

The University of Auckland

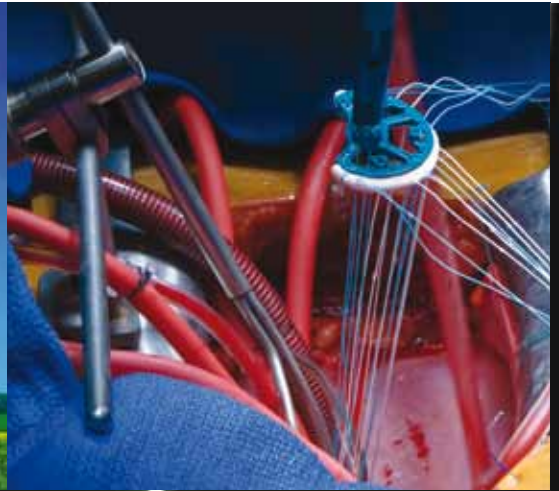
2011 Annual Report



**THE UNIVERSITY
OF AUCKLAND**

NEW ZEALAND

Te Whare Wānanga o Tāmaki Makaurau



Leading the world in wireless technology

In 2011, the University completed what is almost certainly the largest commercialisation deal in the history of any public research organisation in this country. The sale of induction power technology to a major US research and development company (Qualcomm) will help ensure that New Zealand technology becomes the gold standard for the wireless charging of electric vehicles worldwide. The technology is also finding widespread application in clean rooms, motor vehicle assembly plants, for pacemakers, lighting for road tunnels and slip rings for wind turbines. It is an outstanding example of how cutting edge university research creates multiple benefits for our country.



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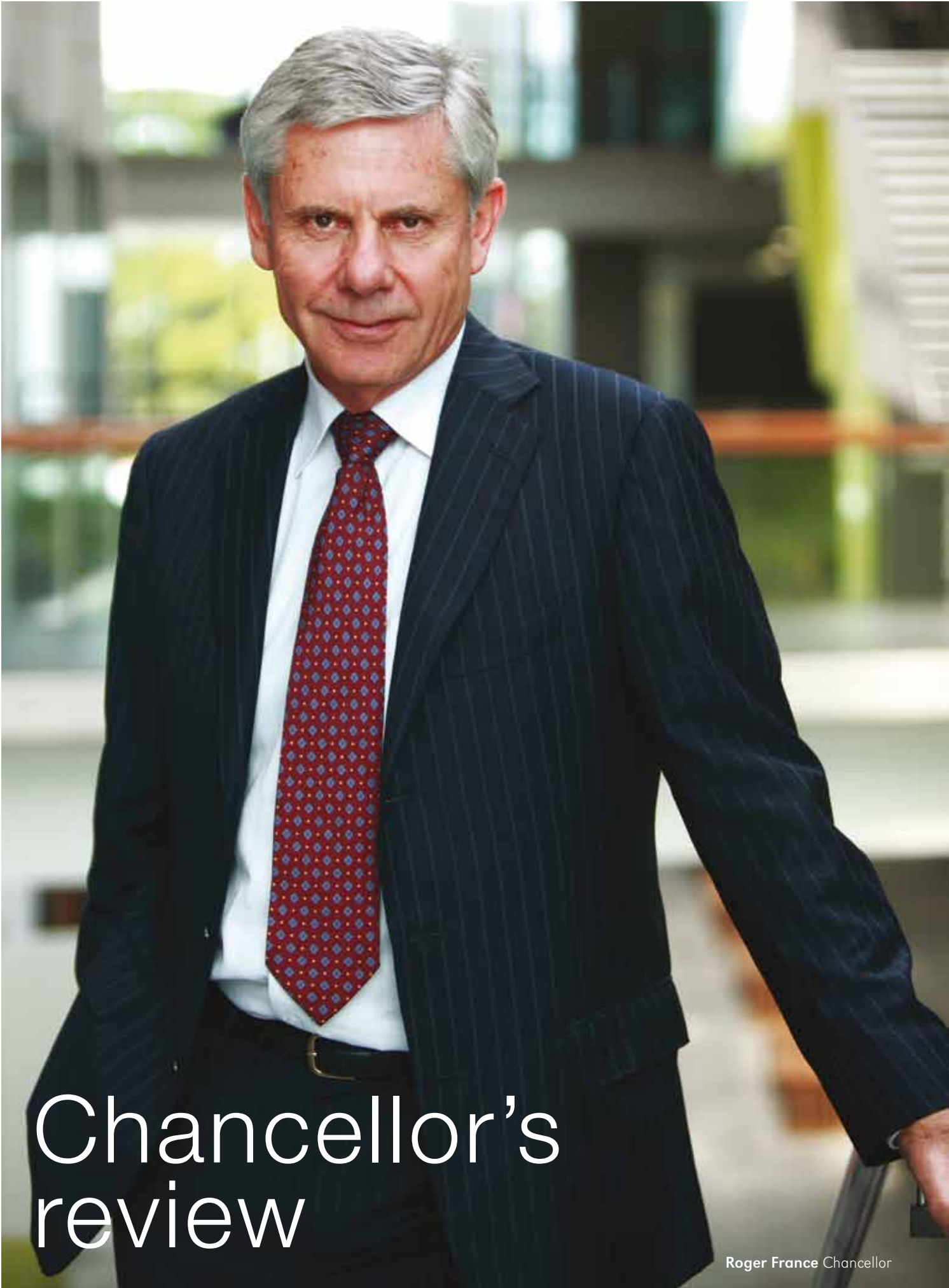
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Chancellor's review

Roger France Chancellor

By any accepted measure, The University of Auckland is the premier institution in New Zealand's tertiary education sector and it further consolidated that position during 2011.

In his report, the Vice-Chancellor has referred to a number of the highlights and many successes the University enjoyed over the past year. However, the hard fact is that the University again slipped marginally on the international ranking tables, which remains a real concern for Council. I commented 12 months ago that the constraints of the current funding model in which New Zealand's universities are straight jacketed, with the lowest income per student in the developed world, puts them at serious risk of slipping down the international rankings, with potentially disastrous consequences for our country's social and economic development. It is cold comfort to see the prospect of this prophecy being proved correct, even if it is happening slowly.

Needless to say, the Council, the Vice-Chancellor and his senior management team do not accept this as an inevitable outcome. Coincidentally, the period of the current Strategic Plan finishes in 2012 and the key priority for the coming year is to develop a new

contribution to resolving issues with previous Governments where there were challenges to institutional autonomy.

The University is enriched by its association with many different groups of stakeholders who believe in, and are passionate supporters of, the institution. I cannot close this brief review without recording my particular thanks to the team who have worked on the Leading the Way fund-raising campaign and the many alumni, friends and organisations who have been so generous with their financial support. Total funds raised in this campaign since it began six years ago amount to almost \$170 million making it, we believe, the most successful philanthropic fundraising campaign in New Zealand history.

Finally, as usual, I record my thanks to the Vice-Chancellor, his senior management team and all the academic and professional staff of the University. Last year brought its fair share of

It is inconceivable that Auckland could achieve recognition as a major global city without a university of international standing at its centre.

Strategic Plan for the 2013 – 2020 period with, of course, support from all the University's stakeholders. The University needs to permanently and emphatically establish its position as a leading international university. It may be that New Zealand can "afford" only one institution of this standing; however, it is very clear that without such an institution our nation will be badly disadvantaged in a world where research-led innovation is the key driver of economic development and social progress. Moreover, it is inconceivable that Auckland could achieve recognition as a major global city, now accepted as its proper and desirable role by not only its citizens but also the wider New Zealand community, without a university of international standing at its centre.

However, to achieve this requires a greater level of public and private investment than is currently available to us, given the funding model imposed by Government and our current strategic settings. There is little we can do to change the funding regime other than to continue trying to persuade the country's political leaders of the value to the nation of a world class university. And this year we will need to think carefully and deeply about the strategic choices we can and must make to ensure we remain an internationally-competitive university. This will require all of us to confront, discuss and resolve changes to the way we have operated in the recent past so that we can be the university Auckland and New Zealand needs.

At the end of August 2011, The Honourable Justice Lynton Stevens QC retired from the Council of the University, having reached the end of his third term, the statutory limit. Lyn served on Council for twelve years, two of those as Pro-Chancellor and ten years as Chair of the Audit Committee. In addition, using his deep knowledge and understanding of the Education Act, he made a special

contribution to resolving issues with previous Governments where there were challenges to institutional autonomy. Hopefully, the new Strategic Plan will provide the opportunity to achieve a widespread consensus around not just our aspirations but also the strategic path the University must follow to deliver on its mission to become a great internationally recognised university in New Zealand.



Vice-Chancellor's report

Professor Stuart McCutcheon Vice-Chancellor

The University of Auckland has an ambitious [Strategic Plan 2005-2012](#) which is built on five key aims.

These are to increase the size of our graduate programme and improve the quality of our student body while holding our overall growth to a low level; to ensure that the University is accessible to all students of ability irrespective of their personal circumstances; to provide a high quality learning environment and experience to all our students; to enhance the research performance of the University and provide greater support for the research activities of our staff and students; and to build positive relationships with the community, both nationally and internationally, that will strengthen the University and enhance its ability to contribute to society. In 2011 we continued to make good progress on many of these objectives, but in the context of a public policy environment that is increasingly restrictive.

Any reflection on 2011 must, of course, begin with the devastating earthquake that struck the Canterbury region on 22 February, following the earlier events of September 2010, and continued as some 8,000 aftershocks during the remainder of the year. The

impact of these events on the three universities operating in the region – the University of Canterbury, Lincoln University and the University of Otago (Christchurch Clinical School) - has been profound. I am particularly proud of the way that our University responded in providing support to our southern colleagues. Several of our engineers who were in Christchurch on 22 February remained to help inspect and assess damaged buildings, and have subsequently provided public comment, research and advice in support of the recovery. Many of our staff supported and taught the nearly 100 Canterbury students who arrived here for a first semester exchange, while several of our donors provided financial support for those students.

Staff from our Graduation Office organised a graduation ceremony for the University of Canterbury in the Maidment Theatre, thus helping that university achieve a sense of normality. And our External Relations team recently organised the largest alumni event in Christchurch in recent memory. Meanwhile, our University

has been instrumental in helping to ensure that Government funding of the Canterbury-based universities remains stable, at least for the next couple of years, despite the likely decline in student numbers. The fact that we have been able to support our colleagues in these and other ways testifies to the genuine collaborative spirit that exists between the nation's universities, even if we are from time to time also competitors.

The University of Auckland is a very substantial entity which exists to serve the public and continues to make a major contribution to Auckland, New Zealand and the international community. With more than 40,000 students, we are the largest, most comprehensive, most internationally connected and most highly

Each year, the University produces about 10,000 new graduates.

ranked university in the country. Our nearly 5,000 staff FTE makes us about the 20th largest employer in New Zealand, while our annual revenue of over \$900 million per annum ranks with that of the 45th largest business in New Zealand. With \$1.4 billion in assets we hold one of the largest property portfolios in Auckland and we are investing heavily (from our own resources) in the redevelopment and enhancement of our campuses.

Our contributions to the social, cultural and economic wellbeing of the communities we serve come in many forms, and draw from the diverse academic strengths of the University in the arts, sciences, social sciences and professional schools. Each year, the University produces about 10,000 new graduates. Research shows that they will have on average lifetime earnings at least \$250,000 greater than those of non-degree holders as well as longer lives, lower unemployment rates and better health outcomes. About 25 percent of all Māori graduates and 40 percent of all Pacific graduates in New Zealand each year come from The University of Auckland, making us the most significant provider of higher education to these communities.

We also graduate more than 800 research masters and 300 doctorates annually. This reflects our research strength, with 30 percent of the top academic researchers in the country based at the University. Over the last ten years we have through Auckland UniServices Ltd filed over 140 patents, as many as all the other universities combined and half as many as all the Crown Research Institutes (CRIs) combined. And the results of this research are delivered to the community, including the business community where we have 2,500 active research contracts at any one time and a highly innovative Business School entrepreneurial ecosystem. Our recent commercialisation of inductive power technology is almost certainly the most significant such deal in the history of New Zealand universities, one that will also have a huge environmental impact as inductively charged electric vehicles replace those powered by fossil fuels.

Now one might think, in this age of increasing "accountability" and "impact assessment" of universities, that a country would seek to invest heavily in such an institution, enabling it to do even more in the service of the nation. Unfortunately, at least in the public arena, that has not been the case. Constraints on the government tuition subsidy, domestic tuition fees and the student services levy mean that our revenue per domestic student continues to fall in real terms year after year. The lack of any adjustment to the value of public research funds and the transfer of formerly competitive

research funding to base funding in the CRIs has made the generation of research support extremely difficult. As a consequence our revenues from public sources have grown only very slowly, and in real terms have contracted relative to increases in costs, particularly salaries. At the same time we have seen a downturn in businesses investment in research following the global financial crisis. Our overall revenue growth of a little over three percent has been barely enough to stand still, far less advance the University.

Despite that, and through the efforts of our Council, staff and supporters, the University has continued to enhance its contribution to New Zealand and the international community in

many ways. Our postgraduate programme has continued to grow (at both masters and doctorate level) and we have experienced strong demand for places from both domestic and international students. We have received very strong support from our alumni and friends, taking the total for our "Leading the Way" fundraising campaign to nearly \$170 million. Those funds are supporting a range of scholarships, academic positions and Chairs that are helping us to continue attracting very able students and staff.

We have made excellent progress on a number of major building projects, including the completion of the 442-bed University Hall which opened to students early in 2012. Late last year, we were able to announce the appointment of 13 senior academics, all of them outstanding teachers and researchers, to the position of "Distinguished Professor".

As our current Strategic Plan comes to an end in 2012 we are beginning to plan for the period to the end of this decade. Unless we see the development of a public policy environment that is willing to reward success and enable high-achieving public organisations such as ours to make an even greater contribution to this country, it seems that we will have to rely even more on our own resources and our own supporters. Next year will be one of intensive consultation on the new Plan as we consider our aspirations for the future and how we can best support and realise those aspirations. It is a process in which I hope all those who care about The University of Auckland, and have contributed to its many successes, will engage.

Key facts and figures

Full-time Equivalent staff (FTE)	2009	2010	2011
Academic	1,981	2,037	2,050
Professional	2,627	2,688	2,734
Total	4,607	4,725	4,784

Students	2009	2010	2011
Equivalent Full-time Students (EFTS)	31,689	32,655	32,193
Headcount	39,940	40,977	40,379

Gender (students)	2009	2010	2011
Male	17,083	17,588	17,381
Female	22,857	23,389	22,998
Total	39,940	40,977	40,379

Workload (students)	2009	2010	2011
Full-time	24,665	25,790	25,697
Part-time	15,275	15,187	14,682
Total	39,940	40,977	40,379

Ethnicity (students)	2009	2010	2011
European	16,758	17,333	17,069
Māori	2,582	2,769	2,737
Pacific	3,102	3,210	3,151
Asian	14,403	14,631	14,670
Other	1,900	1,953	2,043
No response	1,195	1,081	709
Total	39,940	40,977	40,379

Age group (students)	2009	2010	2011
18 or less	6,706	1,860	1,973
19 - 20	10,207	10,194	10,276
21 - 23	9,047	12,772	12,704
24 - 29	5,659	7,257	7,160
30 - 39	4,006	4,350	4,078
40+	4,315	4,544	4,188
Total	39,940	40,977	40,379

Student enrolment by qualification (EFTS)	2009	2010	2011
Doctor of Philosophy	1,344	1,429	1,503
Other doctoral degree	85	92	84
Master degree	1,575	1,676	1,727
Bachelor honours	619	733	691
Bachelor degree	23,707	24,423	24,398
Postgraduate Diploma	2,521	2,488	2,180
Undergraduate Diploma	541	613	455
Certificate	1,181	1,089	1,085
Total	31,573	32,543	32,123

Note

- EFTS from formal qualifications only are included.

Completions by qualification	2009	2010	2011
Doctor of Philosophy	227	273	286
Other doctoral degree	19	24	33
Master degree	1,068	1,197	1,304
Bachelor honours	562	504	822
Bachelor degree	4,926	4,574	5,705
Postgraduate Certificate / Diploma	2,526	2,453	2,562
Undergraduate Diploma	351	381	442
Certificate	258	272	365
Total	9,937	9,678	11,519

Note

The completion of a conjoint degree is counted as one qualification

Programme enrolments (students)	2009	2010	2011
Arts	8,224	8,218	8,266
Auckland Bioengineering Institute	61	73	72
Business and Economics	7,020	7,103	7,297
Creative Arts and Industries	2,027	2,108	2,064
Education	4,538	4,473	4,122
Engineering	3,206	3,365	3,387
Law	1,903	1,962	1,974
Liggins Institute	46	46	33
Medical and Health Sciences	4,791	4,972	5,146
Science	7,758	7,943	7,885
University Programmes	2,525	2,476	2,497
Total	42,099	42,738	42,740

Note

- Conjoint degrees, PhD and other doctorate enrolments are reported with their sponsoring faculty.
For example, a student enrolled in BA/BSc will be distributed between Science and Arts at a ratio of 50/50.
- Students enrolled in more than one qualification during the year are counted in each qualification.
- University Programmes include inter-faculty offerings as well as University Certificates and Tertiary Foundation Certificate.
- Adult and community education enrolments are not included.
- The School of Theology was integrated into the Faculty of Arts from 2010.

