup>3</sup> / EFTS)	0.5	0.7	0.7	0.5
CO2 emissions (t CO2-e / EFTS)	1.0	1.0	1.0	1.0

- The energy consumption for the University has decreased significantly compared to 2018, from 162.8 KW/m<sup>2</sup> to 154.5 KW/m<sup>2</sup>. This is well below the 2019 target of 159 KW/m<sup>2</sup>. This was achieved through a combination of activities, including Property Services technical staff ‘tuning’ the Science Centre building. Tuning refers to a schedule of tasks to alter and assess systems, such as lighting and ventilation, to ensure the building is operating at maximum efficiency. For the Science building this meant energy savings of 6.2% over the first quarter of 2019 compared to the same quarter in 2018. Our other measures of sustainability, which are all focused on the efficient use of our resources, have remained stable over the past couple of years and are either on or below target.
- New Zealand’s second national Sustainable Development Goals Summit, hosted jointly by the University of Auckland and AUT, brought together delegates from a wide cross-section of both public and private sectors. The summit’s success was due to the quality and diversity of the speakers and the audience. Delegates were inspired by a wide range of perspectives on the progress, challenges and opportunities for achieving the goals internationally and in New Zealand’s unique context. Together they generated actions and plans for implementation. The summit also strengthened the leadership role of the University of Auckland in broadening the conversation to include health and social issues as well environmental issues.
- The University published its inaugural Sustainability Report in 2019. In this report, examples are given of some of the many activities in the University that contribute to the achievement of the United Nations’ 17 Sustainable Development Goals. The selection presented gives an appreciation of the way the University is setting a path to a more sustainable future for all. See more information in the SDG Report 2019 available on [auckland.ac.nz/sustainability](http://auckland.ac.nz/sustainability).

## Objective 17

A safe and healthy environment.

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Rates of accident and injury	554	515	≤650	492
Rating in self-assurance review	Tertiary	Tertiary	Tertiary	Tertiary

- The number of injuries has further declined to 492, with five notifiable incidents. This is well below benchmark and sector-average levels for severe injuries and significant accidents.
- The self-assurance rating exercise continues to provide increasingly high levels of confidence in engagement at leadership levels in faculties and service divisions.
- The University Health and Counselling Service (UHCS) has achieved the “Aiming for Excellence” standard from the Royal New Zealand College of General Practitioners. “Aiming for Excellence” is the highest quality standard a general practice can achieve in New Zealand. To achieve this standard, the UHCS completed the CORNERSTONE practice accreditation programme, which involved undertaking a self assessment, along with external assessment, moderation and accreditation. The benefits of going through this programme were significant, and it has equipped the UHCS to provide a safer and better experience for patients, including improving clinical policies and processes, professional development and teamwork.
- On 8 September, Prime Minister Jacinda Ardern announced a \$6 million funding boost for mental health services nationwide, across 22 general practices, including the University of Auckland. This funding will allow the University to continue to provide supplementary support to students who are enrolled in the University Health and Counselling Service (UHCS).

## Objective 18

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Operating surplus as a percentage of revenue	3.3	4.9	3.3	3.8
Operating cash receipts as a percentage of operating cash payments	121.6	118.1	118.8	128.2

- The operating surplus for 2019 is 3.8% of unrestricted revenue compared to 4.9% in 2018 (taking into account abnormal and one-off transactions). Operating cash receipts as a percentage of operating cash payments have increased to 128.2% compared to 118% in 2018. This is well above the target of 118.8%. For more details see the Financial Statements.
- A working group of students and staff has been drafting a Code of Conduct for the University of Auckland in 2019. Its purpose is to clarify and maintain a standard of behaviour expected of all members of the University of

Auckland community. The Code of Conduct supports the University's aspiration to be a safe, inclusive, equitable and respectful community of staff, students, alumni, supporters, visitors and contractors who, through fairness and intellectual rigour, achieve academic excellence to the benefit of all.

- During 2019, work has been undertaken on academic governance structures in the University. The project has focused on core deputy and associate dean roles (Academic, Postgraduate, Research and Teaching, and Learning) and academic leadership

at programme and course levels. A set of consistent position descriptions and conditions of appointment have been established for deputy and associate deans' roles and work is ongoing to identify delegations attached to these positions.

### A public university of global standing

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

## Objective 19

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

Performance indicators	2017 Actual	2018 Actual	2019 Target	2019 Actual
Rankings in the Times Higher Education	192	201-250	≤200	179
QS Rankings	82	85	80	83

- The University of Auckland maintained its position as the top New Zealand university in the World University Rankings identified in the Strategic Plan. In 2019, a new ranking, the Times Higher Education (THE) University Impact Rankings was initiated in which the University of Auckland was ranked No 1. The investment in a staff position to raise awareness of the factors contributing to rankings performance has yielded positive results compared to 2018. The University improved its position in the THE rankings and moved back into the top 200 at 179. The University has maintained its position in the top 100 in the QS rankings and moved from 85 to 83.
- In the QS individual subject rankings, of the 41 subjects in which we were ranked, the University was in the top 50 for 13 subjects. We were ranked first in New Zealand in 37 of the subject rankings.

- The University Impact Rankings measures how universities worldwide are performing against the United Nations' Sustainable Development Goals (SDGs). The University's first place globally recognises the commitment to the broader sustainability goals and to the positive social impact of its research, teaching and knowledge transfer.
- The third main world university ranking system is the Shanghai Jiao Tong University ranking. The University was the highest ranked New Zealand university in the 201-300 band.
- In 2019 a university-wide rankings plan was approved and implementation of the plan is progressing. The University hasn't achieved its very ambitious ranking targets, which were set in 2013. Financial constraints continue to limit our ability to achieve the strategic goals but a range of coordinated activities is in place to maximise the opportunities we have to further improve our rankings.



# Statement of the cost of outputs

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

Output classes	Consolidated			
	2017 Actual \$000	2018 Actual \$000	2019 Budget \$000	2019 Actual \$000
Teaching and learning	734,828	760,180	786,512	786,340
Research	339,009	339,105	348,449	359,935
Community Service	35,932	44,822	38,204	38,493
<b>Total cost of outputs</b>	<b>1,109,769</b>	<b>1,144,108</b>	<b>1,173,165</b>	<b>1,184,768</b>

## Compulsory student services fees

	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Actual \$000
	Advocacy and legal advice	Careers information advice and guidance	Counselling and pastoral care	Employment information	Financial support and advice	Health services and disability services	Media	Childcare services	Clubs and societies	Sports, recreation, cultural activities	Total
Compulsory student services fees	1,293	2,264	4,339	135	48	2,684	141	408	1,635	10,993	23,942
Other			26			2,203		5,536	33	1,882	9,679
Total revenue	1,293	2,264	4,365	135	48	4,887	141	5,944	1,668	12,875	33,621
Expenses	605	1,590	5,601	172	121	3,958	379	5,641	1,617	13,937	33,621
Total expenses	605	1,590	5,601	172	121	3,958	379	5,641	1,617	13,937	33,621
Surplus/(deficit)	688	674	(1,236)	(37)	(72)	928	(238)	303	51	(1,062)	-

The Compulsory Student Services Fee (CSSF) was set at \$847.20 per full-time student in 2019. The administration of the CSSF is integrated within the University's normal operations. All income and expenditure associated with the provision of student services is separately identifiable in the University's accounting system.

### Advocacy and legal advice

Advocacy support is provided to students by student organisations, including AUSA and PGSA. AUSA offers all students access to a free and confidential advocacy service, which is independent from the University. The Advocacy team provides professional advice on any issue, whether academic, financial or of a more personal nature. It offers advice about student rights and University procedures.

### Career information and support

Career Development and Employment Services (CDES) assists current students and alumni for up to three years after graduation with all aspects of career development. The support provided enables students and graduates to develop the capabilities to successfully self-manage and navigate their world of work, life and learning. This includes online information and resources, and a range of tailored workshops and individual appointments. CDES provides opportunities for students to engage with employers through large expos, career events, employer presentations and a job board. Career development consultants have special responsibilities including being the lead consultant for specific faculties as well as for Māori, Pacific, international and postgraduate students.

### Counselling services and pastoral care

Counsellors are available for one-on-one and group appointments to help students overcome barriers to academic progress arising from personal circumstances. A range of staff are also available to provide pastoral care including chaplains, resident assistants in halls of residence and faculty-based staff. The University's Student Proctor is available to address disputes between students and concerns about student behaviour.

### Employment information

Part-time employment opportunities for current students are promoted on campus in a variety of ways. There is also a job board on the CDES website which is accessible to all students and alumni up to three years after graduation.

### Health services

University Health Services provides primary healthcare services to students to help prevent and overcome personal difficulties relating to their physical and mental well-being. Primary healthcare services are delivered by GPs and nurses. Disability Services provides a range of support to students with physical and mental disabilities.

### Media

The University supports the production and dissemination of information by students to students including website hosting, print-based media and online communities for students across the University.

### Childcare services

Childcare facilities are available to parents across all campuses.

### Clubs and societies

The University of Auckland supports clubs and societies through the provision of administrative support, grants, facilities and equipment.

### Sports, recreation and cultural activities

The University provides sport and recreation facilities and services to students. The University Recreation Centre offers gym and fitness equipment, fitness classes and sports facilities such as a sports hall and squash courts. The sport and recreation department delivers student sporting tournaments, events, wellness programmes and supports sports club activities. The University also provides a range of cultural activities on campus.



## Educational Performance Indicator Commitments

	2017 Actual	2018 Actual	2019 Target	2019 Actual
<b>Performance</b>				
<b>Course completion rate</b>				
Māori	86.0%	85.1%	87.0%	84.5%
Pacific	75.7%	75.4%	76.0%	74.0%
Non-Māori and non-Pacific	91.3%	91.0%	91.0%	90.6%
<b>First-year retention rate</b>				
Māori	78.5%	79.2%	79.0%	78.1%
Pacific	77.6%	81.9%	78.0%	80.6%
Non-Māori and non-Pacific	84.2%	85.3%	83.0%	82.1%
<b>Participation</b>				
<b>Percentage participation Māori students</b>				
Level 4 to 7 (non-degree)	17.7%	14.1%	19.5%	17.7%
Level 7 (degree)	8.1%	8.0%	9.4%	9.3%
Level 8 to 10 (postgraduate)	5.4%	5.1%	5.6%	5.9%
<b>Percentage participation Pacific students</b>				
Level 4 to 7 (non-degree)	35.0%	32.4%	42.0%	35.9%
Level 7 (degree)	11.3%	11.7%	13.0%	13.3%
Level 8 to 10 (postgraduate)	4.9%	4.9%	5.3%	5.3%
<b>Percentage participation non-Māori and non-Pacific students</b>				
Level 4 to 7 (non-degree)	50.4%	56.1%	42.0%	50.6%
Level 7 (degree)	81.8%	81.5%	78.8%	78.8%
Level 8 to 10 (postgraduate)	90.1%	90.4%	89.5%	89.4%

Each year, the University of Auckland works towards a group of Educational Performance Indicator Commitments as part of the Investment Plan Process. The Educational Performance Indicators give a view of how well tertiary providers are helping their students

