



# OUR CONTRIBUTION TO WELLBEING

Annual Report 2018







# OUR CONTRIBUTION TO WELLBEING



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**As the largest and most highly ranked university in New Zealand, the University of Auckland has an obligation to provide outstanding teaching and research to the people of this country, to those students who join us from overseas and to our international research collaborators.**

During 2018, we continued to fulfil that obligation and to invest heavily in the process of enhancing our physical infrastructure and our human capability.

This was the largest year in our history for investment in campus redevelopment, both to address historical issues (such as asbestos, seismic strengthening and deferred maintenance) and to grow our physical capacity, particularly to support high-end research and the wellbeing of our students.

During 2018, we completed the new facility for Exercise Sciences at Newmarket and stage one of Waikohanga House, the refurbished facility at 44 Symonds Street providing 29 apartments

for postgraduate student families. Very good progress was made on the new Grafton Hall, opening for the 2019 academic year, providing 324 beds; the new Engineering building on the City Campus; and the new Park West building for Medical & Health Sciences and the School of Medicine at Grafton, which will allow us to complete the relocation of staff from the Tāmaki Campus. This will take place at the end of 2019 when our occupation of Tāmaki ceases. It will also allow for the relocation of staff from the Auckland Hospital when that lease ends in 2020. Work has begun on Waipārūrū Hall, due to open at the beginning of 2020 and providing 786 beds. In addition, the University Council approved a major new Sport, Recreation and Wellness Centre to be built on the site of the existing centre. The design phase for this building will occur over the next two years, with construction slated to begin in 2020.

These are all significant investments, but necessary if we are to provide high-quality facilities for our students and staff.

**Despite the fact that by any means we continue to be more productive and successful each year, we have – in common with the other leading New Zealand universities – struggled to maintain our international rankings.**

Nevertheless, the depreciation and costs associated with investment in these facilities places an additional burden on our operating position at a time when our revenues are highly constrained.

We have also invested in ways of increasing our resource base. This includes re-shaping the means by which we provide support to our researchers so that they may write and manage more research grants, and supporting the University campaign “For All Our Futures”. This campaign continues to be an outstanding success, engaging large numbers of alumni and friends and providing new resources to support the activities of our students and staff.

That support, and our own commitment to high performance, has allowed us to invest in our people, spending more than \$34 million in providing scholarships to students and attracting outstanding new staff through our normal hiring processes, strategic hires and the Entrepreneurial Universities Initiative, which was originally proposed to government and which now operates across all universities.

The outstanding achievements of our staff and students were recognised through a range of awards and honours in 2018. For example:

- Emeritus Professor Charmian O’Connor (Chemical Sciences) was made a Dame Companion of the New Zealand Order of Merit for services to education and chemistry.
- Professor Margaret Brimble (Chemical Sciences) was elected a Fellow of the Royal Society of London.
- Associate Professors Dr Christine Woods and Dr Mānuka Hēnare (Management and International Business) won National Tertiary Teaching Excellence Awards.
- Professor Juliet Gerrard (Biological Sciences) was appointed the Prime Minister’s Chief Science Advisor.
- Distinguished Professor Sir Peter Gluckman was named President-Elect of the International Science Council.
- Distinguished Professor Marston Conder (Mathematics) was awarded the Jones Medal from the Royal Society of New Zealand Te Apārangi.

- Professors Linda Waimarie Nikora (Ngā Pae o te Māramatanga), David V. Williams (Law), Charles McGee (Ophthalmology) and Cynthia Farquhar (Obstetrics and Gynaecology) were elected Fellows of the Royal Society of New Zealand Te Apārangi.
- Professor Cynthia Farquhar (Obstetrics and Gynaecology) won the Health Research Council’s Liley Medal.
- Associate Professors Jay Marlowe (Counselling, Human Services and Social Work), Associate Professor Claire Charters (Law) and Dr Ben Albert (Liggins Institute) were awarded 2018 Rutherford Discovery Fellowships.
- Associate Professor Carol Mutch (Critical Studies in Education) was appointed New Zealand Commissioner – Education for UNESCO.
- Associate Professor Rochelle Constantine (Biological Sciences) was the inaugural winner of the Sir Peter Blake Trust environment award.
- Dr Rachel Williamson (Education and Social Work) was named NEXT Woman of the Year for Education.
- Professor Cynthia Kiro – now Pro Vice-Chancellor (Māori) – was appointed to chair the Government’s Welfare Expert Advisory Group.
- Dr Jemaima Tiatia-Seath (Māori Studies and Pacific Studies), was appointed to the Government’s Mental Health and Addiction Inquiry.
- Professor Alison Jones (Te Puna Wānanga) was a co-winner of the Illustrated Non-Fiction category of the 2018 Ockham New Zealand Book Awards with *Tuaiti: A Traveller in Two Worlds*.
- Student Logan Moffat won the coveted Adam Portraiture Awards 2018 with his painting *Elam*, becoming the youngest person in the 20-year history of the national competition to win first prize.
- Student Modi Deng secured first prize at the 2018 New Zealand National Concerto Competition, playing piano with the

Christchurch Symphony Orchestra.

- The student Waka Ama team won a gold and a bronze medal at the Queen Lili’uokalani Memorial Race in Hawaii.
- University of Auckland students won the National Tertiary Sports Shield for the third consecutive year, making us the top sporting university in the country.

Despite the fact that by any means we continue to be more productive and successful each year, we have – in common with the other leading New Zealand universities – struggled to maintain our international rankings. The situation in New Zealand, where successive governments have controlled and kept a tight rein on two-thirds of our revenues, is in increasingly stark contrast to other countries which are investing heavily in their top universities. “Excellence Initiatives”, which see large injections of additional funding in selected institutions deemed to have the potential to become world-class universities, have increased dramatically since the publication of global rankings tables in the early 2000s. They exist in many places, including France, Germany, China, South Korea, Taiwan, Israel, Saudi Arabia, Russia and India.

As education policy guru Jamil Salmi has noted, “Excellence Initiatives mark a significant philosophical shift in funding policies of the participating countries ... [and] a move away from the principle of uniform budget entitlements towards a substantial element of competitive, performance-based funding”.

That may be a difficult prospect for New Zealand governments to consider, but it is surely better than the current road we are on, which is one towards increasing mediocrity and declining rankings across the sector.

**Scott St John**  
Chancellor





**The 2018 year was one of considerable change, as we continued to re-shape New Zealand's largest and highest-ranked University in the service of the nation.**

Some aspects of that change were driven by opportunities for enhancement – the employment of outstanding new staff, the reorganisation of our research and teaching support systems, a massive campus refurbishment programme and the flexibility provided by philanthropic investment, being just a few examples. Other change was more difficult and forced upon us, including the need to actively reduce staffing numbers in several faculties and service divisions to cope with falling student numbers and rising cost pressures. However, as has been demonstrated in other parts of the sector, failure to continually adapt our institutions can eventually lead to failure of the institutions themselves.

Student places at the University overall continue to be in strong demand, although that demand has been distributed unevenly. Total domestic Equivalent Full-Time Students (EFTS) were 28,482 which was down on the 2018 target (28,903) and slightly down on the 2017 actual number (28,567). There was a small (161 EFTS) but pleasing increase in the number of new domestic enrolments, which appears to reflect primarily the greater number of students nationally who qualified

for university entrance in the previous year. What is particularly striking is the growing academic achievement of those domestic students who choose to enrol at our University. In 2010, 34 percent of the domestic school leavers who joined us were high performers (with a Grade Point Equivalent at entry of 5 or greater); this year that figure was more than 60 percent. (The Grade Point Equivalent is calculated from entry scores on a nine-point scale.) Proportions of both Māori and Pacific students remained similar to those of recent years, and below targets, but we are seeing many examples of real achievement among these students. For example, we now graduate Māori doctors at a rate close to Māori representation in the community as a whole.

As with many tertiary institutions we are becoming increasingly reliant – some might say too reliant – on international students. In our only student market not price- and volume-controlled by the New Zealand government, we have seen very rapid growth. This year, we attracted 4,993 international EFTS, up considerably on our target (4,641) and on the previous year (4,514). Overall, international EFTS have grown by 35 percent over the past four years, led by the international taught postgraduate programmes. This is a welcome trend, but it does leave us exposed to a potentially

volatile market. One also has to ask why public universities in New Zealand should have to be dependent on international enrolments for their financial viability.

Of course, our students are much more than a revenue source and we have an obligation to provide them with a high-quality experience. This we do, as evidenced by the 2018 QS subject rankings in which we ranked first in New Zealand in 35 of the 38 subjects we teach. Of these, 18 were ranked in the top 50 universities in the world, with three – archaeology, education, and anatomy & physiology – ranked in the top 20. Furthermore, across the whole student body, the rate of satisfaction with the overall University experience, both academic and extra-curricular, was an impressive 95 percent. New capital developments such as the popular Unleash Space, several halls of residence and new academic buildings presently under construction, and the new Sport, Recreation and Wellness Centre to which the University Council committed during this year, all add real value to the lives of our students.

## In 2010, 34 percent of the domestic school leavers who joined us were high performers (with a Grade Point Equivalent at entry of 5 or greater); this year that figure was more than 60 percent.

We also offer our students the opportunity to progress to a strong and vibrant graduate school. In 2018, both our taught masters (1,243 vs 960) and research masters completions (888 vs 762) were up on 2017 and on our 2018 targets, as well as being, by some margin, the largest in the country. We graduated 394 doctoral students in 2018 and although this is lower than in 2017 (435) we are well on track to reach our Strategic Plan goals.

The uneven distribution of these changes meant that they were not, unfortunately, sufficient to overcome ongoing shortages of students in parts of the Faculty of Arts and the Faculty of Education & Social Work. As a result, it was necessary to reduce numbers of academic staff in those areas, as well as adjust the staffing complement to better meet student needs in the School of Music. These changes, while unpopular in some quarters and the subject of very misleading claims in the media, were nonetheless necessary if we are to position these parts of the University strongly for the future.

In April this year, and after two years of planning, we launched our new research support system. All of the “business development” engagement with funding agencies is now being led by Auckland UniServices Ltd, which also commercialises intellectual property generated by our researchers and manages our research-related technology transfer and business units. A single Research Operations Centre provides financial management and reporting services

to all those involved in research within the University/UniServices. An additional 40 specialist support staff have been employed in the faculties and Large Scale Research Institutes to provide support close to our researchers. The new system bedded down well, with some excellent new staff coming on board, but there was inevitably some sense of lost momentum during the transition. Nevertheless, at nearly \$272 million, research and contract revenues were up by \$19 million on 2017.

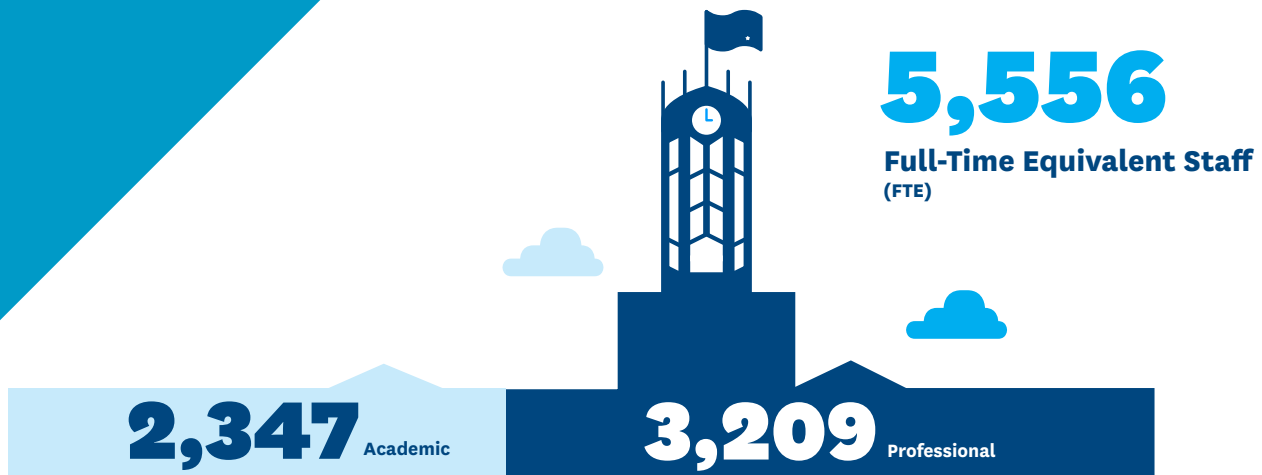
Also very rewarding has been the continued success of the University’s “For All Our Futures” Campaign. Over the past six years, we have increased the number of our alumni actively engaged with the institution from 25,000 to 104,000. Some 6,200 alumni and friends have made gifts to the University, with a median gift of \$100, but also the largest gift ever received (\$10.5 million from the estate of Warwick and Judy Smith). Thus we are building a strong and enduring support base, one that is allowing our students wonderful opportunities and our staff the freedom to do outstanding work. One of the great pleasures for me during the year has been the opportunity to visit our highly engaged alumni and friends around the world, telling them about some of the brilliant research that our staff are able to do with their support.

In 2018, our underlying operating surplus, taking into account abnormal and one-off transactions, was 3.7 percent on revenues of \$1.202 billion. This was above budget and thus might be deemed “satisfactory”. That would, however, be misleading, for several reasons. The surplus has been achieved only through growth in numbers of international students and painful cuts in staff numbers, neither of them an endlessly sustainable option. The 2018 Government budget provided no increase in its funding of student places, for the first time in 20 years. That decision, reversed only after pressure from the sector, came in the same year that the Government spent more than \$500 million in “free fees”. It reflects a long-standing preference, by governments on both sides of the House, to spend money on lowering the cost of tertiary education rather than spending to increase its quality. The fact that, as of this year, New Zealand has no university in the top 200 of the Times Higher World University Rankings, is not a coincidence.

**Stuart McCutcheon**  
Vice-Chancellor

## Key Facts and Figures

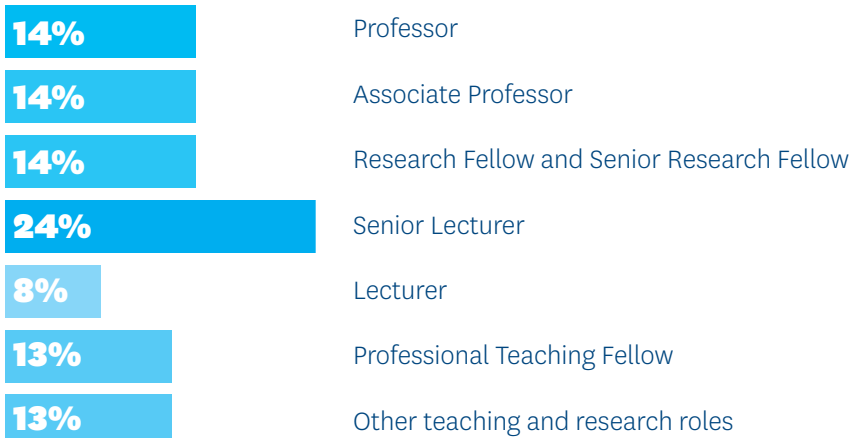
Note: figures on these pages are rounded



FTE (Staff)	2016	2017	2018
Academic	2,209	2,232	2,347
Professional	3,041	3,126	3,209
<b>Total</b>	<b>5,250</b>	<b>5,358</b>	<b>5,556</b>

Gender (FTE Staff)	2016	2017	2018
Male	2,898	2,978	3,106
Female	2,348	2,374	2,436
Diverse			1
Not provided	4	6	13
<b>Total</b>	<b>5,250</b>	<b>5,358</b>	<b>5,556</b>

### Academic staff by position (FTE)





# 33,805

## Equivalent Full-Time Students (EFTS)



	2016	2017	2018
EFTS	33,118	33,366	33,805



**18,192** Male

**42** Diverse

**24,525** Female

Workload (headcount of students)	2016	2017	2018
Full-time	26,478	26,632	26,954
Part-time	15,388	15,670	15,805
<b>Total</b>	<b>41,866</b>	<b>42,302</b>	<b>42,759</b>

Ethnicity (headcount of students)	2016	2017	2018
European	16,095	15,587	14,985
Māori	3,183	3,116	3,078
Pacific	3,609	3,620	3,704
Asian	16,683	17,607	18,621
Middle Eastern, Latin American and African	1,389	1,460	1,559
Other	907	912	812
<b>Total</b>	<b>41,866</b>	<b>42,302</b>	<b>42,759</b>

Age group (headcount of students)	2016	2017	2018
18 or less	2,042	1,950	2,085
19 - 20	11,566	11,510	11,567
21 - 23	13,645	13,993	13,967
24 - 29	7,363	7,590	7,829
30 - 39	4,028	4,126	4,324
40+	3,222	3,133	2,987
<b>Total</b>	<b>41,866</b>	<b>42,302</b>	<b>42,759</b>

Student enrolment by qualification (EFTS)	2016	2017	2018
Doctoral	2,030	2,133	2,200
Masters	2,262	2,545	2,766
Bachelor Honours	664	656	539
Postgraduate/Certificate Diploma	2,061	1,949	1,980
Bachelors	24,685	24,645	24,935
Undergraduate Diploma/Certificate	1,400	1,425	1,374
<b>Total</b>	<b>33,102</b>	<b>33,353</b>	<b>33,794</b>

Note: EFTS from formal qualifications only are included.

## 18.1 Student : Academic staff ratio

EFTS : AFTE (Academic full-time equivalents)



**18.1** EFTS

**1** AFTE

Undergraduate enrolment (EFTS)	2016	2017	2018
Arts	4,526	4,376	4,358
Business and Economics	4,895	4,867	4,787
Creative Arts and Industries	1,135	1,119	1,126
Education	1,630	1,539	1,380
Engineering	2,288	2,429	2,527
Law	1,270	1,260	1,406
Medical and Health Sciences	3,020	3,086	3,071
Science	6,112	6,151	6,366
University Programmes	374	370	367
<b>Total</b>	<b>25,250</b>	<b>25,197</b>	<b>25,388</b>

Note: Only formal enrolments are included; adult and community education enrolments are excluded

Postgraduate enrolment (EFTS)	2016	2017	2018
Arts	718	719	710
Auckland Bioengineering Institute	81	79	97
Business and Economics	836	961	1,007
Creative Arts and Industries	527	573	568
Education	1,131	1,056	1,094
Engineering	1,249	1,374	1,462
Law	155	150	156
Liggins Institute	36	38	44
Medical and Health Sciences	1,567	1,590	1,605
Science	1,552	1,615	1,663
<b>Total</b>	<b>7,851</b>	<b>8,156</b>	<b>8,406</b>

Completions by qualification	2016	2017	2018
Doctoral	365	435	394
Masters	1,511	1,669	1,990
Bachelor Honours	660	486	620
Postgraduate Diploma/Certificate	2,476	2,267	2,415
Bachelors	5,656	5,798	5,659
Undergraduate Diploma/Certificate	623	635	559
<b>Total</b>	<b>11,291</b>	<b>11,290</b>	<b>11,637</b>

Qualifications awarded by faculty	2016	2017	2018
Arts	2,064	1,949	1,986
Auckland Bioengineering Institute	7	20	13
Business and Economics	1,965	2,120	2,139
Creative Arts and Industries	615	456	608
Education	1,165	1,169	1,090
Engineering	947	1,157	1,311
Law	381	425	361
Medical and Health Sciences	2,260	2,139	2,333
Science	2,349	2,348	2,346
University Programmes	209	206	133
<b>Total</b>	<b>11,962</b>	<b>11,989</b>	<b>12,320</b>

Note: The award of conjoint degrees is recognised in each awarding faculty.