Undergraduate enrolment (EFTS)	2009	2010	2011
Arts	4,962	5,234	5,079
Business and Economics	4,885	4,948	4,900
Creative Arts and Industries	1,171	1,263	1,254
Education	2,155	2,240	2,178
Engineering	2,221	2,264	2,259
Law	1,229	1,217	1,220
Medical and Health Sciences	2,254	2,346	2,404
Science	5,710	5,824	5,860
University Programmes	574	529	518
Total	25,162	25,864	25,672

Note

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

Postgraduate enrolment (EFTS)	2009	2010	2011
Arts	820	847	810
Auckland Bioengineering Institute	53	67	58
Business and Economics	778	802	755
Creative Arts and Industries	479	493	507
Education	1,203	1,122	998
Engineering	507	574	597
Law	171	172	175
Liggins Institute	42	34	34
Medical and Health Sciences	1,108	1,179	1,171
Science	1,241	1,379	1,339
University Programmes	8	9	8
Total	6,410	6,679	6,452

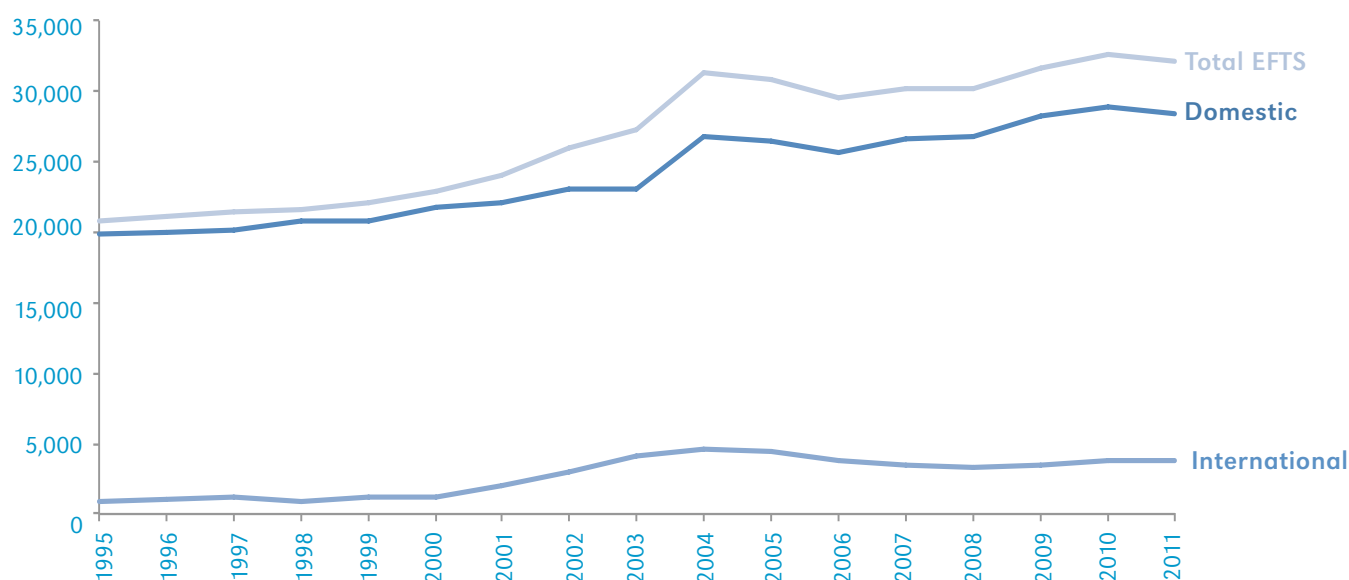
Qualifications awarded (by faculty)	2009	2010	2011
Arts	1,868	1,355	2,625
Auckland Bioengineering Institute	6	7	14
Business and Economics	2,043	1,911	2,254
Creative Arts and Industries	570	559	618
Education	1,530	1,629	1,385
Engineering	671	840	721
Law	399	350	416
Medical and Health Sciences	1,423	1,613	1,751
Science	1,891	1,739	2,250
University Programmes	126	124	172
Total	10,527	10,127	12,206

Note

The award of conjoint degrees are recognised in each awarding faculty.

International students (students)	2009	2010	2011
China	996	1,100	1,315
Malaysia	662	691	597
United States	509	548	532
Korea, Republic of	459	458	460
India	140	196	209
Germany	330	224	151
Japan	57	63	107
Canada	91	88	94
United Kingdom	90	85	93
Pakistan	76	93	88
Norway	44	62	74
Vietnam	51	55	72
Taiwan	64	68	69
Iran	28	43	62
Other	869	935	951
Total	4,466	4,709	4,874

University of Auckland EFTS 1995 to 2011



University governance

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 currently administered under the 1961 Act and the Education Act 1989 and its amendments.

University autonomy and academic freedom

The Education Act 1989 gives statutory protection to the institutional autonomy of the University and the academic freedom of its staff and students. The Act also binds the Council, the Vice-Chancellor, Ministers and agencies of the Crown to act in all respects so as to preserve and enhance University autonomy and academic freedom.

University leadership: the Council

The University’s governing body is the Council, which comprises elected staff, students and graduates, Council appointees and Ministerial appointees. Two executives – the Vice-Chancellor and one of the Deputy Vice-Chancellors – are also members of Council. Council is chaired by the Chancellor, who is a lay member of Council. Under the Education Act 1989, Council has the following functions:

- Appoint a chief executive
- Carry out long-term planning for the University
- Adopt the Investment Plan

- Ensure that the institution is managed in accordance with the Investment Plan
- Determine the policies of the institution in relation to the carrying out of the Investment Plan and, subject to the State Sector Act 1988, the management of its affairs.

The University’s statutory role

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

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



From top left: Appointed by the Minister of Education: Alec Hawke, Lindsay Corban, Mike Daniell and Peter Kiely; Deputy Vice-Chancellor, Professor Jane Harding ex-officio; elected by academic staff: Professor Geoff Austin; elected by professional staff: Steve Warrington; Chancellor Roger France appointed by Council; elected by graduates: Dr Ian Parton.

From bottom left: Elected by professors: Professor Bruce Harris; Vice-Chancellor, Professor Stuart McCutcheon ex-officio; appointed by Council: Scott St John, Sarah Roberts; elected by students: Aditi Grover and Joe McCory; elected by graduates: Kate Sutton and Jan Dawson; elected by lecturers: Associate-Professor Alex Sims.

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

Responsibilities of Council

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

- Striving to ensure that the University attains the highest standards of excellence in education, training and research
- Acknowledging the principles of the Treaty of Waitangi
- Encouraging the greatest possible participation by the communities served by the University, especially by under-represented groups
- Ensuring that the University does not discriminate unfairly against any person
- Ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- Ensuring that systems are in place for the responsible use of resources

The Vice-Chancellor

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

- The Deputy Vice-Chancellors (Academic), (Research) and (Strategic Engagement)
- The Pro Vice-Chancellors (Equity), International and (Māori)
- The Deans
- The Registrar and the Directors of Administration, Human Resources, Planning, Finance, Property Services, ITS and External Relations, and the University Librarian
- the Chief Executive of Auckland UniServices Ltd
- 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 staff and students. The Senate takes advice from the Education and Research Committees and from a number of other committees. Council has delegated to Senate the following responsibilities and functions:

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

The faculties

Each faculty is a committee of Senate and is headed by a Dean who is responsible for management of the teaching, research and administrative activities of a particular faculty. Each faculty has established its own structure of associate and assistant deans, and committees. Deans have primary financial responsibility for their faculties. Every year faculties are required to prepare an annual plan and an annual report that provides detail of planned activities and achievements. In 2008 faculties developed strategic plans in alignment with the University Strategic Plan, to ensure that specific faculty-focused endeavours will push the University, collectively, towards its targets.

Governance documents:

Charter and Investment Plan

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

The Charter was approved in 2003 by Council and the Associate Minister of Tertiary Education, until December 2011. Under amendments to the Education Act 1989, which came into effect on 1 January 2008, the Charter ceased to be a statutory document. The Council has, however, retained the Charter as a statement of the University's purpose and direction.

The Investment Plan is a rolling statement describing the University's plans and activities for the next three years. The



Investment Plan under the Education Act 1989 is also the base document which the Tertiary Education Commission must utilise to release general funding.

Capital Plan and Financial Projections

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

Finance Committee

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

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

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

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

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

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

Audit and Risk Committee

The members of the Audit and Risk Committee are appointed by Council and comprise lay members of Council. The committee meets quarterly.

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 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. Ernst & Young is appointed by the Office of the Auditor-General for a three-year term. The Audit and Risk Committee receives regular reports on any matters which arise in connection with the performance of the external audit, including the adequacy of internal controls and the truth and fairness of the financial reports.

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

Equity Committee

The University is committed to equitable participation and advancement of staff and students. Successful achievement of equity in employment and education can bring about innovation, a more effective use of human resources, and ultimate benefits for the creative and intellectual life of the University and its communities.

The Equity Committee is chaired by the Pro Vice-Chancellor (Equity) and supports Council in fulfilling its responsibilities under the State Sector Act 1988 and the Education Act 1989. The Equity Committee advises on staff and student equity policy; develops University plans for staff and student equity; and monitors and reports on the implementation of policies, and plans and progress towards student equity.

The Equity Office produces plans, strategies, policies and procedures. It develops "good employer" initiatives for staff and programmes for students. These encourage participation, eliminate barriers and risks of discrimination, and maximise the potential of groups which are under-represented or disadvantaged in their ability to attend the institution.

Representatives from Council, the Pro Vice-Chancellor (Māori), faculties, service divisions, the Students' Association, Pacific Reference Group, the Equity Office and equity interest groups such as academic women, participate in the Equity Committee.

Rūnanga

The Rūnanga is a sub-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.

Risk management

Risk management and internal audit activities are overseen by the Audit and Risk Committee. The University's risk management framework directs activities towards a high-level, process-based approach taking into consideration the external operating environment and including strategic, operational and financial risks. Risk management activities focus on identifying control gaps in existing processes and systems, and on aligning and embedding the various processes so that risk-based decisions can be made on a consistent basis.

Ethical standards

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

The Animal Ethics Committee 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 Agriculture and Fisheries under the Animal Welfare Act.

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

The Human Participants Ethics Committee reviews proposed research and teaching projects which involve human subjects, other than projects which require 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.

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

Business details

Bankers:

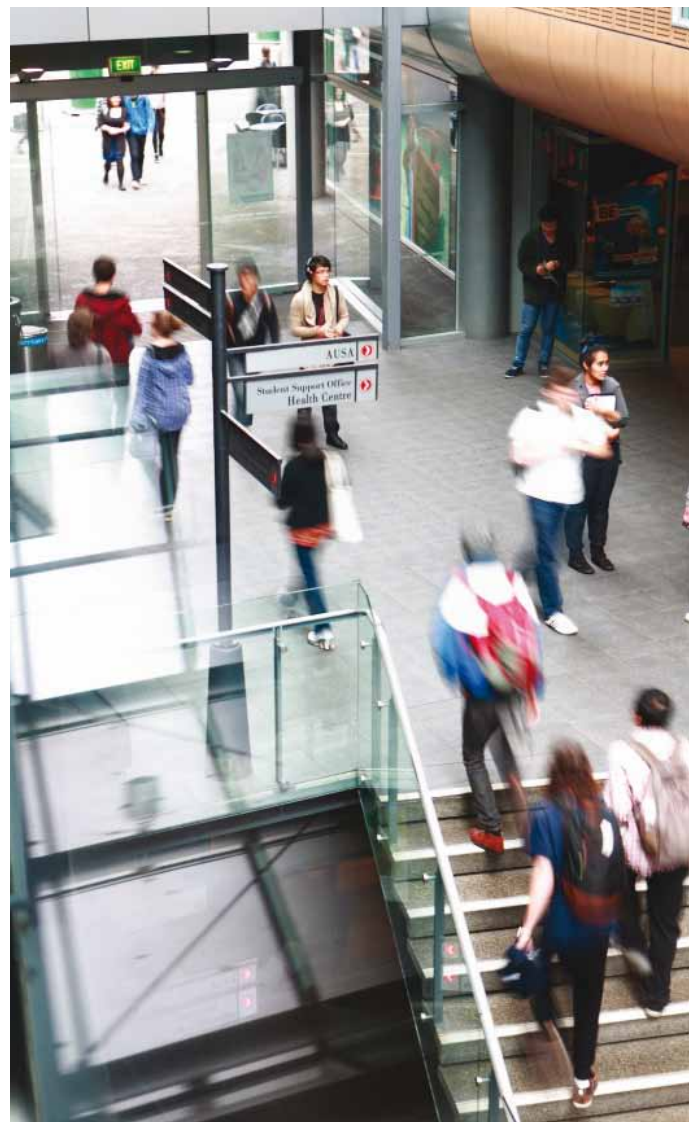
Bank of New Zealand, ANZ National Bank Limited, Commonwealth Bank of Australia

Auditors:

Ernst & Young – on behalf of the Auditor-General

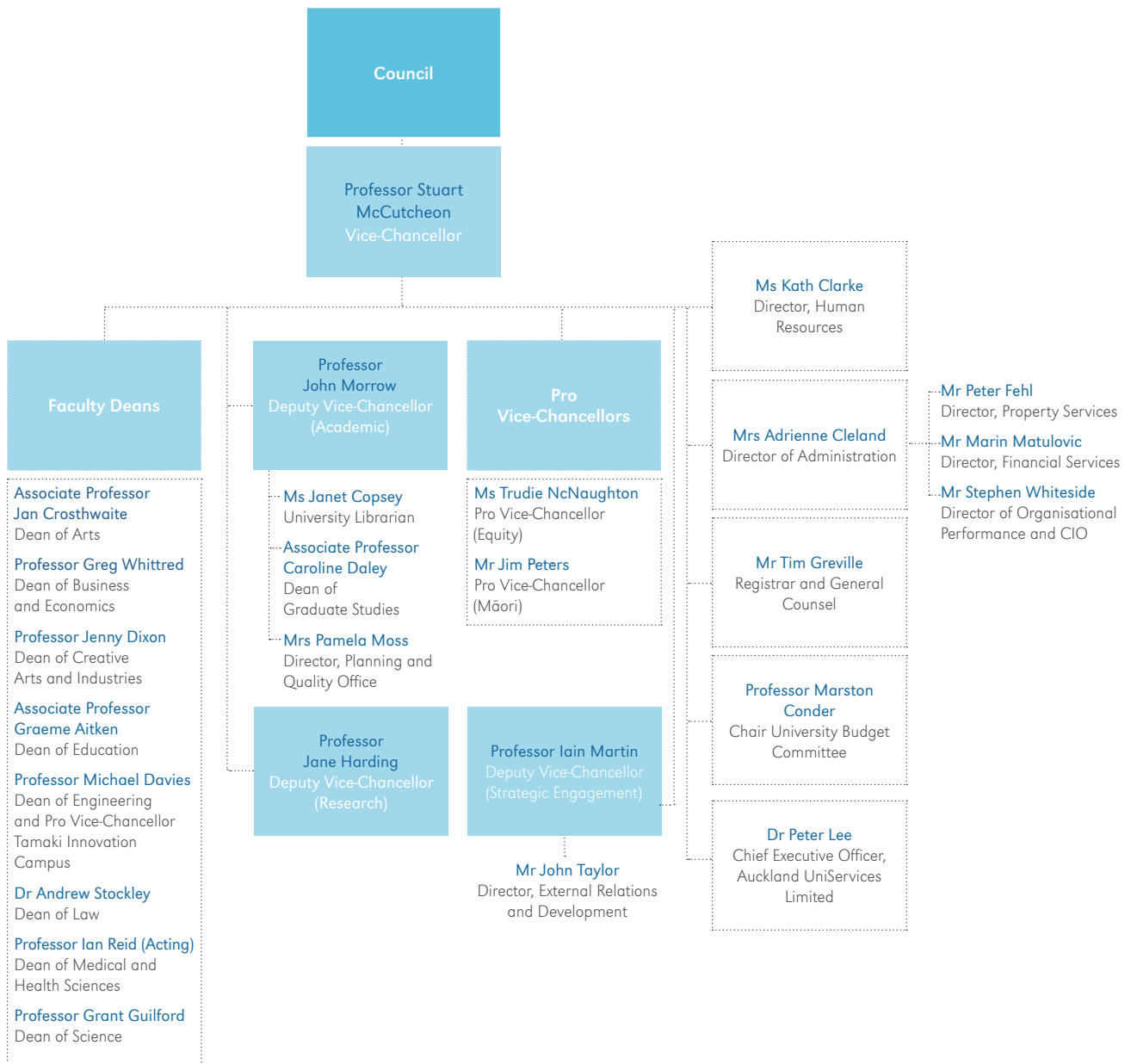
Valuers:

Darroch Limited
ART + OBJECT

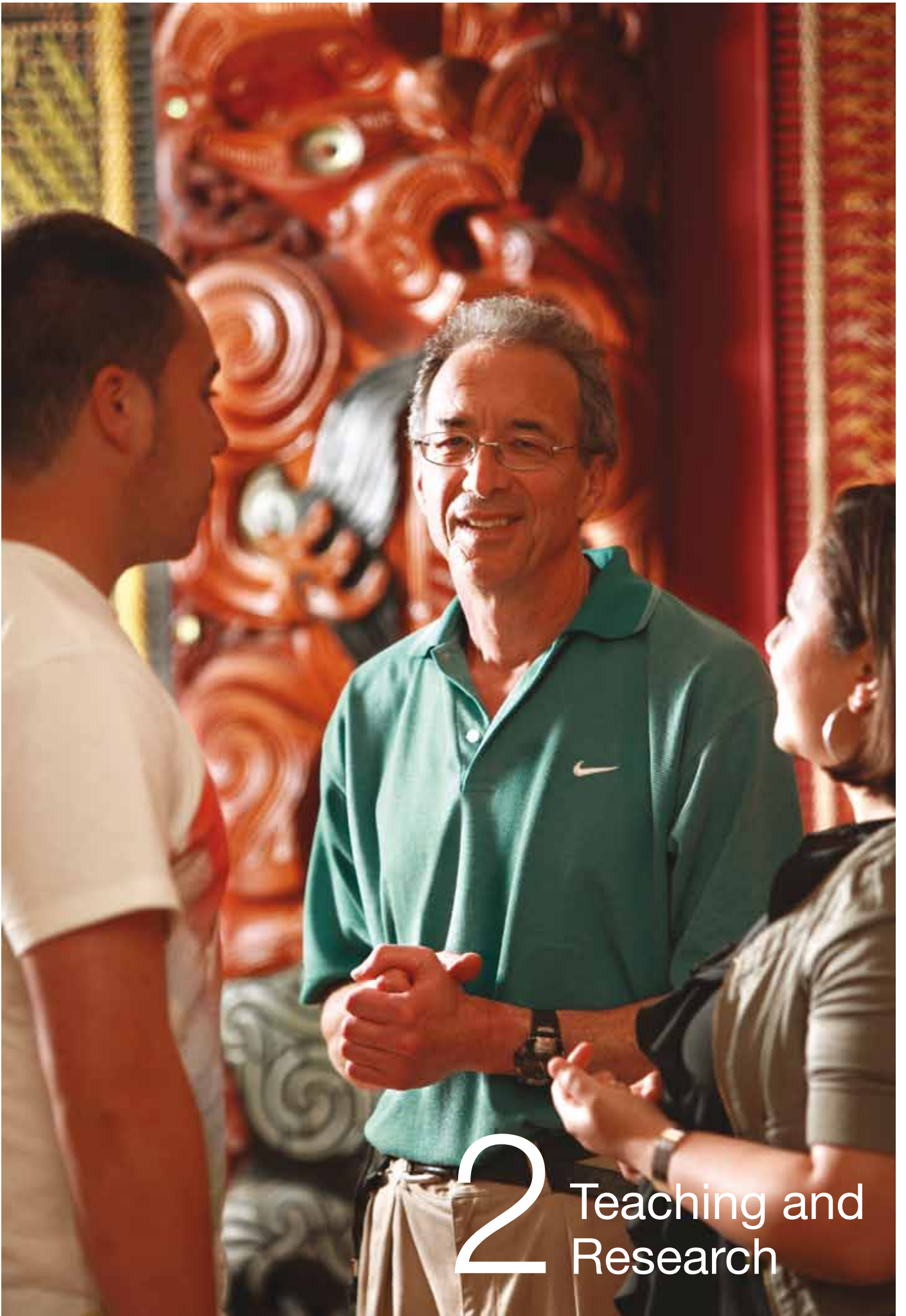


University management structure

as at 31 December 2011



Above:
Members of the Senior Management Team as at 31 December 2011



2 Teaching and Research



Making an impact

The value to New Zealand of public investment in the University

The University of Auckland's budget for 2011 was nearly a billion dollars. This money, invested by the government, students, donors and research funders, provides considerable benefits to the country. Through its graduates, research undertaken by staff, commercialisation and international relationships, The University of Auckland is an essential contributor to the achievement of Treasury's desired outcomes for the economy: an improved business environment, better integration and connections with the global economy, and more highly skilled human capital and labour supply. The University's contribution to improved social and environmental outcomes, through its research and its teaching and learning, is equally important.