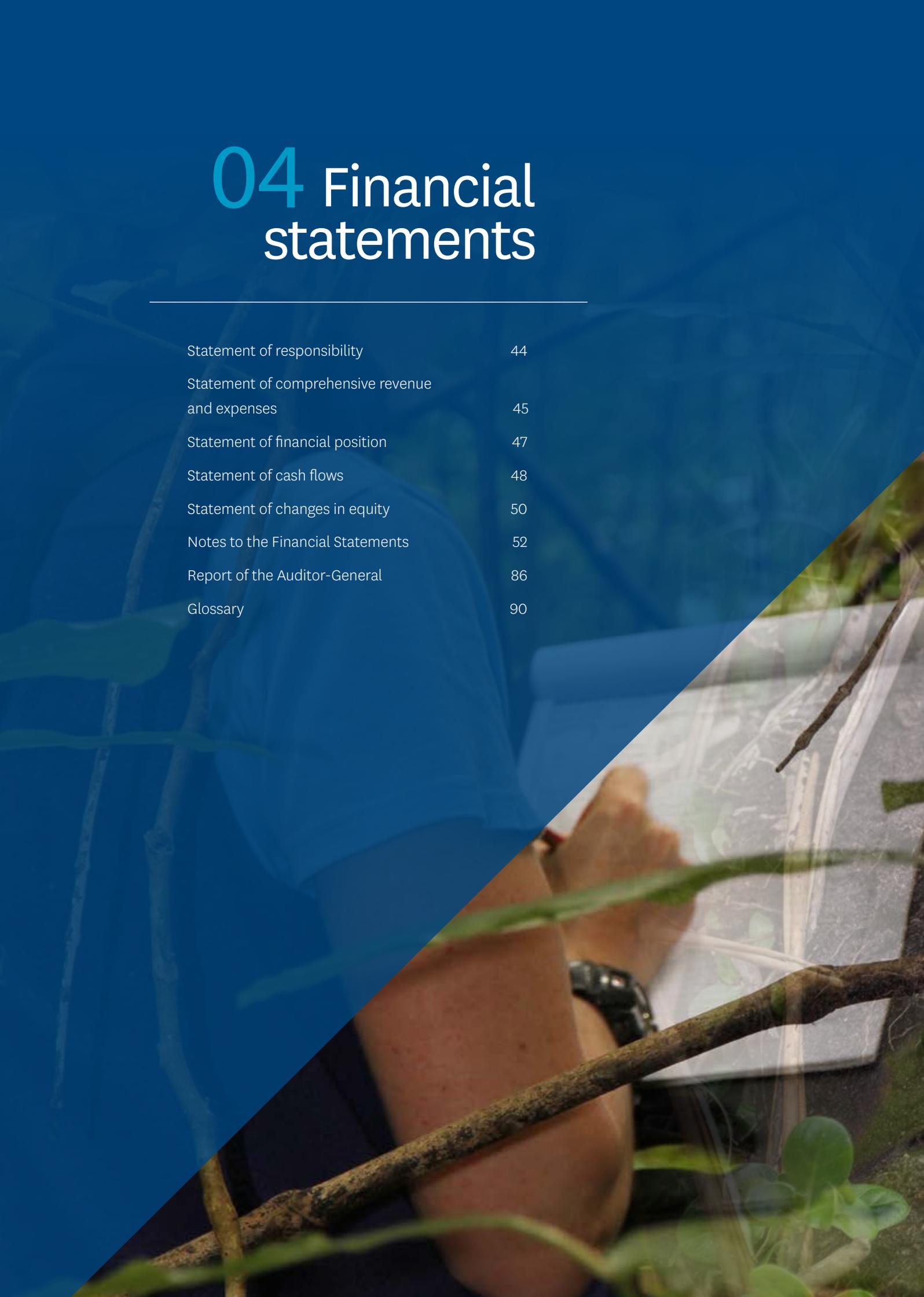
to achieve. The University has performance commitments regarding course completions, first-year retention and participation of key groups. The definition used by the Tertiary Education Commission (TEC) to calculate these performance indicators, as well as the granularity

of the indicators, is slightly different from our internal Key Performance Indicators as presented in the Statement of Service Performance. The 2019 Educational Performance Indicators are calculated by the TEC, based on the December Single Data Return (SDR).

# 04 Financial statements

---

Statement of responsibility	44
Statement of comprehensive revenue and expenses	45
Statement of financial position	47
Statement of cash flows	48
Statement of changes in equity	50
Notes to the Financial Statements	52
Report of the Auditor-General	86
Glossary	90





## Improving the environment

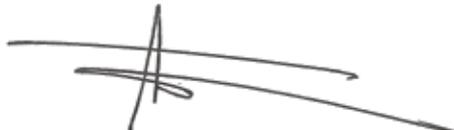
Alumni funded nesting boxes for more than 300 pairs of little blue penguins in the Hauraki Gulf and around Leigh. Within a week, penguins moved in and reared chicks.

## Statement of responsibility

- The Council and management of the University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- The Council and management of the University of Auckland accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Council and management of the University of Auckland, the Financial Statements for the year ended 31 December 2019 fairly reflect the financial position and operations of the University of Auckland.
- The Council of the University of Auckland has reviewed these Financial Statements at its meeting of 16 March 2020 and formally adopted these Financial Statements for issue on 16 March 2020.



Scott St John  
CHANCELLOR



Professor Stuart McCutcheon  
VICE-CHANCELLOR



Mrs Adrienne Cleland  
DEPUTY VICE-CHANCELLOR  
(OPERATIONS) & REGISTRAR

# Statement of comprehensive revenue and expenses

For the year ended 31 December 2019

	Note	Consolidated					
		2019 Unrestricted \$'000	2019 Restricted \$'000	2019 Total \$'000	2018 Unrestricted \$'000	2018 Restricted \$'000	2018 Total \$'000
<b>Operating revenue</b>							
Government grants	2	478,059	-	478,059	474,747	-	474,747
Tuition fees		316,879	-	316,879	292,509	-	292,509
Research and contracts	3	269,236	-	269,236	271,765	-	271,765
Service income		128,904	-	128,904	121,679	-	121,679
Donations and legacies		256	33,398	33,654	693	42,444	43,137
Interest received		3,699	1,919	5,618	7,373	2,215	9,588
Other revenue		10,651	-	10,651	11,450	-	11,450
Other gains/(losses)	4	(1,181)	32,395	31,214	(310)	(429)	(739)
Transfer of funds from restricted to unrestricted	5	24,436	(24,436)	-	22,072	(22,072)	-
<b>Total operating revenue</b>		<b>1,230,939</b>	<b>43,276</b>	<b>1,274,215</b>	<b>1,201,978</b>	<b>22,158</b>	<b>1,224,136</b>
<b>Operating expenses</b>							
People costs	6	668,859	-	668,859	655,638	-	655,638
Operating costs	7	370,462	-	370,462	354,457	-	354,457
Finance costs		6	-	6	66	-	66
Depreciation and amortisation	10,11	144,236	-	144,236	133,116	-	133,116
<b>Total operating expenses</b>		<b>1,183,563</b>	<b>-</b>	<b>1,183,563</b>	<b>1,143,277</b>	<b>-</b>	<b>1,143,277</b>
Net surplus before tax		47,376	43,276	90,652	58,701	22,158	80,859
Income tax expense/(benefit)		190	-	190	197	-	197
<b>Net surplus after tax</b>		<b>47,186</b>	<b>43,276</b>	<b>90,462</b>	<b>58,504</b>	<b>22,158</b>	<b>80,662</b>
<b>Other comprehensive revenue and expenses</b>							
Gain/(loss) on asset revaluation reserve	18	156,293	-	156,293	209,883	-	209,883
Gain/(loss) on cash flow hedges taken to equity	18	(507)	-	(507)	246	-	246
Gain/(loss) in foreign currency translation reserve	18	230	-	230	146	-	146
Gain/(loss) in available-for-sale reserve	18	18,592	-	18,592	1,431	-	1,431
<b>Total comprehensive revenue and expenses</b>		<b>221,794</b>	<b>43,276</b>	<b>265,070</b>	<b>270,210</b>	<b>22,158</b>	<b>292,368</b>
<b>Surplus is attributable to:</b>							
Members of the parent entity		<b>221,794</b>	<b>43,276</b>	<b>265,070</b>	270,210	22,158	292,368

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of comprehensive revenue and expenses (continued)

For the year ended 31 December 2019

	Note	University		
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
<b>Operating revenue</b>				
Government grants	2	478,059	451,708	474,747
Tuition fees		316,879	347,468	292,509
Research and contracts	3	220,264	215,089	206,897
Service income		144,139	122,856	138,296
Donations and legacies		15,517	11,375	14,061
Interest received		2,492	2,267	6,461
Other revenue		9,936	8,459	10,967
Other gains/(losses)	4	(703)	-	(74)
<b>Total operating revenue</b>		<b>1,186,583</b>	<b>1,159,222</b>	<b>1,143,864</b>
<b>Operating expenses</b>				
People costs	6	630,439	606,276	606,628
Operating costs	7	361,086	369,934	345,085
Finance costs		1,300	1,621	1,863
Depreciation and amortisation	10,11	142,712	141,959	131,584
<b>Total operating expenses</b>		<b>1,135,537</b>	<b>1,119,790</b>	<b>1,085,160</b>
Net surplus before tax		51,046	39,432	58,704
Income tax expense/(benefit)		-	-	-
<b>Net surplus after tax</b>		<b>51,046</b>	<b>39,432</b>	<b>58,704</b>
<b>Other comprehensive revenue and expenses</b>				
Gain/(loss) on asset revaluation reserve	18	156,295	-	209,188
Gain/(loss) on cash flow hedges taken to equity	18	(531)	-	313
<b>Total comprehensive revenue and expenses</b>		<b>206,810</b>	<b>39,432</b>	<b>268,205</b>
<b>Surplus is attributable to:</b>				
Members of the parent entity		<b>206,810</b>	39,432	268,205

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of financial position

As at 31 December 2019

	Note	Consolidated		University		
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
<b>Current assets</b>						
Cash and cash equivalents		41,937	52,500	20,327	-	36,048
Short term bank deposits		66,915	66,132	23,359	37,082	34,173
Receivables	9	51,272	63,473	52,511	43,522	56,391
Research work in progress		20,463	18,289	19,181	12,666	18,437
Derivative financial instruments	22.1	1,391	605	(149)	-	382
Inventories		2,139	1,948	2,139	2,076	1,948
Prepayments and other current assets		36,576	28,758	34,317	26,430	23,678
<b>Total current assets</b>		<b>220,693</b>	<b>231,705</b>	<b>151,685</b>	<b>121,776</b>	<b>171,057</b>
<b>Non-current assets</b>						
Investment in controlled entities	20.1	-	-	19,570	19,809	19,882
Property, plant and equipment	10	3,645,456	3,221,343	3,643,086	3,315,747	3,215,941
Intangible assets	11	28,060	30,976	26,486	27,749	29,062
Other financial assets	22.1	284,111	219,779	17,132	8,689	5,916
<b>Total non-current assets</b>		<b>3,957,627</b>	<b>3,472,098</b>	<b>3,706,274</b>	<b>3,371,994</b>	<b>3,270,801</b>
<b>Total assets</b>		<b>4,178,320</b>	<b>3,703,803</b>	<b>3,857,959</b>	<b>3,493,770</b>	<b>3,441,858</b>
<b>Current liabilities</b>						
Payables	12	173,579	136,809	163,752	146,621	130,737
Deferred revenue	13	201,565	177,638	178,549	148,047	155,996
Income tax payable/(receivable)		151	197	-	-	-
Loans and borrowings	15	625	50,623	50,663	43,058	89,061
Employee entitlements	14	67,480	61,667	63,733	61,601	58,765
<b>Total current liabilities</b>		<b>443,400</b>	<b>426,934</b>	<b>456,697</b>	<b>399,327</b>	<b>434,559</b>
<b>Non-current liabilities</b>						
Employee entitlements	14	66,984	59,162	66,949	64,420	59,134
Loans and borrowings	15	180,614	1,207	180,614	271,100	1,207
<b>Total non-current liabilities</b>		<b>247,598</b>	<b>60,369</b>	<b>247,563</b>	<b>335,520</b>	<b>60,341</b>
<b>Total liabilities</b>		<b>690,998</b>	<b>487,303</b>	<b>704,260</b>	<b>734,847</b>	<b>494,900</b>
<b>Net assets</b>		<b>3,487,322</b>	<b>3,216,500</b>	<b>3,153,699</b>	<b>2,758,923</b>	<b>2,946,958</b>
<b>Equity</b>						
General equity		1,394,465	1,340,091	1,356,994	1,331,463	1,307,184
Reserves	18	1,785,499	1,613,086	1,753,446	1,386,703	1,597,682
Restricted and special funds	19	307,358	263,323	43,259	40,756	42,092
<b>Total equity</b>		<b>3,487,322</b>	<b>3,216,500</b>	<b>3,153,699</b>	<b>2,758,922</b>	<b>2,946,958</b>
<b>Net assets</b>						
Restricted		288,343	244,820	24,245	-	23,590
Unrestricted		3,198,979	2,971,680	3,129,454	2,758,923	2,923,368
<b>Total net assets</b>		<b>3,487,322</b>	<b>3,216,500</b>	<b>3,153,699</b>	<b>2,758,923</b>	<b>2,946,958</b>

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of cash flows

For the year ended 31 December 2019

	Note	Consolidated		University		
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
<b>Cash flows from operating activities</b>						
Government grants		480,587	473,059	480,587	451,708	473,059
Tuition fees		328,966	299,787	328,966	349,587	299,787
Other operating receipts		446,060	401,681	386,545	358,119	367,226
Donations and legacies received		30,705	39,685	-	-	-
Goods and services tax (net)		6,140	(1,508)	5,976	548	(2,323)
Payments to employees		(588,589)	(592,721)	(555,315)	(540,817)	(557,718)
Other operating payments		(402,207)	(433,607)	(419,817)	(428,529)	(396,280)
Net cash flow from operating activities	8	301,662	186,376	226,942	190,616	183,751
<b>Cash flows from investing activities</b>						
Interest received		5,527	11,548	2,515	2,389	8,527
Proceeds of loan from controlled entities		-	-	11,600	-	(12,000)
Proceeds from disposal of financial assets		-	29,211	-	-	-
Acquisition of property, plant and equipment and work in progress		(398,260)	(305,283)	(397,646)	(442,154)	(304,764)
Borrowing costs capitalised		(1,443)	(66)	(1,443)	-	(66)
(Acquisition)/disposal of financial assets		(47,586)	(29,715)	13,890	-	15,384
Investment in controlled entities		-	-	312	-	-
Net cash flow from investing activities		(441,762)	(294,305)	(370,772)	(439,765)	(292,919)
<b>Cash flows from financing activities</b>						
Proceeds from borrowings		130,000	50,000	130,000	-	50,000
Interest paid		-	-	(1,300)	(1,621)	(1,796)
Repayment of borrowings		(597)	(630)	(591)	(671)	(630)
Repayment of convertible loan		-	(125)	-	-	(125)
Dividends Paid		-	-	-	-	-
Net cash provided by/(used in) financing activities		129,403	49,245	128,109	(2,292)	47,449
Net increase/(decrease) in cash and cash equivalents		(10,697)	(58,684)	(15,721)	(251,441)	(61,719)
Cash and cash equivalents at the beginning of the financial year		52,500	111,395	36,048	18,524	97,775
Effects of exchange rate changes on cash and cash equivalents		134	(211)	-	-	(8)
Cash, cash equivalents, and bank overdrafts at the end of the year		41,937	52,500	20,327	(232,917)	36,048
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		41,937	46,842	20,327	(232,917)	34,228
Foreign currency current accounts at bank		-	5,658	-	-	1,820
<b>Total cash and cash equivalents</b>		<b>41,937</b>	<b>52,500</b>	<b>20,327</b>	<b>(232,917)</b>	<b>36,048</b>

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of cash flows (continued)

For the year ended 31 December 2019

Cash flows are classified into three sources:

## Operating activities

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

## Investing activities

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

## Financing activities

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

Interest paid is classified as a financing cash flow and interest and dividends received are classified as investing cash flows.