International students (headcount)	2016	2017	2018
China	3,021	3,382	3,870
United States	558	620	630
India	319	465	536
Malaysia	485	520	450
Korea, Republic of	248	245	236
Indonesia	145	169	193
Iran (Islamic Republic of)	133	136	153
Hong Kong	143	135	132
Vietnam	98	113	125
Japan	126	129	117
Others	1,407	1,512	1,578
<b>Total</b>	<b>6,683</b>	<b>7,426</b>	<b>8,020</b>





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 so as to preserve and enhance University autonomy and academic freedom.

### University leadership: the Council

The University's governing body is the Council, which comprises elected staff 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.

## 2018 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, Peter Kiely, Sir Ralph Norris.

**From bottom left:** Ex officio: Vice-Chancellor Professor Stuart McCutcheon; elected by students: Anna Cusack; appointed to advise on Māori issues: Associate Professor Amokura Kawharu; alumna, 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 wellbeing 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 which incorporates the mission, purpose, values and character of the University of Auckland. The Charter is no longer required by the Education Act. The University Council, however, determined that the Charter is of

benefit as a guiding document to the University and has endorsed its retention. The Charter mission and values have been incorporated in the Strategic Plan.

### The Strategic Plan 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 has been 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 \$2.5 million, with a particular focus on the contribution each proposal would make to 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 wellbeing.

#### Finance Committee

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

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

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

resources and maintains the institution's long-term viability".

The committee is responsible for reporting and recommending to Council 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 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 Wellbeing

The University Health, Safety and Wellbeing 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 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

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

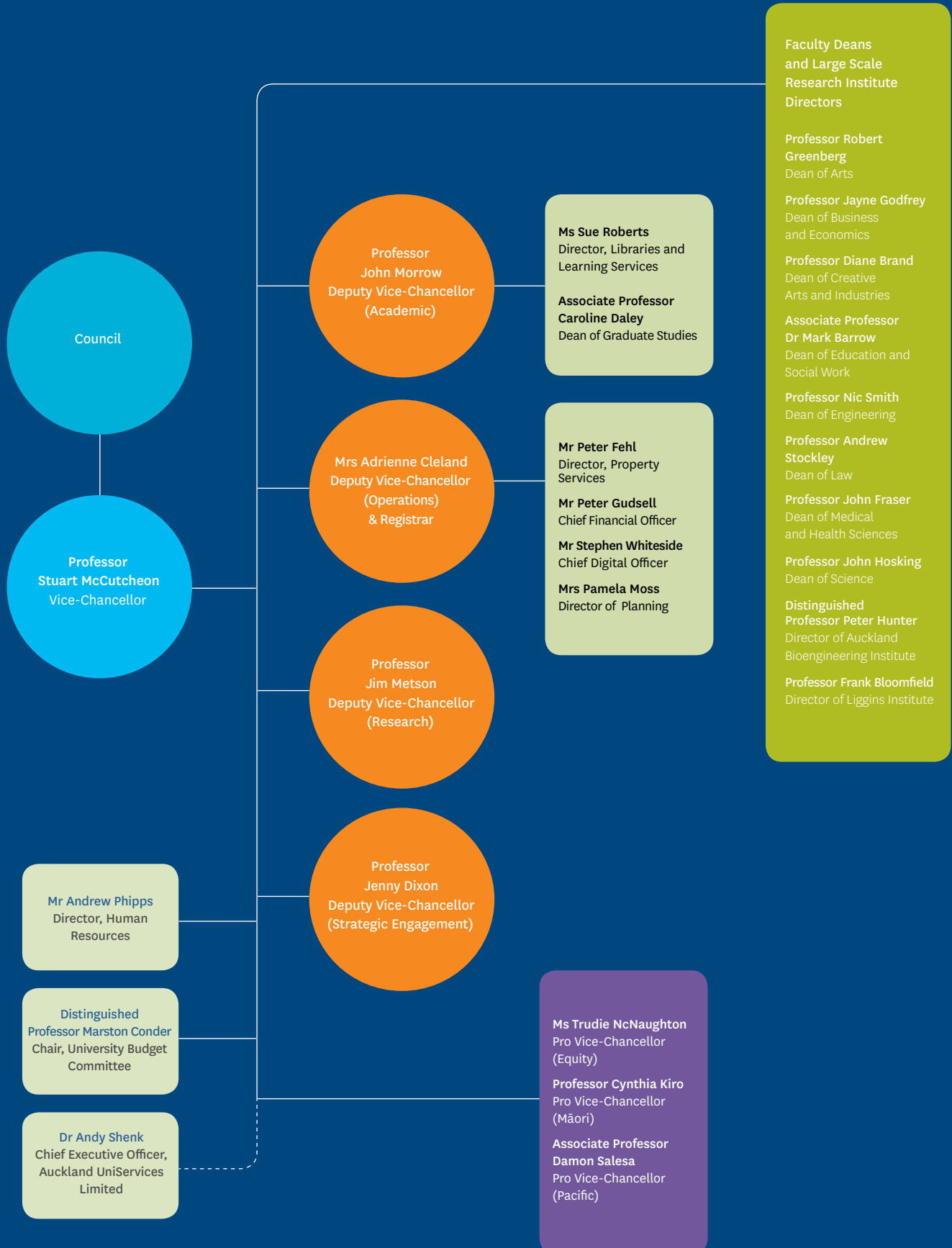
**Auditors:** Ernst & Young – on behalf of the Office of the Auditor-General

**Valuers:** Darroch Limited  
ART + OBJECT  
Smith's Bookshop



# University management structure

as at 31 December 2018



# 02 Academic performance

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**Exploring history:** Professor of Archaeology Simon Holdaway, head of the School of Social Sciences, on Ahuahu (Great Mercury Island) with colleagues and students including Sian Canton (front).



# TOWARDS WELLBEING

## OUR COMMITMENT AND DEDICATION



The University of Auckland's mission gives prominence to its commitment "to serve its local, national and international communities". We believe our emphasis on the excellence of our teaching, research and engagement with society has made, and will continue to make, a significant contribution to the current and future wellbeing of New Zealanders, and to a better world. As a thriving academic community with 8,846 staff and 42,759 students, what we do is making a difference.

For the past decade, since the Global Financial Crisis, governments and communities have had an understandably strong focus on economic recovery and growth. However, in the wake of increasing tension, conflict, and challenges in the global community, as well as continuing concerns about human impacts on the environment, concepts about the wellbeing of people have become more complex and broad.



**Collaboration making a difference:**  
Dr Elizabeth Broadbent and Professor Bruce MacDonald with companion robots used to support home-based healthcare.



**Saving starfish:** The School of Biological Sciences collaborated with Cornell University in New York to investigate sea-star wasting disease.

**Below left:** Professor Jennifer Curtin, Director of the Public Policy Institute, is leading the way in research on gender parity in politics.

As the New Zealand Treasury has noted in the recent development of the Government's new wellbeing approach to public policy, "economic growth is an important contributor to wellbeing but not an end in itself, and is not an adequate measure of what we value in our lives". Here we outline just a few of the ways in which, as a University and as individuals, we are helping to improve the quality of life for people in New Zealand and around the world.

### *A healthier community*

The University is committed, through its investments in a campus environment of the highest possible quality and an outstanding student experience, to ensuring the health and wellbeing of students and staff and to improving outcomes for the wider community, nationally and internationally. Research at the University influences policy decisions, from the studies of Professor Boyd Swinburn (School of Population

Health) on the potential of food policies to reduce obesity, to those of Associate Professor Nikki Turner (Immunisation Advisory Centre) on the safety, benefits and risks of immunisation.

Mental health has been in the spotlight in New Zealand and internationally. Professor Ron Paterson (Faculty of Law) chaired the recent Government Inquiry into Mental Health and Addiction, which consulted widely with the community to identify unmet needs, and made recommendations to improve the system.

In response to the increasing concerns about obesity among young people in New Zealand, the then government released the Childhood Obesity Implementation Plan in 2015, and introduced a new national health target in 2016: Raising Healthy Kids. Paediatrician Dr Yvonne Anderson from the Liggins Institute worked with the Taranaki District Health Board and Sport Taranaki to deliver the Whānau Pakari programme for children and adolescents affected by weight issues in Taranaki. This multidisciplinary

assessment and intervention programme aimed to bring healthcare to homes, targeting high-risk communities such as Māori and low socioeconomic groups. As Dr Anderson says, "If we are going to make a difference to those most affected by obesity, services that families feel comfortable with, and that fit in with their lives, are key". The programme has been found to improve the health and wellbeing of participants. It has also replaced past ways of addressing child obesity assessment and intervention in the Taranaki region.

Professor Elizabeth Broadbent from the School of Medicine and Professor Bruce MacDonald from the Department of Electrical, Computer and Software Engineering have found that robot companions can support home-based healthcare. Paro, a seal-like robot, can provide emotional support for people with dementia living either in their own homes or in retirement homes. Korean-made iRobiQ robots can help patients with chronic obstructive pulmonary disease to regularly take their medication and perform rehabilitation exercises, as well as offer companionship. One of the aims of this research is to help people manage chronic illness at home and delay or prevent institutionalised care. The work is performed with the Centre for Automation and the Robotic Engineering Science team.







**Importance of research with older people:** Engagement with professions and the wider health sector is important to Professor Merryn Gott and the Faculty of Medical and Health Sciences.

## A greener planet

As an institutional member of the United Nations Sustainable Development Solutions Network, the University strives to be a global citizen. We are committed to protecting planet Earth and overcoming challenges in the transition to a sustainable future.

The Energy Centre, a multi-disciplinary research and education centre based in the Department of Economics, was founded in 2004, providing research, policy analysis and educational programmes to help business and government confront energy issues of national significance. Director of the centre, Professor Basil Sharp, says the centre acts as "a bridge for open and informed dialogue between the energy industry, policy makers and the community". An online tool, developed in collaboration with Auckland Council and the University's Centre for eResearch, provides the community with the ability to calculate the energy savings and financial benefit they would gain from installing solar panels.

"Universities have a core role to play in the future, especially by equipping young people with the knowledge and skills to think imaginatively about the world we want to create and how to get there," says Professor Niki Harré, Associate Dean of Sustainability in the Faculty of Science. In 2018,

her 2011 book *Psychology for a Better World* was republished and *The Infinite Game* was published. Both books are about inspiring people to get involved in activities for the common good, while having fun along the way. Based on the latest psychological research on positive emotions, role modelling and social identity, the former explains how we can effectively inspire others to join us on the path to save the planet, while the latter is about keeping what we most deeply value in play.

Also from the Faculty of Science, Professor James Wright and his team from the School of Chemical Sciences led the development of a Centre for Green Chemical Science. As multifaceted as the concept of sustainability is, the centre started with green chemistry research but soon evolved into an interdisciplinary platform that facilitates research collaboration. Since its inception in 2015, the centre's members have obtained more than \$3 million in external funding. Its research activities tackle important global problems including the elimination of pollution, access to clean water, better resource utilisation, and sustainable energy production.

These achievements are three of many sustainability initiatives undertaken by our staff and students. A recent study by Dr Lesley Stone, Sustainability and Environment Manager, shows that more than 1,300 of our academic staff are conducting research of relevance to the United

Nations' Sustainable Development Goals (SDGs). "It is really important that we, as New Zealand's highest-ranked university, continue to recognise and embrace our responsibility in the transition to a sustainable future, and lead through commitment, innovation, enthusiasm, and continuous improvement," says Dr Stone.

## A fulfilling life

The benefits of obtaining a university qualification are life-changing. One generation of educational opportunity can transform not only the individuals earning the qualifications, but also their families and communities. The latest research from Universities New Zealand reveals that a typical bachelors degree graduate will earn approximately \$1.4 million more over their working life than a non-graduate. Compared with non-degree holders, New Zealanders with a degree or higher qualification have a greater sense of purpose, better self-rated health and are more accepting of diversity.

In the first edition of the University's Graduate Destination Survey, we heard from more than 2,000 of our recent graduates who shared their thoughts on university experience and post-graduation activities. Of those who participate in the labour force, the employment rate is over 95 percent, which is in line with

the national average and is higher than the corresponding figure reported in recent graduate destination surveys in Australia and the United Kingdom. Our graduates find that their University of Auckland experience provides an excellent basis for their future lives. Among graduates who are in employment, 86 percent told us that their current position, 12 months after graduation, is on their pathway towards or is exactly the type of work they wanted. The value of the attributes our graduates bring to their employment is recognised internationally, through the University's position in the QS Graduate Employability Rankings 2019 (released in 2018), as the highest-ranked university in New Zealand and 71st worldwide.

## A resilient and connected community

Research that changes lives and empowers people happens every day, in every corner of the University. Professor Suzanne Wilkinson (Department of Civil and Environmental Engineering) is dedicated to researching disaster resilience, recovery and reconstruction. From the Christchurch earthquakes to the Australian bushfires, her research sheds light on how we can support post-disaster social recovery to "Build Back Better" (BBB). Her research team's award-winning BBB framework has attracted wide interest internationally, and scientists are exploring the best way to incorporate it into recovery planning and thereby improving disaster recovery outcomes.



Among graduates who are in employment, 86 percent told us that their current position, 12 months after graduation, is on their pathway towards or is exactly the type of work they wanted.



**Raising a flag for sustainability:** The University of Auckland is a member of the UN's Sustainable Development Solutions Network.

In the Faculty of Creative Arts and Industries, Associate Professor Ralph Buck and his students are investigating how dance as a community and therapeutic medium can close cultural, age, gender, health and socioeconomic gaps and improve the wellbeing of the people. His innovative research reveals the transformative potential of community dance, such as improving physical and cognitive function of people with special needs, slowing the progression of Alzheimer's disease, and providing support and encouragement to people with cancer.

"I'm passionate about dance because it engages people's bodies and minds and their spirits," he says. "It makes people laugh and gets people engaged. When people are more socially engaged, they feel better connected, less anxious and happier. This, in turn, helps to improve wellbeing."

The University is committed to supporting equity and diversity. In 2018 Professor Cynthia Kiro

was appointed as the new Pro Vice-Chancellor (Māori) and Associate Professor Damon Salesa as the first Pro-Vice Chancellor (Pacific). In June, a new te reo Māori policy was passed to support the revitalisation of the Māori language by providing a framework for its use within the University. Associate Professor Melinda Webber aims to use her prestigious Rutherford Discovery Fellowship to help revitalise iwi knowledge bases and world views to make Māori a priority in the teaching of all New Zealand students. The research will explore what constitutes success and aspiration from unique iwi perspectives. Her research will tackle a critical question for all New Zealand educators: "How can we foster cultural pride and academic aspiration among Māori students?"

The year 2018 also marked the 125th anniversary of women's suffrage in New Zealand. Professor Jennifer Curtin, Director of the Public Policy Institute, is the University's first female Professor of Politics and International Relations. In her inaugural lecture, she discussed why we are yet to achieve parity in political representation despite being the first country to grant women the vote. This is what she seeks to address through her research in gender politics, which focuses on women's representation in formal political institutions and policy-making environments. She says that while women still face a lot of criticism in New Zealand politics, "we are a country that is more comfortable with women political leaders than some around the world".

## Conclusions

Higher education and scientific research have a key role in raising aspirations, helping people to develop more fulfilling lives, building healthy communities, ensuring a smooth transition towards a sustainable society, developing stronger social and cultural connectedness, and ultimately improving our wellbeing intrinsically and extrinsically. From a dance movement to a disaster recovery plan, robot companions, and commitment to revitalising te reo Māori, these initiatives are small steps for our staff and students, but together the start of a giant leap towards the wellbeing of us all.





## Arts

One of the faculty's key objectives this year has been to review and refresh its undergraduate programmes to enhance their attractiveness, student experience and graduate career outcomes, while ensuring the faculty's operating base is sustainable.

The first indications of success are positive, following the successful launch of a revamped BA degree and a new Bachelor of Global Studies in 2018. New domestic first-year enrolments increased for the first time since 2012 and the BGlobal degree exceeded enrolment expectations, despite being "late to market".

The faculty has made strategic moves to maintain and improve performance and address challenges. These include:

- reducing the maximum number of courses per major to 30, providing clearer academic pathways for students
- successfully launching an Arts Scholars programme for high-achieving school-leavers, which exceeded demand and has received positive feedback
- increasing its suite of career-focused "modules" in the BA degree
- successfully implementing a requirement for all new students to declare their majors at the end of their first year, which will improve the advice they receive to guide future enrolment.

The faculty also appointed a new staff member to lead engagement with schools, and extended the range of its outreach activities to promote the value and appeal of the BA.

Significant progress has also been made in reviewing and refreshing the faculty's

postgraduate programmes to enhance graduate employability and career outcomes, and to provide a more sustainable operating base while maintaining the most comprehensive range of Arts qualifications in New Zealand.

One major challenge was the decline in 2018 of enrolments in our traditional postgraduate qualifications. Other postgraduate programmes, such as the Master of Public Policy (MPP), Master of Conflict and Terrorism Studies (MCTS) and Master of Teaching English to Speakers of Other Languages (MTESOL), are in demand but unable to grow due to resource constraints.

## Business and Economics

In 2018 the Business School focused on renewing faculty academic leadership, commencing succession planning, re-energising the teaching and research agendas, and developing a new statement of purpose, mission and vision for the faculty.

The School is reviewing its undergraduate programmes to achieve delivery of the new graduate capabilities, including structures to facilitate interdisciplinary learning and delivery of School strategic research and education themes. The faculty is focusing on providing innovative educational and co-curricular experiences that inform students and inspire them towards meaningful careers. This includes the adoption of new pedagogies.

Particularly noteworthy in 2018 was the strong demand for the Business Masters suite of programmes, the opening of the Unleash

Space (a purpose-built facility to drive student innovation and entrepreneurship), the embedding of the graduate profile in curriculum activities and the ongoing evolution of the Centre for Innovation and Entrepreneurship through developing closer engagement with academic departments.