Highly skilled diverse graduates

The economic and social benefits of citizens with a university educated population are numerous. The workforce participation rate for university graduates is 84% compared with 67% for those whose highest qualification is from secondary school. People with higher education are better able to adapt to changing technology in the workplace, have better health outcomes and lower rates of criminal behaviour. They actively participate in democratic life, and are more likely to value and preserve their own and others ways of living, thinking and cultural heritage.¹ One of the key roles of the University is equipping students with high level skills, advanced learning, real experience in undertaking research and being part of a team, and with the potential for leadership.

The University is committed to promoting educational success by students from different regional areas and cultural and social backgrounds. Public investment and private philanthropy enable the University to administer targeted admission schemes for student equity groups, fund scholarships for high-achieving students with financial need, and support programmes such as the Tuakana Learning Community. As a result, Māori and Pacific students at the University have impressive pass rates and are equipped for leadership in their own and wider communities. Examples in 2011 include the five students from the Faculties of Engineering, Education, Arts, Creative Arts and Industries and Medical and Health Sciences who were awarded the Prime

Minister's Pacific Youth Awards, and past Law graduate Christian Whata (Ngati Pikiao) who was sworn in as a High Court Judge in March 2011.

Lifelong learning and professional development are increasingly important in a rapidly changing world. Teaching and learning at the University helps to ensure our graduates stay up-to-date with emerging research and technologies. The University provides opportunities for continued engagement with alumni and practicing professionals beyond formal education. This engagement ranges from public lectures based on the latest research, to specialised professional training. For example, the University opened a simulation centre for patient safety in October 2011. The centre, the most advanced facility of its kind in New Zealand, will be used in medical education and will enable qualified professionals to keep up-to-date and improve patient care.

The University counts among its alumni many leaders in their fields, not just researchers and academics, but also educators, law makers, business leaders and politicians. Each year, the University recognises the achievement of graduates who have made outstanding contributions to their professions, their communities and the nation through the Distinguished Alumni Awards. Recipients in 2011 included Supreme Court Judge the Right Honourable Sir Peter Blanchard, business leader and entrepreneur Tony Falkenstein, former Green Party co-leader Jeanette Fitzsimons, former South Australian Premier the Honourable Mike Rann and, as young alumna of the year and MacDiarmid Young Scientist of the Year, Dr Claire French.

Better economic outcomes

Primary industries drive the New Zealand economy. The University of Auckland provides significant support for, and enhancement of, these primary industries through its skilled graduates and leading-edge research.

About 3,000 highly qualified Engineering and Science graduates from the University each year play a vital role in the continued success of these industries. The establishment of Joint Graduate Schools with CRIs, Plant and Food Research and NIWA, is an



¹'The Economic Value of University Investment', 2010, p.5. 'Social and economic indicators of education', Ministry of Education, 2010, p.2.s.



innovative approach to producing PhD graduates who have experience in industry and have undertaken research in areas of direct relevance to New Zealand primary industries and the associated manufacturing and service industries.

A considerable amount of University research provides benefits for primary industries. UniServices, the University's research commercialisation arm, has worked with many companies in the sector including Fonterra, Frucor, Blue Ocean Fish, Comvita, Zespri, Tegel Foods and Matua Wines. The University's ability to work with

examples of companies that have enjoyed the benefits of the co-location. The partnership with New Zealand Trade and Enterprise enhances the global connectivity of the Institute.

The University's Wine Science programme further demonstrates example of the University's commitment to educating graduates needed by New Zealand industry. With the acquisition of the Goldwater vineyard and winemaking operation through a generous gift from Kim and Jeanette Goldwater, students in this graduate programme now have greater opportunity to be immersed in a

Researchers in the Faculty of Engineering have led the world in developing systems to transmit electric power efficiently without using wires.

global and national partners to provide benefits for primary industries was demonstrated again in 2011 with the launch of a collaborative research programme with Nestlé as part of the EpiGen consortium with AgResearch, and academic and research centres in Singapore and the UK. The aim of the collaboration is to apply epigenetics (understanding how gene function is regulated by environmental factors) to improve human health.

The opening of the new facilities for the Institute for Innovation in Biotechnology in April 2011 illustrates how the University is able to bring academics and industry together to ensure that its research and research facilities provide outcomes that are relevant to the industry. Mature businesses and start-up companies can both access the Institute's services. Nine biotechnology companies are co-located with the Institute on the University's campus and six other organisations are partners in the Institute. The aim of many of these companies and organisations is to add value to primary products – Fonterra's research company ViaLactia BioSciences Ltd, Comvita New Zealand Ltd, and Androgenix Ltd are just three

commercial operation and will spend the first half of their qualification at the vineyard. The University's research programme in wine sciences, which regularly works with industry, research centres and other universities and tertiary education organisations, is also strengthened by the addition of the Goldwater facilities.

With the world's fifth largest coastal exclusion economic zone, marine science is a major part of the country's primary industries. Leigh Marine Laboratory, through its undergraduate and postgraduate education, and extensive research, provides the human capital and innovation to enable the industry to make sustainable use of the marine environment. The Edith Winstone Blackwell Centre allows the public to have a greater understanding of the marine life that surrounds our country and to see how the Centre's research brings about economic, environmental and social benefits to New Zealand.

Primary industry will continue to be important to the New Zealand economy, but diversification into other industries is vital to

continued economic growth. The University's active research staff produce world class research that, through its close relationships with business and industry, can quickly be translated into commercial ventures or implemented in the public sector to bring about improved social outcomes. Students also participate in research for business and industry as part of their degrees. For example 31 students involved in UniServices projects with companies such as BMW and Petronas in 2011.

The development, application and commercialisation of induction power technology exemplifies the University's ability to take fundamental research and apply it to a wide range of situations to meet business' and society's needs. Researchers in the Faculty of Engineering have led the world in developing systems to transmit electric power efficiently without using wires. This technology has been applied in diverse settings including for biomedical implants, wireless security systems, assembly plants, and traffic control and marine systems.

The potential for use in electric vehicles, and the environmental and social benefits of electric vehicles, have long been apparent. The main barrier to the use of this technology in cars was the relatively small gap across which the power could be transmitted. By 2007 it had become clear that the automobile industry was committed to electric vehicles and that techniques for transmitting power across bigger gaps would have significant industry take-up. University and government research funds were invested in overcoming this barrier, resulting in a system that meets all the requirements for use in electrical vehicles.

A University investee company, worked with industry to implement the system and was selected from 400 clean technology companies across the entire cleantech sector to win the Clean Equity Monaco Award for "Excellence in the Field of Environmental Technology Research". The intellectual property of the investee company was sold in 2011 to a major US research and

development company that has committed to ongoing research with the University.

Links between research contributing to diversification, growth and global linkages for the New Zealand economy and improved social and environmental outcomes are not uncommon. For example collaboration with a South Korean research institute and a number of companies has resulted in trials of health robots in New Zealand retirement villages. These robots aid communication and health monitoring but will also potentially reduce patient stress, improve motivation and relaxation, and provide entertainment and mental stimulation for patients. Once again, The University of Auckland is at the forefront of research which could provide real benefits to New Zealanders and the rest of the world.

The University's contribution to a growing and diverse economy is not limited to the sciences. For example, the film industry has grown significantly in recent years, bolstered by the international success of New Zealand-filmed movies. Academic staff members are at the forefront of the industry with Professor Annie Goldson winning the 2011 Aoteroa Film and Television Best Director - Documentary Award for Brother Number One. The University's Film, Television and Media Studies programme provides undergraduate and postgraduate Arts students with hands-on experience and the theoretical background necessary to succeed in the industry.

A significant proportion of students complete degrees that provide them with the skills and knowledge base for particular careers, but teaching and learning at the University is not focused on vocational training. It is aimed at ensuring that graduates are prepared to lead and participate in improving economic, social and environmental outcomes. These qualities are part of every degree, but Arts and Humanities graduates exemplify these attributes. A recent UK study found that 60 percent of successful leaders in the UK hold degrees in Arts, Humanities and Social



Sciences. Graduates in these areas have the skills and the understanding of the past that allow them to understand and critique the present and advise on the future. They have the intellectual tools to investigate, research, develop and evaluate innovative solutions in a wide range of public and private sector settings to provide for not just better economic, but also better social outcomes.

Improved social outcomes

The benefits to the New Zealand economy from public and private investment in the University are significant. The University's contribution to other areas is equally as impressive, with graduates and research that leads to improved health, education and other social outcomes.

The role of teachers, social workers, youth workers and disability workers is crucial to enhancing the lives of individuals, families and the community. The more than 1,400 graduates in these

- The Brain Recovery Unit, an interdisciplinary research and clinical centre opened in 2011, develops new treatments for victims of strokes and traumatic brain injuries.
- Geographers, working with experts across the country, investigate the reasons for disproportionate representation of rural and Māori men in statistics for colorectal and prostate cancers.

Natural disasters, here and overseas, marked 2011. The damage, to infrastructure and to people's lives from the Christchurch earthquakes, has been huge. The University of Auckland has worked with the University of Canterbury and other organisations to assist in the rebuilding of the city. Engineers, some of whom were in Christchurch at the time of the February earthquake, were part of the assessment team investigating structural damage, and then worked to evaluate the reasons why so many buildings were so severely damaged. In a collaboration with the Faculties of Education and Creative Arts and Industries, the University of

Research at the University is aimed at levelling the playing field for educationally disadvantaged students.

professions in 2011 have first-hand experience working in schools, centres and social service agencies. The University offers its teacher education programme in South Auckland and Northland, as well as central Auckland, where there is a strong demand for high quality teachers.

Research at the University is aimed at levelling the playing field for educationally disadvantaged students. The Starpath Project commenced Phase II in 2011 and extended its work from five to 16 schools in Auckland and Northland. It will use research undertaken during the first phase of the project to identify strategies to remove barriers that inhibit students' progression to tertiary education. These strategies will be implemented in up to 40 schools.

The University works with district health boards and other health organisations across New Zealand and employs outstanding researchers to train medical scientists, doctors, nurses, pharmacists and health management professionals who have up-to-date knowledge and experience and are at the forefront of emerging medicine.

Researchers at the University work with health providers and research centres across New Zealand and internationally to address health issues. For example, in 2011:

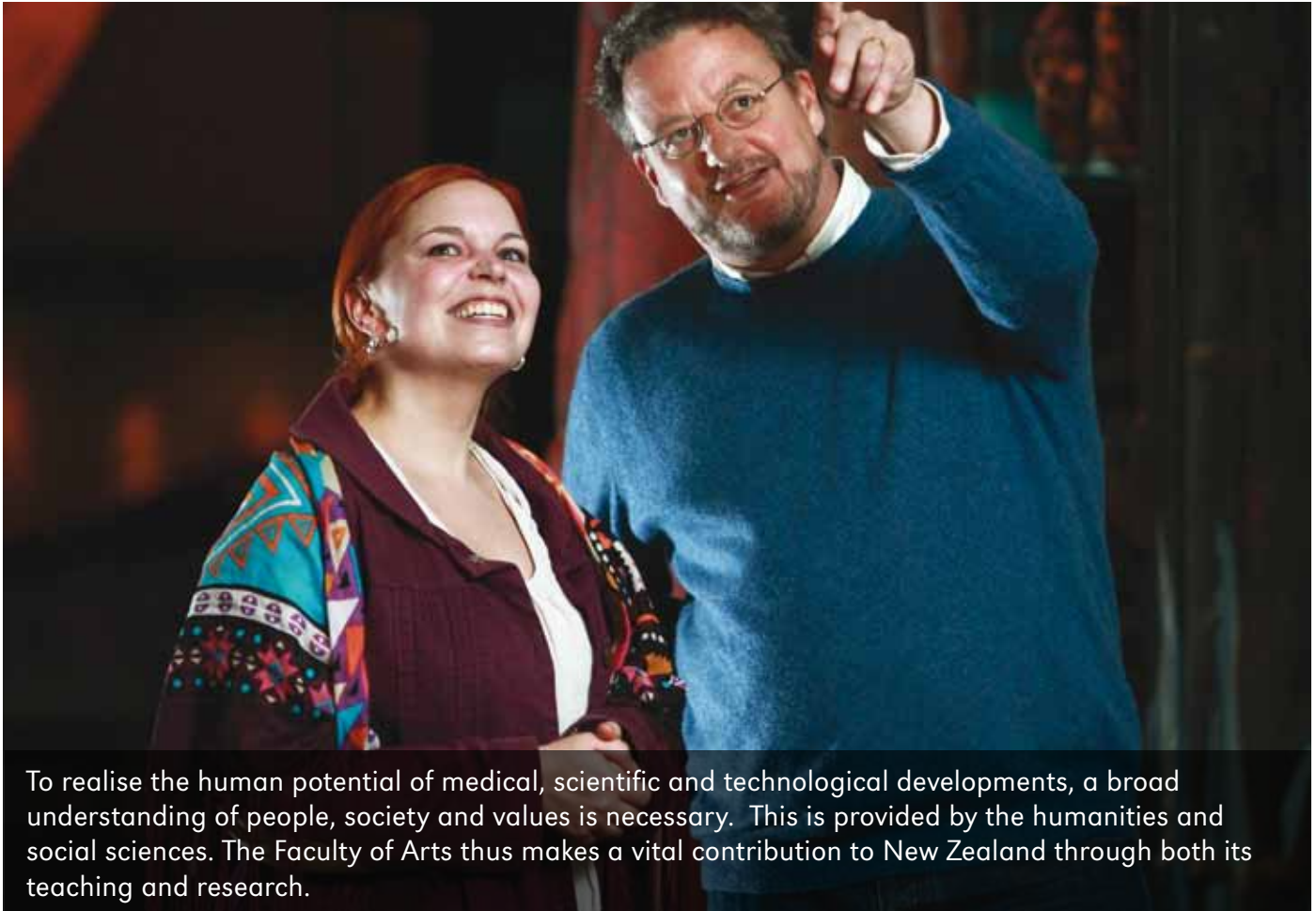
- The University gained funding from the United States' National Institutes of Health for research that is expected to help prevent brain damage in newborn babies with hypoglycaemia.
- Another study, in partnership with hospitals and Institute of Environmental Science and Research also funded by the US, will inform strategies aimed at addressing the spread of infectious diseases.
- The Auckland Cancer Research Centre, the Maurice Wilkinson Centre for Molecular Biology, other researchers in the Faculty of Medical and Health Sciences and international partners have a number of potential cancer treatments in various stages of development. These therapies include an anti-tumour agent and a novel compound that deprives certain cancer cells of energy.

Canterbury and the charitable trust Learning Through the Arts, staff and students worked with teachers in Christchurch schools to help them develop creative tools to assist children deal with the trauma from the earthquakes.

Much of the media attention has been on the need for tradespeople to rebuild Christchurch, but there is also a need for highly skilled planners, engineers, architects and scientists to ensure the city is rebuilt safely and sustainably. Graduates from the University with qualifications in these areas will play an important role in this work.

Highly skilled and diverse graduates who make a major contribution to New Zealand society and economy, a real and significant contribution to diversity and growth in the economy, and benefits to society from University education and research are key outcomes of the public investment in The University of Auckland. As a highly respected institution in New Zealand and internationally, the University is able to work collaboratively with other higher education institutions, research centres, companies and industry organisations to achieve these outcomes. In 2012, the University will strive to further enhance this contribution as it develops its Strategic Plan for 2013 and beyond.





To realise the human potential of medical, scientific and technological developments, a broad understanding of people, society and values is necessary. This is provided by the humanities and social sciences. The Faculty of Arts thus makes a vital contribution to New Zealand through both its teaching and research.

Highlights for the faculty in 2011 have been excellent international rankings, success in research applications to the Marsden fund and awards recognising achievements of staff and students. Following a stunning refurbishment of the Arts 1 building, all our academic units are finally co-located in one sector. The external review of the Bachelor of Arts reported positively, with recommendations for enhancement which we will implement in 2012. A positive mid-term review of Ngā Pae o te Māramatanga continued the funding and endorsed new strategic directions for this faculty-hosted Centre of Research Excellence.

The University's 2011 international rankings for Arts and Humanities (43 THE, 55 QS) attest to the high academic reputation of our scholars. We are in the top 50 universities in Modern Languages (23), Linguistics (31), History (33), English (42), Philosophy (43) and Politics and International Relations (35). Scholars in all disciplines have presented their research to international conferences and we have hosted scholars from around the world at conferences and symposia in Auckland. More than 180 Arts students took periods of study abroad and 350 international exchange students came here. The international engagement of the faculty enhances appreciation of Auckland and New Zealand, indirectly promoting tourism and trade as well as international educational opportunities and research collaboration.

Robust and innovative scholarship and research in the humanities and social sciences is evident in academic publications in 2011 and in research grants awarded. Six colleagues received Marsden Fund research grants, and two others are co-researchers in projects which won funding. Dr Matheson Russell received a University Early Career Research Excellence award. In conjunction with the NZ Asia Institute, the faculty has received three years' support from the Japan Foundation for the appointment of a Professor of Japanese Studies.