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments and other short-term, highly liquid investments with original maturities of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are stated net of outstanding bank overdrafts when the bank has full right of set-off against accounts which are in funds. Bank overdrafts, for which the bank has no right of set-off, are shown within current liabilities in the statement of financial position.

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months approximates their fair value.

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of changes in equity

For the year ended 31 December 2019

		Asset revaluation reserve	Hedging and statutory reserves	Foreign currency translation reserve	General equity	Restricted and special funds	Available for sale	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019		1,599,497	452	(180)	1,340,091	263,323	13,317	3,216,500
Net surplus for the year		-	-	-	90,462	-	-	90,462
Other comprehensive revenue and expenses for the year	18	156,293	(507)	230	-	-	18,592	174,608
Other gains/losses recognised directly in equity		-	-	-	5,752	-	-	5,752
Transfer asset revaluation reserve to general equity	18	(2,195)	-	-	2,195	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(44,035)	44,035	-	-
<b>Balance as at 31 December 2019</b>		<b>1,753,595</b>	<b>(55)</b>	<b>50</b>	<b>1,394,465</b>	<b>307,358</b>	<b>31,909</b>	<b>3,487,322</b>
<b>Equity</b>								
Unrestricted		1,753,595	(55)	50	1,394,465	19,015	31,909	3,198,979
Restricted		-	-	-	-	288,343	-	288,343
<b>Total equity</b>		<b>1,753,595</b>	<b>(55)</b>	<b>50</b>	<b>1,394,465</b>	<b>307,358</b>	<b>31,909</b>	<b>3,487,322</b>
Balance as at 1 January 2018		1,389,614	206	(326)	1,281,806	240,946	11,886	2,924,132
Net surplus for the year		-	-	-	80,662	-	-	80,662
Other comprehensive revenue and expenses for the year	18	209,883	246	146	-	-	1,431	211,706
Transfer surplus to restricted and special funds	19	-	-	-	(22,377)	22,377	-	-
<b>Balance as at 31 December 2018</b>		<b>1,599,497</b>	<b>452</b>	<b>(180)</b>	<b>1,340,091</b>	<b>263,323</b>	<b>13,317</b>	<b>3,216,500</b>
<b>Equity</b>								
Unrestricted		1,599,497	452	(180)	1,340,091	18,503	13,317	2,971,680
Restricted		-	-	-	-	244,820	-	244,820
<b>Total equity</b>		<b>1,599,497</b>	<b>452</b>	<b>(180)</b>	<b>1,340,091</b>	<b>263,323</b>	<b>13,317</b>	<b>3,216,500</b>

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Statement of changes in equity (continued)

For the year ended 31 December 2019

University	Note	Asset revaluation reserve \$'000	Hedging and statutory reserves \$'000	Foreign currency translation reserve \$'000	General equity \$'000	Restricted and special funds \$'000	Available for sale \$'000	Total equity \$'000
Balance as at 1 January 2019		1,597,300	382	-	1,307,184	42,092	-	2,946,958
Net surplus for the year		-	-	-	51,046	-	-	51,046
Other comprehensive revenue and expenses for the year	18	156,295	(531)	-	-	-	-	155,764
Other gains/losses recognised directly in equity		-	-	-	-	(69)	-	(69)
Transfer surplus to restricted and special funds	19	-	-	-	(1,236)	1,236	-	-
<b>Balance as at 31 December 2019</b>		<b>1,753,595</b>	<b>(149)</b>	<b>-</b>	<b>1,356,994</b>	<b>43,259</b>	<b>-</b>	<b>3,153,699</b>
Balance as at 1 January 2018		1,388,112	69	-	1,249,283	41,289	-	2,678,753
Net surplus for the year		-	-	-	58,704	-	-	58,704
Other comprehensive revenue and expenses for the year	18	209,188	313	-	-	-	-	209,501
Transfer surplus to restricted and special funds	19	-	-	-	(803)	803	-	-
<b>Balance as at 31 December 2018</b>		<b>1,597,300</b>	<b>382</b>	<b>-</b>	<b>1,307,184</b>	<b>42,092</b>	<b>-</b>	<b>2,946,958</b>

The accompanying Notes to the Financial Statements on pages 52 to 85 form part of and should be read in conjunction with these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2019

## 1 Statement of accounting policies

### 1.1 Reporting entity

The financial statements of The University of Auckland, the ultimate Parent, and its controlled entities (together the Group) for the year ended 31 December 2019 were authorised for issue by the Council on 16 March 2020.

The Group consists of The University of Auckland (the University), Auckland UniServices Limited (AUL), and the University of Auckland Foundation (the Foundation). AUL operates in Hong Kong and China and has a branch in the Kingdom of Saudi Arabia.

The University of Auckland was established by The University of Auckland Act 1961. The principal activities of the University and AUL are the provision of teaching and research services. The principal activities of the Foundation are raising and stewardship of funds for charitable purposes and advancement of education and healthcare, assistance of students to pursue courses of study at the University of Auckland, and the general advancement of the University.

The central office of the University's management is located at the Clock Tower, 22 Princes St, Auckland, New Zealand.

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

The University and Group are designated as public benefit entities (PBE) for financial reporting purposes.

### 1.2 Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

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

The net GST paid to, or received from, including the GST relating to investing

and financing activities, is classified as a net operating cash flow in the statement of cash flows.

### Statement of compliance

These financial statements comply with PBE Standards.

### Measurement base

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

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

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the University and Group is New Zealand dollars.

### Restrictions on net assets

Management views the Group's core operating activities as excluding receipts of donor-restricted revenues and gains from contributions and investment income. In order to clearly identify the Group's core operating activities, the Group has voluntarily elected to classify its consolidated net assets as either restricted or unrestricted. Assets are classified as restricted when they are subject to donor-imposed restrictions that prevent the Group from using them either permanently, or temporarily until certain restrictions are met. Assets are classified as unrestricted when they are not subject to any donor-imposed restrictions. The movement in consolidated net unrestricted assets relates to the Group's core operating activities and, as such, provides more relevant and reliable information.

### Statement of comprehensive revenue and expenses

- Revenue and expenses are classified as movements in either unrestricted or restricted net assets.
- The line item 'Transfer of funds from restricted to unrestricted' represents the expiration of donor-imposed restrictions.

### Statement of financial position and statement of changes in equity

- Net assets are split into unrestricted and restricted.

### Budget figures

The budget figures presented are for the University (the Parent), which form part of the Group budget figures, that were approved by Council before the beginning of the 2019 financial year. The Group budget figures approved by Council excluded the Foundation. The budget figures have been prepared using the same accounting policies as those used in the preparation of these financial statements. The budget figures have not been audited.

### Standards issued and not yet effective, and not early-adopted

There have been no new standards issued and effective in 2019 that impact the financial statements.

The External Reporting Board issued PBE FRS 48: Service Performance Reporting in November 2017 that PBEs will need to apply from 1 January, 2021. The impact of this accounting standard has not yet been assessed.

The External Reporting Board issued PBE IPSAS 40: PBE Combinations in July 2019. PBEs are required to adopt the standard from 1 January, 2021. The University and its controlled entities will adopt the standard for the December 2022 year-end. The impact of adopting the standard has not yet been assessed.

The External Reporting Board issued PBE IPSAS 41: Financial Instruments in March 2019. PBEs are required to adopt the standard from 1 January, 2022. Along with PBE IPSAS 41, Effective date of PBE IFRS 9 was also issued. This standard limits the early adoption of PBE IFRS 9 to annual periods

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 1 Statement of accounting policies (continued)

beginning before 1 January 2020. For periods beginning on or after that date, entities can only early adopt PBE IPSAS 41. The University and its controlled entities have not early adopted PBE IFRS 9. The University and its controlled entities will adopt PBE IPSAS 41 for the December 2022 year-end. The impact of the adoption of this accounting standard has not yet been assessed.

### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

### Critical accounting estimates

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- The estimated useful lives of Property, Plant and Equipment and Intangible Assets.
- The fair value estimation of Property, Plant and Equipment. Land, buildings, library special collections and works of art at the University are revalued at least every three years or when there is a material change between the fair value and the carrying value of the assets.
- The rate of future salary increases and the discount rate used to present value future cash flows, which are used to calculate the employee entitlements liabilities.
- The discount rate used to present value future cash flows of non-interest bearing loans.
- The value of work in progress and expensing of any expenditure that will not contribute to the long term value of the asset being constructed.

- The classification of revenue as exchange or non-exchange in nature, and the accounting consequences related to each revenue class, in particular whether the assessment of a return obligation exists in non-exchange transactions.
- The classification and valuation of investments in associates, convertible notes and investments held as available for sale.
- The estimation of potential liabilities arising from areas of non-compliance with the Holidays Act. This liability is included in the annual leave liability within the employee entitlements note 14.

### Critical accounting judgements

Management has exercised the following critical judgements in applying accounting policies for the year ended 31 December, 2019:

#### Held-to-maturity investments

The Group follows the PBE IPSAS 29 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances explained in PBE IPSAS 29, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. Furthermore, the entity would not be able to classify any financial assets as held-to-maturity for the following two annual reporting periods.

#### Classification of investments as financial instruments

AUL hold a number of equity investments in entities, ranging from 2-59% of share capital. In the absence of contradictory evidence, a holding of over 20% of equity indicates significant influence and the investment is treated as an associate. For certain entities that AUL holds over 20% of the shareholding, management has assessed that AUL does not have significant influence or control over the entities due to Shareholders' Agreements, Terms Sheets and other key documentation.

As AUL does not have significant influence over these entities, the investments are accounted for as financial instruments.

### 1.3 Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the University of Auckland and its controlled entities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Any accounting policies of controlled entities that differ from those of the University are adjusted for where material.

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

### Controlled entities

Controlled entities are those entities over which the Parent has power, exposure, or rights, to variable benefits from its involvement with these entities, and the ability to use its power over these entities to affect the nature or amount of the benefits from its involvement with these entities.

On acquisition, the assets, liabilities and contingent liabilities of a controlled entity are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the surplus or deficit in the statement of comprehensive revenue and expenses. In the University's financial statements, investment in controlled entities is recognised at cost on initial recognition, and at cost less accumulated impairment (if any) subsequent to initial recognition.

### Associates

Associates are measured on initial recognition at cost. After initial measurement, associates are subsequently measured at fair value with changes in fair value being recognised as unrealised gains or losses through profit or loss.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 1 Statement of accounting policies (continued)

### Joint arrangements

Joint arrangements are arrangements where two or more parties share control.

If the parties have rights to the net assets of the arrangement this is classified as a joint venture. An interest in a joint venture is accounted for using the equity method.

### Investments

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

Where the fair value of investments cannot be reliably measured, they are held on the statement of financial position at \$1. These investments relate to start-up and non-trading entities with limited financial information available and primarily where the intellectual property requires significant additional work to prove the commercial and/or technical viability.