The MBA programme has been restructured to improve its positioning in an increasingly competitive post-experience market. The revised programme is being launched early in 2019.

Our students competed well in a variety of case competitions held locally and overseas, including winning first place in the Global Microfinance Case Competition in Melbourne. The Champions Trophy, held in Auckland each year, is considered by participants 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 these activities is seen as an important differentiator for the Business School in the professional development of students.

The NZ Leadership Institute has been active in launching a new PhD Leadership Development Programme, with 20 students from four faculties undertaking workshops to explore core leadership practices. The institute has also led the University-wide Kupe Leadership Scholarship initiative, enabling students to advance their studies at the University.

In terms of research activities, our academic

staff continue to be involved in projects funded by the leading domestic funders such as Marsden, MBIE and the National Science Challenges. The scope of organisations approached for funding has increased, with applications made to the Health Research Council in 2018. Our researchers also continue to be involved in cross-institutional collaborations with staff from other New Zealand universities and research institutions.

Business School Research Centres – particularly the Energy Centre, the New Zealand Asia Institute, and the Retirement Policy & Research Centre – retain their strong engagement with external stakeholders.

In addition to the exceptionally strong use of the Unleash Space, other notable highlights for the Centre for Innovation and Entrepreneurship included the Velocity \$100k Challenge achieving its highest ever number of entries (95) in its 15-year history, successful graduation of all venture teams from the new VentureLab incubator, and strong cross-faculty engagement in Centre programmes.

### Creative Arts and Industries

The Faculty of Creative Arts and Industries (CAI) continues its mission to benchmark and deliver excellence in teaching, research, creative practice and performance, while providing exceptional value to our stakeholders. In the period 2017-2019, the faculty is working to refresh its collective vision, to rearticulate our values and aspirations, to reaffirm our purpose and enhance our public profile.

Priority areas for development include: increasing international and postgraduate Equivalent Full-time Student numbers (EFTS); reinvigorating creative pedagogies and better aligning these with STEM disciplines (science, technology, engineering and mathematics); improving quality assurance of teaching and learning; significantly increasing external research revenue; and further improving the faculty's organisational culture.

A key objective is to continue to enhance relationships between CAI schools and other University faculties through the introduction of a design programme at Elam. The new programme will grow EFTS and maximise interdisciplinary teaching and research opportunities, while enhancing the employability

of our graduates. CAI will also develop a cross-faculty postgraduate course in entrepreneurship to better prepare all graduates for self-directed portfolio careers.

CAI is continuing to develop its strong record of engagement with existing and new international partner institutions, with plans to direct resources to China and the Nordic countries. The focus of our engagement is in areas such as new articulation agreements, staff exchanges, internship opportunities for students and collaborative research.

Following the 2018 Performance-Based Research Fund (PBRF), CAI is focusing on articulating and developing impact measures for our creative disciplines and interdisciplinary grant applications. Growing external research income involves leveraging National Science Challenge 11 as a platform for new research initiatives via the newly established Urban Research Network. Priority will be given to industry partnerships that demonstrate both relevance and impact through knowledge exchange and expertise directed to our own communities in New Zealand and abroad.

The faculty is doing further work to create a stimulating, collegial, diverse and safe workplace which supports effective teams, distributed leadership, positive interpersonal relationships and career development.

### Education and Social Work

The faculty strongly contributes to the University's excellent 2018 QS subject ranking in Education (17th – up from 20th in the previous year) and Social Science (33rd), consolidating its reputation as New Zealand's leading provider of education, counselling and social work education. Individual research excellence has been recognised with the award of a third Rutherford Discovery Fellowship and two successful grants in the highly competitive Teaching and Learning Research Initiative funding round. Two faculty members received University research excellence awards, six received awards from the NZ Association for Research in Education and one was named NEXT Woman of the Year: Education.

Declining interest in teaching as a career has had a major impact on enrolments over the past four years, with reducing numbers in the initial teaching education programmes that

underpin all the faculty's activities. In 2018 there was also a drop in enrolments in pre-registration social work programmes. The resulting decline in EFTS led to an academic staffing review in 2018. The faculty will start 2019 with a smaller academic staff complement, who will deliver existing programmes. In 2017, the faculty made a significant financial loss in Team Solutions, mainly because of government changes to the organisation of funding for the professional learning and development of teachers. The University has withdrawn from this activity and Team Solutions will close, resulting in significant staff losses.

During 2018, documentation was completed to support Committee on University Academic Programmes (CUAP) approval of major changes to our initial teacher education programmes. These reinvigorated programmes will roll out in 2020. The design of these programmes will enhance their attractiveness to applicants and create opportunities for more efficient delivery. CUAP approval for revisions to the Bachelor of Education (Teaching English to Speakers of Other Languages) was achieved, as well as Vice-Chancellor Deputies and Deans' (VCDD) approval to proceed with articulation agreements with three Chinese universities to support the first offerings in this programme in Semester Two, 2019, in a two-year arrangement with these partners, with the option of continuing for another two years.

The faculty began work in 2018 on improving understanding of the service delivered through its various student support functions. These understandings will assist the faculty in contributing to upcoming reviews of student services, and position us to better align these with University norms. In 2018 a Va'a Tele programme (for Pacific learners) was piloted in the academic orientation for the Bachelor of Social Work (BSW), designed to stimulate and maintain better academic engagement by students, with the aim of improving student retention. Early evaluations indicate the programme is achieving its aim. On the strength of this, it will be expanded to both the BSW and the Bachelor of Sport, Health and Physical Education (BSportHPE) in 2019.

Non-doctoral postgraduate recruitment has improved and, as a result, the employment of a postgraduate recruitment coordinator has been extended. This has increased the faculty's capacity to interact with stakeholder groups and individual prospects, and the new Master of Educational Practice (MEdPrac) has attracted a good number of students, without drawing students away from the faculty's older postgraduate offerings. The faculty has been recruiting for a Doctor of Education (EdD) cohort with the theme Learning in a Digital Age, starting

**Noteworthy in 2018 was the strong demand for the Business Masters suite of programmes, the opening of the Unleash Space ... and the ongoing evolution of the Centre for Innovation and Entrepreneurship.**



March 2019. There is strong interest from a good number of qualified applicants.

The faculty has strengthened international engagement by rolling out its country strategy. As well as its continuing work with China, there has been increased contact with other Asian countries, including India. To this end, the Dean joined the University's delegation to India in November. Interaction has also improved between the faculty's International Office, the Kohia Centre and the central International Office to facilitate more effective international short-course provision, with the aim of improving programme enrolments.

Many younger academic staff have research careers that are gaining considerable momentum. In 2018, the faculty began a professor-led mentoring programme to assist staff to boost their immediate career prospects, to foster research collaborations through greater awareness of colleagues' strengths, and to strengthen future capacity for research leadership. A sub-round of funding through the Faculty Research Development Fund was used to attract applications demonstrating cross-school partnerships. The same mechanism will be used in 2019 to boost cross-faculty research collaboration.

The decision to move the faculty from Epsom to the City Campus for the start of teaching in 2021 has involved senior staff in the detailed planning needed to effect such a major shift. The faculty has also worked with the University to prepare for the end of the University's partnership with Manukau Institute of Technology.

## Engineering

Against a background of significant change, 2018 was an extremely successful year for the Faculty of Engineering. It continued to pursue its two main strategic goals, focusing on maximising research impact and delivering an excellent student experience.

Engineering continues to be an attractive option for our students. The overall student growth has created new challenges and opportunities. In particular, the growth in undergraduate enrolments, in an environment of decreasing numbers of school leavers, has been a success. In 2018 Engineering saw the continuation of EFTS increase across all areas. The faculty is proud of its diversity goals, including the goal of achieving 33 percent female undergraduate student enrolments by 2020. We have also identified a barrier to increasing Māori and Pacific undergraduate enrolments (currently both sitting at 3.5 percent), and thus we are designing 'bootcamp' delivery models to support entry for high-potential Māori and Pacific students who have not been able to sit all required NCEA external examinations.

The teaching and learning space has seen several developments. The curriculum revision piloted in Chemical and Materials Engineering in 2017 has now been rolled out to all other specialisations. In this revision we seek to strengthen the integration between design teaching and the other technical courses studied by our students. This will have the dual outcomes of deepening students' understanding of the technical material (by successful contextual application in design projects) and increasing their innovative capability (via inculcation of a design thinking mindset). This

will facilitate a more student-centred active learning approach. We have also commenced training a number of staff who will champion the use of the new MDLS facilities (multi-disciplinary learning spaces) and disseminate good teaching practice to their colleagues.

Research achievements in 2018 include winning significant external research funding of more than \$18 million from the Ministry of Business, Innovation and Employment (MBIE) Endeavour Fund, \$2.2 million in Marsden funding and more than \$2.7 million in New Zealand commercial funding. We are particularly pleased at the awarding of major prestigious funds to future research leaders from both the Marsden Fund and MBIE Endeavour Smart Ideas Fund, which bodes well for ongoing funding success.

In terms of changes, 2018 saw the implementation of IRIS Phase 1, with the creation of Local Support teams, and later in the year IRIS Phase 3 with the Technical Services Review.

In the sustainability area, the Faculty of Engineering campaign is progressing well. Significant funding has already been received from a range of individual philanthropists and corporate partners, and excellent progress is being made towards campaign targets. We were also thrilled to receive a philanthropic gift to support the Auckland Programme for Space Systems, of more than \$175,000, which will provide a solid financial platform for the programme over the next five years. Formula SAE team was another extra-curricular programme to benefit from the power of philanthropy. A gift of \$250,000 will ensure the team can continue to design, manufacture and race their electric vehicle. In 2018 we also successfully launched the Engineering Student Support Award for students suffering significant financial hardship.

## Law

The Auckland Law School is the leading law school in New Zealand, ranked 29th in the 2018 QS World University Rankings for Law.

In terms of research, significant achievements in 2018 included: winning three 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 *Journal of Environmental Law*; the award of two grants for significant projects by the recently established Borrin Foundation; winning a 2018 Fulbright Ngā Pae o te Māramatanga Scholarship; and the award of the 2018 NZ Law Foundation International Research Fellowship, New Zealand's premier legal research award. Several important conferences, symposia and workshops were held, including: a symposium on holding a



**Making connections:** There are more than 240 student clubs or groups on campus.



**Growing business:** In 2018 there was strong demand for the Business Masters suite of programmes.

royal commission into abuse of children and vulnerable adults in state and out of home care; the Pacific Law, Custom and Constitutionalism conference; a symposium on the future of class actions; a major conference on land law; and an international workshop as part of an inter-disciplinary project on Law and Recognition.

With regard to teaching, learning and recruitment, 2018 saw: the introduction of a third first-year law course; the introduction of workshop clinics into another first-year law course; and lead tutors trialled in two of the later-year compulsory courses.

Computer-based examinations were again trialled in elective courses, along with the online marking of these, and the trialling of online-only assignment submissions in some courses, including the large new first-year law course. While at the undergraduate level the faculty has grown by 150 EFTS from 2017 to 2018, increasing the number and proportion of domestic and international students, the postgraduate programmes remained a challenge. The introduction in 2018 of 180-point options into the Master of Legal Studies (MLS) and Master of Taxation Studies (MTaxS) programmes has expanded the faculty's market base, and recruitment initiatives have included visits to India, China and Germany.

In relation to staff, 2018 saw four additional high-quality appointments to the permanent academic staff and several fixed-term junior faculty hires. Wellbeing initiatives included: workshops on inclusiveness for LGBT+ (focused primarily on student interactions) and on unconscious bias; a two-day retreat for professional staff that focused on diversity

and inclusion within a tikanga Māori framework and included the participation in a community outreach event; and a number of health, social and wellbeing activities held throughout the year.

Some significant staff achievements and appointments include the following:

- nomination of some professional staff for a Vice-Chancellor's Excellence Award for their work on continuous improvements
- membership of academic staff on a number of government committees
- heading of an Inquiry into Mental Health and Addiction by Professor Ron Paterson
- membership of the Tax Working Group by Professor Craig Elliffe
- appointment of Dr Anaru Erueti to the Royal Commission into Historical Abuse in State Care and in the Care of Faith-Based Institutions.

The faculty's ten-year academic plan was approved in principle by the Vice-Chancellor. It puts forward strategies for continuing to improve the Law Faculty. Significant planning will occur during 2019 and 2020 to give effect to the plan.

### Medical and Health Sciences

Throughout 2018 the Faculty of Medical and Health Sciences (FMHS) has pursued its mission to improve the health of our local, national and global communities through excellence in teaching, research, service and engagement.

The year saw the faculty celebrate its 50th anniversary with a series of popular and successful public events. It has gone from teaching only medicine to being an internationally recognised, collaborative and

inter-disciplinary teaching and research hub, both driving and reflecting changes in global research and healthcare. This year academic staff have been recognised in University, New Zealand and international professional awards as well as the Queen's Honours. New clinical teaching sites in Taranaki and Rotorua have been launched and are training students to high standards in regional rural locations.

Considerable work has been undertaken to maximise the benefits of the new Park West building. A result of the planning has seen the working relationship between the Schools of Medicine and Population Health strengthening, with the likelihood of future collaboration. The state-of-the-art public clinics on the ground floor will provide experiential teaching for clinics-based disciplines, as well as increasing our engagement with our local community.

The faculty leadership continues to work collaboratively on issues that require long-term solutions. This year has seen the establishment of an International Working Group, chaired by the Dean, to review the barriers to international enrolment into the faculty. The School of Population Health introduced a faculty Pacific Health Strategy, which defined and examined internal and external issues. The accumulated evidence underlines that improving the wellbeing of Pacific people and families requires a complex, multifaceted response across health and education.

Engagement with professions and the wider health sector remains important for the faculty. Continued strong relationships between the faculty and Auckland-based District Health Boards provide opportunities to develop



innovative approaches to healthcare delivery and focused initiatives, such as the Pharmacy Sector Strategy Group which, in an agreement with the University of Otago, helps provide vision and action within disciplines.

The year has seen the embedding of research services staff in schools and their wholehearted welcome. It has also seen the largest annual enrolment of new doctoral students into the faculty and significant success in public grants, with \$36.7 million awarded by the Health Research Council.

The faculty approved and welcomed the establishment of the Surgical Translational Research (STaR) Centre, embedded in the School of Medicine. FMHS continues to build a very strong philanthropic base, with large donations to support neuroscience and cancer and two new endowed chairs in addiction research and ageing well.

On a final note, the faculty lost some significant colleagues this year. Mātua Reverend Jim Rauwhero passed away in November, one of our faculty's long-standing kaumātua. Professor Jack Sinclair, Foundation Professor of Physiology passed away in March. The untimely death in May of Professor Dianna Lennon ONZM was a huge loss to many. We take this opportunity to recognise their contributions to FMHS over a great number of years. The success of the faculty is a true reflection of the quality of leadership, talent and dedication of its academic and professional staff since our beginnings in 1968.

## Science

The faculty's mission and values statement focuses on scientific and educational excellence and innovative contributions to societal and economic impact.

In 2018 the faculty contributed strongly to this mission, with the excellent work of faculty members recognised through many prestigious national and international awards. Most notable was the award of a Fellowship of the Royal Society (London) to Distinguished Professor Margaret Brimble for her work on medicinal drug discovery, including the drug trofinetide, which is undergoing a Phase III clinical trial for application to Rhett's Syndrome sufferers, the first drug to be effective for this ailment. Professor Brimble was also the recipient of the George and Christine Sosnovsky Award in Cancer Therapy from the Royal Society of Chemistry.

Professor Cather Simpson (Physics and Chemical Sciences) was made a Fellow of the Royal Society Te Apārangi, has had a spinout, Engender, successfully sold, and, with Dr Claude Aguegaray, has received a Smart Ideas grant for application of photonics to prostate cancer detection.

Other awards include the Marsden Medal to Professor John Montgomery, the Shorland Medal to Professor Jadranka Travas-Sejdic, a James Cook Fellowship to Associate Professor Stéphane Coen, the Australian and New Zealand Society for Mass Spectrometry Morrison Medal to Professor Christian Hartinger, the Sir Peter Blake Trust environment award to Associate Professor Rochelle Constantine, the Hamilton Award to

Associate Professor Maren Wellenreuther, the Jones Medal to Distinguished Professor Marston Conder, the Optical Society of America Diversity & Inclusion Advocacy award to Dr Frédérique Vanholsbeeck, the International Geographical Union Lauréat d'honneur to Professor Richard Le Heron, a Fellowship of the American Statistical Association to Professor James Curran, the 2018 JC Andrews Award to Professor Conrad Perera, and the Melinda S. Meade Distinguished Scholarship Award in Health and Medical Geography to Professor Robin Kearns.

In addition, Professor Juliet Gerrard has been appointed to the position of Prime Minister's Chief Science Advisor. Faculty members also led 16 Marsden grants and 10 MBIE grants awarded during the year.

While much of the work of the Faculty is focused on basic science, we contribute strongly to societal wellbeing through medically related research, such as that of professors Brimble and Simpson noted earlier and our participation in major collaborations such as the Centre for Brain Research, Growing up in New Zealand, including the early learning laboratory work of Dr Annette Henderson, the Maurice Wilkins Centre and its focus on drug discovery, the Precision Driven Healthcare partnership, the MedTech CoRE, Te Pūnaha Matatini and its work on social wellbeing, and health-focused teaching programmes such as Biomedical Science, Medicinal Chemistry and those in Exercise Sciences and Psychology. A number of spinouts focus on wellbeing outcomes, including Upside Biotechnologies, which has developed a means of growing human skin in large quantities, and SapVax, which



is developing a platform for generating self-adjuvanting cancer vaccines.

## Auckland Bioengineering Institute

Auckland Bioengineering Institute (ABI) is a world leader in computational physiology and development of novel bioinstrumentation.

ABI hosts the MedTech CoRE and is a founding partner of the Consortium for Medical Device Technologies (CMDT). In this leadership role, ABI has been instrumental in coordinating a national approach to New Zealand medtech R&D and translation, linking university research with industry and the healthcare system.

ABI has experienced major growth in external research funding and postgraduate students since establishment. The institute continues to deliver excellent science and skilled graduates that add economic and social value to New Zealand. This aligns with the New Zealand science public funding focus on business growth, and the New Zealand Government's expectations for research impact, economic benefits, and development of research talent that supports innovation in the business sector. In 2018 two strategic appointees (Associate Professor Suranga Nanayakkara and Professor Mark Billingham, with their teams) joined ABI via the Entrepreneurial Universities (EU) scheme. Both teams strongly focus on innovation, commercialisation and connections with industry for research and graduate employment.

National and international public good funding continues to provide our primary support for basic science research and a range of translational projects. International (US) funding for our basic research increased considerably in 2017-18.

ABI continues to attract international students through reputation and by fostering relationships with leading universities in targeted countries.