Awards recognising members of the faculty in 2011 included: Ngapo Wehi, Queen's Service Medal for services to Māori; Professor Dame Anne Salmond, Kea World Class New Zealand 2011 award for Science, Technology and Academia; Emily Perkins, 2011 Macquarie Private Wealth

New Zealand Arts Laureate Award; Ian Wedde, New Zealand Poet Laureate; Professor Annie Goldson, AFTA Best Director for her documentary, *Brother Number One*, which was released this year to critical acclaim. Dr Yvonne Underhill-Sem and Dr Jennifer Curtin won Fulbright Senior Scholar awards. Associate Professor Frank Austermuehl received a U21 fellowship and a Canadian "Understanding Canada" grant. Associate Professor Tracy Adams received a EURIAS fellowship.

Academic and pastoral support for students is a strong focus of the faculty's work, and our First Year Experience (FYE) programme was established to support students in their transition to tertiary study. Both our FYE manager, Carol Cameron, and a student mentor, Adam King, received University awards for their work on this programme.

The faculty contributed scholarly expertise in many different ways to Auckland and New Zealand in 2011, notably through introduction of a Pacific Heritage Artists-in-residence programme at The Centre for Pacific Studies, and through work with the departments of Health, Justice, Education and the Ministry of Social Development on an MSI-funded project to construct a computer-based simulation model as a decision-support tool for policy-making in the early life course. Other contributions included holding workshops, providing expert advice and public commentary, leading government task forces, participating in review boards and committees, participation in the Waitangi Tribunal and cases presented to its briefings for NZ diplomatic staff, and offering excellent resources in support of the work of school teachers through disciplinary conferences and seminars.

Today's graduates must know how to acquire the knowledge and skills for success in a rapidly changing environment. Most importantly, they need the ability to understand and reflect critically on the options before them as citizens, based on broad understanding of people and society. Arts graduates display these achievements, succeeding in a wide variety of occupations, including public and business leadership, international trade, media and the arts, social services and education.



The University of Auckland Business School is recognised internationally as one of Asia-Pacific's foremost business schools, and continues to make an important contribution to New Zealand through engagement with the economic challenges of innovation and value creation, and the provision of informed commentary.

Eduniversal's 2011 Survey of Business School Deans ranked the faculty as one of the leading Business Schools in Oceania (second to the University of Melbourne) while the 2011 QS subject area rankings placed Accounting and Finance at 33, Economics/Econometrics at 37, and Computer Science and Information Systems at 40. The 2011 year was characterised by three strategic priorities: innovation and change in our undergraduate portfolio, both in terms of programmes and student profile and mix; preparation for PBRF; and achieving the "matched funding" challenge set by the Plowman family as part of the "Building a World Class Business School" capital campaign.

New integrated core courses were rolled out in our first-year programme and team-based learning was introduced. International enrolments increased by five percent while overall undergraduate growth remained stable. PhD enrolments grew strongly though overall research enrolments declined by around 15 percent.

This year saw the development of the school's first set of Strategic Research Themes: Innovation and Value Creation, Succeeding in International Markets, Productivity and Sustainability, and Leadership and Governance. Focused on enhancing our research relevance and impact, these themes will provide the framework for guiding our investment decisions in people and programmes.

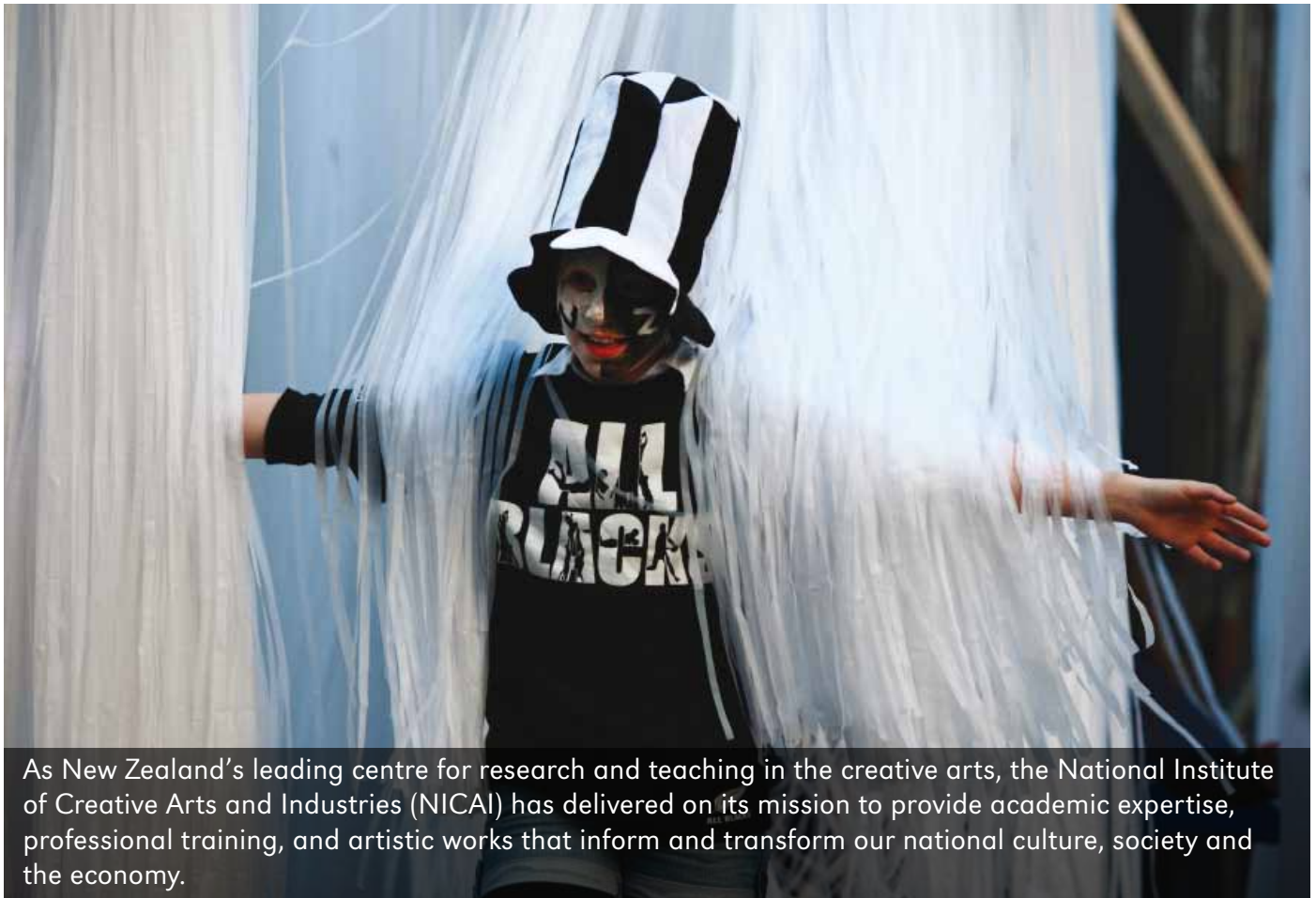
Many academic and professional staff members won accolades for their work this year: Dr Siah Hwee Ang and Dr Tony Endres were promoted to professor during the year and Professor Peter Phillips was appointed a Distinguished Professor of the University. Professor Peter Boxall received an Emerald Management Reviews Citation of Excellence Award 2011 for co-authoring one of the world's 50 most highly cited articles published in a management, business or economics journal in 2007; Dr Ross McDonald was recognised as one of NZ's outstanding business educators with a national award for Sustained Excellence in Tertiary Teaching; Amanda Stanes was the recipient a University Professional Staff Excellence award for Excellence in Contribution to Engagement with Communities. Staff excellence was also evidenced by the appointments of Professor Basil Sharp

to the Landcare Research Strategic Science Advisory Panel; Professor Michael Myers to the Chair of the Advisory Board of the Aalto University School of Economics; and Ms Cecilia Tarrant (Executive in Residence) to the Board of Directors of Fletcher Building Limited as well as Director of the Government Superannuation Fund Authority. The Dean, Professor Greg Whittred, was appointed to the Auckland Council's newly constituted Business Advisory Panel and is also the Deputy Chair of the Māori Economic Development Review Panel, a group established jointly by the Ministers of Maori Affairs and Economic Development. Ms Sue Laurenson was appointed to the European Foundation for Management Development's EPAS (programme accreditation) Board.

The school continues to engage with the economic challenges of innovation and value creation through our entrepreneurial ecosystem, comprising SPARK, Chiasma, The ICEHOUSE and the UABS Entrepreneurs' Challenge. The latter, supported by expatriate businessman Charles Bidwill, entered its third year in 2011. Four companies were awarded funding and mentoring support in 2011, bringing to ten the number of companies that have received support totalling \$3 million in the last three years. Additional funding increased the total available for investment in growth-oriented New Zealand small and medium-sized businesses to \$5million.

The Global Executive Leadership Programme was launched during the year, with 23 experienced CEOs participating. This programme has been developed in conjunction with US-based Thunderbird School of Global Management and business growth centre, The ICEHOUSE. Underwritten by NZTE, it aims to assist New Zealand companies that already have substantial overseas operations to maximise their international growth potential.

The Dean's Distinguished Speaker Series continued to engage external stakeholders with outstanding contributions from international guests throughout the year including Professor George Foster (Stanford), Professor Richard Whittington (Oxford), Professor Garrett van Ryzin (Columbia), Professor Robert Lusch (Arizona) and Professor Joanne Ciulla (Richmond).



As New Zealand's leading centre for research and teaching in the creative arts, the National Institute of Creative Arts and Industries (NICAI) has delivered on its mission to provide academic expertise, professional training, and artistic works that inform and transform our national culture, society and the economy.

In 2011, NICAI pursued a number of initiatives and activities that enhanced the excellence of its academic programmes, supported the production of high quality research and creative work, and fostered interdisciplinarity, partnership and collaboration in its teaching and research. This has been an outstanding year of achievements by NICAI staff and students in respect of engagement with local, national and international communities.

Associate Professor Michael Parekowhai (Elam School of Fine Arts) represented New Zealand at the world's most prestigious contemporary arts exhibition, the 54th International Venice Biennale. His sculptural installation - "On First Looking into Chapman's Homer" - incorporated music and performance, and attracted an audience of over 40,000 visitors from across the globe.

The University Chamber Choir (School of Music) embarked on a tour to Singapore and the UK, performing at such prestigious venues as the Esplanade Concert Hall, Singapore; St Pauls Cathedral, London; Windsor Castle; and Christ Church at Oxford. It also performed at the Vice-Chancellor's annual alumni event at the Royal Society in London.

The School of Architecture and Planning continued to play a leading role in the University's partnership with UN Habitat. This year, the faculty hosted two eminent visitors: Dr Gulelat Kebede, a UN Habitat Fellow and Chief of the Training and Capacity Building Branch of the Human Settlements Programme; and Cameron Sinclair, founder of Architecture for Humanity, a charitable organisation that seeks architectural solutions for humanitarian crises and provides design services to communities in need.

The Dance Studies Programme built up a strong presence in the Pacific Region, promoting its research and teaching profile and developing a network of institutional relations. Staff and students travelled to Fiji to initiate flexible delivery of aspects of the PGDipCPA-Dance Studies programme. They visited the Nanjing University of the Arts, China, to collaborate in joint classes, give a public performance and arrange a reciprocal visit from their hosts. An important partnership has also been

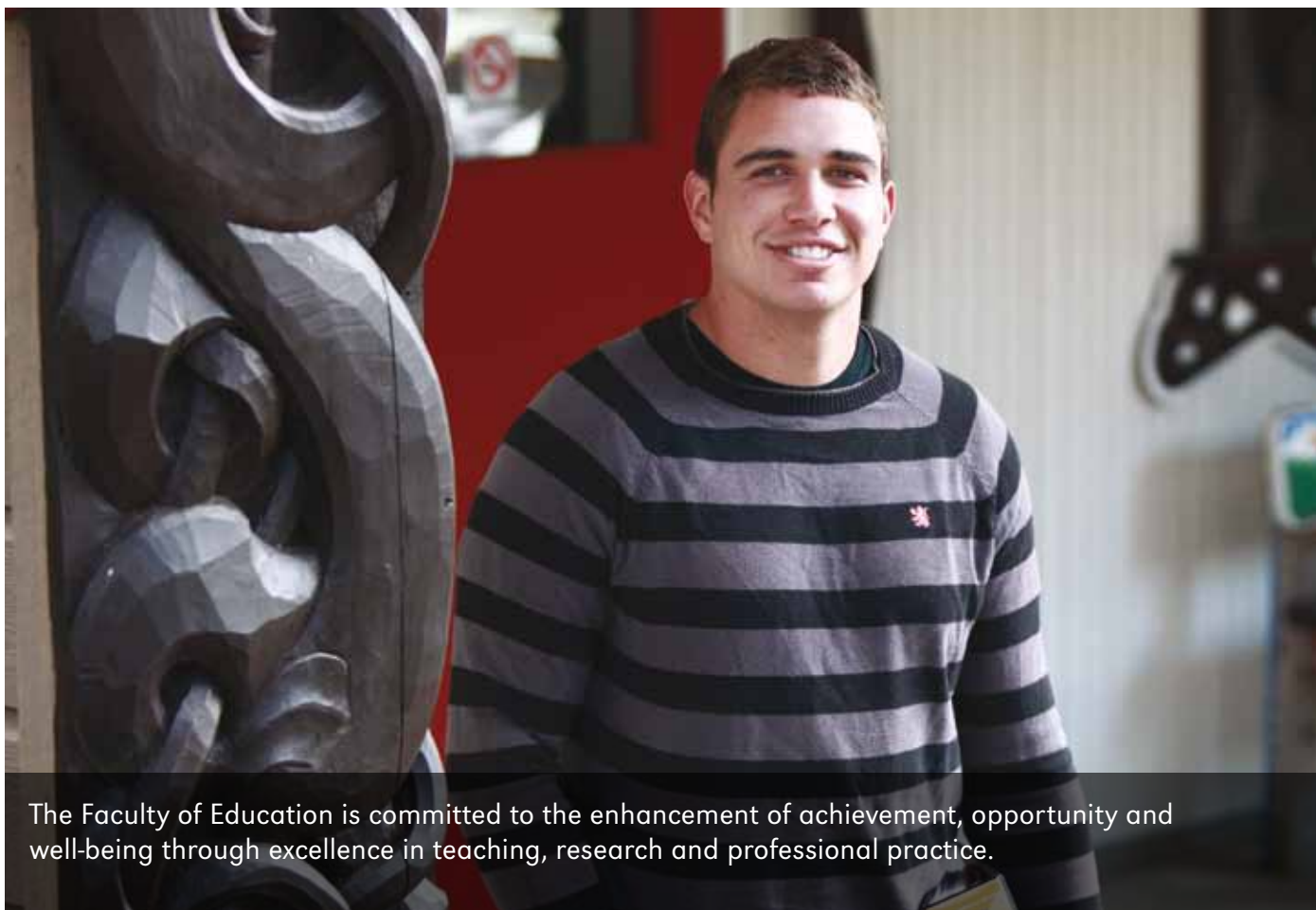
established with Beijing Dance Academy. Through his leadership in the World Dance Alliance, Head of Dance Studies Associate Professor Ralph Buck has been instrumental in the UNESCO decision to promote an International Week of Arts Education in May 2012.

At a national level, the University's Transforming Auckland initiative, hosted by NICAI, held Research Symposiums in February and November. The goal was to develop new research enquiries into the challenges of urban sustainability in Auckland and other New Zealand centres. As a result, a partnership has been established with the Auckland Council on urban intensification and in support of research projects on housing, water, solar energy, transportation systems, and the greening of Auckland.

Key ideas from The Studio Pedagogy Symposium (hosted by the faculty in February) were put into practice with NICAI's involvement in the Rugby World Cup celebrations. This pan-faculty teaching project known as "The Fan Trail Project" was one of the highlights of the year culminating in a series of public displays and performances by NICAI students. Over 11 nights, the students engaged with a total of 77,000 international and local visitors, showcasing our creativity and emerging talent. Staff and students received major critical acclaim in web, print and television media as well as across the University.

A series of actions and initiatives relating to enrolment targets, progress on PBRF preparation, equity goals and staff retention have been put in place. Key among these is the Admissions Project, to process enrolments and improve student support. An International Student Buddy Programme has been established and an improved framework of support has been developed for postgraduate students. Examples of successful initiatives are: student forums and debates, training for supervisors, methodology sessions, scholarships, writing programmes, and retreats.

Committees of PBRF Champions and Mentors, composed of experienced academics, have been established within each School to assist staff members in the preparation of Evidence Portfolios (EPs) for the forthcoming PBRF census.



The Faculty of Education is committed to the enhancement of achievement, opportunity and well-being through excellence in teaching, research and professional practice.

A major focus of faculty work in 2011 has been on building research capacity. Six Research Themes have been developed, and research networks have been established to encourage research collaboration across the faculty and University and to support postgraduate research students. As a result of a concerted recruitment drive the faculty has significantly increased senior research leadership including three new professorial appointments, and three joint professorial appointments with universities in the UK and US. These appointments have significantly expanded doctoral supervision capacity, and coincide with a broader reorganisation of doctoral supervision.

Significant research collaboration advantages have been generated by the co-location of the Woolf Fisher Research Centre, The University of Auckland Centre for Educational Leadership, and Starpath into a large open-office area. This enables the formation of much closer connections between the researchers in these centres. An additional 16 secondary schools have joined the Starpath programme.

The faculty is strengthening connections between researchers and professional developers, and remains actively involved in the provision of professional learning and development in the areas of Leadership and Assessment and Literacy/ESOL. In 2011, we secured two major professional learning contracts in these areas in partnership with Learning Media Ltd. and Evaluation Associates.

The faculty has also been successful in winning new Ministry of Education contracts for the delivery of professional learning and development in Māori-medium settings and in te reo Māori for English-medium settings, and has secured the secondary student achievement and NCEA contracts for the Auckland, Northland and central North Island regions.