### Methodology used to determine nature of relationship with related entities

An entity controls another entity if it has all of the following:

- (a) Power over the other entity;
- (b) Exposure, or rights, to variable benefits from its involvement with the other entity; and
- (c) The ability to use its power over the entity to affect the nature or amount of the benefits from its involvement with the other entity.

### Auckland UniServices Limited (AUL)

The University holds 100% of the shares in AUL and, as a result, has power over AUL, rights to variable benefits from AUL, and the power to affect the nature and amount of those benefits. AUL is accounted for as a controlled entity and consolidated into the Group.

### University of Auckland Foundation (the Foundation)

The Foundation is a charitable entity and the

majority of the trustees are independently appointed. The factors that led management to conclude that the University has control over the Foundation for financial reporting purposes and as such to consolidate the Foundation as part of the Group are as below:

#### (a) Power

The University does not have the power to appoint a majority of the board of Trustees. However, the board's decision making powers are limited by the University's involvement in fundraising activities, which are for University specific purposes. The University also funds a significant part of the Foundation's operations and provides key assets and management personnel to the Foundation.

#### (b) Exposure or rights to variable benefits

The University is exposed to or has rights to financial and non financial benefits as a result of its involvement with the Foundation.

The University is the beneficiary of the majority of the Foundation's assets, as donations to the Foundation are specified for this purpose. The activities of the Foundation are congruent with the University's objectives and support the University in achieving its objectives such that the University also receives non-financial benefits from the activities of the Foundation.

#### (c) The ability to use its power over the entity to affect the nature or amount of the benefits from its involvement with the other entity.

The majority of donations received by the Foundation are for University-specific purposes, which are as a result of fundraising activities driven and funded by the University.

Even though the University does not control the investing activities of the Foundation, under the Trustees Act, the Trustees are required to act in the best interests of all present and future beneficiaries. As the majority of donations are for University-specific purposes, in making investment decisions, the independent board of trustees is acting in the best interests of, or on behalf of and for the benefit of, the University; that is, there is minimal conflict between the objectives of the University and the duties of the Trustees of the Foundation.

### 1.4 Foreign currency transactions

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

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

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

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

### 1.5 Significant accounting policies

Significant accounting policies which are pervasive throughout the financial statements or where there is no dedicated note disclosure are set out below. Other significant accounting policies which are specific to certain transactions or balances are disclosed within the particular note to which they relate.

The accounting policies set out in the financial statements and the accompanying notes have been applied consistently to all periods presented in these consolidated financial statements.

### Revenue recognition

#### Tuition fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised at the amount received when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. Prior to the

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 1 Statement of accounting policies (continued)

course withdrawal date domestic student tuition fees are treated as deferred revenue.

International student tuition fees are accounted for as exchange transactions. Revenue is recognised at the amount received over the length of the course when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course. Prior to the course withdrawal date international student tuition fees are treated as revenue in advance.

### Service income

Service income is recognised as revenue throughout the period of the service delivery where the transaction is classified as exchange in nature. Where the transaction is classified as non-exchange in nature and where there are in substance conditions to return the funds to the funder if performance stipulations are not met, service income is recognised as revenue at the time that the conditions are met. For non-exchange transactions where there are no in substance obligations to return the funds, service income is recognised as revenue at the point the Group has an enforceable claim to resources.

### Donations and legacies

Unrestricted donations are recognised as revenue at the point the Group has an enforceable claim to resources. Where the Group receives a donation with conditions, a liability is recognised. Once the condition is met, the donation is recognised as revenue. Donated assets are recognised at fair value. Donations are considered non-exchange revenue.

### Revenue received while acting as an agent

Where the Group collects money from contracts as an agent for a third party, the Group only recognises the commission received from the collections as revenue and is considered exchange revenue.

### Sale of goods

Revenue from the sale of goods is considered exchange revenue and is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

### Dividend and interest revenue

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

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

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

### Restrictions on net assets

The Group's net assets are classified as either unrestricted or restricted.

### Unrestricted net assets

Unrestricted net assets are not subject to any donor-imposed restrictions. These assets consist primarily of the University's assets with the most significant category being property, plant and equipment.

### Restricted net assets

Net assets are considered restricted when they are subject to donor-imposed restrictions, that prevent the assets from being used for general or administrative purposes by the Group. The restrictions may be temporary or permanent. Temporarily restricted net assets have donor-imposed restrictions that will expire after the University performs certain actions (e.g. spends money on research in a particular field) or after a certain amount of time. Permanently restricted net assets are subject to donor imposed restrictions that they be invested to provide a permanent source of income to the University. The investment income from these endowments is usually subject to temporary restrictions. The majority of these restricted assets are in the Foundation.

Revenues from sources other than donations are generally reported as increases in unrestricted net assets. Gains and losses on

investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by donor stipulations. Expenses are generally reported as decreases in unrestricted net assets, even if they are financed from restricted sources.

Expenses cause any restrictions related to them to expire. Expirations of temporary restrictions on net assets are reported as reclassifications from restricted to unrestricted net assets and appear as "Transfer of funds from restricted to unrestricted" in the statement of comprehensive revenue and expense. The aggregate carrying amount of unrestricted and restricted net assets is presented on the face of the statement of financial position and statement of changes in equity. The statement of cash flows is unaffected.

### 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.

### Prepayments

Prepayments are originally recognised at cost and are evenly recognised as expense over the expected period of the benefit.

### Impairment of financial assets

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

Objective evidence of impairment could include:

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 1 Statement of accounting policies (continued)

### Income tax

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

Income tax payable by the Group relates to net profits derived from Auckland UniServices Limited operating in Hong Kong and China and the branch in the Kingdom of Saudi Arabia being taxed at the applicable rates under the laws of those countries.

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

Deferred income tax is provided on all temporary differences, if any and except where the initial recognition exemption applied, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 2 Government grants

Student Achievement Component (SAC) funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course. Prior to the course withdrawal date, SAC funding is treated as revenue in advance.

Fees-free funding is provided by the TEC, on behalf of Crown, as compensation for fees forgone related to courses and programmes commenced by eligible students in 2018. The University considers Fees-free funding to be non-exchange and recognises the revenue after the course withdrawal date has passed and on confirmation of each student's eligibility to Fees-free funding. Prior to confirmation of eligibility Fees-free funding is treated as revenue in advance.

The University considers Performance-Based Research Fund (PBRF) funding to be non exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as deferred revenue when received and recognised as revenue when the conditions of the grant are satisfied.

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Student component funding	337,382	333,742	337,382	333,742
Fees-free funding	34,682	33,978	34,682	33,978
Clinical Training Agency grants	4,324	4,366	4,324	4,366
Other Government grants	8,352	8,519	8,352	8,519
Performance Based Research Funding	93,319	94,142	93,319	94,142
<b>Total Government grants</b>	<b>478,059</b>	<b>474,747</b>	<b>478,059</b>	<b>474,747</b>

## 3 Research and contracts revenue

The University and Group exercises judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the Group considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool.
- Nature of the funder
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately when the funds become receivable, unless there are substantive conditions in the contract. If there are substantive conditions, a research contract obligation is initially recognised and revenue is subsequently recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 3 Research and contracts revenue (continued)

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Research contract obligations are identified in note 13.

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
External research income	223,323	217,879	219,938	198,642
Other research and contract income	45,913	53,886	326	8,255
<b>Total research and contracts revenue</b>	<b>269,236</b>	<b>271,765</b>	<b>220,264</b>	<b>206,897</b>

## 4 Other gains/(losses)

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Non-financial instruments</b>				
Gain/(loss) on disposal of property, plant and equipment	(1,468)	(301)	(1,188)	(303)
Foreign exchange gains/(losses)	(731)	1,856	485	229
<b>Financial instruments</b>				
Fair value gain/(loss) on financial assets	33,413	(2,294)	-	-
<b>Total other gains/(losses)</b>	<b>31,214</b>	<b>(739)</b>	<b>(703)</b>	<b>(74)</b>

Gains/(losses) on financial assets comprise realised and unrealised gains/(losses) in the fair value of assets held in managed funds.

## 5 Transfer of funds from restricted to unrestricted

The transfer of funds from restricted to unrestricted represents external restrictions on funds being extinguished due to the restrictions being met (generally expenditure on specified activities). The transfer is shown by major categories of restrictions on funds expiring below.

	Consolidated	
	Actual 2019 \$'000	Actual 2018 \$'000
Research	10,443	9,592
Donations	12,569	10,363
Other	1,424	2,117
<b>Total transfer of funds from restricted to unrestricted</b>	<b>24,436</b>	<b>22,072</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 6 People costs

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Academic salaries	308,186	299,010	307,195	295,778
Professional salaries	258,347	252,601	225,785	222,108
Defined contribution expense	24,662	23,513	23,728	22,739
Contracts for service	43,307	45,937	33,883	32,582
Other people costs	34,357	34,577	39,848	33,421
<b>Total people costs</b>	<b>668,859</b>	<b>655,638</b>	<b>630,439</b>	<b>606,628</b>

The Group and the University have termination payments of \$3.4 million included in total people costs in the current year (2018: \$4.3 million).

## 7 Operating costs

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Operating costs includes the following specific expenses:				
Consumable supplies	27,881	26,818	25,255	24,266
Repairs and maintenance	41,742	31,423	40,621	30,287
Operating leases				
Properties	32,408	31,719	31,248	29,638
Equipment	1,823	4,022	1,819	4,017
Motor vehicles	328	757	41	184
<b>Total operating lease costs</b>	<b>34,559</b>	<b>36,498</b>	<b>33,108</b>	<b>33,839</b>
Auditor remuneration				
Audit fees for audit of financial statements	568	512	346	283
Other assurance services	18	17	18	17
Other non-assurance services	26	28	-	-
<b>Total auditors' remuneration</b>	<b>612</b>	<b>557</b>	<b>364</b>	<b>300</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 8 Reconciliation of operating surplus and net cash flow from operating activities

Note	Consolidated		University		
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Net surplus for the year	90,462	80,662	51,046	39,432	58,704
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation	144,236	133,116	142,712	141,959	131,584
Donated assets	-	(47)	-	(877)	(322)
Foreign exchange fluctuations	(134)	211	(134)	-	8
Other non-cash items	-	(1,125)	-	-	1,654
Unrealised gain on investments	-	896	-	-	-
	144,102	133,051	142,578	141,082	132,924
<b>Add/(less) items classified as investing or financing activities</b>					
Interest income	(5,618)	(10,484)	(2,492)	(2,267)	(6,461)
(Gain)/loss on disposal of property, plant, and equipment	1,626	301	1,339	(458)	303
Movements relating to capital expenditure	(5,921)	(15,664)	(20,213)	-	(47,332)
Finance costs	6	66	1,300	1,621	1,863
(Increase)/Decrease in deferred revenue	-	1,250	-	-	1,250
<b>Total items classified as investing or financing activities</b>	<b>(9,907)</b>	<b>(24,531)</b>	<b>(20,066)</b>	<b>(1,104)</b>	<b>(50,377)</b>
<b>Add/(less) changes in net assets and liabilities:</b>					
Decrease/(Increase) in receivables	12,202	(14,716)	3,882	(836)	5,793
Decrease/(Increase) in prepayments and other current assets	(13,728)	(3,267)	(16,549)	(520)	1,682
Decrease/(Increase) in inventories	(191)	11	(191)	(19)	11
Decrease/(Increase) in research work in progress	(2,174)	(4,575)	(744)	(603)	(7,120)
Increase/(Decrease) in payables and provisions	51,156	(4,538)	39,465	(231)	2,389
Increase/(Decrease) in deferred revenue	23,927	16,507	22,553	4,660	30,798
Increase/(Decrease) in employee entitlements	5,813	7,772	4,968	8,755	8,947
<b>Net movement in working capital items</b>	<b>77,005</b>	<b>(2,806)</b>	<b>53,384</b>	<b>11,206</b>	<b>42,500</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>301,662</b>	<b>186,376</b>	<b>226,942</b>	<b>190,616</b>	<b>183,751</b>

## 9 Receivables

Receivables are recognised initially at fair value, and subsequently at amortised cost less impairment. Due to the short-term nature of receivables they are not discounted.