## Liggins Institute

Over the course of 2018, the institute has focused on continuing to increase numbers of high-quality postgraduate students from both New Zealand and internationally, and on consolidating its research portfolio under its vision of "A Healthy Start for a Healthy Life" and four strategic research themes: Healthy Mothers, Healthy Babies; Determinants of a Healthy Life; Nutrition for Life-long Health; and Research to Reality. This has been accompanied by increased collaborative funding and philanthropic support.

We remain committed to our ambitious targets for doctoral enrolment growth. The recent move of two senior professors to new positions has had a temporary impact in 2018 but presents us with new opportunities in 2019 as we

recruit new academics. Increased applications reflect the success of domestic and international recruitment strategies implemented in 2016 and early 2017. Our EFTS to Significant Academic Role ratio has increased to 9:1, supported in part by our drive to source scholarships, including through philanthropy. Perinatal Science was approved as a PhD subject at the Liggins Institute in 2018, meaning that future students will graduate from the Liggins Institute, facilitating growth of our alumni.

Our success with funding for clinical studies, from public good, commercial and philanthropic sources, requires increasing support for this activity within the institute. Renovations to our Clinical Research Unit in 2018 ensure that the space is fit-for-purpose for a greater variety of studies and projected growth, including nutrition trials at all ages and assessments of babies and young children. The institute forecasts to follow up 15,000 subjects over the next six years. Our Clinical Follow-up team was awarded the Vice Chancellor's Research Excellence Award in May 2018.

ON-TRACK, a national maternal-perinatal clinical research network hosted by the institute, involves all of the country's District Health Boards and continues to develop its resources and support for clinical research. Annual trial development workshops are highly successful. Within the institute, we have appointed a kaiārahi and formed a Māori Advisory Group to ensure our research is responsive to and informed by Māori health and cultural needs.

This year Liggins Institute research featured extensively in print, online media and broadcast, including a three-part documentary on prime-time TV and free-to-view. Our annual public lecture series is increasing in popularity, with regular full attendance.

Philanthropic funding has increased significantly over the past three years, with more than \$1 million per annum secured over the next four years. In 2018, we launched the "Little Liggins" programme, focusing on developing relationships with research participants and the community, and on growing philanthropic support of clinical research.

## UniServices

A new configuration of Auckland UniServices Ltd was established in April 2018 as a result of Phase 1 and Phase 2 of the Improving Research Support (IRiS) project, begun in 2016.

In the new configuration, UniServices has been tasked with bringing together the business development and contract execution functions for the external research portfolio of the University of Auckland. At the same time, UniServices is maintaining its sole responsibility for the protection and commercialisation of the

intellectual property of the University, managing the continuing operations of non-research business units, and managing continuing growth in the University of Auckland Innovation Institute China (UoAICC) and other international activities.

The main focus for 2018 was the transition to the new IRiS operating model, which involved keeping the status quo research funding and contracting processes operating while staff trained on new business processes and prepared to shift roles and organisations. It is very pleasing to note that there were no critical issues in this very large change process and that the post-change organisation has maintained good relationships with key partners within the University of Auckland and with our external funders and clients.

In addition to the realignment of the company's activities in research, and the concomitant performance expectations of UniServices' shareholder, the company has also been asked to focus on operating its portfolio of non-research business units profitably, and to focus on growing both the flow rate and the financial performance of the intellectual property pipeline.

The focus on sustainable profitability for the business unit portfolio led to the successful creation of Future Learning Solutions in late 2018, providing professional development services and other programmes to the compulsory education sector in New Zealand and selected overseas markets. This new unit will continue to deliver improvements in the way that children are educated in New Zealand and the way that educational professionals grow and develop during their careers. Both of these areas make clear, demonstrable contributions to literacy, numeracy, Māori language attainment and other benefits of a vibrant public school system. UniServices makes a similar contribution, through its other business units, to the health and wellbeing of children and their families (Growing Up in New Zealand study), the mental health workforce (Werry Workforce Whāraurau) and the understanding and prevention of family violence (Family Violence Clearinghouse), among others.

The intellectual property pipeline and the commercialisation portfolio of the company continued its strong growth in 2018, with a successful exit for Engender Technologies and the largest ever follow-on investment from the University of Auckland Inventors Fund (Soul Machines) as just two highlights among many.

Finally, the University of Auckland Innovation Institute China-NZ (UoAICC) held another successful conference in Hangzhou in 2018, bringing together Chinese and New Zealand investors with five University of Auckland spin-outs in the field of medical devices and health technologies, while the institute continued to grow its research contract pipeline in China.

# 03 Statement of service performance

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# Statement of service performance

## Accomplished and well-supported staff

Leading universities are defined primarily 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 national and international communities.

### Objective 1

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Student : academic staff ratio (EFTS : AFTE)	18.2	18.2	18.5	18.1
Academic : professional staff ratio (AFTE : Professional Staff FTE)	1.5	1.5	1.5	1.4
Peer-reviewed publications per AFTE	4.0	4.3	4.2	4.6
Citations per AFTE	132.5	171.0	151.0	186.6
Number of prestigious awards held by academic and professional staff	296	319	≥ 300	320
Proportion of staff in academic positions who are Māori (%)	6.1	6.0	6.6	5.9
Proportion of staff in academic positions who are Pacific (%)	2.4	2.6	3.3	2.7
Proportion of staff in professional positions who are Māori (%)	6.7	6.8	7.2	6.7
Proportion of staff in professional positions who are Pacific (%)	6.1	6.1	6.2	6.4

- The student-to-academic-staff ratio (SSR) in 2018 improved slightly from 18.2 in 2017 to 18.1 in 2018. The SSR remains lower than the target for the fourth successive year. Changes to the composition of the student body, especially the shift toward subject areas such as Engineering and Science, and the increased proportion and number of postgraduate students where lower staff student ratios are the norm, contribute to the lower ratio.
- Active engagement with Māori and Pacific communities as potential staff is an on-going activity. Although the absolute number of Māori staff in academic and professional roles has increased, the proportion has decreased marginally and remains below target. Both the proportion and number of Pacific staff in an academic role has increased, but the proportion remains below target. The number of Pacific staff in a professional role has increased further and is now above target.
- The number and percentage of women in senior academic positions has increased again. In 2018 34% (221 FTE) of senior academic positions were held by women at the end of 2018, compared to 33% (211 FTE) in 2017. The number of senior professional staff positions held by women has now reached 217 FTE, an increase compared to 2017, although the proportion 52% has remained the same as in 2017.
- The quality of teaching at the University was recognised through success in the National Tertiary Teaching Excellence Awards 2018. Associate Professor Christine Woods (Management and International Business) received a Tertiary Teaching Excellence Award in the General category and Associate Professor Mānuka Hēnare (Management and International Business) received a Tertiary Teaching Excellence Award in the Kaupapa Māori category. Staff of the University have been recognised for their teaching excellence in 16 of the 17 years in which the awards have been made.
- The significant contributions made by University staff to the leadership of community and professional bodies were recognised through awards and prizes including in the New Year honours:
  - Dame Companion of the New Zealand Order of Merit: Emeritus Professor Charmian O'Connor (Chemistry) for services to education and chemistry.
  - Companion of the New Zealand Order of Merit (CNZM): Emeritus Professor Manying Ip (Asian Studies) for services to the Chinese community and education; Associate Professor Amanda Oakley (Medicine) for services to dermatology.
  - Officers of the New Zealand Order of Merit (ONZM): Emeritus Professor Edwin Mitchell (Paediatrics, Child and Youth Health) for services to children's health; Dr Andrew Holden (Anatomy and Medical Imaging) for services to endoluminal vascular repair; Associate Professor Michael O'Brien (Counselling, Human Services and Social Work) for services to social policy and education.
  - Members of the New Zealand Order of Merit (MNZM): Associate Professor Janet Fanslow (Social and Community Health) for services to the research and prevention of family violence; Professor Bronwen Connor (Pharmacology) for services to the treatment of neurological disorders.

## Objective 2

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Proportion (%) of staff in staff surveys positive about staff engagement	79	80	80	80

The staff survey is open to all fixed-term and permanent staff and is run biennially. The results presented here are from the 2017 survey.

The University acknowledges the achievements and successes of its staff including through bestowing awards such as:

- Teaching Excellence Awards
  - Sustained Excellence in Teaching: Associate Professor Andrew Luxton-Reilly (Computer Science); Dr Ngarino Ellis (Humanities)
  - Early Career Excellence in Teaching: Dr Claire Meehan (Social Sciences); Ms Teri Ko (Te Kupenga Hauora Māori)
  - Leadership in Teaching: Mr Andrew Eberhard (Information Systems and Operations Management)
- Early Career Research Excellence Awards which recognise and promote excellence and research leadership potential among the University's emerging researchers, were awarded to six emerging researchers: Dr Saeid Baroutian (Chemical and Materials Engineering); Dr Kristal Cain (Biological Sciences); Dr Julie MacArthur (Social Sciences); Dr Stuti Misra (Ophthalmology); Dr Darren Powell (Curriculum and Pedagogy); Dr Yuri Seo (Marketing).
- Research Excellence Awards which recognise the University's most exceptional and outstanding research achievements, were awarded to: Professor Christine Rubie-Davies (Learning, Development and Professional Practice); Professor Tim Mulgan (Humanities); CHYLD Study team led by Distinguished Professor

Jane Harding (Liggins Institute) and including Dr Deborah Harris, Dr Chris McKinlay and Robyn May (Liggins Institute), Dr Jane Alsweiler (Paediatrics, Child Youth and Health), Associate Professor Ben Thompson (Optometry and Vision Science), Associate Professor Trecia Wouldes (Psychological Medicine), Gregory Gamble (UniServices), Distinguished Professor Geoff Chase (University of Canterbury); Lungs and Respiratory System team led by Professor Merryn Tawhai, Dr Alys Clark and Dr Haribalan Kumar (Bioengineering Institute).

- The Vice-Chancellor's Excellence Awards – Leadership: Kanewa Stokes (Faculty of Medical and Health Sciences); Customer/Stakeholder Experience: The Web Presence Improvement Team (Organisational Performance and Improvement; ITS; Communications and Marketing; School of Graduate Studies; Academic Services; Faculty of Arts; Faculty of Science; Faculty of Engineering; Faculty of Creative Arts and Industries; Business School; Faculty of Law; Faculty of Education and Social Work); Enabling People: Catherine Dunphy and Chris Ford (Faculty of Engineering); Community Engagement: The LiFePATH Follow Up Team from Liggins Institute; Delivering Results: The Unleash Space Development Team (Business School; Faculty of Engineering; Property Services); Health, Safety and Wellbeing: Dr Fiona Moir (Faculty of Medical and Health Sciences); Environmental Sustainability: The Food Waste Diversion Trial from the Faculty of Science, Campus Life and Property Services.
- Staff from around the University were recognised for their contributions nationally

and internationally: Professor Anne Salmond (Māori Studies) won the Carl Friedrich von Siemes Research Award, while Associate Professor Rochelle Constantine (Biological Sciences) won the inaugural Sir Peter Blake Trust Environment Award and Associate Professor Mark Sagar (Bioengineering Institute) won the Kea World Class New Zealand Award. Professor Simon Holdaway (Archaeology) was elected as Corresponding Fellow to the Australian Academy of the Humanities. Associate Professor Paula Morris (English and Drama) was awarded the Katherine Mansfield Menton Fellowship, while Associate Professor Renate Meyer (Statistics) was awarded the James Cook Research Fellowship. Dr Paul Denny (Computer Science) won the QS Reimagine Education 2018/2019 Award, while Dr Rachel Williamson was honoured as NEXT Woman of the Year (Education).

- Professor Ron Paterson (Law) chaired the Government Inquiry into Mental Health and Addiction, on which Dr Jemaima Tiatia-Seath (Māori Studies and Pacific Studies) was a panel member.
- Tara Brewer, Accommodations Solution Manager, received the prestigious Fred Johnson Award for contribution to accommodation at the New Zealand Association of Tertiary Education Accommodation Professionals (NZATEAP) conference. Jacob Waitere, Area Manager (Residential Experience) was again unanimously voted in as the President for NZATEAP.
- The University Strategic Programme Office (USPO) was awarded Project Management Office of the year in the 2018 Project Management Institute of New Zealand's Awards.

## Objective 3

An environment in which distributed leadership is developed and valued.

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Proportion % of staff positive about leadership in staff surveys	59	62	62	62

- The staff survey is open to all fixed-term and permanent staff and is run biennially. The results presented here are from the 2017 survey.
- Senior management appointments taken up during 2018 were:
  - Dean of Education and Social Work: Associate Professor Mark Barrow
  - Pro-Vice Chancellor (Māori): Professor Cynthia Kiro
  - Pro-Vice Chancellor (Pacific): Associate Professor Damon Salesa
- 14 associate professors were promoted to professor in 2018, nine of whom were women. Other staff were appointed to professorial positions or promoted outside the promotions round.

## 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 our qualifications are of international standing, and our graduates are independent and critical thinkers who have mastery of a body of knowledge and professional skills, and a broad world view.

### Objective 4

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Proportion of school leavers entering with a GPE greater than or equal to 5	58	57.7	58	60.9
% Undergraduate students (Domestic EFTS) who are Māori	9.0	8.8	10.0	8.7
% Undergraduate students (Domestic EFTS) who are Pacific	12.0	12.2	12.0	12.5
% Postgraduate students (Domestic EFTS) who are Māori	6.5	6.7	7.3	6.3
% Postgraduate students (Domestic EFTS) who are Pacific	6.2	5.6	8.5	6.0

- 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 improved in 2018 compared with 2017 to reach 60.9%. The percentage of our intake that is high achieving has almost doubled in the past decade, with only 34% of the intake having a GPE of 5 or better in 2010. In spite of the competition from other New Zealand and overseas universities, we have managed to grow our high-achieving students.
- The number and proportion of domestic EFTS generated by Māori students has further decreased, between 2017 and 2018. The total number of EFTS generated by Māori students declined by 55 EFTS, reaching 2,319 in 2018. Their proportion of domestic EFTS decreased by 0.2%, to 8.1%. At postgraduate level, the proportion declined compared to 2017 by 0.4%, to 6.3% moving away from the target of 7.3%.
- The proportion of Pacific undergraduate students continued to grow and reached 12.5% in 2018, which is above the 2018 target. The total EFTS generated by Pacific students increased by 80 to reach 3,129 EFTS in 2018, which is both an absolute increase, and also a proportional increase from 10.7% to 11%. The number and proportion of Pacific students enrolled in postgraduate programmes increased after a dip in 2017, and is now just below 2016 level. Programmes to reach young Pacific learners are clearly having a positive effect at undergraduate level and this is starting to have an impact at postgraduate level.

### Objective 5

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
% Total EFTS (Domestic residency)	84.5	82.8	83.0	81.6
% Total EFTS (International residency)	15.5	17.2	17.0	18.4

- A total of 33,805 EFTS was achieved in 2018. This is an increase of 439 EFTS from the 2017 total of 33,366 EFTS, a growth of 1.3%. Full fee International student EFTS increased by almost 11% from 2017 levels to reach 4,993 EFTS. Domestic funded student EFTS decreased marginally by 0.3% (85 EFTS) to reach 28,482. In 2018, the number of commencing students increased for the first time since 2015, which will have a positive impact on the pipeline for 2019 and future years. Although the funded EFTS were below the budget target, the proportion of enrolments in high-cost areas increased and resulted in the University achieving 100% of its funded allocation.
- The proportion of postgraduate enrolments increased again in 2018 rising to 24.9% (24.4% in 2017). Postgraduate EFTS grew by 250 EFTS (3%) with a significant proportion of the growth from international postgraduate enrolments. These grew by 225 EFTS (18.3% growth); domestic postgraduate EFTS declined with 20 EFTS (0.3% decline) and the remaining growth is from postgraduate students falling under other funding arrangements. Doctoral enrolments increased by 66 EFTS (3%) and reached 2,200 EFTS. The enrolments for the research masters declined again for the second consecutive year and have reached 783 EFTS, while the taught postgraduate numbers continue to grow, totalling 4,928 EFTS in 2018.
- New doctoral enrolments declined in 2018, in both domestic and international students, with 595 new candidates enrolled, compared to 616 in 2017.

## Objective 6

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Taught masters completions (numbers)	791	960	772	1,243
Research masters completions (numbers)	845	762	779	888
Doctorate completions (numbers)	365	435	472	394

- The number of doctoral completions was lower this year than the previous year and was below target. Doctoral completions are highly variable year-on-year, with a range of factors, including the proportion of full-time versus part-time students impacting on completions. Over the past decade more than 3,000 doctoral candidates have graduated from the University.
- Research masters completions for 2018 are well over target with 888 completions, up by 16.5% on last year. This is the highest number of research masters completions since 2012.
- Taught masters completions have exceeded targets for 2018 and increased by 29.5% from 2017. The University has continued to achieve enrolment growth in transition masters programmes that allow students to move from generic undergraduate programmes to employment-focused masters and has expanded the range of these programmes. In the past five years the number of taught masters completions has more than doubled and clearly shows the increasing popularity.
- 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: Radhouane Ben Neji Jrad (Information Systems and Operations Management), Christopher Lear (Physiology), Tao Liu (Civil and Environmental Engineering), Justin Rustenhoven (Pharmacology and Clinical Pharmacology) and Joseph Watts (Psychology).
- The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. In 2018, 835 domestic and international doctoral students received funding from the University of Auckland Doctoral Scholarships and other centrally funded bursaries and awards; a further 174 students received payments from external sources administered via the University; 79 of these were international students. In 2018, 33% of the University of Auckland Doctoral Scholarships awarded were taken up by international students. In all, doctoral students received more than \$22 million of funding and support in 2018.