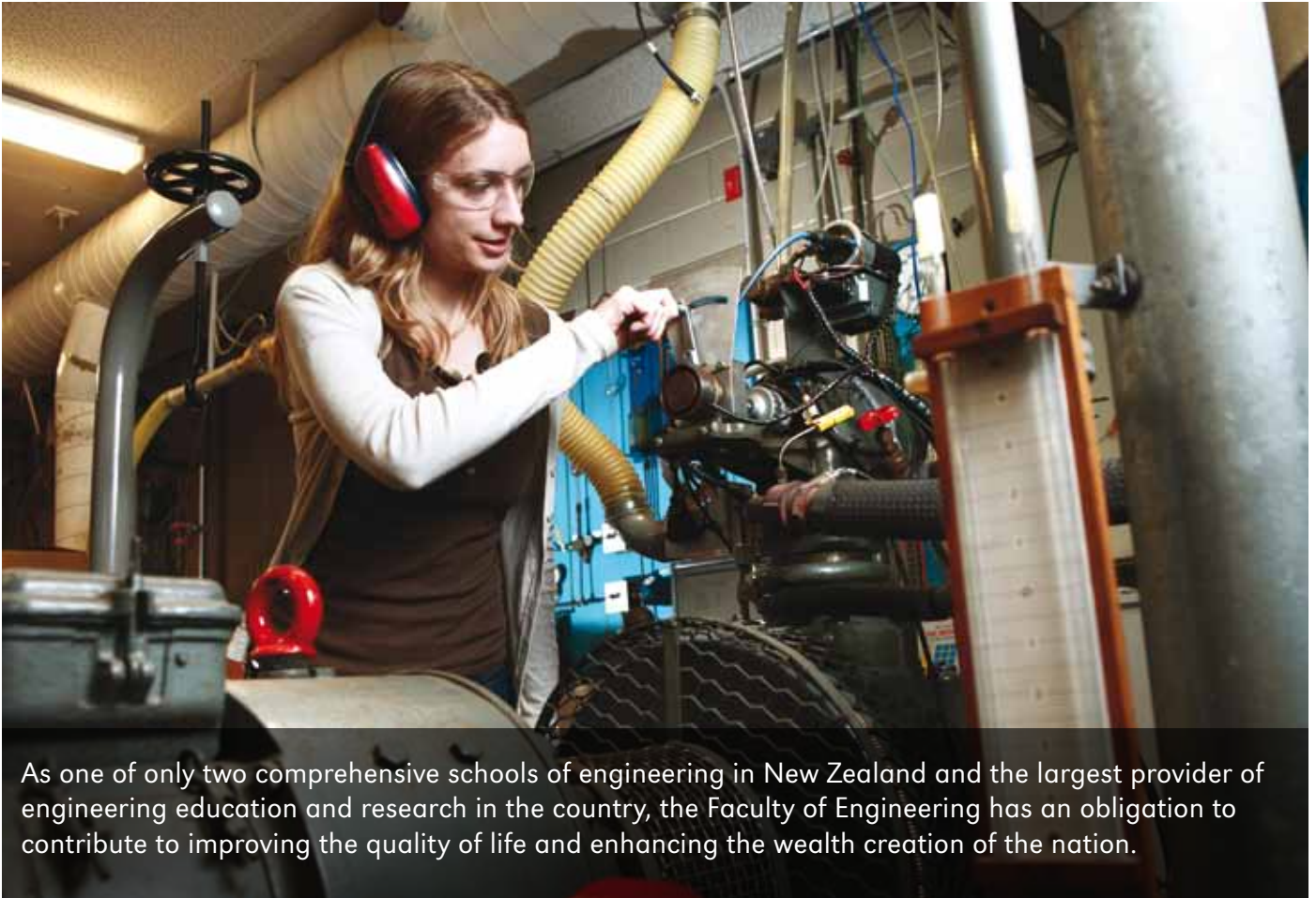
The quality of the student intake continues to improve, and enrolment of students from equity groups has increased. Postgraduate research EFTS have increased, assisted by the appointment of a full-time doctoral administrator and promotion of cohort-based support for masters thesis students.

A new Postgraduate course website has been launched allowing prospective students to search over 80 education courses offered by search categories such as area of study, semester and delivery mode. The significant amount of internet traffic and feedback suggests that this website is proving very useful in assisting students to choose courses.

The faculty held a symposium on Quality Teaching in Higher Education in February, initiating discussion about the ongoing development of teacher education programmes; a paper on quality teaching has been widely disseminated in the University.

The value of faculty teaching has been promoted through Teaching and Learning Showcases that disseminate innovative and effective practice to colleagues, and through events celebrating the achievement of national teaching awards and recognising outstanding faculty teaching. Teaching and learning scholarship has been advanced through the JAM (Just a Minute) project, developed in collaboration between the Centre for Educational Design and Development and the Associate Dean (Teaching and Learning). Short podcasts on a range of teaching and learning topics have been produced.

Staff members have been recognised nationally and internationally for their excellence and contribution to education: Wayne Mills was made a Member of the New Zealand Order of Merit for services to education; Professor Stuart McNaughton was made an Officer of the New Zealand Order of Merit for services to education; Distinguished Professor Viviane Robinson was made a Fellow of the American Educational Research Association for sustained excellence in educational research; Rena Heap received a national award for Sustained Excellence in Tertiary Teaching; and Associate Professor Toni Bruce was appointed President-Elect for the North American Society for the Sociology of Sport (NASSS), the first international member to serve in this role.



As one of only two comprehensive schools of engineering in New Zealand and the largest provider of engineering education and research in the country, the Faculty of Engineering has an obligation to contribute to improving the quality of life and enhancing the wealth creation of the nation.

To achieve its economic and social goals the nation requires a steady supply of engineering graduates. However, the proportion of graduates leaving university in New Zealand with a degree in Engineering is the lowest among OECD countries. In response to this situation we have developed a long-term plan to increase entry numbers. This will require increased student funding and an enhancement of the faculty's physical infrastructure.

A significant innovation in the undergraduate programme in 2011 was the introduction of an interdisciplinary Systems Engineering team project which brought together interdisciplinary groups of students to address the topic "How to fix Christchurch". The success of the course has substantially underpinned Systems and Scenario-based learning as a long term "smart" way ahead for the faculty.

To address the requirements of industry, the Master of Energy degree and the Master of Engineering Studies in Medical Devices and Technologies were offered for the first time in 2011. Enrolments exceeded expectations and the programmes have been well received by industry. Approval was also obtained for new taught masters programmes in Yacht Engineering and Food Process Engineering.

The recently re-established Geothermal Institute has been awarded \$1million from Mighty River Power to fund a chair in Geothermal Reservoir Engineering. The institute also benefits from 25 international postgraduate student scholarships in geothermal energy, funded by the Ministry of Foreign Affairs and Trade, which have significantly enhanced the faculty's ability to attract such students.

The faculty's interdisciplinary Research Themes – addressing globally significant issues such as sustainable energy, quality of life, a vibrant economy, and the future of our cities - have begun to establish momentum and develop structure. In 2011 a series of Dean's lectures was held in conjunction with research showcase events, attracting large numbers of delegates from the relevant industries. A further pan-University programme, Innovation in Manufacturing and Materials, was established.

A major achievement for the faculty during the year was the multi-million dollar deal with Qualcomm who bought the license rights to the wireless electric vehicle charging technology that has been developed within the faculty by Professor John Boys, Associate Professor Grant Covic and Associate Professor Udaya Madawala. This is believed to be the largest commercialisation deal to be completed by a university in Australasia.

Planning for the redevelopment of buildings at the City and Tāmaki campuses, together with new building at Tāmaki is well advanced. The project includes the provision of state-of-the-art Multidisciplinary Laboratories and Active Learning Spaces to facilitate contemporary ICT-Rich Pedagogies and Learning Environments.

During 2011, staff and students from the faculty had many successes and were involved in a number of notable activities for the benefit of national and international communities. Professor David Ryan received the prestigious Royal Society of New Zealand Pickering Medal in recognition of excellence and innovation in the practical application of technology. Professor Debes Bhattacharyya and Professor John Boys were appointed Distinguished University Professors. Professor Bruce Melville was elected as a Distinguished Fellow of the Institution of Professional Engineers New Zealand (IPENZ). Professor Mick Pender, Associate Professor Charles Clifton, Associate Professor Jason Ingham, Dr Rolando Orense, and Dr Liam Wotherspoon jointly received the 2011 IPENZ Fulton-Downer Gold Medal in recognition of their outstanding contribution in the response phase following the Canterbury earthquakes. Associate Professor Rosalind Archer was awarded the Society of Petroleum Engineering's Regional Distinguished Achievement Award for the Southern Asia Pacific region. Professors Murat Balaban and Brent Young were appointed to newly established Chairs in Food Process Engineering.

A group of students from the Department of Electrical and Computer Engineering called "Team One Buzz" made the top six in the finals of the Microsoft Imagine Cup in New York, the world's premier student technology competition.



With an international reputation for academic excellence, the Faculty of Law plays a key role in New Zealand's legal community, both through participation in national debates, discussions and research about legal and policy matters, and through the contribution its graduates make to the legal community and to wider New Zealand society.

The faculty had a very successful year in 2011. In July it was ranked one of the top 20 law schools in the world in the QS World University Rankings. This was the best result for any department or faculty in the University as well as being the best result of the six New Zealand law schools.

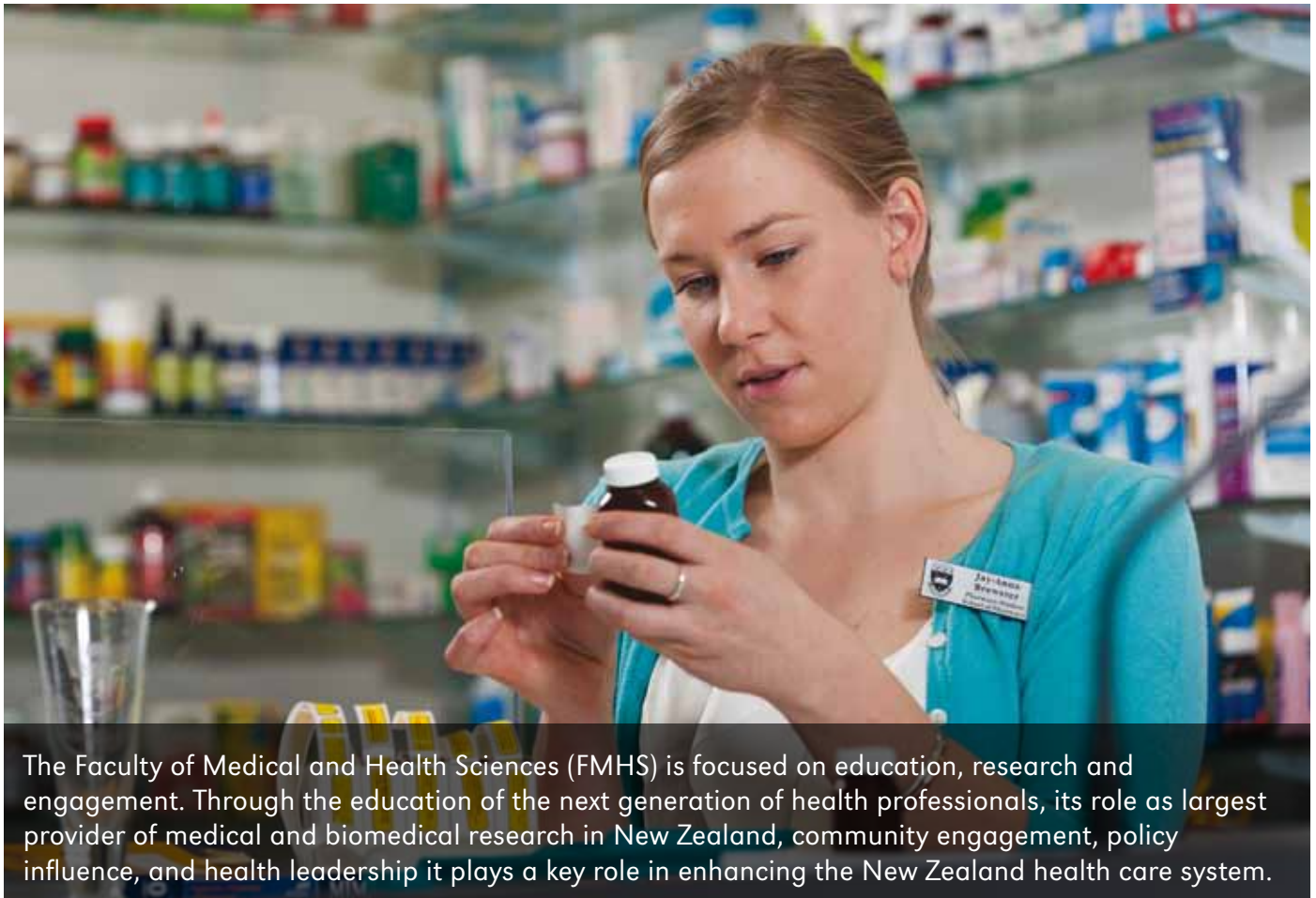
The Auckland Law School has the largest range of undergraduate and graduate programmes of any law faculty in New Zealand and attracts high calibre students. For the fifth consecutive year, Auckland students won the national mooting championships and will represent New Zealand at the Jessup International Mooting competition. The *Auckland University Law Review* is run by students and publishes outstanding student work. The student editors of the *Law Review* organised a symposium in October which included contributions from former student authors, including the Chief Justice, Dame Sian Elias, and the Principal Youth Court Judge, Andrew Becroft. Pacific law students presented papers at the Law and Culture conference in Vanuatu in August. Two dozen Māori law students took part in the Law School's annual Haerenga, informing and enthusing large numbers of school pupils in the upper North Island about studying law at the University.

One of the most important developments of 2011 was the establishment of the Chapman Tripp Chair in Corporate and Commercial Law. This is the first time a law firm has provided funding for a professorial chair in New Zealand and will help ensure that Auckland remains a national and international leader in corporate and commercial law. The faculty appointed two new lecturers in commercial law later in the year. Nineteen members of the faculty currently teach and research some aspect of corporate and commercial law. The faculty has significant research and teaching expertise in arbitration, banking law, equitable remedies, European commercial law, intellectual property, international trade law, maritime law, private international law, and tax law, and it publishes the *New Zealand Business Law Quarterly*. The Law School offers a wide range of domestic and international commercial law papers in its undergraduate and postgraduate programmes. There are currently 22 such elective courses in the LLB programme and 13 company and commercial law papers were offered in the 2011 LLM programme.

As has become usual for the Master of Laws programme, a number of courses were taught by leading scholars from universities as diverse as Oxford, Vienna, Bergin, George Washington, and Virginia. In 2011 the faculty hosted major visits by, among others, the Legal Research Foundation Visiting Scholar, Mark Elliott (University of Cambridge), the New Zealand Law Foundation Distinguished Visiting Fellow, Ben Boer (University of Sydney), and the Cameron Fellow, Carol Rose (Universities of Arizona and Yale).

The faculty established the New Zealand Centre for Human Rights Law, Policy and Practice in late 2011. The Centre will be directed by Kris Gledhill, a senior lecturer whose former London practice included human rights law and who teaches a popular elective course on International Human Rights Law.

Faculty members are major contributors to the international network of legal scholarship. They publish in international journals and present their research at international conferences. Staff achievements in 2011 included Chris Hare being awarded the New Zealand Law Foundation's International Research Fellowship and Richard Ekins receiving an Early Career Research Excellence Award. Professor Ron Paterson was made an Officer of the New Zealand Order of Merit (ONZM) for services to Health, including ten years as New Zealand's Health and Disability Commissioner. Former Dean, Justice Grant Hammond, became a Knight Companion. Professor Paul Rishworth demitted office as Dean at the end of 2010 and was succeeded by Dr Andrew Stockley. Professor Janet McLean returned to the faculty, having spent the last five years as Professor of Law and Governance at the University past of Dundee.



The Faculty of Medical and Health Sciences (FMHS) is focused on education, research and engagement. Through the education of the next generation of health professionals, its role as largest provider of medical and biomedical research in New Zealand, community engagement, policy influence, and health leadership it plays a key role in enhancing the New Zealand health care system.

Overall the standing of the faculty was reflected in retaining its top 50 position in the annual Times Higher Education World University Rankings in the area of Clinical, Pre-clinical and Health and remains the only New Zealand health education institution to feature in the top 50.

At the heart of the faculty's achievements are its outstanding staff and in 2011 this was reflected in the appointment of five Distinguished Professors; Professor Bruce Baguley (Co-Director Auckland Cancer Society Research Centre), Professor William Denny (Co-Director Auckland Cancer Society Research Centre), Professor Richard Faull (Department of Anatomy with Radiology, CBR, School of Medical Sciences), Professor Jane Harding (Deputy Vice Chancellor, Research), and Professor Ian Reid (Acting Dean).

In 2006 the University started a comprehensive plan to reinvigorate the Grafton Campus, supported by an investment of \$240 million. This year saw the completion of the major new building and the opening of laboratory facilities including the state-of-the-art high containment PC3 laboratory which will support critical research looking into the treatment of infectious diseases. In partnership with Counties Manukau DHB and two other tertiary institutions we opened Ko Awatea in 2011. This is a new state-of-the-art learning hub for health students at Middlemore Hospital. As part of the development and integration of a "health quadrant" the Department of Anaesthesiology's Simulation Centre for Patient Safety at the Tāmaki Innovation Campus was opened and fully commissioned.

Reflecting the commitment to bring together education, research and community engagement the Brain Recovery Clinic was launched in 2011. An initiative of the Centre for Brain Research, the clinic brings together brain scientists and expert clinicians aiming to deliver cutting-edge research from the laboratory directly to the community.

The faculty's focus on postgraduate research continued, with another record year for both doctoral enrolments and completions. The number of international doctoral students continues to increase; three Dean's International Doctoral Scholarships were established (and awarded) in an effort to attract further top quality students to study in Auckland.

The faculty enjoys wide ranging relationships with District Health Boards and other healthcare providers across the upper North Island. We are working with the Auckland District Health Board to develop New Zealand's first "academic health sciences alliance" based on the Grafton Campus. This new development will draw on the strengths of the country's largest tertiary hospital and clinical service provider, to create one of the largest biomedical and health education and research hubs in Australasia.

Senior faculty staff made major contributions to the wider New Zealand Health Care System through leadership of Health Workforce New Zealand (Prof Des Gorman), the Health Quality and Safety Commission (Alan Merry), the National Health Committee (AP Anne Kolbe) and mortality review committees (Professors Cindy Farqhar and Iain Martin).

Faculty researchers have been successful in winning a number of big external contracts, particularly in the area of "partnerships" with the Ministry of Health and the Ministry of Social Development. We have had a very successful year to date with respect to philanthropic support, in particular with a generous donation to establish the new Marijana Kumerich Chair in Leukaemia and Lymphoma research. Freemasons New Zealand announced a PhD Fellowship in Ophthalmology, further to their existing support, in recognition of their 30 year relationship with us.