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 9 Receivables (continued)

The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

	Note	Consolidated		University	
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Trade receivables		52,673	64,484	41,801	45,974
Provision for receivables impairment		(1,401)	(1,011)	(939)	(925)
<b>Net receivables</b>		<b>51,272</b>	<b>63,473</b>	<b>40,862</b>	<b>45,049</b>
Related company receivables	21	-	-	11,649	11,342
<b>Total receivables</b>		<b>51,272</b>	<b>63,473</b>	<b>52,511</b>	<b>56,391</b>

The ageing profile of trade receivables at year end is as follows:

	2019			2018		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
<b>Consolidated</b>						
Current	44,026	-	44,026	49,416	-	49,416
Past due 31-60 days	1,908	-	1,908	6,062	-	6,062
Past due 61-90 days	1,905	-	1,905	1,702	-	1,702
Past due > 90 days	4,834	(1,401)	3,433	7,304	(1,011)	6,293
<b>Total</b>	<b>52,673</b>	<b>(1,401)</b>	<b>51,272</b>	<b>64,484</b>	<b>(1,011)</b>	<b>63,473</b>
<b>University</b>						
Current	47,261	-	47,261	49,832	-	49,832
Past due 31-60 days	1,730	-	1,730	2,021	-	2,021
Past due 61-90 days	933	-	933	883	-	883
Past due > 90 days	3,526	(939)	2,587	4,580	(925)	3,655
<b>Total</b>	<b>53,450</b>	<b>(939)</b>	<b>52,511</b>	<b>57,316</b>	<b>(925)</b>	<b>56,391</b>

All receivables greater than 30 days in age are considered to be past due.

Receivables past due but not considered impaired are \$7,246k (2018: \$14,056k) for the Group, and \$5,250k (2018: \$6,559k) for the University.

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

The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movements in the provision for receivables impairment are as follows:

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Balance at beginning of financial year	1,011	701	925	615
Additional provisions made during the year	1,243	615	867	615
Provisions reversed during the year	(421)	(66)	(421)	(66)
Receivables written-off during the period	(432)	(239)	(432)	(239)
<b>Balance at the end of the financial year</b>	<b>1,401</b>	<b>1,011</b>	<b>939</b>	<b>925</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment

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.

University land in crown title with a value of \$0.8 million (2018: \$283.4 million) 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 yet 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. The library collections are made up of two distinct asset classes (i.e. the general library collection, and library special collections which includes a range of historical and rare books). Except for library special collections all subsequent acquisitions are recorded at cost less accumulated depreciation and impairment, if any. At balance date the library collection is carried at deemed cost less accumulated depreciation and impairment, if any. Library special collections are carried at assessed market value. All permanent withdrawals from the collection are recorded at average cost less accumulated depreciation and impairment, if any.

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

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

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

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

Land and Buildings, Library Special Collections and Works of Art are revalued to fair value at least every three years by an independent valuer.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off cycle asset classes are revalued.

Any revaluation increase is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the statement of comprehensive revenue and expenses, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings or works of art is charged as an expense in the statement of comprehensive revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset class.

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

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

The depreciation rates used for each class of asset are:

Buildings	1 - 10%
Library collection	33%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment (continued)

Property, plant, and equipment subsequently measured at cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. For assets carried at revalued amounts, an impairment loss is recognised in other comprehensive income and expenditure to the extent it reverses previous recognised revaluation gains for that class of asset.

### Value in use for non cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment (continued)

	Consolidated							Total
	Land	Buildings	Leasehold improvements	Plant and equipment	Works of art	Library collections	Capital work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Gross carrying amount</b>								
Cost	-	-	31,627	490,940	-	338,978	128,382	989,927
Valuation	927,551	1,683,963	-	-	24,289	9,049	-	2,644,852
<b>Balance as at 1 January 2018</b>	<b>927,551</b>	<b>1,683,963</b>	<b>31,627</b>	<b>490,940</b>	<b>24,289</b>	<b>348,027</b>	<b>128,382</b>	<b>3,634,779</b>
Additions	-	1,881	215	25,367	228	14,049	266,253	307,993
Disposals	-	-	(2,161)	(5,649)	-	(10,600)	-	(18,410)
Transfers	-	72,555	1,928	11,356	-	-	(85,839)	-
Net revaluation increments	770	69,212	-	-	-	-	-	69,982
<b>Balance as at 1 January 2019</b>	<b>928,321</b>	<b>1,827,611</b>	<b>31,609</b>	<b>522,014</b>	<b>24,517</b>	<b>351,476</b>	<b>308,796</b>	<b>3,994,344</b>
Additions	2,300	-	50	32,906	101	13,643	352,744	401,744
Disposals	(2,300)	(237)	(617)	(28,696)	(346)	(192)	-	(32,388)
Transfers	-	188,273	-	5,666	-	-	(193,939)	-
Net revaluation increments	155,763	124	-	-	-	-	-	155,887
<b>Balance as at 31 December 2019</b>	<b>1,084,084</b>	<b>2,015,771</b>	<b>31,042</b>	<b>531,890</b>	<b>24,272</b>	<b>364,927</b>	<b>467,601</b>	<b>4,519,587</b>
<b>Accumulated depreciation</b>								
Cost	-	-	25,882	368,173	-	321,703	-	715,758
Valuation	-	93,724	-	-	-	-	-	93,724
<b>Balance as at 1 January 2018</b>	<b>-</b>	<b>93,724</b>	<b>25,882</b>	<b>368,173</b>	<b>-</b>	<b>321,703</b>	<b>-</b>	<b>809,482</b>
Disposals	-	-	(2,161)	(5,429)	-	(10,181)	-	(17,771)
Depreciation expense	-	72,393	1,360	33,623	-	13,815	-	121,191
Net revaluation increments	-	(139,901)	-	-	-	-	-	(139,901)
<b>Balance as at 1 January 2019</b>	<b>-</b>	<b>26,216</b>	<b>25,081</b>	<b>396,367</b>	<b>-</b>	<b>325,337</b>	<b>-</b>	<b>773,001</b>
Disposals	-	(16)	(395)	(28,231)	-	(192)	-	(28,834)
Depreciation expense	-	80,309	1,282	34,461	-	14,318	-	130,371
Net revaluation increments	-	(408)	-	-	-	-	-	(408)
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>106,101</b>	<b>25,969</b>	<b>402,597</b>	<b>-</b>	<b>339,463</b>	<b>-</b>	<b>874,131</b>
<b>Net book value</b>								
<b>As at 1 January 2018</b>	<b>927,551</b>	<b>1,590,239</b>	<b>5,745</b>	<b>122,767</b>	<b>24,289</b>	<b>26,324</b>	<b>128,382</b>	<b>2,825,297</b>
<b>As at 1 January 2019</b>	<b>928,321</b>	<b>1,801,395</b>	<b>6,528</b>	<b>125,647</b>	<b>24,517</b>	<b>26,139</b>	<b>308,796</b>	<b>3,221,343</b>
<b>As at 31 December 2019</b>	<b>1,084,084</b>	<b>1,909,669</b>	<b>5,073</b>	<b>129,293</b>	<b>24,272</b>	<b>25,464</b>	<b>467,601</b>	<b>3,645,456</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment (continued)

	University							Total
	Land	Buildings	Leasehold improvements	Plant and equipment	Works of art	Library collections	Capital work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Gross carrying amount</b>								
Cost	-	-	28,008	478,768	-	338,978	128,358	974,112
Valuation	926,021	1,683,721	-	-	24,289	9,049	-	2,643,080
<b>Balance as at 1 January 2018</b>	<b>926,021</b>	<b>1,683,721</b>	<b>28,008</b>	<b>478,768</b>	<b>24,289</b>	<b>348,027</b>	<b>128,358</b>	<b>3,617,192</b>
Additions	-	1,881	215	25,169	228	14,049	266,129	307,671
Disposals	-	-	(2,161)	(5,599)	-	(10,600)	-	(18,360)
Transfers	-	72,555	1,928	11,222	-	-	(85,705)	-
Net revaluation increments	-	69,454	-	-	-	-	-	69,454
<b>Balance as at 1 January 2019</b>	<b>926,021</b>	<b>1,827,611</b>	<b>27,990</b>	<b>509,560</b>	<b>24,517</b>	<b>351,476</b>	<b>308,782</b>	<b>3,975,957</b>
Additions	2,300	-	9	32,580	101	13,643	352,721	401,354
Disposals	-	(237)	(618)	(28,691)	(346)	(192)	-	(30,084)
Transfers	-	188,273	-	5,653	-	-	(193,926)	-
Net revaluation increments	155,763	124	-	-	-	-	-	155,887
<b>Balance as at 31 December 2019</b>	<b>1,084,084</b>	<b>2,015,771</b>	<b>27,381</b>	<b>519,102</b>	<b>24,272</b>	<b>364,927</b>	<b>467,577</b>	<b>4,503,114</b>
<b>Accumulated depreciation</b>								
Cost	-	-	22,906	359,212	-	321,703	-	703,821
Valuation	-	93,577	-	-	-	-	-	93,577
<b>Balance as at 1 January 2018</b>	<b>-</b>	<b>93,577</b>	<b>22,906</b>	<b>359,212</b>	<b>-</b>	<b>321,703</b>	<b>-</b>	<b>797,398</b>
Disposals	-	-	(2,160)	(5,380)	-	(10,181)	-	(17,721)
Depreciation expense	-	72,373	1,191	32,694	-	13,815	-	120,073
Net revaluation increments	-	(139,734)	-	-	-	-	-	(139,734)
<b>Balance as at 1 January 2019</b>	<b>-</b>	<b>26,216</b>	<b>21,937</b>	<b>386,526</b>	<b>-</b>	<b>325,337</b>	<b>-</b>	<b>760,016</b>
Disposals	-	(16)	(395)	(28,224)	-	(192)	-	(28,827)
Depreciation expense	-	80,309	1,139	33,480	-	14,318	-	129,246
Net revaluation increments	-	(408)	-	-	-	-	-	(408)
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>106,101</b>	<b>22,681</b>	<b>391,782</b>	<b>-</b>	<b>339,463</b>	<b>-</b>	<b>860,027</b>
<b>Net book value</b>								
<b>As at 1 January 2018</b>	<b>926,021</b>	<b>1,590,144</b>	<b>5,102</b>	<b>119,556</b>	<b>24,289</b>	<b>26,324</b>	<b>128,358</b>	<b>2,819,794</b>
<b>As at 1 January 2019</b>	<b>926,021</b>	<b>1,801,395</b>	<b>6,053</b>	<b>123,034</b>	<b>24,517</b>	<b>26,139</b>	<b>308,782</b>	<b>3,215,941</b>
<b>As at 31 December 2019</b>	<b>1,084,084</b>	<b>1,909,669</b>	<b>4,700</b>	<b>127,320</b>	<b>24,272</b>	<b>25,464</b>	<b>467,577</b>	<b>3,643,080</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment (continued)

### Valuation

Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

### Land and buildings

The Group engaged Beca Projects NZ Limited, an accredited independent valuer that uses the International Valuation Standards Committee, and International Valuation Standards as a reference, to determine the fair value of its land and buildings.

Fair value for land is determined on its highest and best use, taking into consideration restrictions over the use of the land and the likelihood of re-zoning.

For buildings that are not specialised in nature, fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties.

Where buildings are specialised in nature, their value is determined on an optimised depreciated replacement cost basis, as limited market data is available for buildings designed for educational delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- For the Group's earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The most recent valuation of land was effective 31 December, 2019 and the most recent valuation of buildings was effective 31 December, 2018.

The revaluation surplus for land for 2019 was \$156 million for the Group which was recognised in the revaluation reserve.

### Library Special Collections

Library Special Collections held by the University are independently valued by Rowan Gibbs of Smith's Bookshop Limited. The valuation basis is assessed at market value. Guidance for the valuation is taken from the New Zealand Government Treasury Valuation Guidance for Cultural and Heritage Assets (November 2002), and that valuation is designed to be consistent with the methodology and outcome of other comparable major heritage collections with established valuations held elsewhere in New Zealand, in particular those of the Alexander Turnbull Library, the Auckland City Libraries, Dunedin Public Library, and the University of Otago Hocken Collections.

Values are based on prices realised at auction for copies in similar condition and on prices asked by reputable dealers for similar copies, catalogues prices of rare books still available for sale, or in the absence of any current or recent sale records a 'best estimate' value is assigned, based on the valuer's experience in the book trade, taking into account the scarcity of the book and likely demand for it, and market prices for similar items.

The most recent valuation of Library Special Collections was effective 31 December, 2017.

### Works of Art

Works of Art held by the University are independently valued by ART+OBJECT. The valuation basis is assessed at market value. Guidance for the valuation is taken from the New Zealand Government Treasury Valuation Guidance for Cultural and Heritage Assets (November 2002), Te Papa National Services Valuing Collections Resource Guide and the New Zealand Property Institute Trans-Tasman and International Valuation Standards.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 10 Property, plant and equipment (continued)

Where an active market exists for the same or similar assets, fair value is determined by the market price which is deemed to be fair value.

The most recent valuation of Works of Art was effective 31 December, 2017.

## 11 Intangible assets

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

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

Capital work in progress is not amortised (until it is reclassified to software), whereas completed/purchased software has a finite life and is amortised on a straight line basis. Amortisation expenses are included in the depreciation and amortisation expense line in the statement of comprehensive revenue and expenses.

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.