## 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	2016 Actual	2017 Actual	2018 Target	2018 Actual
% Successful course completions – overall domestic (excl theses)	88.2	88.7	88.0	88.4
% New undergraduate retention (re-enrolment)	86.4	87.1	88.0	87.9
Proportion of courses with an evaluation score of 80% or more	63.2	58.5	≥ 72	65.3
Degrees accredited by professional associations/accreditation bodies	52	53	≥ 50	52

- The overall percentage of successful domestic course completions decreased marginally to 88.4%, still exceeding the 2018 target. Activities focused on improving the pass rates and retention of first-year students appear to have had a positive effect. In 2017, a new Retention Strategy was approved and an action plan established. We saw an increase in the retention rate in 2017 and this increase continued in 2018 with a rate that is 0.8% higher than last year and just under target.
- The course completion rate for Māori students went down marginally from 85.1% to 84.6%. Course completions for first year courses were slightly down, at 77.8%.
- The overall course completion rate achieved by Pacific students improved by 0.8% in 2018 to reach 74.7%. Course completion rate for Pacific students in their first year of university showed further improvement on 2017 reaching 68.6%, which is more than 6% higher than two years ago.
- Seven Academic Unit and Disciplinary Area Reviews were conducted by external panels in 2018:
  - Elam School of Fine Arts
  - Discipline of Sport, Health and Physical Education
  - Institute of Marine Science
  - Department of Accounting and Finance
  - Te Kupenga Hauora Māori
  - Department of Mechanical Engineering
  - Department of Statistics
- Review Committees identified a range of recommendations for future action in such areas as curriculum redesign, clarity of programme pathways, student preparedness, inclusion of Māori and Pacific principles and content, engagement with the professions, interdisciplinary linkages, external research funding opportunities, and research mentoring and succession planning.
- The Committee on University Academic Programmes has approved the introduction of a number of new specialisations and subjects, and the introduction of the following qualifications:



- Master of Higher Education, Postgraduate Diploma in Higher Education and Postgraduate Certificate in Higher Education
  - Master of Environmental Science
  - Master of Engineering Geology
  - Master of Earthquake Engineering and Postgraduate Certificate in Earthquake Engineering
  - Master of Data Science
  - Bachelor of Advanced Science (Honours)
  - Graduate Diploma in Architectural Studies
  - Graduating Year Reviews were completed and approved for the following qualifications and specialisations:
    - Translation Studies for the Master of Arts
    - Information Management for the Bachelor of Commerce
    - Master of Community Dance
    - Reading Recovery for the Postgraduate Diploma in Education and the Graduate Diploma in Education
    - Master of Disaster Management
    - Master of Engineering
    - Master of Information Technology
    - Postgraduate Certificate Information Technology
    - Earth Sciences for the Bachelor of Science
- Worcester College Scholarship funded by Chris Liddell, was awarded a Rhodes Scholarship to undertake post-graduate study at the University of Oxford. Naomi Simon-Kumar was awarded the Worcester College Scholarship available exclusively to an outstanding University of Auckland student nearing the end of an undergraduate degree.

## Objective 8

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
% of students expressing satisfaction with overall programme quality	94.7	95.0	≥ 95	94.8

- The annual Learning and Teaching Survey was conducted using a random sample of 10,000 students, with a response rate in 2018 of 38%. The survey responses are an important source of student views and provide insights into many aspects of student experience at the University. They are used widely to understand students' perceptions of service and support needs as well as the delivery of courses and academic programmes across the University. The survey results show that 33% of second and higher year undergraduates and 35% of coursework postgraduate students had undertaken a work placement, internship or other practical experience during their studies.
- The University finalised Study Abroad Agreements with the following universities: Marquette University, Verto Education, Augustana College, Charleston Southern University (new), University of North Carolina Charlotte (new), Lehigh University, Soochow University, Lucerne School of Information Technology, Shanghai Ocean University, University of Tromsø
- The University finalised student exchange agreements with the following universities: National University of Singapore, University of Kyoto, Case Western Reserve University, Pennsylvania State University (renewal), Aarhus University (renewal), KU Leuven Faculty of Law (Belgium), University Jean-Moulin Lyon 3, Chinese University of Hong Kong
- Memorandum of understanding: Tokushima University (renewal), University of Jean-Moulin Lyon 3, Shanghai Ocean University, Tohoku University
- The NZ Universities Blues Awards recognise students' commitment to sporting, cultural and leadership excellence as well as their studies. A total of 116 awards were bestowed on University of Auckland students in 2018. Major awards included: Sportswoman of the Year, Alisa Samourney (Powerlifting); Sportsman of the Year, Riley Phillips-Harris (Taekwon-do); Māori Sportsperson of the Year, Madison Doar and Sam Harrison (Hockey); Most Meritorious (Sport), Stacey Michelsen; Most Meritorious (Arts and Culture), Siyu Sun; Most Outstanding Contribution (Service and Leadership), Alexander Kuch.
- Student teams participated successfully in national and international competitions. The men's 3x3 basketball team won the National Tertiary Championships, and went on to place fourth representing Oceania at the 3x3 FISU World University League Event in November. The women's futsal team won gold at the National Tertiary Futsal Championships for the first time. The men's volleyball team won the National Tertiary Championship in Wellington, while the women's team won a silver medal. The University of Auckland Waka Ama paddlers won bronze in the main event and gold in the four-man relay sprint race in the Queen Lili'uokalani Memorial Race in Hawaii.
- Nine University of Auckland students were chosen to represent New Zealand at the World University Futsal Championships in Kazakhstan.
- The University of Auckland won the University & Tertiary Sport New Zealand (UTSNZ) shield for the third year in a row. This is presented to the tertiary provider with the greatest combined points from UTSNZ sporting events and championships held throughout the year.
- More than 100 University of Auckland students received funding to take part in exchange and study programmes in the two rounds of the Prime Minister's Scholarships to Asia and Latin America. In total, 39 individual students and four groups totalling 60 students received scholarships to Asia and eight students received scholarships for Latin America.
- Six University of Auckland students represented New Zealand at the Commonwealth Games: Eliza McCartney (Pole Vault), Michaela Sokolich-Beatson (Netball), George Muir, Madison Doar, Pippa Hayward and Stacey Michelsen (Hockey).
- University of Auckland students were recognised at a national level for excellence in the Creative Arts: Paul Nathan (Bonco), Amy Donnell and Niki Hill won RT Nelson Emerging Artist Awards at the NZ Art Show in Wellington. Logan Moffat won the Adam Portrait Award, given by the New Zealand Portrait Gallery and funded by the Adam Foundation.

## High-quality research that benefits society

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

### Objective 9

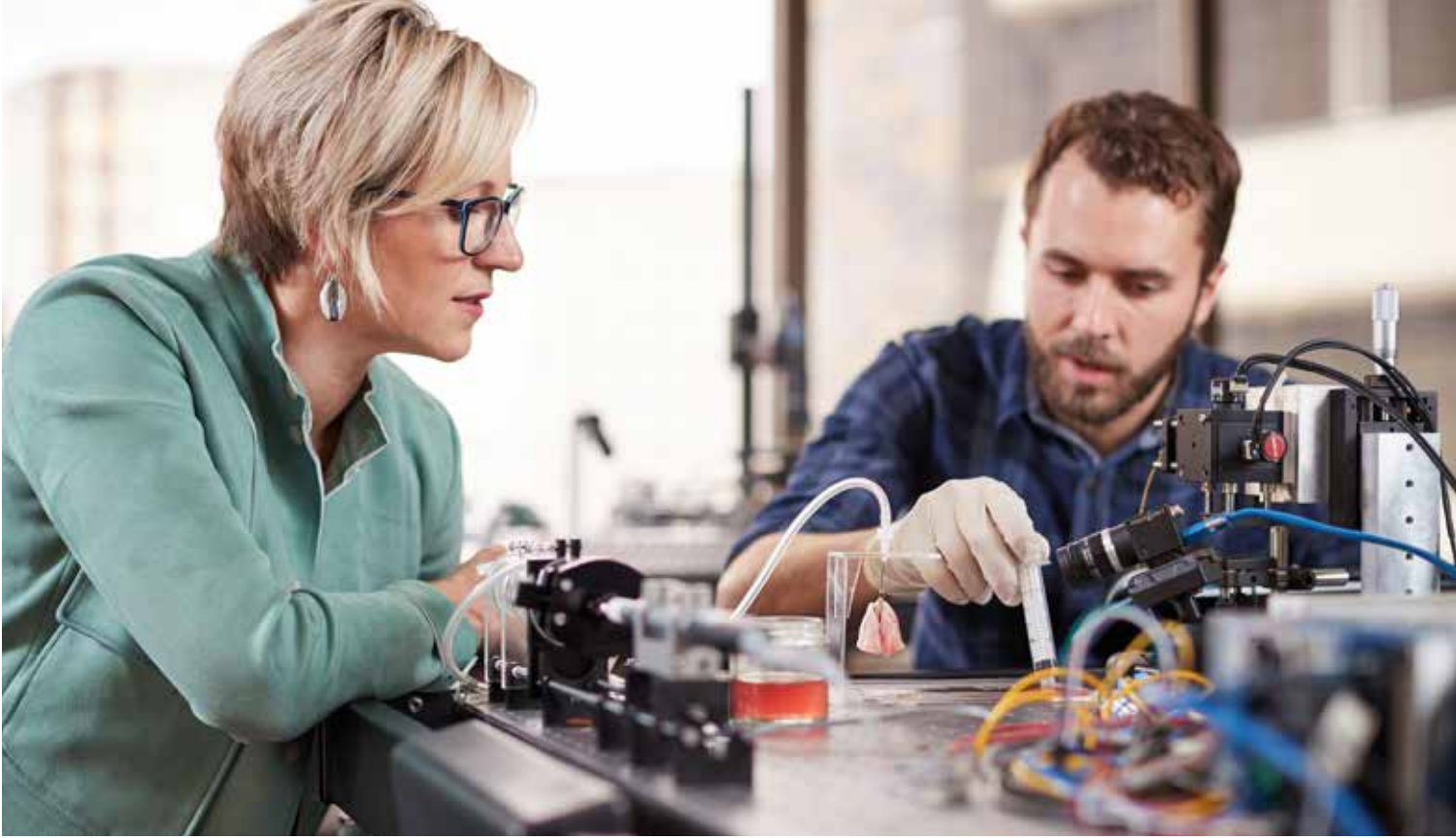
A growing output of excellent research across all our disciplines.

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Number of peer-reviewed research and creative outputs	6,790	7,348	7,245	7,986

- Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff in 2018: Distinguished Professor Marston Conder (Mathematics), the Jones Medal; Associate Professor Maren Wellenreuther (Biological Sciences), the Hamilton Award; Professors Gillian Brock, Cynthia Farquhar, Simon Malpas, Charles McGhee, Linda Waimarie Nikora, Cather Simpson, Merryn Tawhai, and David Williams were elected Fellows.
- The Health Research Council of New Zealand awarded the Liley Medal to Professor Cynthia Farquhar (Obstetrics and Gynaecology).
- Rutherford Discovery Fellowships for top early and mid-career scientists were awarded to two researchers from the University: Dr Timothy Angeli (Bioengineering Institute) and Associate Professor Jay Marlowe (Counselling, Human Services and Social Work).
- At the New Zealand Association of Scientists Awards, Professor Jadranka Travas-Sejdic (Chemistry) was awarded the Shorland Medal for her work in polymeric and nanomaterials and their application in biomedicine and bioelectronics. Professor John Montgomery (Leigh Marine Research Centre) was (jointly) awarded the Marsden Medal for his significant contribution to the field of research into fish biology and behaviour.
- Medical researchers from the School of Medicine were awarded five of the nine clinical research training fellowships from the Health Research Council. They are: Elizabeth Oliphant (Paediatrics, Child and Youth Health); Dr Veronica Playle; Dr Eunicia Tan (Surgery); Leanne Te Karu (Pharmacy); and Dr Weisi Xia (Medicine).
- Researchers from across the University were awarded more than \$18 million from the Marsden Fund in 2018, for 29 research projects addressing issues ranging from Māori social organisation and movement in the North Island, to women and pregnancy in 20th-century New Zealand, to re-defining the origin of the embryonic kidney, to electrifying chemical synthesis. The fund distributed \$85.6 million to 136 research projects around the country in 2018.
- The Health Research Council (HRC) is the principal government agency responsible for funding health research in New Zealand. The University was successful in the HRC's 2018 funding round, receiving a total of \$36.6 million for research programmes and projects over the next three to five years. Three major research programmes over five years were awarded to: Professor Cliona Ni Mhurchu, for research around dietary interventions; Associate Professor Gregory O'Grady for research on translational advances in gastrointestinal surgical recovery and motility disorders; and Professor Peter Shepherd for research looking at genetic risk factors for metabolic disease in Māori and Pacific.
- The University had outstanding success in the Ministry of Business, Innovation and Employment funding round, with nine bids funded to a multi-year total of \$41.6 million, 16% of the funding allocated nationally. The projects to be funded from the Endeavour Fund include six Smart Ideas and three Research Programmes: Data informed decision making and automation in orchards and vineyards; Discovery and nonclinical development of an optimised disease-modifying therapy for type-2 diabetes; Microbial conversion of kelp to high nitrogen plant and animal feeds.
- University of Auckland researchers were awarded research grants and scholarships from a number of organisations including public and private companies, and philanthropic agencies. These grants support a range of research activities especially in health and medical research and recognise the expertise and quality of the University's contribution to research.



**Holistic endeavours:** Student groups are supported at the University with around \$1.5m provided from a variety of sources.



## Objective 10

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

- The 2018 Celebrating Research Excellence event included the presentation of the Vice-Chancellor’s Commercialisation Medals to Professor Rod Dunbar (Biological Sciences) and Associate Professors Adam Patterson and Jeffrey Smaill (Auckland Cancer Research Centre).
- Professor Juliet Gerrard was appointed Chief Science Advisor to the Prime Minister.
- Professor Margaret Brimble (Chemistry) became the first New Zealand woman elected a Fellow of the Royal Society of London.
- Professor Merryn Tawhai (Bioengineering Institute) was elected as a fellow to the American Institute for Medical and Biological Engineering, one of the highest international accolades in her field.
- UniServices celebrated its 30th anniversary in 2018.
- New Zealand’s research supercomputing organisation NeSI, hosted by the University of Auckland, launched a new integrated supercomputing platform to power computational and data-intensive research in New Zealand. The joint investment by NeSI and NIWA, at the signing of a six-year contract worth \$31.7 million with global supercomputer leader Cray Inc., replaces and expands NeSI’s national computer and data platform, extending its scope and performance to meet changing needs.

## 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.**

- Professor Cynthia Kiro (Ngāpuhi, Ngāti Hine) commenced as Pro Vice-Chancellor (Māori) in October.
- In June the new te reo Māori policy was passed by the University Council. This overarching policy is intended to foster, encourage and enhance the use of te reo Māori in the University as the indigenous language of Aotearoa New Zealand and the foundation of Māori culture and identity. It has been developed through the office of the Pro Vice-Chancellor (Māori) with the support of the Rūnanga, which comprises representatives from across the university and advises on Māori progress and aspirations.
- The Office of the Pro Vice-Chancellor (Māori) has continued extensive local, regional and national engagement with Māori entities, hapū and iwi. Long-term engagement with Ngāpuhi has resulted in contributions to educational and art strategies for the next decade.
- The Office works closely with Māori student groups, especially Ngā Tauria Māori (NTM), Te Kahui Amokura, Comet and our Tai Tokerau Campus.



## 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 Auckland community took the opportunity to engage with internationally renowned researchers and their research. Public events included lectures by visiting fellows, inaugural professorial lectures, and the Winter Lecture series titled "What will the future look like?".
- The Distinguished Alumni Awards Dinner and Bright Lights panel discussion event showcased the exceptional contribution that the winners have made to their respective fields and to the wider community. The 2018 awardees were: Jan Beagle, the United Nations Under-Secretary-General for Management (Arts); Jennifer Gill ONZM, philanthropist (Education and Social Work); Robert McLeod, New Zealand tax expert (Law); and William Robertson ONZM, world-renowned figure in surveying and mapping (Creative Arts and Industries). The Young Alumnus of the Year was artist Luke Willis Thompson (Creative Arts and Industries).
- The Graduation Gala Concerto Competition was held at Auckland's Town Hall. Jisu (Jessica) Yun won the top prize and won the Development Prize with her rendition of Ibert's *Flute Concerto*. Violinist April Ju won second prize, and third prize was awarded to pianist Moon Su (Arnold) Lee.
- Alumni and donor-focused events took place locally and internationally and included celebration dinners, receptions, reunions and lectures. The "Raising the Bar" event and Golden Graduates Luncheon were successful once again. The Faculty of Medical and Health Sciences celebrated its 50th anniversary and had a range of events targeting alumni from all around the world.
- The University is the lead partner in the Centre of Asia-Pacific Excellence (CAPE) specialising in North Asia, and a partner in the remaining two CAPEs focused on South-East Asia and Latin America.
- Alumni Relations and Development (ARD) won a gold award at the US-based 33rd Annual Educational Advertising Awards in the New Media category for their "Next Day" email campaign as part of their Telephone Appeal.

## 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	2016 Actual	2017 Actual	2018 Target	2018 Actual
Total revenue (\$m)	1,093	1,147	1,188	1,202
Total revenue \$ / EFTS	32,991	34,366	35,194	35,556
Total revenue per academic staff FTE (\$)	494,607	513,617	552,040	512,134

- Unrestricted University revenue, excluding the Foundation, has grown by 4.8% from 2017 to 2018 and is 1.2% higher than target. Increased revenue is associated with a number of factors, including the continuing increase in International student enrolments and associated fees, and the shift to higher-cost courses. Both factors are reflected in the increase in the total revenue per EFTS. The revenue per academic staff FTE has dropped slightly compared to 2017, due to the rate of increase of academic staff FTE being higher than the rate of revenue increase.
- Monthly and semestral reviews of financial performance against budget and forecast were undertaken at various levels of the University organisation structure. Explanations for variances were sought and, where appropriate, approved.

## Objective 14

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

- Endowment income and current use philanthropic gifts continue to be used to support a range of University activities including scholarships, professorial research chairs and specific research projects.
- Building and maintaining strong relationships with philanthropic partners continues to deliver impact for the University and the communities it serves.
- The University of Auckland “Campaign For All Our Futures” continues to be highly successful. There have been a number of campaign-related stories featured in the media, such as the donor-supported Gut Bugs project at the Liggins Institute and prestigious new international scholarships funded by entrepreneur Andrew Bagnall.
- The annual Chancellor’s Dinner was held in November for the University to honour and thank its major donors. In 2018, 28 inductees joined one of the three societies in the Chancellor’s Circle of top donors. A special recognition was made to the Cancer Society Auckland/Northland, which has given a total of \$50 million in support of the University’s work.
- The University received its largest-ever legacy gift, \$10.5 million from former architects Warwick and Judy Smith, to be split between the Faculties of Engineering and Science to provide support for research in those faculties.

## Objective 15

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

- The University’s Campus re-development planning continued in 2018 as scheduled. Work continues on the Engineering building, Grafton Hall, Park West, Newmarket and the Thomas Building. Design work is underway for the new Gateway building on Symonds Street, while the Recreation Centre concept design was completed in mid-February.
- The Department of Exercise Sciences moved from the Tāmaki Campus to the Newmarket Campus. The Unleash Space, housed in the Engineering building on Symonds Street, was officially opened in February by Prime Minister Jacinda Ardern.
- Student accommodation is expanding with good progress being made on projects at the City and Grafton campuses. The second phase of Waikohanga Hall, the heritage ex-Housing Corporation building at 44 Symonds Street, has been completed.
- A new Early Childhood Centre (named ‘Te Ako o Te Tui’) opened in Grafton, replacing the Park Avenue Centre. The purpose-built building will provide an outstanding environment for the children of students and staff.
- In July, the Faculty of Engineering launched the country’s first Graduate School of Engineering to offer the best-possible postgraduate student experience for the next generation of engineers.