Last year the faculty's Learning Technology Unit launched a new learning technology support site - called Teaching Plus - which organises technologies around various teaching functions. For example presenting and structuring information and encouraging interaction and collaboration.

Professor Alan Merry was appointed as Head of School of Medicine, and Professor John Fraser was appointed the new Dean (from February 2012). The inaugural Heart Foundation Chair of Heart Health was appointed. The faculty's previous Dean, Professor Iain Martin, left in October to take up a new role within the University. The faculty thanks him for his leadership over the past six years, and for leaving us in a strong position and with clear direction.



During 2011, the Faculty of Science enhanced its status as a leading science faculty and continued to anchor the research excellence and postgraduate teaching of the University. Public investment in the faculty led to significant contributions to New Zealand through our teaching, research and community service.

The faculty's international standing, as measured by the QS World University Ranking, improved with the majority of our disciplines attaining top 50 rankings. This reflects the sustained faculty-wide academic excellence and strongly committed staff, with an array of notable individual successes. These included two National Teaching Awards, one new Elected Fellow, one early career excellence in research award, three Rutherford Discovery Fellowships and numerous international accolades. International student enrolments again increased, mostly in research postgraduate programmes, reflecting our growing international reputation. The cornerstone of the faculty's contribution to society was the education of approximately 6,000 undergraduate full-time students with a strong emphasis on the skills desired by employers, preparation of a teaching and learning strategy, and a range of new initiatives from the newly established faculty Teaching and Learning Innovation Group.

Research-postgraduate student numbers and masters theses completions increased in 2011, and there were approximately 100 doctoral completions. The advanced education, sophisticated research training, and creative research projects undertaken by our postgraduate students are an important contribution to society. Actions to step up postgraduate student enrolments included implementation of joint graduate schools with Plant & Food Research and Landcare Research, establishment of a joint graduate school with NIWA, establishment of summer scholarships for international students, website improvements, on-going efforts to raise more postgraduate scholarship funding, and the approval of a range of new collaborative taught-masters programmes.

Research outputs in refereed journal articles, conference proceedings, reports and books continued to grow steadily, exceeding 1,000 publications. Citations showed comparable strong growth. UniServices contracts have held steady in 2011 and there were a number of significant successes in the Marsden and HRC Funds for both early career and senior researchers. Twenty five records of invention were advised to UniServices.

Steps taken to support research included the appointment of ten new research leaders and the implementation of a research incentive scheme.

Faculty staff led the successful bid for the National e-Science Infrastructure. The Centre for Microbial Innovation was established as a "one-stop shop" for companies to access microbiological expertise in the food and environment area. The Innovative Materials and Manufacturing (IMM) Programme was launched in partnership with the Faculty of Engineering.

Five new drugs from the Maurice Wilkins Centre entered commercialisation in 2011 – a record that few research groups worldwide could emulate. Collaborations with several CRIs and universities were enhanced and the faculty has also begun to build on international linkages. The Institute for Earth Science and Engineering (IESE) had another successful year, including the "popular science" coup for the year – demonstrating that the earth really did move during the Rugby World Cup final.

Two of the many examples of the faculty's contributions to its communities through its research are the opening of a stroke rehabilitation clinic by the Centre for Brain Research that will operate in association with The University of Auckland Clinics, and the publication of the book *Psychology for a Better World* – one of many of our publications aimed at making a difference to our communities.

The Interpretative Centre at Leigh was opened during the year as was the Thomas Building extension to house biology research groups and research-intensive biotechnology companies associated with the Institute for Innovation and Biotechnology.

The faculty has been very active in the promotion of science in the community. Specific activities in this regard have included work by our Kaiarahi to extend outreach to schools, and to improve recruitment and retention of Māori and Pacific students. In addition, the faculty organised the highly successful "Virtual Incredible Science", "Girls into Science Day", and "Talking Science" programmes and continued to support secondary school teachers through deployment of "Best Choice" software and the hosting of "teacher days" in specific subjects.



The Auckland Bioengineering Institute (ABI) fosters the translation of intellectual property generated by its research into commercial outcomes that generate knowledge-based employment in New Zealand.

The ABI has enjoyed a further strong year in terms of its basic and applied research activity. It has expanded its key research outputs, strengthened the capacity and leadership of its constituent research groups and reinforced its reputation as an international leader in the fields of bioengineering and computational physiology.

This performance is reflected by publications in international journals, invitations to speak at influential international conferences, and the recognition of our staff in university promotions rounds. The institute has increased its collaborations with distinguished international researchers and is a key member of numerous successful international research initiatives.

The growth in PhD enrolment at the ABI over the past three years has led to the development of a strong graduate student culture and the institute is committed to recruiting and supporting excellent early and mid-career researchers. Dr Thor Besier returned to New Zealand from Stanford University to take over leadership of the musculo-skeletal group. Dr Justin Fernandez, a key member of the group, was awarded one of two Aotearoa Foundation ABI research fellowships. The other fellowship was awarded to Dr Jenny Kruger, who is leading research on pelvic floor function during and after childbirth. We are also excited by the appointment of alumnus Dr Mark Sagar who comes to Auckland having achieved international success in the US and at WETA Digital for his work in film animation. Mark will direct the new Laboratory for Animate Technologies and this appointment will strengthen existing linkages between the ABI and the NZ film industry.

Innovative research being carried out by the biomimetics research group led by Associate Professor Iain Anderson has attracted significant international interest, and has featured in print or online in *The Economist*, *New Scientist*, *Der Spiegel* and *Scientific American* during the year.

Institute members are actively participating in initiatives to set up a national Consortium for Medical Device Technologies (CMDT) and with the Faculty of Science to establish a project to model the bovine rumen.

During the year, funding has been confirmed for the ABI as a contributing centre in a major US NIH grant (the Virtual Physiological Rat) and institute members are named investigators on other multi-centre international grants currently under consideration.

The institute views the development of intellectual property and spin-off companies as an important output, providing a tangible example of the benefits of government investment in basic research in science and technology. The recent merger of one such company, Telemetry Research Ltd, with American-based Millar Instruments will provide a more stable financial platform that will enable research and development to expand here in New Zealand.

We maintain ongoing relationships with Fisher and Paykel Healthcare and Industrial Research Ltd (IRL) and have identified several areas where there are opportunities to engage further with industry.

The Director, Professor Peter Hunter, has extensive national and international commitments as Chair of the Marsden Foundation, President of the Physiological Society of New Zealand, member of the Council of the International Union of Physiological Sciences (IUPS) and as a leader of the International Physiome initiative and the research programmes that have flowed from it. Other Institute staff also make significant service contributions both within the University and in the wider research community, and there were plenary lecturers and featured speakers at a large number of international conferences in 2011.

Refurbishment of Level 1 at 70 Symonds St is now complete, providing shared research and commercial incubator space sufficient to meet projected growth over the next two years. Our need for access to wet laboratory space has been resolved with the help of collaborators in the School of Medical Sciences and through our links with the Maurice Wilkins Centre. We have occupied a new purpose-developed research surgical laboratory at the Grafton campus that we use with colleagues from Auckland City Hospital.



The Liggins Institute's research produces knowledge towards a healthier start to life for future generations, reduced susceptibility to common diseases such as diabetes and obesity, and advances in breast cancer treatment.

We are committed to conducting and communicating world class, translational research that is relevant to our community and to supporting the development of tomorrow's scientists. There were many highlights in 2011. From July, a series of celebratory events marking our tenth anniversary were held profiling the key research milestones and achievements through the institute's history. Professor Sir Graham Liggins was honoured for both his far reaching impact and his lasting legacy in medicine and science. Key supporters of the institute, who have helped make our work possible, were also acknowledged.

In August, "Celebrating 100 years of outstanding science in NZ", a joint celebration of anniversaries of the Cawthron Institute, Nelson (90 years) and Liggins Institute (10 years), was held in Wellington. A public lecture by internationally-renowned scientist and science communicator, Lord Robert Winston, attracted an audience of approximately 1,300.

In December, we celebrated the appointment of NZ fertility expert Dr Richard Fisher CNZM as Adjunct Professor of Fertility Medicine at the Liggins Institute. The Professor Sir Graham Liggins Memorial Fund was also launched.

Last year was very productive in research and furthering international reach. We achieved the greatest number of research publications in any single year since the institute opened. Drs Mark Vickers and Deb Sloboda particularly excelled with over 20 papers from their group alone.

Professor Jane Harding obtained a prestigious five-year grant for her CHYLD Study (Children with Hypoglycaemia and their Later Development) from the US National Institutes of Health. In December, Jane's outstanding international career and contribution were recognised with the rarely awarded title of Distinguished Professor.

The year also saw the successful establishment and recruitment of a new University of Auckland Chair of Nutrition, Professor David Cameron-Smith. This appointment reflects the growing awareness of the important part nutrition plays from before conception through to adolescence in

determining long term health and disease risk. It will facilitate collaborative nutrition research opportunities between Liggins researchers and other faculties within the University, industry, other universities and CRIs.

Strides in international collaborations continued to be made. The pilot collaboration with the University of Copenhagen (Associate Professor Frank Bloomfield and Dr Mark Oliver) was successfully completed and Liggins Institute staff were hosted in Bangladesh to explore future research links with the Bangladesh Government.

Our scientists continue to be in high demand for presentations and as keynote speakers at international symposia. Professors Wayne Cutfield (Director), Jane Harding and Sir Peter Gluckman also participated in the World Universities Network Conference, where a Statement Paper on non-communicable diseases was produced for the United Nations.

External recognition for our students' work included the Royal Australasian College of Physicians Young Investigator Award for Paediatrics (Dr Martin de Bock), and the Australasian Paediatric Endocrine Group Young Investigator Award (Dr Natasha Heather).

The institute has continued to enhance communication of life sciences knowledge to the community. Founding director Professor Sir Peter Gluckman's outstanding contribution to science communication was recognised by the award of the inaugural NZ Callaghan Medal.

LENScience, led by Jacquie Bay, has continued to make an extraordinary impact across its breadth of programmes for school students and teachers, particularly in lower decile schools. Two students from our student-scientist mentorship scheme were selected for Genesis Energy's *Realise the Dream* following successes at NIWA's Auckland Science and Technology Fair.

The year also saw the completion of the establishment phase for a LENSscience and Centre for Brain Research collaboration. The collaboration will combine expertise to enhance communication and translation of science knowledge relating to strokes within a broad range of NZ society.



UniServices seeks commercial outcomes from research of value to both the New Zealand economy and the University.

UniServices has three main lines of business: technology development, contract research and development, and education by design. These businesses are based on the world class capabilities, inventiveness and entrepreneurship of our staff.

Total revenue for the year was ahead of budget at \$145.1 million. During this year UniServices successfully completed the largest technology sales in its history. This performance maintains UniServices' rating as the largest organisation of its kind in Australasia. Most of this revenue goes towards research salaries and support of researchers in the University.

The slow growth in global business following the global financial crisis has affected our business domestically and internationally during 2011. The New Zealand government continues to seek reduced central spending and this is affecting the funding by many ministries of public good research, both in amount and emphasis. We are seeing realignment of government funding more in favour of land-based industries and more direct support of business Research & Development. Our response is to remain aware of significant trends and developments among government agencies and business, and adapt our products and processes accordingly. We are putting greater emphasis on growing our income from business both domestically and internationally.

The Government and its various advisory bodies are seeking to realise more value for New Zealand from their investments in research and development. There is a vigorous national debate over how to improve the commercialisation of research. A new National Network of Commercialisation Centres has been sponsored by MSI and we are positioning ourselves to participate in the network by making our processes available to others. An Advanced Technology Institute (ATI) has been announced to support the high value manufacturing industry in New Zealand.

International business is generally difficult and much of this difficulty is with commodity-based industries and among countries with high levels of national debt. There are some bright spots including the high growth Asian

economies, which have relatively few natural resources and which are motivated to innovate their way to economic growth. The global recession has caused a return to basics with a strong appetite in many regions for innovation to provide clean energy, reduced environmental impact, education by design, better nutrition and improved health.

We have balanced our efforts between realising the current year's target for externally funded research and building business beyond 2011. Because of the continued economic uncertainties affecting our domestic and international businesses, and in order to mitigate risks to our business, we phased our investments and discretionary spending over the year. This resulted in some reprioritisation of investment plans to match our changing environment. We have continued to invest any surplus from operations into those areas with the greatest potential for future growth.

UniServices has involved more researchers with commercialisation by providing more opportunities to learn of current market needs and by positioning projects into markets according to their special capabilities and competitive strengths. We have increased our international reach and business development to take advantage of the greater scope for business in certain regions selected for their need for innovation and ability to pay.

UniServices also cultivated closer connections with ministries including those of health and education to anticipate and respond to their changing needs. We continue to work closely with the Research Office to identify the potential for commercial value in grant proposals and to realise this potential through the course of the resultant research.

UniServices took advantage of the investments by the Trans Tasman Commercialisation Fund (TTCF) to increase the number and speed of new licenses and spin-outs resulting from University inventions. Seventy five per cent of the TTCF investments have been into our projects.







3 Statement of Service Performance

Statement of service performance

International relations

International universities of standing contribute to the development of an international body of knowledge – and to the development of their region and country – through the provision of quality education and training, the creation and dissemination of excellent and relevant research, and through the connection of students, staff and ideas with the wider world. Engagement with, and benchmarking against, the world's leading universities helps ensure that The University of Auckland is a university of internationally recognised standard. Increased global engagement and collaboration creates significant opportunities for New Zealand's international business development and diplomacy. As well as contributing directly to GDP through the enrolment of international students, the distinctive educational experience offered by a university of high international standing enables domestic students to develop greater awareness of the wider world, helps international students to understand New Zealand, and creates enduring international relationships to the benefit of New Zealand.

Objective 1

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
1.1 International ranking – QS World University Ranking	61=	68	Top 50	82
1.2 International ranking – Shanghai Jiao-Tong	201-302	201-300	151- 202	201-300

- **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 82. In two subject areas the University was placed in the top 50: Social Sciences (41) and Life Sciences (50). In the QS individual subject rankings, the University was in the top 50 for 20 of the 26 subjects ranked, and placed particularly well in Law (18), Modern Languages (23) and Psychology (27).
- **In the Times Higher Education World University Rankings, The University of Auckland ranked 173 and retained top 50 rankings in two subject areas:** Arts and Humanities (43) and Clinical, Pre-clinical and Health (48).
- **In 2011, the University's ranking in the Shanghai Jiao-Tong World Ranking of Universities was unchanged from its 2010 position.**
- **The University's international relationships allow access to international forums and networks that provide staff with opportunities for development and collaboration.**

The University continues as an active participant in the World Wide Universities Network (WUN), Universitas 21 (U21), the Association of Pacific Rim Universities (APRU), and also in the Australian Group of Eight working groups and committees. In 2011 this included hosting the annual meeting of Universitas 21 Pro Vice-Chancellors/ Deputy Vice-Chancellors (Research) and the 7th APRU Multi-Hazards Research Symposium.

- **Mr David Baker, Director of International Office, was appointed to the Board of Directors of the Asia Pacific Association for International Education (APAIE).** Pro Vice-Chancellor (International) Chris Tremewan was appointed Secretary-General of the Association of Pacific Rim Universities (APRU). A new role, Deputy Vice-Chancellor (Strategic Engagement), to which Professor Iain Martin has been appointed, has been established.
- **Staff of the University made significant contributions to New Zealand international relations and economic policy through hosting and participating in fora and symposia including:** US-NZ Health Innovation Symposium; the National Institute of Child Health and Human Development (USA) Scientific Vision Workshop on Developmental Origins of Health and Disease; an international

gathering of academics as part of the Educating for Equity project; a research collaboration funded by the International Collaborative Indigenous Health Research Partnership (ICIHRP).

- **Over 50 major university-level visits were hosted during the year.** Visiting foreign dignitaries included: the UN Secretary General, His Excellency Mr Ban Ki-moon; the European Commission President José Manuel Barroso, who received an honorary doctorate; China's Minister of Science and Technology, Wan Gang, and Vice Minister of Education, Du Yubo; and the Ambassadors of Spain, Mexico, Argentina, Iran, and Korea. Visits from international universities included the China University of Political Science and Law, Renmin University, Hunan University, Hitotsubashi University, Vietnam's Academy of Science and Technology, Universiti Kuala Lumpur, University College Dublin, Sharif University of Technology, and the University of Tehran. Other visitors included senior staff from UN-HABITAT; the Director of the International Advisory Forum of Brazilian universities; a delegation of Gulf Co-operation Council University presidents; the Korean National Assembly Education, Science and Technology Committee; the

Secretary General of The Association of Commonwealth Universities, and Bahrain's Ministry of Education.

- **The University established an International Central Network Fund to support staff participating in**

activities with U21, APRU and WUN partners. Four staff received support from the fund to develop co-taught postgraduate courses or establish research collaborations.

Objective 2

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
2.1 % International students (EFTS)	11	11	≥ 12	12
2.2 % International postgraduate students (postgraduate EFTS)	15	15	22	16

- **Although the overall percentage of EFTS generated by international students remained unchanged the postgraduate percentage increased slightly from 2010.** The number of EFTS, overall and at postgraduate level, generated by international students increased marginally. The number of international doctoral students increased by 16%.

- **Twenty-nine full-time and three visiting scholarships were awarded by the China Scholarships Council for students undertaking PhD study at the University.** Chile's National

Commission for Research, Science and Technology (CONICYT) awarded scholarships to four Chilean students to undertake PhDs and six to undertake Masters programmes at the University.

- **The University has 95 formal exchange agreements with partner universities in 24 countries.** In 2011 243 Auckland students took the opportunity to study for at least one semester overseas, and were represented at 68 of our 95 international partners. New exchange partnerships were confirmed with University College London (UK),

University of Leeds (UK), and National Taiwan University (Taiwan). An exchange agreement was also signed with WHU - Otto Beisheim School of Management (Germany) to give Masters of International Business students the opportunity to complete some postgraduate courses on exchange.

- **A further 1037 students engaged in a range of other overseas academic activities outside the formal exchange programme.** These included conferences, field trips, summer schools, internships and research.

Research and creative work

The University of Auckland makes a significant contribution to New Zealand society and to its economy through research undertaken by the University's staff and students. The direct outcomes of research are measured by the quality of research staff, publications, patents, the economic benefits of commercialising intellectual achievements and research postgraduate education. The research undertaken by members of the University contributes to human knowledge across a wide range of disciplines, underpins the unique research-informed nature of university education, and creates social, economic and environmental benefits for the country.