The straight line amortisation rates used are:

Software 20 – 33%

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 11 Intangible assets (continued)

	Consolidated			University		
	Software \$'000	Capital work in progress \$'000	Total \$'000	Software \$'000	Capital work in progress \$'000	Total \$'000
<b>Gross carrying amount</b>						
Balance as at 1 January 2018	<b>117,989</b>	<b>5,072</b>	<b>123,061</b>	<b>113,563</b>	<b>4,948</b>	<b>118,511</b>
Additions	600	11,103	11,703	553	11,227	11,780
Disposals	(818)	-	(818)	(818)	-	(818)
Transfers	11,719	(11,719)	-	11,719	(11,719)	-
<b>Balance as at 31 December 2018</b>	<b>129,490</b>	<b>4,456</b>	<b>133,946</b>	<b>125,017</b>	<b>4,456</b>	<b>129,473</b>
Balance as at 1 January 2019	<b>129,490</b>	<b>4,456</b>	<b>133,946</b>	<b>125,017</b>	<b>4,456</b>	<b>129,473</b>
Additions	1,011	10,144	11,155	953	10,144	11,097
Disposals	(2,723)	-	(2,723)	(2,724)	-	(2,724)
Transfers	7,837	(7,837)	-	7,837	(7,837)	-
<b>Balance as at 31 December 2019</b>	<b>135,615</b>	<b>6,763</b>	<b>142,378</b>	<b>131,083</b>	<b>6,763</b>	<b>137,846</b>
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 January 2018	<b>91,604</b>	-	<b>91,604</b>	<b>89,459</b>	-	<b>89,459</b>
Disposals	(559)	-	(559)	(559)	-	(559)
Amortisation expense	11,925	-	11,925	11,511	-	11,511
<b>Balance as at 31 December 2018</b>	<b>102,970</b>	-	<b>102,970</b>	<b>100,411</b>	-	<b>100,411</b>
Balance as at 1 January 2019	<b>102,970</b>	-	<b>102,970</b>	<b>100,411</b>	-	<b>100,411</b>
Disposals	(2,518)	-	(2,518)	(2,519)	-	(2,519)
Amortisation expense	13,866	-	13,866	13,468	-	13,468
<b>Balance as at 31 December 2019</b>	<b>114,318</b>	-	<b>114,318</b>	<b>111,360</b>	-	<b>111,360</b>
<b>Net book value</b>						
<b>As at 1 January 2018</b>	<b>26,385</b>	<b>5,072</b>	<b>31,457</b>	<b>24,104</b>	<b>4,948</b>	<b>29,052</b>
<b>As at 1 January 2019</b>	<b>26,520</b>	<b>4,456</b>	<b>30,976</b>	<b>24,606</b>	<b>4,456</b>	<b>29,062</b>
<b>As at 31 December 2019</b>	<b>21,297</b>	<b>6,763</b>	<b>28,060</b>	<b>19,723</b>	<b>6,763</b>	<b>26,486</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 12 Payables

Payables are recognised at fair value on initial recognition.

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They are carried at amortised cost, are non-interest bearing and due to their short term nature they are not discounted.

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Trade payables	173,579	136,809	162,576	128,234
Related company payables	-	-	1,176	2,503
<b>Total payables</b>	<b>173,579</b>	<b>136,809</b>	<b>163,752</b>	<b>130,737</b>

## 13 Deferred Revenue

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Current liabilities</b>				
Deferred revenue	88,754	73,606	88,754	73,522
Research contract obligations	112,811	104,032	89,795	82,474
<b>Deferred revenue – current</b>	<b>201,565</b>	<b>177,638</b>	<b>178,549</b>	<b>155,996</b>

This note should be read in conjunction with note 3.

## 14 Employee entitlements

Provision is made for the University's liability for professional and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and the liabilities are capable of being measured reliably.

- Annual leave is calculated on an actual entitlement basis at the rates expected to apply at time of settlement.
- Sick leave, long-service leave and retirement gratuities have been calculated on an actuarial basis which estimates the present value of amounts payable in respect of existing employees based on assumed rates of sickness, death, disablement, resignation, retirement and salary progression.

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Current liabilities</b>				
Accumulated annual leave	47,604	42,944	43,857	40,042
Retirement allowance	19,353	18,225	19,353	18,225
Long-service leave	523	498	523	498
<b>Total employee entitlements – current</b>	<b>67,480</b>	<b>61,667</b>	<b>63,733</b>	<b>58,765</b>
<b>Non-current liabilities</b>				
Sick leave	1,695	1,928	1,660	1,900
Retirement allowance	62,544	54,656	62,544	54,656
Long-service leave	2,745	2,578	2,745	2,578
<b>Total employee entitlements – non-current</b>	<b>66,984</b>	<b>59,162</b>	<b>66,949</b>	<b>59,134</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 15 Loans and borrowings

Borrowings are initially recognised at their fair value less directly attributable transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are deducted from the fair value of the loan to determine the carrying amount on initial recognition, and are then accredited to the carrying amount of the loan under the effective interest rate method.

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

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

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Current liabilities</b>				
Non-interest bearing loan	625	623	625	623
Interest-bearing loan from controlled entity	-	-	50,038	38,438
Interest-bearing loan facility	-	50,000	-	50,000
<b>Total loans and borrowings – current</b>	<b>625</b>	<b>50,623</b>	<b>50,663</b>	<b>89,061</b>
<b>Non-current liabilities</b>				
<b>Unsecured</b>				
Non-interest bearing loan	614	1,207	614	1,207
Interest-bearing loan facility	180,000	-	180,000	-
<b>Total loans and borrowings – non-current</b>	<b>180,614</b>	<b>1,207</b>	<b>180,614</b>	<b>1,207</b>

### Non-interest bearing loan

On 30 June 2011, the University acquired a winery, which included property, plant and equipment, from the K & J Goldwater Family Trust. Consideration for the acquisition was made in three parts being a cash payment, a gift by way of reduction in the purchase price and an interest-free loan with a term of 10 years. The non-interest bearing loans above represent the value of the current and non-current portions of this loan, measured at amortised cost with an average effective interest rate of 1.7% (2018: 2.2%).

### Interest-bearing loan from controlled entity

The loan from controlled entity represents advances by Auckland UniServices Limited to the University. The loan is on demand and the University pays a rate of interest equivalent to an investment portfolio of 26% on call, 44% 1 year and 30% over one year as at January 2019 (2018: 14% on call, 50% 1 year and 36% 5 years as at August 2017).

### Interest-bearing loan facility

The interest-bearing loan facility represents drawdowns as at 31 December 2019 from a total facility of \$300m, incorporating nine separate loans. The term of the facilities ranges from two years to five years. The largest maturity date on the drawdown at 31 December 2019 was 92 days, with interest rates ranging from 1.65% to 1.96%.

### Borrowing costs capitalised

Borrowing costs of \$1,507k were capitalised during 2019 (2018: \$66k).

### Fair values

The carrying amount of current and non-current loans and borrowings approximate their fair value. The fair value has been calculated by discounting the expected future cash flows at prevailing market interest rates ranging from 1.66% to 1.72% (2018: 2.17% to 2.20%).

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 15 Loans and borrowings (continued)

### Assets pledged as security

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

### Defaults and breaches

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

### Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 22.

## 16 Operating leases and capital commitments

### Operating leases as lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as expense on a straight-line basis over the lease term.

### Operating lease commitments

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

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Not later than one year	36,593	33,804	36,593	32,167
Later than one year and not later than five years	138,325	91,229	138,325	89,637
Later than five years	475,009	155,172	475,009	155,172
<b>Total operating lease commitments</b>	<b>649,927</b>	<b>280,205</b>	<b>649,927</b>	<b>276,976</b>
<b>Operating lease commitments by type</b>				
Properties	649,913	278,979	649,913	275,764
Motor vehicles	7	57	7	54
Equipment	7	1,169	7	1,158
<b>Total operating lease commitments by type</b>	<b>649,927</b>	<b>280,205</b>	<b>649,927</b>	<b>276,976</b>

### Operating leases as lessor

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 16 Operating leases and capital commitments (continued)

### Operating lease receivables

Operating leases relate to property held by the Group that is leased to external parties to provide additional services to students. The properties are not investment properties because they are held by the University, as a public-benefit entity, for strategic purposes or to meet its service delivery objectives where rental revenue derived is incidental to the purpose of holding the property. The lease terms range from 1 to 20 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	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Not later than one year	3,554	3,008	3,554	3,749
Later than one year and not later than five years	8,337	8,103	8,337	10,363
Later than five years	1,376	2,482	1,376	2,482
<b>Total non-cancellable operating leases</b>	<b>13,267</b>	<b>13,593</b>	<b>13,267</b>	<b>16,594</b>

### Capital commitments

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

	Consolidated/ University	
	Actual 2019 \$'000	Actual 2018 \$'000
Property Services projects	76,227	303,475
Other capital expenditure	2,617	2,450
<b>Total capital commitments</b>	<b>78,844</b>	<b>305,925</b>

## 17 Contingencies

As at 31 December, 2019 the Group had no contingent liabilities or assets (2018: Nil).

## 18 Reserves

Land, Buildings, Works of Art and Library Special Collections are re-valued to fair value every three years, as determined by an independent valuer. A revaluation for Buildings was carried out in 2018, revaluations for Library Special Collections and Works of Art were carried out in 2017, and the latest revaluation for Land was carried out in 2019.

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

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

The available-for-sale investments revaluation reserve is used to recognise changes in the fair value and exchange differences arising on translation of investments classified as available for sale financial assets, such as equities.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 18 Reserves (continued)

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
<b>Reserves includes</b>				
Land and buildings	1,730,586	1,576,488	1,730,586	1,574,291
Works of art and special library collections	23,009	23,009	23,009	23,009
Cash flow hedge reserve	(149)	358	(149)	382
Foreign currency translation reserve	50	(180)	-	-
Statutory reserve - international entities	94	94	-	-
Available-for-sale investments revaluation reserve	31,909	13,317	-	-
<b>Total reserves</b>	<b>1,785,499</b>	<b>1,613,086</b>	<b>1,753,446</b>	<b>1,597,682</b>
<b>Land and buildings</b>				
Balance at beginning of financial year	1,576,488	1,366,605	1,574,291	1,365,103
Transferred to general equity	(2,195)	-	-	-
Impairment charge	-	-	-	-
Revaluation increments/(decrements)	156,293	209,883	156,295	209,188
<b>Balance at end of financial year</b>	<b>1,730,586</b>	<b>1,576,488</b>	<b>1,730,586</b>	<b>1,574,291</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	23,009	23,009	23,009	23,009
Revaluation increments/(decrements)	-	-	-	-
<b>Balance at end of financial year</b>	<b>23,009</b>	<b>23,009</b>	<b>23,009</b>	<b>23,009</b>
<b>Cash flow hedge reserve</b>				
Balance at beginning of financial year	358	112	382	69
Gain/(loss) recognised	(1,797)	(736)	(1,600)	(435)
Transfers to initial carrying amount of hedged item	1,290	982	1,069	748
<b>Balance at end of financial year</b>	<b>(149)</b>	<b>358</b>	<b>(149)</b>	<b>382</b>
<b>Available-for-sale investments revaluation reserve</b>				
Balance at beginning of financial year	13,317	11,886	-	-
Revaluation increments/(decrements)	18,592	1,431	-	-
<b>Balance at end of financial year</b>	<b>31,909</b>	<b>13,317</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 19 Restricted and special funds

The University has established Special Funds for specific purposes. Special purpose funds are not classified as restricted in the statement of financial position, as they are not subject to donor-imposed restrictions. They do however have internal restrictions on their use and as such are disclosed separately from general equity. The balance of a special purpose fund is transferred to general equity when it is no longer required for a specific purpose.

Restricted purpose funds are subject to donor-imposed restrictions that prevent the Group from using those funds until certain restrictions are met. Funds are classified as restricted if externally imposed restrictions prevent the assets from being used for general or administrative purposes by the Group. Restricted purpose funds are recognised in the unrestricted statement of comprehensive revenue and expenses at the time restrictions have been extinguished.

Restricted purpose funds consist of endowments and current use funds.