## Objective 16

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Energy consumption (KWh/m <sup>2</sup> GFA)	160.1	153.0	149.2	162.8
Wastewater (m <sup>3</sup> /m <sup>2</sup> GFA)	0.7	0.7	0.6	0.7
Paper (A4 reams/EFTS)	3.5	2.7	2.5	2.4
Solid waste to landfills (m <sup>3</sup> /EFTS)	0.6	0.5	0.5	0.7
CO2 emissions (t CO2-e/EFTS)	1.0	1.0	0.8	1.0

- Since 2011, the University's energy efficiency has been kept relatively stable. This despite major building projects for the faculties of Science, Engineering and Medical and Health Sciences, and significant increases in student accommodation and data-processing capacity.
- A concerted effort, including institutional oversight and vigilance, has been required to maintain energy and water efficiency across our significant and mechanically complex building programme and to enable us to achieve our targets.
- We have had recent increases in the solid waste sent to landfill, with our building programme contributing to the increase. On the positive side, recovery for recycling and food waste composting, has increased. A number of paper-saving initiatives have contributed to the reduction in paper consumption per EFTS.
- Work-related air travel and energy consumption in our buildings continue to be significant contributors to our carbon emissions.

## Objective 17

A safe and healthy environment.

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Numbers of injuries	569	554	≤ 750	515
Rating in self-assurance review	Tertiary	Tertiary	Tertiary	Tertiary

- During 2018, the Health and Safety risk framework and the tools to support staff and leaders in meeting their health and safety obligations continued to be embedded. These included a new on-campus protocol on lasers and embedding off-campus fieldwork processes.
- The University's rates of accidents and notifiable incidents reduced to 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.



## Objective 18

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

Performance indicators	2016 Actual	2017 Actual	2018 Target	2018 Actual
Operating surplus as a % of revenue	3.7	3.3	3.1	4.9
Operating cash receipts as a % of operating cash payments	123.3	121.6	117.7	118.1

- The operating surplus as a percentage of revenue has improved from 3.3% in 2017 to 4.9% in 2018. Abnormal and one-off items made a significant contribution to the surplus. Excluding those items that are not comparable with the activities and transactions in the 2018 Budget, results in an underlying surplus of \$44.8m (3.7%). Operating cash receipts were higher than budget but lower than the 2017 and 2016 results. For more details see the Financial Statements.
- The University reported quarterly to the Audit and Risk Committee on key risk management issues.
- The Council approved the 2019-2021 Budget and noted the University and Faculty key performance indicators that measure progress toward the Strategic Plan objectives. Progress toward the annual targets for 11 key indicators was reported to Council at each meeting. Progress toward faculty and LSRI annual targets was reviewed by the Vice-Chancellor as part of Deans' and Directors' annual reports and through the Semestral Review Process.
- Faculties, service divisions and LSRI submitted progress and end-of-year reports against their 2018-2020 plans. The 2019-2021 plans were submitted and discussed at the Senior Leadership Team Planning Meeting in November. Compliance with University financial management policies, including treasury and transactional policies, was monitored on an on-going basis.
- The University's Communities of Practice (COPs) won a Best Practice Award for Excellence in People and Culture at the Association of Tertiary Education Management (ATEM) Conference.

## 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	2016 Actual	2017 Actual	2018 Target	2018 Actual
Rankings in the Times Higher Education World University Rankings	165	192	≤ 160	201-250
QS World University Rankings	81	82	75	85

- The University of Auckland retained its position as the top New Zealand university in the three main world university ranking systems. It was the only New Zealand University among the Top 100 universities in the QS World University Rankings, attaining a ranking of 85. In the QS individual subject rankings, of the 40 subjects in which we were ranked, the University was in the Top 50 for 18 subjects and Top 100 for 35 subjects. Three subjects were in the Top 20: Archaeology (10), Education (17) and Anatomy and Physiology (18).
- In the Times Higher Education World University Rankings, the University of Auckland ranked in the 201-250 band.
- In 2018, the University ranked in the 201-300 band in the Shanghai Jiao-Tong World Ranking of Universities.
- In the Reuters Top 75: Asia's Most Innovative Universities rankings, the University was placed third in Australasia at 39; no other New Zealand university was ranked in the top 75.
- The University was ranked top in New Zealand and 71st worldwide in the QS Graduate Employability Rankings.
- The University's international relationships allow access to international forums and networks that provide staff with opportunities for development and collaboration. The University is an active member and participant in the World Universities Network (WUN), Universitas 21 (U21), the Association of Pacific Rim Universities (APRU) and the Australian Group of Eight working groups and committees. A range of academic and professional staff enjoy the benefits of the University's membership of these groups, through research collaborations and grants.
- Participation in the Annual Meetings of the networks and contributing to the policy agendas and decisions of those groups is key to maintaining and enhancing our international reputation, leading to further collaborative and research opportunities.
- The International Office continued to host universities and organisations from abroad and conduct recruitment and relationship building activities overseas, in more than 20 countries.
- In November, the University successfully launched the Model Confucius Institute and the Fudan-Auckland Centre for China Studies in Oceania with a Memorandum of Understanding signed with Fudan University.

# Statement of the cost of outputs

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

	Consolidated			
	2016 Actual \$000	2017 Actual \$000	2018 Budget \$000	2018 Actual \$000
Teaching and learning	701,998	734,828	762,340	760,180
Research	301,622	339,009	345,675	339,105
Community Service	40,157	35,932	42,936	44,823
<b>Total cost of outputs</b>	<b>1,043,777</b>	<b>1,109,769</b>	<b>1,150,951</b>	<b>1,144,108</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	1,526	2,183	4,208	111	33	2,199	82	183	1,534	10,538	22,598
Other			27			1,904		3,973	54	1,879	7,837
Total revenue	1,526	2,183	4,234	111	33	4,103	82	4,157	1,588	12,417	30,435
Expenses	767	1,740	4,205	177	84	4,715	649	4,945	2,358	10,795	30,435
Total expenses	767	1,740	4,205	177	84	4,715	649	4,945	2,358	10,795	30,435
Surplus/(deficit)	758	443	30	(66)	(50)	(612)	(567)	(788)	(770)	1,623	0

The Compulsory Student Services Fee (CSSF) was set at \$813.57 per full-time student in 2018. 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 wellbeing. 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.

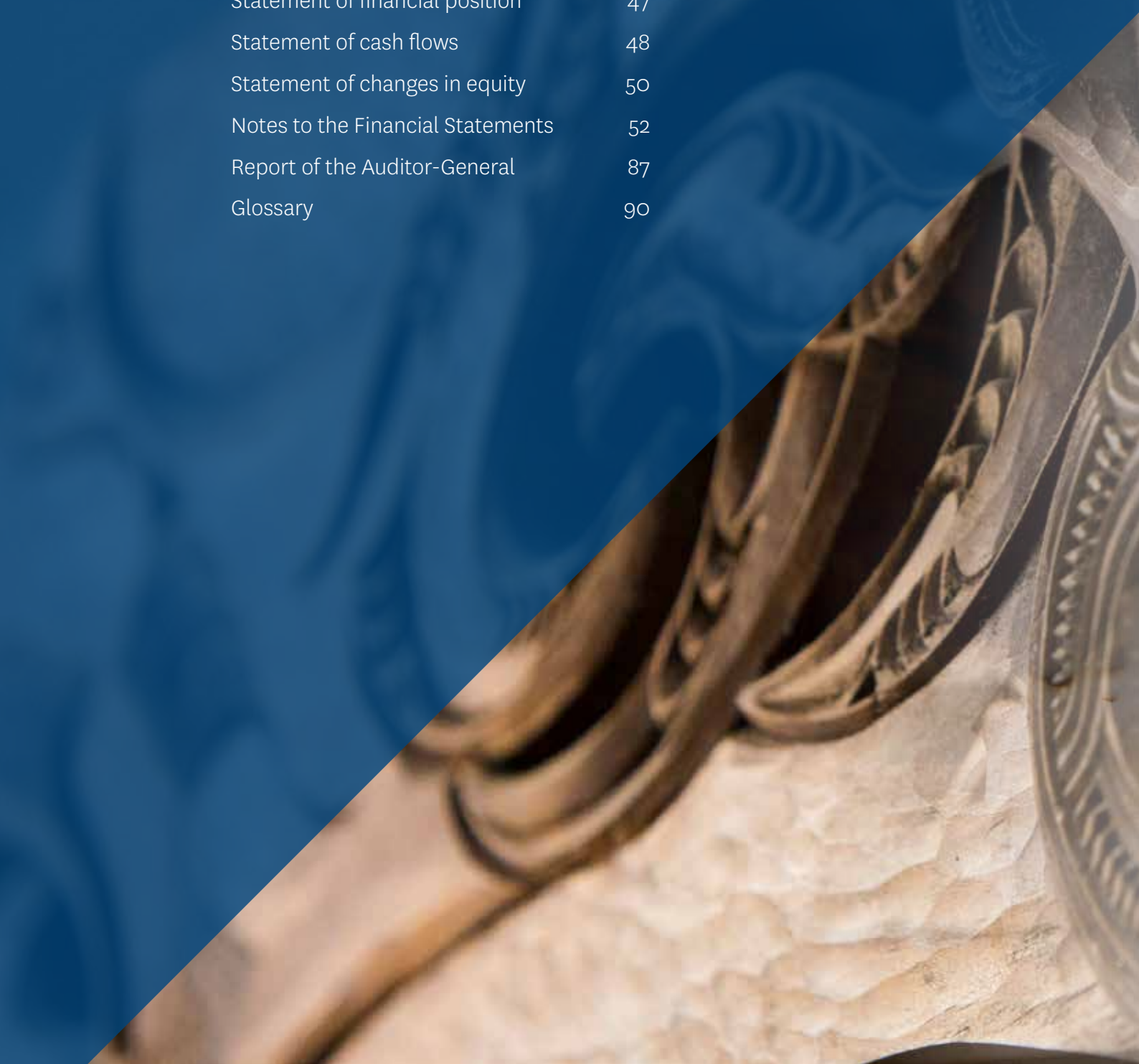
### Sports, recreation and cultural activities

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.

# 04 Financial statements

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# Statement of responsibility

- The Council and management of the University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- 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 2018 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 18 March 2019 and formally adopted these Financial Statements for issue on 18 March 2019.



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 2018

	Note	Consolidated					
		2018 Unrestricted \$'000	2018 Restricted \$'000	2018 Total \$'000	2017 Unrestricted \$'000	2017 Restricted \$'000	2017 Total \$'000
<b>Operating revenue</b>							
Government grants	2	474,747	-	474,747	429,315	-	429,315
Tuition fees		292,509	-	292,509	306,099	-	306,099
Research and contracts	3	271,765	-	271,765	252,357	-	252,357
Service income		121,679	-	121,679	121,083	-	121,083
Donations and legacies		693	42,444	43,137	741	25,903	26,644
Interest received		7,373	2,215	9,588	6,973	2,684	9,657
Other revenue		11,450	-	11,450	14,184	-	14,184
Other gains/(losses)	4	(310)	(429)	(739)	(2,099)	19,258	17,159
Transfer of funds from restricted to unrestricted	5	22,072	(22,072)	-	17,998	(17,998)	-
<b>Total operating revenue</b>		<b>1,201,978</b>	<b>22,158</b>	<b>1,224,136</b>	<b>1,146,651</b>	<b>29,847</b>	<b>1,176,498</b>
<b>Operating expenses</b>							
People costs	6	655,638	-	655,638	630,821	-	630,821
Operating costs	7	354,457	-	354,457	348,395	-	348,395
Finance costs		66	-	66	103	-	103
Depreciation and amortisation	10,11	133,116	-	133,116	129,103	-	129,103
<b>Total operating expenses</b>		<b>1,143,277</b>	<b>-</b>	<b>1,143,277</b>	<b>1,108,422</b>	<b>-</b>	<b>1,108,422</b>
Net surplus before tax		58,701	22,158	80,859	38,229	29,847	68,076
Income tax expense/(benefit)		197	-	197	229	-	229
<b>Net surplus after tax</b>		<b>58,504</b>	<b>22,158</b>	<b>80,662</b>	<b>38,000</b>	<b>29,847</b>	<b>67,847</b>
<b>Other comprehensive revenue and expenses</b>							
Gain/(loss) on asset revaluation reserve	18	209,883	-	209,883	(12,208)	-	(12,208)
Gain/(loss) on cash flow hedges taken to equity	18	246	-	246	(83)	-	(83)
Gain/(loss) in foreign currency translation reserve	18	146	-	146	66	-	66
Gain/(loss) in available-for-sale reserve	18	1,431	-	1,431	842	-	842
<b>Total comprehensive revenue and expenses</b>		<b>270,210</b>	<b>22,158</b>	<b>292,368</b>	<b>26,617</b>	<b>29,847</b>	<b>56,464</b>
<b>Surplus is attributable to:</b>							
Members of the parent entity		<b>270,210</b>	<b>22,158</b>	<b>292,368</b>	26,617	29,847	56,464

The accompanying Notes to the Financial Statements on pages 52 to 86 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 2018

	Note	University		
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
<b>Operating revenue</b>				
Government grants	2	474,747	440,805	429,315
Tuition fees		292,509	317,463	306,099
Research and contracts	3	206,897	181,900	164,891
Service income		138,296	134,785	141,483
Donations and legacies		14,061	8,523	12,578
Interest received		6,461	3,534	6,637
Other revenue		10,967	8,731	9,401
Other gains/(losses)	4	(74)	(1)	(2,040)
<b>Total operating revenue</b>		<b>1,143,864</b>	<b>1,095,740</b>	<b>1,068,364</b>
<b>Operating expenses</b>				
People costs	6	606,628	584,508	570,058
Operating costs	7	345,085	335,696	332,535
Finance costs		1,863	2,312	2,294
Depreciation and amortisation	10,11	131,584	136,348	127,849
<b>Total operating expenses</b>		<b>1,085,160</b>	<b>1,058,864</b>	<b>1,032,736</b>
Net surplus before tax		58,704	36,876	35,628
Income tax expense/(benefit)		-	-	-
<b>Net surplus after tax</b>		<b>58,704</b>	<b>36,876</b>	<b>35,628</b>
<b>Other comprehensive revenue and expenses</b>				
Gain/(loss) on asset revaluation reserve	18	209,188	-	(12,208)
Gain/(loss) on cash flow hedges taken to equity	18	313	-	44
<b>Total comprehensive revenue and expenses</b>		<b>268,205</b>	<b>36,876</b>	<b>23,464</b>
<b>Surplus is attributable to:</b>				
Members of the parent entity		<b>268,205</b>	36,876	23,464

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

# Statement of financial position

As at 31 December 2018

	Note	Consolidated		University		
		Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
<b>Current assets</b>						
Cash and cash equivalents		52,500	111,395	36,048	-	97,775
Short term bank deposits		66,132	78,647	34,173	-	49,564
Receivables	9	63,473	48,756	56,391	60,471	62,185
Research work in progress		18,289	13,714	18,437	7,641	11,317
Derivative financial instruments	22.1, 23	605	-	382	-	73
Inventories		1,948	1,959	1,948	1,931	1,959
Prepayments and other current assets		28,758	25,491	23,678	23,303	25,360
<b>Total current assets</b>		<b>231,705</b>	<b>279,962</b>	<b>171,057</b>	<b>93,346</b>	<b>248,233</b>
<b>Non-current assets</b>						
Investment in controlled entities	20.1	-	-	19,882	21,927	19,882
Property, plant and equipment	10	3,221,343	2,825,297	3,215,941	3,097,821	2,819,794
Intangible assets	11	30,976	31,457	29,062	9,514	29,052
Other financial assets	22.1	219,779	205,599	5,916	6,146	8,684
<b>Total non-current assets</b>		<b>3,472,098</b>	<b>3,062,353</b>	<b>3,270,801</b>	<b>3,135,408</b>	<b>2,877,412</b>
<b>Total assets</b>		<b>3,703,803</b>	<b>3,342,315</b>	<b>3,441,858</b>	<b>3,228,754</b>	<b>3,125,645</b>
<b>Current liabilities</b>						
Payables	12	136,809	141,315	130,737	130,941	128,348
Deferred revenue	13	177,638	161,131	155,996	109,817	125,198
Income tax payable/(receivable)		197	229	-	-	-
Loans and borrowings	15	50,623	623	89,061	64,621	82,623
Employee entitlements	14	61,667	56,974	58,765	51,889	52,913
Derivative financial instruments	22.1, 23	-	57	-	-	-
<b>Total current liabilities</b>		<b>426,934</b>	<b>360,329</b>	<b>434,559</b>	<b>357,268</b>	<b>389,082</b>
<b>Non-current liabilities</b>						
Employee entitlements	14	59,162	56,083	59,134	54,476	56,039
Deferred revenue	13	-	-	-	2,998	-
Loans and borrowings	15	1,207	1,771	1,207	91,480	1,771
<b>Total non-current liabilities</b>		<b>60,369</b>	<b>57,854</b>	<b>60,341</b>	<b>148,954</b>	<b>57,810</b>
<b>Total liabilities</b>		<b>487,303</b>	<b>418,183</b>	<b>494,900</b>	<b>506,222</b>	<b>446,892</b>
<b>Net assets</b>		<b>3,216,500</b>	<b>2,924,132</b>	<b>2,946,958</b>	<b>2,722,532</b>	<b>2,678,753</b>
<b>Equity</b>						
General equity		1,340,091	1,281,806	1,307,184	1,287,856	1,249,283
Reserves	18	1,613,086	1,401,380	1,597,682	1,395,266	1,388,181
Restricted and special funds	19	263,323	240,946	42,092	39,410	41,289
<b>Total equity</b>		<b>3,216,500</b>	<b>2,924,132</b>	<b>2,946,958</b>	<b>2,722,532</b>	<b>2,678,753</b>
<b>Net assets</b>						
Restricted		244,820	222,662	23,590	-	23,006
Unrestricted		2,971,680	2,701,470	2,923,368	2,722,532	2,655,747
<b>Total net assets</b>		<b>3,216,500</b>	<b>2,924,132</b>	<b>2,946,958</b>	<b>2,722,532</b>	<b>2,678,753</b>

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.