Objective 3

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
3.1 % PBRF eligible staff ranked A (FTE)	14	14	14	14
3.2 % PBRF eligible staff ranked B (FTE)	36	36	36	36
3.3 % PBRF eligible staff ranked C (FTE)	34	34	34	34
3.4 % PBRF eligible staff ranked R (FTE)	16	16	16	16
3.5 Citations per FTE (PBRF eligible FTE)	15.2	12.9	≥ 18.5	21.6

- The PBRF ratios used in the performance measures are the official Tertiary Education Commission Research Quality Evaluation results.
- The University has put in place a number of initiatives to achieve the PBRF targets for the 2012 Quality Evaluation round. The University has introduced new publications management software that links to external publications databases. This will assist staff to maintain publication records and develop quality evidence portfolios for submission in 2012. On-line access to publications, provided through associated services encourages international research collaboration and contributes to increased citations.
- Citations per FTE were 21.6, a marked increase from last year's

12.9, reflecting the growing reputation of the University's researchers.

- Six staff were awarded Early Career Research Excellence awards, which recognise and promote excellence and research leadership potential among the University's emerging researchers.
- Four University staff were recipients of Universitas 21 Fellowships used to travel to and undertake research at member universities: Associate Professor Frank Austermuehl (European Languages and Literature), Associate Professor Chris Bullen (Population Health), Dr Iain Doherty (Medical and Health Sciences - Education), and Mr Michael Milojevic (Architecture).
- Professor Viviane Robinson was selected to become a Fellow of the

American Educational Research Association (AERA).

- Professor David Williams (Chemical Sciences) was appointed to the Marsden Fund Council.
- The Brain Recovery Clinic, New Zealand's first brain rehabilitation and research clinic, was launched at the Tamaki Innovation Campus.
- The Institute for Innovation in Biotechnology, New Zealand's first biotechnology incubator, was opened this year, funded in part under the TEC Partnership for Excellence arrangements. The institute brings academics and industry together to share infrastructure, facilities, and expertise.

Objective 4

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
4.1 Doctoral theses completions	247	296	450	322
4.2 Masters theses completions (PBRF eligible ie 90 points or more)	713	701	800	854
4.3 % Doctoral completion (within five years)	48	57	55	57
4.4 New doctoral candidates enrolled	425	465	550	465

- The number of doctoral completions increased by 9% in 2011. Doctoral theses completions have increased by 88% from 171 in 2004, the year before the Strategic Plan was adopted, to 322 in 2011.
- Masters theses completions for 2011 are above target, with an increase of 22% from last year. Masters theses completions have increased by 50% from 568 in 2004 to 854 in 2011.
- 10,323 students comprising 24% of the student body were enrolled in a postgraduate programme in 2011. The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate

programme. Five hundred and ninety nine domestic and 165 international doctoral students received funding from University Scholarships in 2011. Nine international students received International Doctoral Fees Bursaries.

- The quality of the University's doctoral programme was recognised through grants and awards, including U21 Doctoral Mobility Scholarships, awarded to five PhD students to further their research. The winners of the annual Vice-Chancellor's prize for best doctoral theses at The University of Auckland were: Dr Isuru Jayasinghe (Medical and Health Sciences); Dr Cherie Lacey, (Film, Television and Media Studies); Dr Benjamin O'Brien (Auckland

Bioengineering Institute); Dr Cedric Simon (Leigh Marine Laboratory); and Dr Marjorie van Roon (Architecture and Planning). Their theses covered topics as diverse as cardiac physiology, film, computer models of muscles, lobster nutrition and urban planning and design.

- In 2011, two Joint Graduate Schools were launched: Plant and Food Science, in collaboration with Plant & Food Research; and Coastal and Marine Science, in association with NIWA. Research undertaken in these schools will focus on science problems of national and international significance.

Objective 5

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
5.1 Total external research income earned (\$m)	206	218	239	243
5.2 PBRF eligible external research income (\$m)	150	150	167	144
5.3 External research income (PBRF eligible) per FTE (PBRF eligible)	100,886	100,987	121,100	97,042

- **Overall University External Research Income (ERI), including UniServices, exceeded the 2011 targets by 1.7%.**

Total ERI in 2011 has increased by 11.5% over that achieved in 2010. Total ERI has increased by 84% since 2004.

- **PBRF eligible revenue declined between 2010 and 2011 by 4%.**

The value of sub-contracts with other tertiary institutions and commercial revenue, which are not PBRF eligible, increased in 2011 and contributed to higher proportion of the University's external research income being not PBRF eligible.

- **The University maintains an active programme for enhancing its relationships with key New Zealand and international bodies providing grants for fundamental and applied research.**

- **The Marsden Fund distributed \$53.8 million to 88 research teams around the country in 2011.** Nineteen research teams from across The

University of Auckland received a total of \$12.5 million, for projects ranging from developing a miniaturised measuring device to analyse heart beats, to examining prehistoric human-climate dynamics in Polynesia, and creating a mathematical model of animal navigation.

- **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 2011 funding round, with 20 proposals awarded a total of \$27.6 million in funding, or 37% of the funds allocated. Five researchers from The University received HRC Emerging Research First Grants.

- **Medical researchers from the University received \$1.76 million of funding from the Auckland Medical Research Foundation (AMRF).**

Research grants were awarded over a variety of research areas including

cancer, diabetes, stem cell, rheumatoid arthritis, skin grafts, and robotic assisted physiotherapy.

- **In the most significant technology transfer deal ever achieved by a New Zealand university, Qualcomm, a major US research and development company, acquired the intellectual property of an investee company spun out of UniServices to commercialise induction power technology developed at the University.**

- **The National eResearch Science Infrastructure (NeSI), hosted by The University of Auckland, was officially launched this year with Government – approved funding of \$27.4m over four years.** Partner institutions, comprising the University of Canterbury, AgResearch, NIWA, the University of Otago and Landcare Research will contribute around \$21m over the same period.

Objective 6

Develop Large-Scale Research Institutes of excellence.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
6.1 External research income earned per LSRI (\$m)	19.2	18.7	20.6	19.3
6.2 Large-Scale Research Institutes (number)	2	2	2	2

- **The University's two Large-Scale Research Institutes had successful years in 2011.**

- **An appointment was made to a new Chair of Nutrition, hosted in the Liggins Institute.** Professor Jane Harding was awarded a prestigious five-year grant from the United States National Institutes of Health (NIH) for a project that has global implications for reducing brain damage in newborn babies.

- **The University held a series of events to mark the 10th Anniversary of the Liggins Institute, including a research symposium and a parliamentary reception held jointly with the Cawthron Institute.**

- **The Auckland Bioengineering Institute (ABI) has increased its collaborations with distinguished international researchers.**

- **ABI members were plenary lecturers and featured speakers at**

influential international conferences and several ABI students won awards.

- **ABI's musculoskeletal modelling research group received seed funding from the National Center for Simulation in Rehabilitation Research (NCSRR) based at Stanford University to create computer software that could allow surgeons to accurately predict an operation's success prior to surgery.**

Teaching and learning

A high quality teaching and learning environment helps to ensure that qualifications achieved by students are of international standing. That, in turn, benefits both graduates and the wider community. The New Zealand community benefits through the critical thinking and enhanced skills graduates bring to the workforce. University graduates benefit through higher salaries, a lower unemployment rate, and better health outcomes than those who do not hold a degree. Studies show the average lifetime earnings of university graduates are significantly higher than for non-graduates.

Objective 7

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
7.1 Total EFTS	31,689	32,654	32,948	32,193
7.2 % Annual EFTS growth	5.03	3.0	3.2	-1.4
7.3 % Research postgraduate EFTS	7	7	8	8
7.4 % Taught postgraduate EFTS	13	13	13	12

- **Total EFTS decreased by 1.5% against planned growth of 0.5%.** While full fee International student EFTS increased by 3%, domestic funded student numbers declined by 1.6%. The reduced enrolment lowered the number of unfunded EFTS the

University carried in 2011 to 139 EFTS, less than 1% of the funded places.

- **The percentage of students undertaking a full-time programme increased again in 2011.** The percentage has increased from 60% in 2007 to reach 64% in 2011. 71% of

those enrolled in a formal programme are aged 25 or less.

- **The proportion of research postgraduate enrolments increased in 2011 to 8%, with taught postgraduate enrolments at 12%.**

Objective 8

Create a curriculum that meets the highest standards of excellence across the University.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
8.1 Degrees accredited by professional associations/accreditation bodies	30	30	≥ 30	36
8.2 % Qualification completions (domestic, undergraduate) ⁽¹⁾	59	57	77	57

- **The accreditation by external professional bodies and accreditation agencies of the following degree programmes was renewed in 2011:**

- Bachelor of Architecture
- Bachelor of Architectural Studies
- Master of Architecture (Professional)
- Bachelor of Education (Teaching) Early Childhood Education Pasifika Specialisation, Huarahi Māori Specialisation, Primary Specialisation and Early Childhood Education Specialisation.
- Bachelor of Physical Education
- Bachelor of Social Work
- Bachelor of Social Work (Honours)

- Master of Social Work (Professional)
- Graduate Diploma of Teaching (Early Childhood Education, Primary, and Secondary)

- **The Postgraduate Diploma in Commerce, Bachelor of Commerce (Hons), Master of Commerce, Postgraduate Diploma in Property, Bachelor of Property (Hons), Master of Property, Bachelor of Arts and Certificate in Arts were reviewed by external panels.**
- **The Elam School of Fine Arts, the Department of Property and the Schools of Environment, and Mathematics, Science and Technology Education were reviewed by external panels.**
- **In 2011 recommendations from**

Review Committees covered such areas as strengthening strategic planning in departments and schools, adjustments to curriculum content, and improving the alignment of the curriculum and desired graduate attributes.

Departments and faculties have developed detailed plans showing how the recommendations will be implemented, and progress is carefully monitored.

- **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 Clinical Pharmacy, Postgraduate Diploma in Clinical

- Pharmacy and Postgraduate Certificate in Clinical Pharmacy
- Master of Urban Planning
- Postgraduate Diploma in Teaching (Secondary Field-based)
- Master of Commercialisation and Entrepreneurship, Postgraduate Certificate in Commercialisation and Entrepreneurship
- Master of Social Work (Professional)
- Bachelor of Dance Studies (Honours)
- Bachelor of Physical Education (Honours)
- Graduate Certificate in Innovation and Entrepreneurship and Graduate Diploma in Innovation and Entrepreneurship
- **Graduating Year Reviews were completed and approved for the following qualifications and specialisations:**
 - Master of Clinical Education; Postgraduate Diploma in Clinical Education; Postgraduate Certificate in Clinical Education; Postgraduate Diploma in Professional Supervision; Postgraduate Certificate in Professional Supervision; Graduate Diploma in Law;
- Graduate Certificate in Law; Screen production for the Master of Arts, Bachelor of Arts (Honours) and Postgraduate Diploma in Arts; Construction management for the Master of Engineering Studies; Biosecurity and conservation for the Master of Science and Postgraduate Diploma of Science.
- **General Education schedules have been reviewed with a view to simplification and rationalisation. Changes to the structure of the General Education will be implemented in 2013.**

¹Qualification completion targets for 2011 use the Education Performance Indicator completion rate definition. Performance in 2011 is measured using a cohort-based five year completion rate.

Objective 9

Create and maintain an outstanding teaching and learning environment.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
9.1 Student: academic staff ratio	18.1	19.4	18	18.9
9.2 Academic: professional staff ratio	1.7	1.5	1.6	1.4
9.3 % New undergraduate retention (re-enrolment)	87	90	≥ 91	87
9.4 Library collections expenditure (% of Total Revenue)	2.0	1.9	≥ 2.0	1.8

- **The student to academic staff ratio decreased slightly in 2011, moving closer to the target ratio.**

The academic to professional staff ratio reduced providing more professional staff to support teaching and research activities.

- **The retention in 2011 of undergraduate students, who first enrolled in 2010, was lower than in 2010 and below target. Changes to the criteria to retain eligibility for loans and**

allowances contributed to the lower rate.

- **Staff from the University of Auckland received a record number of awards at the 2011 National Tertiary Excellence Awards.** Professor Mike Walker (Biological Sciences) won the sustained excellence in teaching in a kaupapa Māori context and also the Prime Minister's Supreme Award for tertiary teaching excellence. Sustained Excellence in Tertiary

Teaching awards were also presented to Rena Heap (Science, Maths and Technology Education), Dr Ross McDonald (Management and International Business), and Professor Robin Kearns (Environment).

- **The University's "Unsatisfactory Progress Regulations" were reviewed.** Changes designed to better track and support students will be implemented for the 2012 academic year.

Te Tiriti o Waitangi/The Treaty of Waitangi

The University is committed to its obligations and responsibilities under Te Tiriti o Waitangi. This includes (but is not limited to) the University playing its part in “the realisation of Māori aspirations and development”¹ through education and to ensure more Māori progress to higher levels of tertiary education.

Objective 10

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

Performance Indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
10.1 % Māori academic staff (FTE)	6	5	≥ 6	5
10.2 % Māori professional staff (FTE)	6	6	≥ 6	5
10.3 % Māori students (domestic EFTS)	7	7	8	8
10.4 % Māori successful course completions (undergraduate)	83	84	85	82
10.5 % Māori qualification completions (domestic, 5 year, degree-level and above) ⁽²⁾	48	44	71	49

- **The performance indicators show that the proportion of Māori staff and students has remained relatively stable over recent years.** EFTS generated by Māori students increased from 2010 by 1% to reach 2149 EFTS.

- **Qualification completions by Māori students are up by 5% in 2011 compared to last year. The pass rate of Māori students remains high.**

- **As a member of the Universities New Zealand Te Kāhui Amokura (TKA) Māori Committee, the Pro Vice-Chancellor (Māori) initiated a University Entrance submission that influenced the 2015 changes to the qualification.** A key initiative of the TKA is the MANU Ao academy, a Māori academic networking initiative, supported by the Tertiary Education Commission and in association with all eight New Zealand Universities. MANU Ao at The University of Auckland provides a programme of Māori academic development and support opportunities for Māori staff, especially with regard to

developing reflective teaching practice. An initiative of the University’s MANU Ao chapter this year saw the Office of the Pro Vice-Chancellor (Māori) partnering with Ngāti Whatua to develop The Ports of Auckland Tāmaki Science Forum as part of the 2011 Atamira: Māori in the City festival.

- The Pro Vice-Chancellor (Māori) represents the University on the Māori in Tertiary Education (MITE) Project a collaborative project with Te Wānanga o Aotearoa (TWOA), Manukau Institute of Technology and Unitec. The project aims to enhance educational outcomes for Māori by enhancing the pathways between the institutions.
- The University’s leadership in higher education was recognised at the Higher Education Summit 2011, where the Pro Vice-Chancellor (Māori) spoke on “Implementing Ka Hikitia: The Māori Strategy in higher education”.
- The Pro Vice-Chancellor (Māori) established a number of links with Māori

farmers, Trusts, and land use groups and has been involved in meetings with Iwi, the Auckland Council Māori Statutory Board members and Te Puni Kōkiri (Ministry of Māori Development), and has maintained a continued association with Ngāti Manuhiri and the Leigh Marine Reserve.

- The PVC (Māori) Office sponsored or participated in a number of community initiatives that allow the University to actively engage with local iwi and hapu including: Hōkianga Science Week, in association with Te Rūnanga O Te Rarawa; Te Ahuareka o Ngāti Hine Festival held at Otiria Marae; Kingitanga Day; the National Māori Academic Excellence Awards; and Manu Kōrero: Māori Speech Competitions.
- Daniel Hikuroa, a world leader in the integration of indigenous knowledge and science, has been appointed Research Director of Ngā Pae o te Māramatanga, a Centre of Research Excellence hosted by The University.

¹Ministry of Education, 2008. “Ka Hikitia – Managing Success: The Māori Education Strategy 2008 – 2012”

²Qualification completion targets for 2011 use the Education Performance Indicator completion rate definition. Performance in 2011 is measured using a cohort-based five year completion rate.

Community engagement

The University interacts with and serves many diverse communities locally, nationally, and internationally. Its ongoing relationships with employers, business, schools, and other teaching and research institutions as well as with government, councils, and regional and community groups play an important part in the achievement of the University's mission and goals. The ongoing support of alumni and friends of the University is particularly important – as future staff and researchers, employers, collaborators, postgraduate students, parents of prospective students, and as donors. Alumni and friends have a strong interest in the University retaining international as continuing proof of the value of their association and, if graduates, of the quality of their degrees. The financial contributions of alumni and friends allow the University to offer scholarships, make staff appointments and extend facilities in ways that would not otherwise be possible.

Objective 11

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

- A range of current issues and research developments were discussed with the University's Community Consultative Group.** These included the impacts of enrolment limit and of the Government budget; strategic planning, and campus developments; 'Robots and Care for the Elderly'; student entrepreneurship competitions and their spin-offs. The group also toured the Brain Research & Pharmacy facilities.
- 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 on "New Zealand's Rugby World". The 2011 Robb Lectures were delivered by Tariq Ali, a London-based prominent political commentator and activist. He gave three lectures, which attracted the highest attendance in 25 years.
- The University of Auckland partnered the Auckland Writers and Readers Festival this year as the beginning of a three-year sponsorship arrangement.** The Auckland Arts Festival served as a showcase for the creative talents of The University's National Institute of Creative Arts and Industries (NICAI).
- Staff from the University were involved in initial responses and building inspections after the second Christchurch earthquake in February.** The University also contributed to the rebuilding of the city through collaboration in the Creative Response in Schools project, and through events held to raise money for the people of Christchurch. Canterbury University students were able to enrol at Auckland for an exchange semester.
- The Graduation Gala Concerto Competition was held at Auckland's Town Hall. Pianist Somi Kim, flautist Annie Hong and pianist Tina (Inah) Kim each performed a full concerto to an enthusiastic full-capacity audience.** Tina received the grand prize for her performance of Piano Concerto No. 3 by Sergey Prokofiev.
- Michael Steedman, Kaiarahi (Science), was the conch blower in the opening ceremony of the Rugby World Cup.** Thousands of people walking Auckland's Rugby World Cup Fan Trail through Myer's Park were entertained by installations created by architecture, music, dance and fine arts students.