	2019 Special purpose funds \$'000	2019 Restricted purpose funds \$'000	2019 Total \$'000	2018 Special purpose funds \$'000	2018 Restricted purpose funds \$'000	2018 Total \$'000
<b>Consolidated</b>						
Balance at beginning of financial year	18,503	244,820	263,323	18,284	222,662	240,946
Income	711	67,959	68,670	706	44,230	44,936
Less funds released from restrictions	199	24,436	24,635	487	22,072	22,559
Net surplus (deficit)	512	43,523	44,035	219	22,158	22,377
<b>Balance at end of financial year</b>	<b>19,015</b>	<b>288,343</b>	<b>307,358</b>	<b>18,503</b>	<b>244,820</b>	<b>263,323</b>
<b>University</b>						
Balance at beginning of financial year	18,502	23,590	42,092	18,283	23,006	41,289
Income	711	5,201	5,912	706	5,166	5,872
Less funds released from restrictions	199	4,546	4,745	487	4,582	5,069
Net surplus (deficit)	512	655	1,167	219	584	803
<b>Balance at end of financial year</b>	<b>19,014</b>	<b>24,245</b>	<b>43,259</b>	<b>18,502</b>	<b>23,590</b>	<b>42,092</b>

The income and expenditure items presented above are included in the surplus or deficit in the statement of comprehensive revenue and expenses and are presented above for information purposes.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 20 Investments

### 20.1 Investment in controlled entities

The consolidated financial statements include the financial statements of the University of Auckland, the ultimate parent of the Group, and its controlled entities being Auckland UniServices Limited, and the University of Auckland Foundation.

The University's interest in controlled entities is measured at cost.

Investment in controlled entities of \$1m (2018: \$1m) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2018:100%). The principal activity of Auckland UniServices Limited is commercial research, it is incorporated in New Zealand, and it has a 31 December balance date.

Auckland UniServices Limited has a 100% interest in two subsidiaries, Auckland UniServices (HK) Limited (AUHK) (2018: 100%) and the University of Auckland (Hangzhou) Innovation Institute Co. Limited (UOAI) (2018: 100%). The value of each shareholding is \$1.00 (2018: \$1.00).

Investment in controlled entities of \$18.6m (2018: \$18.9m) relates to the University's investment in the Foundation, which represents funds transferred to the Foundation (previously held as restricted purpose funds by the University) in 2016.

The Foundation holds net assets of \$257.7m (2018: \$223.6m). Of these, \$5.1m (2018: \$4.5m) is available to the University for general expenditure and \$252.7m (2018: \$219.5m) is restricted to the University until they meet the specific restrictions imposed by the donor when the funds were gifted. The Foundation's trustees must approve applications from the University for funding prior to funds being transferred.

### 20.2 Investment in associates

Investments in associates are accounted for in the financial statements at fair value utilising the exemption for "Venture Capital Organisations" under paragraph 25 of PBE IPSAS 36 Investments in Associates and Joint Ventures.

The primary source of fair value for associates is the arm's length sale of equity in those investments to third parties involving transfer of cash or cash equivalents. If the transaction involves only existing shareholders, this will not normally result in a change in fair value. When available, fair value is determined using other valuation techniques (discounting cash flows, earnings multiple, net assets). Management also takes into consideration other qualitative information in determination of fair value.

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

	2019 \$'000	2018 \$'000
Investments in associates	12,425	2,321
	<b>12,425</b>	<b>2,321</b>

Fair values of investments in associates are based on non-market observable inputs, and fair values are therefore classified as Level 3 in note 22.2.

The balance above includes investments in the following entities: KEA Therapeutics, SapVax LLC (domiciled in the USA), Southern Photonics Ltd and Vortex Power Systems Ltd, Cirrus Materials Science Ltd and Objective Acuity Ltd.

### 20.3 Other investments

Auckland UniServices Limited has acquired shares in Actigaze Ltd, ApiMatic Ltd, Aravive Corporations, CoDa Therapeutics (NZ) Ltd, Coherent Solutions Ltd, Compliance Audit Systems, Dotterel Technologies Limited, Energia Potior Ltd, Fastec Ltd, FormUS Labs Ltd, Kea Therapeutics Ltd, Mote Limited, Orbis Diagnostics Ltd, OPUM Technologies Limited, Rain Therapeutics Limited, SapVax LLC, Soul Machines Ltd, Southern Photonics Ltd, the University of Auckland (Hangzhou) Innovation Institute China, The Insides Company Ltd, Tectonus Ltd, Tinnitus Tunes Ltd, Upside Biotechnologies Ltd, Vortex Power Systems Ltd.

These entities are neither controlled entities nor associates and are treated as financial assets in note 22.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 21 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the University would have adopted in dealing with the party at arm's length in the same circumstances.

The University transacts with other Government owned or related entities independently and on an arm's length basis. Transactions cover a variety of services, including funding and grants for education and research services and purchases of postage, travel and tax. Therefore, transactions with Government owned and related entities are not disclosed as related party transactions when they are consistent with the normal operating arrangements with TEIs and undertaken on the normal terms and conditions for such transactions.

The University Council and Senior Leadership Team may be directors or officers of other companies or organisations with whom the University may transact. Such transactions are carried out independently on an arm's length basis.

### Auckland UniServices Limited

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

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University.

These transactions are consistent with the normal operating relationship between the University and Auckland UniServices Limited, and are carried out on an arm's length basis.

### University of Auckland Foundation

The University pays some of the salaries of the Foundation. The University also pays administrative and associated services expenses for the Foundation, to enable the Foundation to operate, and this is treated as a donation. The University intends to continue to provide this support in the future. In 2019 the University donated \$398.3k (2018: \$377.0k) to the Foundation.

The Foundation pays grants and donations to the University on non arm's length terms, for nil consideration. During 2019, the trustees approved grants to the University amounting to \$31.2m (2018: \$24.7m), and at reporting date grants payable to the University amounted to \$35.5m (2018: \$24.1m).

### Key management personnel compensation

	Consolidated/ University	
	Actual 2019 \$'000	Actual 2018 \$'000
Council members*	467	464
Senior Leadership Team	9,146	8,548
<b>Total key management personnel compensation</b>	<b>9,613</b>	<b>9,012</b>
<b>Full-time equivalent members**</b>		
Council members*	4	4
Senior Leadership Team	25.21	24.71
<b>Total full-time equivalent personnel</b>	<b>29.21</b>	<b>28.71</b>

The Senior Leadership Team comprises the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Deans and Directors of the major service divisions.

\* Excludes the Vice-Chancellor, who is a member of Council, but also included in the Senior Leadership Team. Council members are not paid for their services to Council. Council members who are also employed by the University in other roles were paid \$467k (2018: \$464k) in their capacity as employees.

\*\* Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the total head count of Council Members who received compensation in their capacity as employees.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments

The University and Group's activities expose it to a variety of financial risks (market risk, liquidity risk, credit risk and other price risk). The University and Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is able to use derivative financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures.

The University's treasury management is carried out under the Treasury Management Policy, which is approved by the Council. The policy does not allow any transactions that are speculative in nature to be entered into.

The Foundation's treasury management is carried out in accordance with its Strategic Asset Allocation policy, which consists of two diversified portfolios, the Current Use Investment Pool (CUIP) and the Endowment Investment Pool (EIP). The CUIP is utilised for funds required in the short term and includes highly liquid assets such as bank term deposits. The EIP is utilised for funds required for long term growth and income assets. The risks associated with the Foundation's investments are managed through the Statement of Investment Policy and Objectives (SIPO).

### 22.1 Financial instrument categories

#### **Derivative Financial Instruments**

The Group enters into foreign currency forward exchange contracts to manage foreign exchange risk on committed expenditure, highly probable forecast transactions denominated in foreign currencies and long term investments. These are either designated as cash flow hedges or fair value hedges at inception.

#### **Cash flow hedge**

A cash flow hedge is a hedge designed to limit the risks associated with the change in cash flows of a recognised asset, liability or a highly probable forecast transaction that could affect surplus or deficit.

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

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

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

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

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.1 Financial instrument categories (continued)

#### Fair value hedge

A fair value hedge is a hedge designed to limit the risks associated with changes in fair value of a recognised asset or liability or an unrecognised firm commitment that could affect surplus or deficit. A gain or loss from re-measuring the derivative at fair value is recognised immediately in surplus or deficit.

The gain or loss on the hedged item is recognised as an increase/decrease in the carrying value of that item and immediately in surplus or deficit.

#### Financial assets/liabilities

The Group holds financial assets/liabilities in the following specified categories:

- financial assets at fair value through surplus or deficit
- loans and receivables
- financial liabilities measured at amortised cost
- held to maturity investments
- available-for-sale financial assets.

The classification depends on the purpose of the financial asset or liability and is determined at the time of initial recognition.

The carrying value is equivalent to the fair value for all financial assets and liabilities.

#### Financial assets at fair value through surplus or deficit

The Group holds investments which have been designated as financial assets at fair value through surplus or deficit and are stated at fair value. Fair value is determined in the manner described in note 22.2. Any resultant gain or loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expenses and incorporates any interest earned on the financial asset.

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

#### Loans and receivables

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

#### Financial liabilities measured at amortised cost

Financial assets measured at amortised cost include trade payables, loans and borrowings. After initial recognition, these liabilities are subsequently measured at amortised cost using the effective interest rate method.

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are measured initially at fair value, and subsequently carried at amortised cost less impairment losses.

#### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity or financial assets at fair value through surplus and deficit. They are initially measured at fair value and subsequent changes to fair value are taken through other comprehensive revenue and expenses. On derecognition any cumulative gain or loss is recycled to the surplus or deficit.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.1 Financial instrument categories (continued)

	Consolidated		University	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Financial Assets</b>				
<b>Derivatives that are hedge accounted</b>				
Derivative financial instrument assets	1,391	605	(149)	382
<b>Total derivatives that are hedge accounted</b>	<b>1,391</b>	<b>605</b>	<b>(149)</b>	<b>382</b>
<b>At fair value through surplus and deficit</b>				
New Zealand fixed interests*	42,167	40,193	-	-
International fixed interests*	14,784	13,703	-	-
Australasian equities*	28,954	22,364	-	-
International equities*	81,832	60,482	-	-
Emerging markets*	15,322	12,563	-	-
New Zealand property*	15,964	13,197	-	-
Private equity*	12,991	6,520	-	-
Investment in associates*	12,425	-	-	-
University's share of investments held by UniServices*	-	-	16,862	5,657
Convertible notes	2,259	5,194	-	-
<b>Total at fair value through surplus and deficit</b>	<b>226,698</b>	<b>174,216</b>	<b>16,862</b>	<b>5,657</b>
<b>Held-to-maturity</b>				
Entrepreneurial challenge investments*	-	175	-	-
<b>Total held-to-maturity</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>-</b>
<b>Loans and receivables</b>				
Cash and cash equivalents	41,937	52,500	20,327	36,048
Short term bank deposits	66,915	66,132	23,359	34,173
Long term bank deposits*	20,689	36,484	-	-
Receivables	51,272	63,473	52,211	56,392
Advances to third parties*	309	298	270	259
<b>Total loans and receivables</b>	<b>181,122</b>	<b>218,887</b>	<b>96,467</b>	<b>126,872</b>
<b>Available-for-sale financial assets</b>				
Shares*	38,674	9,979	-	-
<b>Total available-for-sale financial assets</b>	<b>38,674</b>	<b>9,979</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Payables	173,579	136,809	163,752	130,737
Borrowings:				
- non-interest bearing loan	1,239	1,830	1,239	1,830
- interest bearing loan facility (revolving credit)	180,000	50,000	180,000	50,000
- loan from controlled entity	-	-	50,038	38,438
<b>Total financial liabilities at amortised cost</b>	<b>354,818</b>	<b>188,639</b>	<b>395,029</b>	<b>221,005</b>

\* These assets are classified as other financial assets in the statement of financial position.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.2 Fair values of financial assets and liabilities

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Fair value in relation to investments held in managed funds is based on the fund's unit/share price excluding adjustments for buy/sell spreads, which is in turn based on the fund's Net Asset Value (NAV).

The primary source of fair value for available for sale assets is the arm's length sale of equity in those investments to third parties involving transfer of cash and cash equivalents. If the transaction involves only existing shareholders, this will not normally result in a change in fair value. When available, fair value is determined using other valuation techniques (discounting cash flows, earnings multiple, net assets). Management also takes into consideration other qualitative information in determination of fair value.

Due to the age, stage and nature of the available for sale investments involving mainly pre seed/seed funding and where the associated intellectual property often has unproven commercial or technical viability, actual performance may differ from management's estimate.