# Statement of cash flows

For the year ended 31 December 2018

	Note	Consolidated		University		
		Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
<b>Cash flows from operating activities</b>						
Government grants		473,059	427,286	473,059	442,553	427,286
Tuition fees		299,787	311,591	299,787	325,426	311,591
Other operating receipts		401,681	401,463	367,226	322,527	319,621
Donations and legacies received		39,685	22,928	-	-	-
GST (net)		(1,508)	2,884	(2,323)	956	3,661
Payments to employees		(592,721)	(556,614)	(557,718)	(527,252)	(512,493)
Other operating payments		(433,607)	(403,570)	(396,280)	(385,200)	(376,756)
Net cash inflow / (outflow) from operating activities	8	186,376	205,968	183,751	179,010	172,910
<b>Cash flows from investing activities</b>						
Interest received		11,548	8,511	8,527	3,410	6,758
Proceeds of loan from controlled entities		-	-	(12,000)	-	18,000
Proceeds from disposal of financial assets		29,211	17,132	-	-	-
Acquisition of property, plant and equipment and work in progress		(305,283)	(181,505)	(304,764)	(368,578)	(175,859)
Borrowing costs capitalised		(66)	-	(66)	-	-
(Acquisition)/disposal of financial assets		(29,715)	8,689	15,384	(1,170)	36,030
Net cash inflow / (outflow) from investing activities		(294,305)	(147,173)	(292,919)	(366,338)	(115,071)
<b>Cash flows from financing activities</b>						
Proceeds from borrowings		50,000	-	50,000	-	-
Interest paid		-	-	(1,796)	(2,312)	(2,191)
Repayment of borrowings		(630)	(630)	(630)	(566)	(630)
Repayment of convertible loan		(125)	(250)	(125)	-	(250)
Net cash inflow / (outflow) from financing activities		49,245	(880)	47,449	(2,878)	(3,071)
Net increase/(decrease) in cash and cash equivalents		(58,684)	57,915	(61,719)	(190,206)	54,768
Cash and cash equivalents at the beginning of the financial year		111,395	53,642	97,775	190,082	42,942
Effects of exchange rate changes on cash and cash equivalents		(211)	(162)	(8)	124	65
Cash and cash equivalents at the end of the financial year		52,500	111,395	36,048	-	97,775
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		46,842	100,729	34,228	-	94,141
Foreign currency current accounts at bank		5,658	10,666	1,820	-	3,634
<b>Total cash and cash equivalents</b>		<b>52,500</b>	<b>111,395</b>	<b>36,048</b>	<b>-</b>	<b>97,775</b>

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.



# Statement of cash flows (continued)

For the year ended 31 December 2018

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 between short and 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.

# Statement of changes in equity

For the year ended 31 December 2018

	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 reserve \$'000	Total equity \$'000
<b>Consolidated</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 revaluation reserve on disposed assets	18	-	-	-	-	-	-	-
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>
<b>2017</b>								
Balance as at 1 January 2017		1,403,207	289	(392)	1,242,806	210,714	11,044	2,867,668
Net surplus for the year		-	-	-	67,847	-	-	67,847
Other comprehensive revenue and expenses for the year	18	(12,208)	(83)	66	-	-	842	(11,383)
Transfer revaluation reserve on disposed assets	18	(1,385)	-	-	1,385	-	-	-
Transfer surplus to restricted and special funds	19	-	-	-	(30,232)	30,232	-	-
<b>Balance as at 31 December 2017</b>		<b>1,389,614</b>	<b>206</b>	<b>(326)</b>	<b>1,281,806</b>	<b>240,946</b>	<b>11,886</b>	<b>2,924,132</b>
<b>Equity</b>								
Unrestricted		1,389,614	206	(326)	1,281,806	18,284	11,886	2,701,470
Restricted		-	-	-	-	222,662	-	222,662
<b>Total equity</b>		<b>1,389,614</b>	<b>206</b>	<b>(326)</b>	<b>1,281,806</b>	<b>240,946</b>	<b>11,886</b>	<b>2,924,132</b>

The accompanying Notes to the Financial Statements on pages 52 to 86 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 2018

University	Note	Asset revaluation reserve \$'000	Hedging and statutory reserves \$'000	General equity \$'000	Restricted and special funds \$'000	Total equity \$'000
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 revaluation reserve on disposed assets	18	-	-	-	-	-
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>1,307,184</b>	<b>42,092</b>	<b>2,946,958</b>
Balance as at 1 January 2017		1,401,705	25	1,213,544	40,015	2,655,289
Net surplus for the year		-	-	35,628	-	35,628
Other comprehensive revenue and expenses for the year	18	(12,208)	44	-	-	(12,164)
Transfer revaluation reserve on disposed assets	18	(1,385)	-	1,385	-	-
Transfer surplus to restricted and special funds	19	-	-	(1,274)	1,274	-
<b>Balance as at 31 December 2017</b>		<b>1,388,112</b>	<b>69</b>	<b>1,249,283</b>	<b>41,289</b>	<b>2,678,753</b>

The accompanying Notes to the Financial Statements on pages 52 to 86 form part of and should be read in conjunction with these financial statements.



# Notes to the Financial Statements

For the year ended 31 December 2018

## 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 2018 were authorised for issue by the Council on 18 March 2019.

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 health care, 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.

### Historical cost convention

These financial statements have been prepared under the historical cost convention except the following assets and liabilities are stated at their fair value: derivative financial instruments, 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 2018 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 2018 that impact the financial statements.

The External Reporting Board issued PBE IFRS 9: Financial Instruments (PBE IFRS 9) on 12 January 2017 that PBEs will need to apply from 1 January 2021. The University and its controlled entities will adopt PBE IFRS 9 for its December 2021 year end. The impact of the adoption of this accounting standard has not yet been assessed.

The External Reporting Board also issued PBE FRS 48: Service Performance Reporting on 9 November 2017 that PBEs will need to apply from 1 January 2021. The impact of this accounting standard has not yet been assessed.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 1 Statement of accounting policies (continued)

### 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 judgments

Management has exercised the following critical judgments in applying accounting policies for the year ended 31 December 2018:

#### *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 judgment. In making this judgment, 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.

### 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.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 1 Statement of accounting policies (continued)

### 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.

All other investments are recognised in accordance with the 'Financial Assets' accounting policy.

### 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 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



# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 1 Statement of accounting policies (continued)

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 & 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 2018

## 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 2018

## 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Student component funding	333,742	327,035	333,742	327,035
Fees-free funding	33,978	-	33,978	-
Clinical Training Agency grants	4,366	5,074	4,366	5,074
Other Government grants	8,519	8,218	8,519	8,218
Performance Based Research Funding	94,142	88,988	94,142	88,988
<b>Total Government grants</b>	<b>474,747</b>	<b>429,315</b>	<b>474,747</b>	<b>429,315</b>

## 3 Research and contracts revenue

The University and Group exercises judgment 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 2018

## 3 Research and contracts revenue (continued)

Judgment 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
External research income	217,879	168,403	198,642	134,231
Other research and contract income	53,886	83,954	8,255	30,660
<b>Total research and contracts revenue</b>	<b>271,765</b>	<b>252,357</b>	<b>206,897</b>	<b>164,891</b>

## 4 Other gains/(losses)

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Non-financial instruments</b>				
Gain/(loss) on disposal of property, plant and equipment	(301)	(2,483)	(303)	(2,483)
Foreign exchange gains/(losses)	1,856	574	229	443
<b>Financial instruments</b>				
Fair value gain/(loss) on financial assets	(2,294)	19,068	-	-
<b>Total other gains/(losses)</b>	<b>(739)</b>	<b>17,159</b>	<b>(74)</b>	<b>(2,040)</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 2018 \$'000	Actual 2017 \$'000
Research	9,592	7,960
Donations	10,363	7,813
Other	2,117	2,225
<b>Total transfer of funds from restricted to unrestricted</b>	<b>22,072</b>	<b>17,998</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 6 People costs

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Academic salaries	299,010	286,993	295,778	276,965
Professional salaries	252,601	241,489	222,108	207,052
Defined contribution expense	23,513	21,739	22,739	20,834
Contracts for service	45,937	45,016	32,582	29,883
Other people costs	34,577	35,584	33,421	35,324
<b>Total people costs</b>	<b>655,638</b>	<b>630,821</b>	<b>606,628</b>	<b>570,058</b>

The Group and the University have termination payments of \$4.3 million included in total people costs in the current year (2017: \$0.83 million).

## 7 Operating costs

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Operating costs includes the following specific expenses:				
Consumable supplies	26,818	25,272	24,266	20,763
Repairs and maintenance	31,423	37,689	30,287	35,949
Operating leases				
Properties	31,719	16,768	29,638	14,686
Equipment	4,022	5,408	4,017	5,391
Motor vehicles	757	543	184	172
<b>Total operating lease costs</b>	<b>36,498</b>	<b>22,719</b>	<b>33,839</b>	<b>20,249</b>
Auditor remuneration				
Audit fees for audit of financial statements	512	530	283	321
Other assurance services	17	17	17	17
Other non-assurance services	28	56	-	-
<b>Total auditors' remuneration</b>	<b>557</b>	<b>603</b>	<b>300</b>	<b>338</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

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

	Note	Consolidated		University		
		Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Net surplus for the year		80,662	67,847	58,704	36,876	35,628
<b>Add/(less) non-cash items:</b>						
Depreciation and amortisation	10, 11	133,116	129,103	131,584	136,348	127,849
Donated assets		(47)	(64)	(322)	(1,334)	(1,001)
Foreign exchange fluctuations		211	162	8	-	(65)
Other non-cash items		(1,125)	(6,308)	1,654	1,748	(11,285)
Unrealised gain on investments		896	(19,120)	-	-	-
		133,051	103,773	132,924	136,762	115,498
<b>Add/(less) items classified as investing or financing activities</b>						
Interest income		(10,484)	(9,657)	(6,461)	(3,534)	(6,637)
(Gain)/loss on disposal of property, plant, and equipment		301	2,483	303	1	2,483
Movements relating to capital expenditure		(15,664)	(4,842)	(47,332)	(10,613)	(5,261)
Finance costs		66	103	1,863	2,312	2,294
(Increase)/Decrease in deferred revenue		1,250	2,375	1,250	-	2,375
<b>Total items classified as investing or financing activities</b>		(24,531)	(9,538)	(50,377)	(11,834)	(4,746)
<b>Add/(less) changes in net assets and liabilities:</b>						
Decrease/(Increase) in receivables		(14,716)	2,582	5,793	(1,216)	(2,633)
Decrease/(Increase) in prepayments and other current assets		(3,267)	(3,423)	1,682	(503)	(2,801)
Decrease/(Increase) in inventories		11	(209)	11	(67)	(209)
Decrease/(Increase) in research work in progress		(4,575)	(3,259)	(7,120)	(428)	(2,174)
Increase /(Decrease) in payables and provisions		(4,538)	16,557	2,389	18,650	11,499
Increase /(Decrease) in deferred revenue		16,507	17,706	30,798	(3,140)	9,291
Increase /(Decrease) in employee entitlements		7,772	13,932	8,947	3,910	13,557
<b>Net movement in working capital items</b>		(2,806)	43,886	42,500	17,206	26,530
<b>Net cash inflow/(outflow) from operating activities</b>		<b>186,376</b>	<b>205,968</b>	<b>183,751</b>	<b>179,010</b>	<b>172,910</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 2018

## 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Trade receivables		64,484	49,457	45,974	32,646
Provision for receivables impairment		(1,011)	(701)	(925)	(615)
<b>Net receivables</b>		<b>63,473</b>	<b>48,756</b>	<b>45,049</b>	<b>32,031</b>
Related company receivables	21	-	-	11,342	30,154
<b>Total receivables</b>		<b>63,473</b>	<b>48,756</b>	<b>56,391</b>	<b>62,185</b>

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

	2018			2017		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
<b>Consolidated</b>						
Current	49,416	-	49,416	38,364	-	38,364
Past due 31-60 days	6,062	-	6,062	5,351	-	5,351
Past due 61-90 days	1,702	-	1,702	2,175	-	2,175
Past due > 90 days	7,304	(1,011)	6,293	3,567	(701)	2,866
<b>Total</b>	<b>64,484</b>	<b>(1,011)</b>	<b>63,473</b>	<b>49,457</b>	<b>(701)</b>	<b>48,756</b>
<b>University</b>						
Current	49,832	-	49,832	55,791	-	55,791
Past due 31-60 days	2,021	-	2,021	2,711	-	2,711
Past due 61-90 days	883	-	883	1,065	-	1,065
Past due > 90 days	4,580	(925)	3,655	3,233	(615)	2,618
<b>Total</b>	<b>57,316</b>	<b>(925)</b>	<b>56,391</b>	<b>62,800</b>	<b>(615)</b>	<b>62,185</b>

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

Receivables past due but not considered impaired are \$14,056k (2017: \$10,392k) for the Group, and \$6,559k (2017: \$6,394k) 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Balance at beginning of financial year	701	907	615	821
Additional provisions made during the year	615	391	615	391
Provisions reversed during the year	(66)	(303)	(66)	(303)
Receivables written-off during the period	(239)	(294)	(239)	(294)
<b>Balance at the end of the financial year</b>	<b>1,011</b>	<b>701</b>	<b>925</b>	<b>615</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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 \$283.4 million (2017: \$391.9 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 2018

## 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 2018

## 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	-	-	31,447	454,405	-	323,289	51,797	860,938
Valuation	924,251	1,670,302	-	-	19,174	8,245	-	2,621,972
<b>Balance as at 1 January 2017</b>	<b>924,251</b>	<b>1,670,302</b>	<b>31,447</b>	<b>454,405</b>	<b>19,174</b>	<b>331,534</b>	<b>51,797</b>	<b>3,482,910</b>
Additions	3,300	939	25	34,003	349	15,720	119,164	173,500
Disposals	-	(2,009)	(680)	(5,558)	-	-	-	(8,247)
Transfers	-	33,654	835	8,090	-	-	(42,579)	-
Impairment charge recognised in revaluation reserve	-	(18,923)	-	-	-	-	-	(18,923)
Net revaluation increments	-	-	-	-	4,766	773	-	5,539
<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 31 December 2018</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>
<b>Accumulated depreciation</b>								
Cost	-	-	24,878	341,815	-	305,355	-	672,048
Valuation	-	24,476	-	-	-	-	-	24,476
<b>Balance as at 1 January 2017</b>	<b>-</b>	<b>24,476</b>	<b>24,878</b>	<b>341,815</b>	<b>-</b>	<b>305,355</b>	<b>-</b>	<b>696,524</b>
Disposals	-	(90)	(111)	(5,354)	-	-	-	(5,555)
Depreciation expense	-	70,514	1,115	31,712	-	16,348	-	119,689
Impairment charge recognised in revaluation reserve	-	(1,176)	-	-	-	-	-	(1,176)
<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 31 December 2018</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>
<b>Net book value</b>								
<b>As at 1 January 2017</b>	<b>924,251</b>	<b>1,645,826</b>	<b>6,569</b>	<b>112,590</b>	<b>19,174</b>	<b>26,179</b>	<b>51,797</b>	<b>2,786,386</b>
<b>As at 31 December 2017</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 31 December 2018</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>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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	-	-	28,448	443,975	-	323,289	51,524	847,236
Valuation	922,721	1,670,060	-	-	19,174	8,245	-	2,620,200
<b>Balance as at 1 January 2017</b>	<b>922,721</b>	<b>1,670,060</b>	<b>28,448</b>	<b>443,975</b>	<b>19,174</b>	<b>331,534</b>	<b>51,524</b>	<b>3,467,436</b>
Additions	3,300	939	-	33,687	349	15,720	117,232	171,227
Disposals	-	(2,009)	(664)	(5,414)	-	-	-	(8,087)
Transfers	-	33,654	224	6,520	-	-	(40,398)	-
Impairment charge recognised in revaluation reserve	-	(18,923)	-	-	-	-	-	(18,923)
Net revaluation increments	-	-	-	-	4,766	773	-	5,539
<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)	-
Impairment charge recognised in revaluation reserve	-	-	-	-	-	-	-	-
Net revaluation increments	-	69,454	-	-	-	-	-	69,454
<b>Balance as at 31 December 2018</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>
<b>Accumulated depreciation</b>								
Cost	-	-	22,112	333,466	-	305,355	-	660,933
Valuation	-	24,349	-	-	-	-	-	24,349
<b>Balance as at 1 January 2017</b>	<b>-</b>	<b>24,349</b>	<b>22,112</b>	<b>333,466</b>	<b>-</b>	<b>305,355</b>	<b>-</b>	<b>685,282</b>
Disposals	-	(90)	(95)	(5,174)	-	-	-	(5,359)
Depreciation expense	-	70,494	889	30,920	-	16,348	-	118,651
Impairment charge recognised in revaluation reserve	-	(1,176)	-	-	-	-	-	(1,176)
<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 31 December 2018</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>
<b>Net book value</b>								
<b>As at 1 January 2017</b>	<b>922,721</b>	<b>1,645,711</b>	<b>6,336</b>	<b>110,509</b>	<b>19,174</b>	<b>26,179</b>	<b>51,524</b>	<b>2,782,154</b>
<b>As at 31 December 2017</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 31 December 2018</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>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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 engage Darroch Limited, an accredited independent valuer that uses the International Valuation Standards Committee, and International Valuation Standards as a reference, to determine the fair value of its 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 Groups 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 2016, and the most recent valuation of buildings was effective 31 December 2018.

The revaluation surplus for buildings for 2018 was \$210 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 2018

## 10 Property, plant and equipment (continued)

Fair value is determined by where an active market exists for the same or similar asset the market prices are deemed to be fair value, or where there is no active market fair value is determined by other market based evidence adjudged by the valuer as active and knowledgeable participants in the market.

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 2018

## 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 2017	98,928	7,684	106,612	96,774	7,684	104,458
Additions	5	18,105	18,110	-	15,714	15,714
Disposals	(1,661)	-	(1,661)	(1,661)	-	(1,661)
Transfers	20,717	(20,717)	-	18,450	(18,450)	-
<b>Balance as at 31 December 2017</b>	<b>117,989</b>	<b>5,072</b>	<b>123,061</b>	<b>113,563</b>	<b>4,948</b>	<b>118,511</b>
Balance as at 1 January 2018	117,989	5,072	123,061	113,563	4,948	118,511
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>
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 January 2017	83,315	-	83,315	81,386	-	81,386
Disposals	(1,125)	-	(1,125)	(1,125)	-	(1,125)
Amortisation expense	9,414	-	9,414	9,198	-	9,198
<b>Balance as at 31 December 2017</b>	<b>91,604</b>	<b>-</b>	<b>91,604</b>	<b>89,459</b>	<b>-</b>	<b>89,459</b>
Balance as at 1 January 2018	91,604	-	91,604	89,459	-	89,459
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>-</b>	<b>102,970</b>	<b>100,411</b>	<b>-</b>	<b>100,411</b>
<b>Net book value</b>						
<b>As at 1 January 2017</b>	<b>15,613</b>	<b>7,684</b>	<b>23,297</b>	<b>15,388</b>	<b>7,684</b>	<b>23,072</b>
<b>As at 31 December 2017</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 31 December 2018</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>

## 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.

	Note	Consolidated		University	
		Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Trade payables		136,809	141,315	128,234	127,649
Related company payables	21	-	-	2,503	699
<b>Total payables</b>		<b>136,809</b>	<b>141,315</b>	<b>130,737</b>	<b>128,348</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 13 Deferred Revenue

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Current liabilities</b>				
Deferred revenue *	73,606	63,751	73,522	63,638
Research contracts obligations	104,032	97,380	82,474	61,560
<b>Deferred revenue - current</b>	<b>177,638</b>	<b>161,131</b>	<b>155,996</b>	<b>125,198</b>

This note should be read in conjunction with note 3.