For those financial assets and liabilities not carried at fair value, the carrying value amount approximates the fair value.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2019</b>				
<b>Financial assets</b>				
NZ fixed interest	-	42,167	-	42,167
International fixed interest	-	14,784	-	14,784
Australasian equities	28,954	-	-	28,954
International equities	81,832	-	-	81,832
Emerging markets	-	15,322	-	15,322
New Zealand property	-	15,964	-	15,964
Private equity	-	-	12,991	12,991
Convertible notes	-	-	2,259	2,259
Shares	-	-	38,674	38,674
Derivative financial instruments – foreign exchange contracts	-	1,391	-	1,391
<b>Total financial assets</b>	<b>110,786</b>	<b>89,628</b>	<b>53,924</b>	<b>254,338</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.2 Fair values of financial assets and liabilities (continued)

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2018</b>				
<b>Financial assets</b>				
NZ fixed interest	-	40,193	-	40,193
International fixed interest	-	13,703	-	13,703
Australasian equities	22,364	-	-	22,364
International equities	42,541	17,941	-	60,482
Emerging markets	-	12,563	-	12,563
New Zealand property	-	13,197	-	13,197
Private equity	-	-	6,520	6,520
Convertible notes	-	-	5,194	5,194
Shares	-	-	9,979	9,979
Derivative financial instruments – foreign exchange contracts	-	605	-	605
<b>Total financial assets</b>	<b>64,905</b>	<b>98,202</b>	<b>21,693</b>	<b>184,800</b>

	(Level 1) Quoted market price	(Level 2) Observable inputs	(Level 3) Significant non- observable inputs	Total
	\$'000	\$'000	\$'000	\$'000
<b>University 2019</b>				
<b>Financial assets</b>				
University's share of investments held by UniServices	-	-	16,862	16,862
Derivative financial instruments foreign exchange contracts	-	(149)	-	(149)
<b>Total financial assets</b>	<b>-</b>	<b>(149)</b>	<b>16,862</b>	<b>16,713</b>

### University 2018

#### Financial assets

University's share of investments held by UniServices	-	-	5,657	5,657
Derivative financial instruments – foreign exchange contracts	-	382	-	382
<b>Total financial assets</b>	<b>-</b>	<b>382</b>	<b>5,657</b>	<b>6,039</b>

There were no transfers between the different levels of the fair value hierarchy.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.2 Fair values of financial assets and liabilities (continued)

#### Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Private equity \$'000	Convertible notes \$'000	Shares \$'000	Total \$'000
<b>Consolidated 2019</b>				
Balance at 1 January 2019	6,520	5,194	9,979	21,693
Transfers into/(out) level 3	6,516	(2,047)	4,617	9,086
Distributions received	(586)	-	-	(586)
Gains or losses recognised in surplus or deficit	541	(888)	(201)	(548)
Gains and losses recognised in other comprehensive revenue and expense			24,279	24,279
<b>Balance at 31 December 2019</b>	<b>12,991</b>	<b>2,259</b>	<b>38,674</b>	<b>53,924</b>

#### Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period.

	University's share of investments held by UniServices \$'000	Total \$'000
<b>University 2019</b>		
Balance at 1 January 2019	5,657	5,657
Gains and losses recognised in other comprehensive revenue and expenses	11,205	11,205
<b>Balance at 31 December 2019</b>	<b>16,862</b>	<b>16,862</b>

#### Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.3 Financial instrument risks

#### Market risk

##### Currency risk

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

The Group holds a diversified portfolio of international fixed interest and equities investments through managed funds in the Foundation's Endowment Investment Pool (EIP). These investments are denominated in foreign currencies and accordingly are exposed to currency risk. In accordance with the SIPO, forward contracts are entered into to hedge specific proportions of the currency risk. The SIPO restricts the total exposure to foreign currency to 30% of the portfolio's asset value. The University has exposure to currency risk from off shore transactions with suppliers. This exposure is mitigated through the use of financial instruments which are utilised in accordance with the University's Treasury Management Policy.

The University also holds foreign cash balances at year-end. The resulting currency risk is mitigated as the balances are used in the payment of foreign supplier invoices.

The derivatives are marked-to-market at the end of the reporting period. This has resulted in a gain of \$1,391k (2018: gain of \$605k). A shift in the NZD of +/- 10% would result in an equivalent change in the 2019 value of \$2,264k (2018: \$3,200k).

Auckland UniServices Limited have transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the New Zealand dollar.

Approximately 12% (2018: 7%) of Auckland UniServices Limited and group revenues are denominated in foreign currencies, whilst 12% (2018: 16%) of costs are denominated in foreign currencies.

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cash flow interest rate risk. The Group does not currently hold any interest rate swaps.

##### Interest rate risk

Interest rate risk is managed in accordance with the Treasury Policy for the University and the SIPO for the Foundation. The University and Foundation apply maximum limits to approved counterparties to mitigate concentration of interest rate risk. There were no breaches of the Treasury Policy or SIPO for the 12 months to 31 December 2019.

##### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, University surplus cash is invested in accordance with the Public Finance Act 1989, which gives rise to credit risk. The Foundation invests various funds for investment returns, which gives rise to credit risk.

The University's investment policy limits the amount of credit exposure to any one financial institution or organisation to no more than 40% of the total operating investments held or \$40 million (whichever is greater) with counterparties that have a Standard and Poor's credit rating of A+ or above, and \$25 million with counterparties that have a credit rating of A. The Foundation manages credit risk with all cash and term deposits held by New Zealand registered banks, with credit ratings of Standard and Poor's A or Moody's A2. The credit ratings are monitored periodically.

New Zealand and International fixed interest securities are managed by fund managers who adopt risk management procedures aimed at limiting credit risk exposure. Their portfolios are monitored for compliance with the individual mandate requirements of each investment class.

The Group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

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

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22 Financial instruments (continued)

### 22.3 Financial instrument risks (continued)

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of financial assets will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk). The majority of instruments materially exposed to this risk are in the Foundation. The Foundation's investment policies acknowledge that the market prices of financial assets will fluctuate. Risk is minimised by ensuring that investment activities are undertaken in accordance with established mandated limits and the investments strategies set out in the Foundation's SIPO.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The University aims to maintain flexibility in funding by keeping uncommitted credit lines available. The Foundation liquidity requirements are evaluated on an on-going basis including through managing the cash flows of the operating activities and the duration of term deposits.

In meeting its liquidity requirements, the University maintains a target level of operating investments that must mature within one month, and no more than 12 months. The University manages its borrowings in accordance with its funding and financial policies incorporated in the Treasury Management Policy.

The University has a maximum amount that can be drawn down against its committed borrowing facility of \$300m (2018: committed borrowing facility of \$50m and uncommitted borrowing facility of \$250m). The University has complied with all banking covenants under this facility. The University's maturity analysis is presented below.

	2019 Mature within 1 year \$'000	2019 Mature within 1-5 years \$'000	2019 Total \$'000	2018 Mature within 1 year \$'000	2018 Mature within 1-5 years \$'000	2018 Total \$'000
<b>Consolidated</b>						
Payables	(173,579)	-	(173,579)	(136,809)	-	(136,809)
Non-interest bearing loan	(625)	(614)	(1,239)	(623)	(1,207)	(1,830)
Interest bearing loan facility	-	(180,000)	(180,000)	(50,000)	-	(50,000)
Cash and cash equivalents	41,937	-	41,937	52,500	-	52,500
Bank term deposits	66,915	20,689	87,604	66,132	36,484	102,616
<b>Total financial instruments</b>	<b>(65,352)</b>	<b>(159,925)</b>	<b>(225,277)</b>	<b>(68,800)</b>	<b>35,277</b>	<b>(33,523)</b>

	2019 Mature within 1 year \$'000	2019 Mature within 1-5 years \$'000	2019 Total \$'000	2018 Mature within 1 year \$'000	2018 Mature within 1-5 years \$'000	2018 Total \$'000
<b>University</b>						
Payables	(163,752)	-	(163,752)	(130,737)	-	(130,737)
Loan from controlled entities	(50,038)	-	(50,038)	(38,438)	-	(38,438)
Non-interest bearing loan	(625)	(614)	(1,239)	(623)	(1,207)	(1,830)
Interest-bearing loan facility	-	(180,000)	(180,000)	(50,000)	-	(50,000)
Cash and cash equivalents	20,327	-	20,327	36,048	-	36,048
Bank term deposits	23,359	-	23,359	34,173	-	34,173
<b>Total financial instruments</b>	<b>(170,729)</b>	<b>(180,614)</b>	<b>(351,343)</b>	<b>(149,577)</b>	<b>(1,207)</b>	<b>(150,784)</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2019

## 22.3 Financial instrument risks (continued)

### Sensitivity analysis

	Consolidated		University	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Value at Risk	(5.7)%	(4.40)%	0.74%	0.74%
Assets available	312,452	276,420	23,359	34,173
Estimated impact on assets available	(17,813)	(12,163)	174	254

### Value at Risk (VaR) analysis

The VaR analysis is a tool used to measure the market risk exposure of an investment portfolio. The VaR of a portfolio estimates the potential loss of a portfolio's net asset value over a given holding period at a specified confidence level. The VaR analysis is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recording offsetting asset class exposures and correlations between asset classes. The one year 95% VaR number reflects that there is a 5% probability over a one year period that the portfolio will perform in line or worse than the stated VaR. The VaR analysis is a forward-looking Monte Carlo simulation that incorporates assumptions for each asset class in the Group and the University's portfolio.

### Analysis Assumptions

This VaR analysis is based on underlying asset class assumptions. The relative portfolio weighting was calculated from the Group and the University's underlying asset class exposure as at 31 December 2019. In cases where cash assets were held within an investment sector these assets were treated as likely to be invested in that asset class and included as exposure to that asset class.

### Limitations

The VaR analysis should be interpreted in light of the limitations of the methodologies used. These limitations include the following:

- The asset class assumptions used reflect behaviour in equilibrium market conditions and therefore may not capture the risk of possible extreme adverse market movements.
- VaR using a 95% confidence level does not reflect the extent of potential losses beyond that percentile. These limitations and the nature of the VaR analysis mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated nor that the losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model.

## 23 Events subsequent to balance date

In response to the Coronavirus (COVID-19) outbreak, the NZ government announced on 3 February 2020 that any travellers who leave from, or transit through, China (excluding NZ citizens, permanent residents, Australians, and their dependents) will be refused entry to New Zealand. This has left a number of our Chinese students unable to arrive on campus. As the government's decision to close the border occurred after balance date, management considers the event non-adjusting and therefore have not adjusted the assets and liabilities of the University as at 31 December, 2019. The result of the government decision is highly likely to have an impact on the University's tuition revenues in 2020. However, due to the unknown length of the government's border restrictions on China, it is difficult to estimate the financial impact on the University.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF THE UNIVERSITY OF AUCKLAND AND GROUP'S**  
**FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

The Auditor-General is the auditor of the University of Auckland (the University) and group. The Auditor-General has appointed me, Susan Jones, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and statement of service performance of the University and group on his behalf.

**Opinion**

We have audited:

- the financial statements of the University and group on pages 45 to 85, that comprise the statement of comprehensive revenue and expenses, statement of financial position as at 31 December 2019, the statement of cash flows and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 28 to 39.

In our opinion:

- the financial statements of the University and group on pages 45 to 85:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2019; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance on pages 28 to 39:
  - presents fairly, in all material respects, the University and group's service performance achievements as compared with planning and budget report for the year ended 31 December 2019; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 16 March 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

**Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Council for the financial statements and the statement of service performance**

The Council is responsible on behalf of the University and group for preparing financial statements that are fairly presented.

The Council is also responsible on behalf of the University and group for preparing a statement of service performance that is fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern.

The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations or has no realistic alternative but to do so.

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

### **Responsibilities of the auditor for the audit of the financial statements and the statement of service performance**

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the University and group's planning and budget report.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the financial statements and the statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 27 and 40 to 44 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the University and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, Ernst & Young Saudi Arabia provided tax compliance services to the branch of the University's subsidiary. We have also carried provided other assurance services in relation to PBRF funding. These engagements are compatible with those independence requirements, and other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.



Susan Jones  
Ernst & Young  
Chartered Accountants

On behalf of the Auditor-General  
Auckland, New Zealand

# Glossary

## Abbreviations

## Expanded meaning

ABI	Auckland Bioengineering Institute
ARWU	Academic Ranking of World Universities
APRU	Association of Pacific Rim Universities
CAI	Creative Arts and Industries
CIE	Centre for Innovation and Entrepreneurship
CDES	Career Development and Employability Services
CSSF	Compulsory Student Services Fee
CoRE	Centre of Research Excellence
DHB	District Health Board
EDSW	Faculty of Education and Social Work
EFTS	Equivalent Full-Time Students
EPA	Environmental Protection Authority
ERI	External Research Income
FMHS	Faculty of Medical and Health Sciences
FTE	Full-Time Equivalent
GPE	Grade Point Equivalent
HRC	Health Research Council
KPI	Key Performance Indicator
LSRI	Large-Scale Research Institute
MBIE	Ministry of Business, Innovation and Employment
NIH	National Institutes of Health
NIWA	National Institute of Water and Atmospheric Research
OGGB	Sir Owen G. Glenn Building
ORSI	Office of Research Strategy & Integrity
PBRF	Performance-Based Research Fund
QS	Quacquarelli Symonds
SDGs	Sustainable Development Goals
SSR	Student to Academic Staff Ratio
STEM	Science, Technology, Engineering and Maths
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
THE	Times Higher Education
U21	Universitas 21
UTAS	Undergraduate Targeted Admission Scheme
WUN	Worldwide Universities Network