\*This balance also includes revenue received in advance. As at 31 December 2018 the Group had no remaining Partnerships for Excellence funding (2017: \$1.25m classified as current liabilities).

The Partnerships for Excellence funding from the Crown is in the form of suspensory loans. The loans are to be forgiven when key milestones have been achieved. The income is to be recognised when the milestones have been met and the loans are forgiven. During the year the University met key milestones that resulted in \$1.13 million of loans being forgiven and \$0.13 million was re-paid to the TEC relating to unmet milestones (2017: \$2.38 million forgiven and \$0.25 million re-paid). The revenue is included in Government Grants in the statement of comprehensive revenue and expenses.

## 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Current liabilities</b>				
Accumulated annual leave	42,944	38,987	40,042	34,926
Retirement allowance	18,225	17,410	18,225	17,410
Long service leave	498	577	498	577
<b>Total employee entitlements - current</b>	<b>61,667</b>	<b>56,974</b>	<b>58,765</b>	<b>52,913</b>
<b>Non-current liabilities</b>				
Sick leave	1,928	4,106	1,900	4,062
Retirement allowance	54,656	49,529	54,656	49,529
Long service leave	2,578	2,448	2,578	2,448
<b>Total employee entitlements - non-current</b>	<b>59,162</b>	<b>56,083</b>	<b>59,134</b>	<b>56,039</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Current liabilities</b>				
Non-interest bearing loan	623	623	623	623
Interest-bearing loan from controlled entity	-	-	38,438	82,000
Interest-bearing loan facility	50,000	-	50,000	-
<b>Total loans and borrowings - current</b>	<b>50,623</b>	<b>623</b>	<b>89,061</b>	<b>82,623</b>
<b>Non-current liabilities</b>				
Non-interest bearing loan	1,207	1,771	1,207	1,771
<b>Total loans and borrowings - non-current</b>	<b>1,207</b>	<b>1,771</b>	<b>1,207</b>	<b>1,771</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 2.2% (2017: 2.6%).

### 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 14% on call, 50% 1 year and 36% 5 years as at August 2017 (2017: 8% on call, 72% 1 year and 20% 5 years as at August 2016).

### Borrowing costs capitalised

Borrowing costs of \$66k were capitalised during 2018 (2017: nil).

### 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 2.17% to 2.20% (2017: 2.4% to 2.7%).

### 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.



# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 15 Loans and borrowings (continued)

### 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Not later than one year	33,804	34,642	32,167	33,084
Later than one year and not later than five years	91,229	105,100	89,637	101,948
Later than five years	155,172	170,068	155,172	170,068
<b>Total operating lease commitments</b>	<b>280,205</b>	<b>309,810</b>	<b>276,976</b>	<b>305,100</b>
<b>Operating lease commitments by type</b>				
Properties	278,979	304,182	275,764	299,556
Motor vehicles	57	118	54	43
Equipment	1,169	5,510	1,158	5,501
<b>Total operating lease commitments by type</b>	<b>280,205</b>	<b>309,810</b>	<b>276,976</b>	<b>305,100</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.

### 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 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Not later than one year	3,008	3,441	3,749	5,029
Later than one year and not later than five years	8,103	8,277	10,363	12,871
Later than five years	2,482	2,660	2,482	2,660
<b>Total non-cancellable operating leases</b>	<b>13,593</b>	<b>14,378</b>	<b>16,594</b>	<b>20,560</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 16 Operating leases and capital commitments (continued)

### Capital commitments

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

	Consolidated/ University	
	Actual 2018 \$'000	Actual 2017 \$'000
Property Services projects	303,475	479,668
Other capital expenditure	2,450	13,969
<b>Total capital commitments</b>	<b>305,925</b>	<b>493,637</b>

## 17 Contingencies

As at 31 December 2018 the Group had no contingent liabilities or assets (2017: 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 2016.

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 special library 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 2018

## 18 Reserves (continued)

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Reserves includes</b>				
Land and buildings	1,576,488	1,366,605	1,574,291	1,365,103
Works of art and special library collections	23,009	23,009	23,009	23,009
Cash flow hedge reserve	358	112	382	69
Foreign currency translation reserve	(180)	(326)	-	-
Statutory reserve - international entities	94	94	-	-
Available-for-sale investments revaluation reserve	13,317	11,886	-	-
<b>Total reserves</b>	<b>1,613,086</b>	<b>1,401,380</b>	<b>1,597,682</b>	<b>1,388,181</b>
<b>Land and buildings</b>				
Balance at beginning of financial year	1,366,605	1,385,737	1,365,103	1,384,235
Transferred to general equity	-	(1,385)	-	(1,385)
Impairment charge	-	(17,747)	-	(17,747)
Revaluation increments/(decrements)	209,883	-	209,188	-
<b>Balance at end of financial year</b>	<b>1,576,488</b>	<b>1,366,605</b>	<b>1,574,291</b>	<b>1,365,103</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	23,009	17,470	23,009	17,470
Revaluation increments/(decrements)	-	5,539	-	5,539
<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	112	195	69	25
Gain/(loss) recognised	(736)	(282)	(435)	(92)
Transfers to initial carrying amount of hedged item	982	199	748	136
<b>Balance at end of financial year</b>	<b>358</b>	<b>112</b>	<b>382</b>	<b>69</b>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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.

	2018 Special purpose funds \$'000	2018 Restricted purpose funds \$'000	2018 Total \$'000	2017 Special purpose funds \$'000	2017 Restricted purpose funds \$'000	2017 Total \$'000
<b>Consolidated</b>						
Balance at beginning of financial year	18,284	222,662	240,946	17,899	192,815	210,714
Income	706	44,230	44,936	1,104	47,845	48,949
Less funds released from restrictions	487	22,072	22,559	719	17,998	18,717
Net surplus (deficit)	219	22,158	22,377	385	29,847	30,232
<b>Balance at end of financial year</b>	<b>18,503</b>	<b>244,820</b>	<b>263,323</b>	<b>18,284</b>	<b>222,662</b>	<b>240,946</b>
<b>University</b>						
Balance at beginning of financial year	18,283	23,006	41,289	17,898	22,117	40,015
Income	706	5,166	5,872	1,104	5,074	6,178
Less funds released from restrictions	487	4,582	5,069	719	4,185	4,904
Net surplus (deficit)	219	584	803	385	889	1,274
<b>Balance at end of financial year</b>	<b>18,502</b>	<b>23,590</b>	<b>42,092</b>	<b>18,283</b>	<b>23,006</b>	<b>41,289</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 2018

## 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 \$1 million (2017: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company (2017: 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) (2017: 100%) and The University of Auckland (Hangzhou) Innovation Institute Co. Limited (UOAI) (2017: 100%). The value of each shareholding is \$1.00 (2017: \$1.00).

Investment in controlled entities of \$18.9m (2017: \$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 \$224m (2017: \$206m). Of these \$4.5m (2017: \$3.8m) are available to the University for general expenditure and \$219.5m (2017: \$202.2m) are 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:

	2018 \$'000	2017 \$'000
Investments in associates	2,321	1,713
	<b>2,321</b>	<b>1,713</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.

### 20.3 Other investments

Auckland UniServices Limited has acquired shares in the following entities: Actigaze Ltd, Airquality Ltd, APIMatic Ltd, Aravive Corporations (formerly Ruga Corporation), Cirrus Materials Science Ltd, CoDaTherapeutics (NZ) Ltd, Coherent Solutions Ltd, Dotterel Technologies Ltd, Double Helix Analysis Ltd, Energia Portior Ltd, Fastec Ltd, FormUS Labs Ltd, Mohio International Inc., Mote Ltd, Objective Acuity Ltd, Obodies Ltd, Orbis Diagnostics Ltd, Rain Therapeutics Ltd, Soul Machines Ltd, Spot Check Technologies Ltd, Stretchsense Ltd, Tectonus Ltd, TiFiber Inc., Tinnitus Tunes Ltd, Upside Biotechnologies Ltd and VSPARS 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 2018

## 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.

### 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 2018 the University donated \$377k (2017: \$303k) to the Foundation.

The Foundation pays grants and donations to the University on non arms length terms, for nil consideration. During 2018, the trustees approved grants to the University amounting to \$24.7m (2017: \$18.7m), and at reporting date grants payable to the University amounted to \$24.1m (2017: \$17.6m).

### Key management personnel compensation

	Consolidated/ University	
	Actual 2018 \$'000	Actual 2017 \$'000
Council members*	464	458
Senior Leadership Team	8,548	8,295
<b>Total key management personnel compensation</b>	<b>9,012</b>	<b>8,753</b>
<b>Full-time equivalent members**</b>		
Council members*	4	3
Senior Leadership Team	24.71	24.6
<b>Total full-time equivalent personnel</b>	<b>28.71</b>	<b>27.6</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 \$464k (2017: \$458k) 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 number of Council Members who received compensation in their capacity as employees.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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 2018

## 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; and
- 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 held-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 2018

## 22 Financial instruments (continued)

### 22.1 Financial instrument categories (continued)

	Note	Consolidated		University	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Financial Assets</b>					
<i>Derivatives that are hedge accounted</i>					
Derivative financial instrument assets	23	605	-	382	73
<b>Total derivatives that are hedge accounted</b>		<b>605</b>	<b>-</b>	<b>382</b>	<b>73</b>
<i>At fair value through surplus and deficit</i>					
New Zealand fixed interests*		40,193	37,378	-	-
International fixed interests*		13,703	8,637	-	-
Australasian equities*		22,364	27,572	-	-
International equities*		60,482	57,071	-	-
Emerging markets*		12,563	11,118	-	-
New Zealand property*		13,197	7,500	-	-
Private equity*		6,520	3,148	-	-
University's share of investments held by UniServices*		-	-	5,657	8,436
Convertible notes		5,194	350	-	-
<b>Total at fair value through surplus and deficit</b>		<b>174,216</b>	<b>152,774</b>	<b>5,657</b>	<b>8,436</b>
<i>Held-to-maturity</i>					
Entrepreneurial challenge investments*		175	255	-	-
<b>Total held-to-maturity</b>		<b>175</b>	<b>255</b>	<b>-</b>	<b>-</b>
<i>Loans and receivables</i>					
Cash and cash equivalents		52,500	111,395	36,048	97,775
Short-term bank deposits	23	66,132	78,647	34,173	49,564
Long-term bank deposits*	23	36,484	40,782	-	-
Receivables		63,473	48,756	56,392	62,185
Advances to third parties*		298	286	259	248
<b>Total loans and receivables</b>		<b>218,887</b>	<b>279,866</b>	<b>126,872</b>	<b>209,772</b>
<i>Available-for-sale financial assets</i>					
Shares*		9,979	10,138	-	-
<b>Total available-for-sale financial assets</b>		<b>9,979</b>	<b>10,138</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>					
<i>Derivatives that are hedge accounted</i>					
Derivative financial instrument liabilities	23	-	57	-	-
<b>Total derivatives that are hedge accounted</b>		<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>
<i>Financial liabilities at amortised cost</i>					
Payables		136,809	141,315	130,737	128,348
Borrowings:					
- non-interest bearing loan		1,830	2,394	1,830	2,394
- interest bearing loan facility (revolving credit)		50,000	-	50,000	-
- loan from controlled entity		-	-	38,438	82,000
<b>Total financial liabilities at amortised cost</b>		<b>188,639</b>	<b>143,709</b>	<b>221,005</b>	<b>212,742</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 2018

## 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 arms 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 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>

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 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 2017</b>				
<b>Financial assets</b>				
NZ fixed interest	-	37,378	-	37,378
International fixed interest	-	8,637	-	8,637
Australasian equities	27,572	-	-	27,572
International equities	46,501	10,401	-	56,902
Emerging markets	-	11,118	-	11,118
New Zealand Property	-	7,500	-	7,500
Private equity	-	-	3,148	3,148
Convertible notes	-	-	350	350
Shares	-	-	10,138	10,138
Derivative financial instruments - foreign exchange contracts	-	-	-	-
<b>Total financial assets</b>	<b>74,073</b>	<b>75,034</b>	<b>13,636</b>	<b>162,743</b>
<b>Financial liabilities</b>				
Derivative financial instruments - foreign exchange contracts	-	57	-	57
<b>Total financial liabilities</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>57</b>
<b>University 2018</b>				
<b>Financial assets</b>				
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>
<b>University 2017</b>				
<b>Financial assets</b>				
University's share of investments held by UniServices	-	-	8,436	8,436
Derivative financial instruments - foreign exchange contracts	-	73	-	73
<b>Total financial assets</b>	<b>-</b>	<b>73</b>	<b>8,436</b>	<b>8,509</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 2018

## 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 2018</b>				
Balance at 1 January 2018	3,148	350	10,138	13,636
Transfers into/(out) level 3	3,171	4,844	(1,833)	6,182
Distributions received	(435)	-	-	(435)
Gains or losses recognised in surplus or deficit	636	-	243	879
Gains and losses recognised in other comprehensive revenue and expense	-	-	1,431	1,431
<b>Balance at 31 December 2018</b>	<b>6,520</b>	<b>5,194</b>	<b>9,979</b>	<b>21,693</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 2018</b>		
Balance at 1 January 2018	8,436	8,436
Transfers into/(out) level 3	(508)	(508)
Distributions received	-	-
Gains and losses recognised in surplus or deficit	(2,271)	(2,271)
Gains and losses recognised in other comprehensive revenue and expenses	-	-
<b>Balance at 31 December 2018</b>	<b>5,657</b>	<b>5,657</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 2018

## 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 \$605k (2017: loss of \$57k). A shift in the NZD of +/- 10% would result in an equivalent change in the 2018 value of \$3,200k (2017: \$1,354k).

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

Approximately 7% (2017: 11%) of Auckland UniServices Limited and group revenues are denominated in foreign currencies, whilst 16% (2017: 9%) 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 2018.

#### 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 2018

## 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 \$50m and uncommitted borrowing facility of \$250 million (2017: uncommitted borrowing facility of \$300 million). The University has complied with all banking covenants under this facility. The University's maturity analysis is presented below.

	2018 Mature within 1 year \$'000	2018 Mature within 1-5 years \$'000	2018 Total \$'000	2017 Mature within 1 year \$'000	2017 Mature within 1-5 years \$'000	2017 Total \$'000
<b>Consolidated</b>						
Payables	(136,809)	-	(136,809)	(141,315)	-	(141,315)
Non-interest bearing loan	(623)	(1,207)	(1,830)	(623)	(1,771)	(2,394)
Interest-bearing loan facility	(50,000)	-	(50,000)	-	-	-
Derivative financial instrument liabilities	-	-	-	(57)	-	(57)
Cash and cash equivalents	52,500	-	52,500	111,395	-	111,395
Bank term deposits	66,132	36,484	102,616	78,647	40,782	119,429
<b>Total financial instruments</b>	<b>(68,800)</b>	<b>35,277</b>	<b>(33,523)</b>	<b>48,047</b>	<b>39,011</b>	<b>87,058</b>
<b>University</b>						
Payables	(130,737)	-	(130,737)	(128,348)	-	(128,348)
Loan from controlled entities	(38,438)	-	(38,438)	(82,000)	-	(82,000)
Non-interest bearing loan	(623)	(1,207)	(1,830)	(623)	(1,771)	(2,394)
Interest-bearing loan facility	(50,000)	-	(50,000)	-	-	-
Cash and cash equivalents	36,048	-	36,048	97,775	-	97,775
Bank term deposits	34,173	-	34,173	49,564	-	49,564
<b>Total financial instruments</b>	<b>(150,784)</b>	<b>(1,207)</b>	<b>(149,577)</b>	<b>(63,632)</b>	<b>(1,771)</b>	<b>(65,403)</b>



# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 22.3 Financial instrument risks (continued)

### Sensitivity analysis

	Consolidated		University	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Value at Risk	(4.40)%	(2.34)%	0.74%	0.74%
Assets available	276,420	338,360	34,173	115,064
Estimated impact on assets available	(12,163)	(7,911)	254	855

### 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' 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 2018. 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.

# Notes to the Financial Statements (continued)

For the year ended 31 December 2018

## 23 Reclassification of comparative figures

Certain comparative line items in the Foundation financial statements have been reclassified in order to align with the requirements of PBE IPSAS:

- Short term and long term bank deposits of \$69.9m have been reclassified from held to maturity to loans and receivables in note 22.1, as it is a requirement of PBE IPSAS 29 that assets that meet the definition of loans and receivables cannot be classified as held to maturity.
- The net amount of the derivative financial instruments of (\$169k) have been separately disclosed due to the requirement of PBE IPSAS 30 to disclose classes of financial instruments that take into account the characteristics of those financial instruments. These instruments were previously part of international equities, and were classified as other financial assets in the statement of financial position. The impact of this to the Group's 2017 comparative figures is that the net balance of derivative financial instruments has changed from a current asset of \$112k to a current liability of \$57k.

## 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 2018

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 86, that comprise the statement of comprehensive revenue and expenses, statement of financial position as at 31 December 2018, 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 30 to 40.

#### In our opinion:

- the financial statements of the University and group on pages 45 to 86:
  - o present fairly, in all material respects:
    - the financial position as at 31 December 2018; and
    - the financial performance and cash flows for the year then ended; and
  - o comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards and
- the statement of service performance of the University and group on pages 30 to 40 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2018.

Our audit was completed on 18 March 2019. 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 and that comply with generally accepted accounting practice in New Zealand.

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 consolidated financial statements and the consolidated 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 3 to 27, 41 to 44, and 90 to 91, 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 (Revised): Code of Ethics for Assurance Practitioners 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 out engagements where we provided remuneration benchmarking services for the group and have 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

Acronym	Expanded meaning
ABI	Auckland Bioengineering Institute
ARWU	Academic Ranking of World Universities
APRU	Association of Pacific Rim Universities
CDES	Career Development and Employment Services
CSSF	Compulsory Student Services Fee
CTACP	Certificate in Academic Preparation
CoRE	Centre of Research Excellence
DHB	District Health Board
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
ICT	Information and Communications Technology
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	Owen G. Glenn Building
PBRF	Performance-Based Research Fund
QS	Quacquarelli Symonds
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
THE	Times Higher Education Supplement
U21	Universitas 21
WUN	Worldwide Universities Network





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