Objective 12

Engage alumni and friends in mutually supportive and productive relationships.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
12.1 Donations, bequests and fundraising revenue (\$000)	6,068	9,250	9,102	11,030
12.2 Alumni with whom the University is actively engaged	17,122	19,174	15,681	23,904

- This measure (12.1) represents revenue from donations and bequests, recognised as revenue by the University, the amount recognised is above target as higher than anticipated equipment and revenue was transferred to faculties.**
- Entrepreneurial financial support in New Zealand has been boosted by an additional \$2 million contributed to the Business School Entrepreneurs' Challenge funding pool.**
- A new Memorandum of Understanding between the Freemasons and The University of Auckland was signed as part of a celebration marking a 30-year association.** Over the period Freemasons' support has funded research including the care of the aged and understanding the causes and mitigating impact of brain diseases.
- In 2011 the University hosted over 8000 donors, alumni and friends at events in New Zealand and overseas providing the opportunity to share with these key stakeholders the University's vision for the future.** As part of the international programme

events were held in London, Sydney, Melbourne, Singapore and Kuala Lumpur and a joint trip with the Research Office visited Edmonton, Vancouver, Seattle and San Francisco.

- **The New Zealand engagement programme focused on Auckland events and included the Distinguished Alumni Dinner and Auckland Live!**, a day of lectures featuring the 2011 award winners; the annual Golden Graduates lunch for those

who graduated 50 or more years ago; a reunion for 1991 medical graduates and a variety of events for our Chinese community and members of the University of Auckland Society.

- **Donor recognition events included the Legacy Society morning tea and the Chancellor's Dinner.** Other events included the celebration of the Goldwater family gift, the launch of the Leigh Campus redevelopment and the Edith Winstone Blackwell Centre, as well

as a fundraising dinner featuring the 1987 Former All Blacks team.

- **Six University of Auckland graduates who have been very successful in law, surgery, business entrepreneurship, politics and science were honoured with a Distinguished Alumni Award from the University.** The University launched a website version of the alumni magazine.

Excellent people

Leading universities are defined primarily by their ability to attract and foster the best students and the most qualified teachers, researchers and administrators. The University aims to recruit and retain a high quality, diverse staff and student body that draw upon the widest possible pool of talent. Universities that encourage and reward talent are exciting places to work and study, open themselves up to new ideas and approaches, and extend their benefits to the wider community through the skills of their graduates and the impact of staff research outputs.

Objective 13

Recruit and retain a high-quality staff and student body, striving to create equal opportunities for all those of ability to succeed in a university of high international standing.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
13.1 % School leavers with a GPE > 5 (on a 9 point scale)	33	35	≥ 36	38
13.2 % Domestic students under 25	76	76	76	77
13.3 % qualification completions for under 25s (domestic, 5 year degree-level and above) ¹	65	64	≥ 71	64
13.4 % Successful course completions for students under 25	86	87	87	88
13.5 % Senior academic positions filled by women (FTE)	23	24	≥ 27	25
13.6 % Pacific academic staff (FTE)	2	3	≥ 3	2
13.7 % Pacific professional staff (FTE)	6	6	≥ 6	5
13.8 % Pacific students (Domestic EFTS)	8.3	8.5	≥ 9.4	8.9
13.9 % Pacific successful course completions (undergraduate)	72	73	≥ 76	73
13.10 % Pacific qualification completions (domestic, 5 year degree-level and above)	42	44	≥ 63	46

- **The quality of the student intake, as measured by the percentage of school leavers with an entry score grade of five or better, increased slightly in 2011.** The measure of student achievement – the qualification completion rate for under 25s – reflects degrees completed within five years

and the 2010 rate was maintained in 2011.

- **The improvement in achievement of Pacific students in 2010 was maintained in 2011.** The qualification completion rate improved while the pass rates have remained steady.

- **The number and percentage of women in senior academic positions has improved again in 2011 with 25% of staff in senior positions being women.**

¹Qualification completion targets for 2011 use the Education Performance Indicator completion rate definition. Performance in 2011 is measured using a cohort-based five year completion rate.

Objective 14

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
14.1 % Undergraduate students expressing satisfaction with University experience	95	n/a	≥ 90	93
14.2 % Postgraduate students expressing satisfaction with University experience	95	n/a	≥ 90	92

- The regular teaching and learning survey uses a random sample of 10,000 students.** In 2011, 94% of first-year undergraduates, 93% of higher-year undergraduates, and 92% of postgraduate coursework students responded indicated they were generally satisfied with their overall University experience.
- Student survey results are used by faculties to inform improvements to the teaching and learning environment and student learning outcomes.** Faculty initiatives are reported annually to the Teaching and Learning Quality Committee. Among the improvements in 2011 were: the use of social media to communicate with students, and to facilitate student peer review and commenting; standardisation of course outlines; the use of non-assessed quizzes to help new students prepare for first-year study; curriculum reviews to map the identification and delivery of learning outcomes; and improving feedback with key employers about employment skills of graduates.
- University of Auckland students were successful in gaining prestigious international scholarships.** Chris Jenkins, a BCom/LLB(Hons) graduate was awarded a Woolf Fisher Scholarship to study at Cambridge University. Max Harris, a BA/LLB graduate, was awarded a Rhodes Scholarship to Oxford University.
- Current and former students of the University scooped all the major awards at the 2011 Prime Minister's Pacific Youth Awards.** Nadeen Papali'i, a masters student in environmental engineering, was awarded The University of Auckland-sponsored Leadership Award; Fine Arts graduate, Mark Dewes, received the Weta Workshop-sponsored Creativity Award; and Brandon Jackson, Joyce Toleafoa and Jessica Papali'i-Curtin were jointly awarded the Cogita-sponsored Inspiration Award.
- The NZ Universities Blues Sporting and Cultural Awards recognise the commitment of elite athletes to their sport as well as their studies.** This year eight University of Auckland students received awards: Elizabeth Lamb (Athletics); James Eunson (Badminton); Teneale Hatton (Canoe/Kayaking); Nancy Liu (Fencing); Matthew Palmer (Gymnastics); Thomas Reynolds (Orienteering); Phillip Xiao (Table Tennis); and Andrea Anacan (Karate) who also received an award for Outstanding Performance.
- Student teams participated successfully in national and international competitions.** The University of Auckland took out first, second and third place at the 2011 NZ Microsoft Imagine Cup. Team OneBuzz, with their project to wipe out malaria, went on to place in the top six worldwide. The University's mooted team put in a first-class performance to rank 10th at the world's largest moot court contest in Washington DC. The Auckland Law School also took national mooted honours for the fifth year in a row.
- Other student successes nationally and internationally included:** Yumian (Dino) Chai (Masters of Architecture) won the student section of the 2011 AAA Cavalier Bremworth Unbuilt Architecture Awards; Melissa Ingram, BA graduate, won a gold medal in the 200m Backstroke and a silver medal in the women's 400m freestyle at the World Cup; Darren Pene Pati won the 2011 Sydney Eisteddfod McDonald's Operatic Aria; and seven graduates were awarded Fulbright scholarships for 2011.
- Student success in academic, recreational and cultural activities is celebrated each year with the award of prizes and scholarships.** Encouragement and support are provided to student-led initiatives such as Spark and Chiasma.
- The University encourages strong and effective student leadership through The Auckland University Students' Association, Postgraduate Students' Association, and through departmental and faculty staff-student consultative committees.** Regular briefings were held with student representatives on key University committees.

Objective 15

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
15.1 Number of prestigious international awards held by staff	194	182	≥ 230	182
15.2 Professional development expenditure per FTE	1,348	1,469	≥ 1,300	1,309

• **New Zealand honours were awarded to several staff including:**

- Companion of the New Zealand Order of Merit for services to health: Dr Margaret Horsburgh (Nursing)
- Officer of the New Zealand Order of Merit for services to health: Professor Ron Paterson (Law)
- Member of the New Zealand Order of Merit (MNZM) for services to medicine: Associate Professor Edward Gane (Medicine)
- Member of the New Zealand Order of Merit (MNZM) for services to education: Wayne Mills (Education)
- Officer of the New Zealand Order of Merit (ONZM) for services to medicine: Professor Lesley McCowan (Obstetrics and Gynaecology) and Associate Professor John Ormiston (Medicine)
- Officer of the New Zealand Order of Merit (ONZM) for services to education: Professor Stuart McNaughton (Education)
- Queen's Service Medal for services to Māori: Ngāpō Wehi (Māori Studies)

• **Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff:** Professor Sir Peter Gluckman received the inaugural Callaghan Medal; Professor David Ryan (Engineering) was awarded the Pickering Medal; Professor Marston Conder won a James Cook Research Fellowship; Dr Quentin Atkinson (Psychology), Dr Nick Shears (Statistics), and Dr David Goldstone received Rutherford Discovery Fellowships; and Professor Rod Gover (Mathematics) was made a Fellow of the Society.

• **Other New Zealand awards and honours won included:** Professor Annie Goldson (Film, Television and Media Studies) was named Best Documentary Director at the Aotearoa Film & Television Awards; Christopher Hare (Law) won the NZ Law

Foundation's 2011 International Research Fellowship; Professor Dame Anne Salmond (Māori Studies) won the Research, Science and Technology section at the 2011 Kea World Class New Zealander awards; Professor Ian Reid (Clinical Medicine) received the inaugural Medicines New Zealand Value of Medicines Award; Siouxsie Wiles (Medical Sciences) was honoured with the 2011 National Animal Ethics Advisory Committee's (NAEAC) Three Rs award; author Ian Wedde (Art History and English) was announced as New Zealand Poet Laureate; Auckland University Press publisher, Sam Elworthy, was elected chair of the New Zealand Book Awards Governance Group; and AUP authors won several awards at the NZ Post Book Awards including 2011 Book of the Year Award for Chris Bourke's *Blue Smoke*.

• **Members of the University accorded international honours included:**

Professor Margaret Brimble (Chemistry), who received the Adrien Albert Award from the Royal Australian Institute of Chemistry; Professor Marston Conder, who was awarded the inaugural Maclaurin Lectureship, an exchange between the New Zealand Mathematical Society and American Mathematical Society; Associate Professor Toni Bruce (Critical Studies), who was made President-Elect for the North American Society for the Sociology of Sport (NASSS); and University Chaplain Uesifili Unasa, who was one of 13 people worldwide chosen to go on an International Visitor Leadership Program.

• **Associate Professor Michael Parekowhai was awarded the Premier of Queensland's Sculpture Commission with his proposed sculpture *The World Turns*.** Michael also represented New Zealand at the prestigious Venice Biennale.

• **Staff success and contribution were celebrated at the Professional Staff Excellence Awards**, where staff received awards for: Excellence in

Innovation (Logan Stuart); Leadership (Stuart Glasson); Teamwork (The Māori and Pacifica Services Team, Library); Contribution to Research and Creative Work (Tim Mackrell); Contribution to Teaching and Learning (Carol Cameron); Contribution to Te Tiriti o Waitangi/The Treaty of Waitangi (The Arts Student Equity Team); Contribution to Engagement with Communities (Rebekah Holmes, Amanda Stanes); Contribution to Excellent People (Francie Norman); and Contribution to Resourcing and Organising for Quality (NAFTA Team, Ruben Katigbak and Annalise Davidson).

• **Three academics from the University of Auckland were awarded Fulbright Senior Scholar awards in 2011:**

Dr Jennifer Curtin (Political Studies), Dr Yvonne Underhill-Sem (Development Studies) and Cherie Spiller (Management and International Business).

• **The University made the following senior academic appointments:**

Professor Iain Martin as Deputy Vice-Chancellor (Strategic Engagement) Professor Penny Brothers as Associate Deputy Vice-Chancellor (Research) for PBRF.

Distinguished Professors: Professor Bruce Baguley (Auckland Cancer Society Research Centre); Professor Debes Bhattacharyya (Mechanical Engineering); Professor John Boys (Electrical and Computer Engineering); Professor Margaret Brimble (Chemical Sciences); Professor Marston Conder (Mathematics); Professor Stephen Davies (Philosophy); Professor Bill Denny (Auckland Cancer Society Research Centre); Professor Rod Ellis (Applied Language Studies and Linguistics); Professor Richard Faull (Anatomy with Radiology, Centre for Brain Research); Professor Jane Harding, Deputy Vice-Chancellor (Research); Professor Peter Phillips (Economics); Professor Ian Reid (Acting Dean, Medical and Health Sciences); Professor Viviane Robinson (Teaching, Learning and Development).

Resourcing and organising for quality

The University's strong traditions of academic culture and collegial decision-making are underpinned by excellent management and governance, and a robust risk management framework. The University's commitment to excellence extends to all of its financial, investment, governance 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. The University places a strong emphasis on the achievement of a diverse and growing income stream which will accommodate the maintenance and ongoing improvement of the University's infrastructure for current and prospective staff and student activities. Achievement of these goals is consistent with the financial and risk assessment guidelines established by the TEC as well as the strong emphasis on quality and relevance sought by the Government.

Objective 16

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
16.1 Total revenue (\$m)	843	889	899	933
16.2 Operating surplus as a % of revenue	3.4	3.1	≥ 3.0	3.5
16.3 Operating cash receipts as a % of operating cash payments	118	115	≥ 115	114
16.4 Revenue achieved as a % of budget	103	103	100	105

- **Overall University revenue in 2011 was 3.8% above target and grew 4.9% from 2010.** The sale of intellectual property of an investee company to Qualcomm late in 2011 generated additional operating surplus and contributed to a positive cash flow.
- **A proposal to borrow money to support the University's long term capital plan was approved by the Ministry of Education in 2011.** The borrowing case was the culmination of student and teaching, staff and research, resource and financial planning that will guide the University's endeavours through to 2020.
- **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 17

Increase and diversify the University's revenue.

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
17.1 Teaching and learning income per EFTS (indexed to 2004)	11,818	11,737	≥ 12,500	11,778
17.2 Total revenue per FTE (academic)	400,818	436,421	442,000	456,136

- **The University's teaching and learning revenue from government funding and students was similar to 2010.**
- **The higher than forecast revenue per academic FTE was largely a result of increased revenue (see Objective 16).**

Objective 18

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

Performance indicators	2009 Actual	2010 Actual	2011 Target	2011 Actual
18.1 People costs as a % of total expenditure	59	60	58	61
18.2 Space per student (AFA m ² /EFTS)	8.6	8.7	10.5	9.2
18.3 Property, plant and equipment per student (assets/EFTS)	44,171	44,625	≥ 40,000	49,132

- **The University's Campus re-development planning continued in 2011.** Concept design continued for the proposed extensions to Science building 301 and Engineering building 403/404, and the proposed Innovation Centre and Data Centre at Tamaki.
- **The Tāmaki Campus' rebranding and redevelopment began with the new Library and Information Commons completed early in the year.** Other completed buildings and refurbishments included Arts Building 206, the Boyle Building at Grafton Campus, and Maths and Physics building 303. The new University Hall in Whitaker Place is on schedule to be available to students in 2012.
- **Official openings included the University's new Interpretive Centre at The South Pacific Centre for Marine Science at Leigh, the new Early Childhood Centre at the Epsom Campus, and the Simulation Centre for Patient Safety at the**

Tāmaki Innovation Campus.

- **The University acquired the Goldwater family's Waiheke Island vineyard, partly through a commercial transaction, and partly through a philanthropic gift.** The property includes winery buildings and seven hectares of vine which will be the teaching and research location for postgraduate programmes in Wine Science.
- **Major information technology infrastructure developments implemented this year included:** further enhancements to Student Services online providing new infrastructure and simplified processes for staff and students; and development of a new staff directory and academic staff pages. The Electronic Research Management Unit was established to manage day-to-day support of the University's electronic research management systems, and Phase Two of the Research+ Project involved the

implementation of a new Research Funding module.

- **The Semester One examination period saw the successful introduction of evening exams.** A minimal number of evening sessions has been introduced to ensure the examination schedule can be delivered given space and resource constraints.
- **Recommendations of the review of the University Health Services were adopted. Changes will include online resources, e-consultations and a greater number of nurse-led clinics.**
- **Accommodation services were also reviewed, a new structure was adopted to provide a greater focus on meeting student demand for accommodation through new university-managed facilities and providing a brokerage system to support access to other accommodation.**

Objective 19

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

- **University management reported quarterly to the Audit and Risk Committee on key issues in risk management.**
- **Compliance with University financial management policies including treasury and transactional policies was monitored on an on-going basis.**
- **Significant improvement in the University's governance and**

management was made in 2011. A new Prevention of Bullying and Harassment Policy has been developed and approved to help ensure that the University is a positive, respectful study and work environment, free from inappropriate behaviours.

- **The University commenced the Postgraduate Support and Student Service Project (FOCUS II).** The project will streamline the processes

and roles around postgraduate recruitment, enhance support for the documentation of doctoral support, improve support for professional placements and introduce online scholarship applications.

Objective 20

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

- **Good progress is being made on the development of the Strategic Plan 2013-2020.** The Long Term Capital Plan is also being reviewed so as to ensure alignment between this and the draft Strategic Plan.
- **The Council approved the 2012 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' mid-year and annual reports and through the Semestral Review Process. KPI development across the service divisions has progressed, with 13 service divisions having completed the KPI development and review process. The remaining five service divisions are due to complete KPI development by the end of 2012.
- **Faculties, service divisions and LSRI submitted progress and end of year reports against their 2011 Annual Plans.** The 2012 Annual Plans were submitted and discussed at the Senior Management Team Planning Meeting in November.

Statement of resources

Buildings

	2009	2010	2011
Gross area of University buildings (m ²)	486,220	501,763	563,828

Land

The University is responsible for a total land area of 189.3ha. This includes 20.3ha on the City Campus, 32.4ha at the Tāmaki Campus, 1.5ha at Whangarei and 122.6ha at Leigh Marine Research Laboratory and various bush reserves.

Library resources

Collections	2009	2010	2011
Printed books and theses	1,637,938	1,691,904	1,704,930
Printed serials (volumes)	565,950	572,872	572,790
Total printed volumes	2,203,888	2,264,776	2,277,720
Electronic books	343,063	420,958	491,058
Print serial titles	5,313	5,052	4,913
Electronic serial titles	87,100	100,159	118,351
Services			
Loans - total	1,065,536	1,018,572	911,527
Library web page sessions	5,796,655	5,845,235	6,995,318
Library teaching sessions	1,646	1,861	1,606
Attendance at Library teaching sessions	22,780	25,803	21,361
Number of libraries/Information Commons	16	14*	15
General Library average open hours per week	90	90	90
Information Commons average hours open per week	113	113	113
Study spaces	3,515	3,406	3,517
Study/training spaces with computer workstations	1,092	1,150	1,157
Total number of study spaces	4,607	4,556	4,674
Laptops for loan	120	189	155*

*Grafton, Epsom and Tamaki IC facilities have been combined with the libraries at those locations



4

Financial Statements

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 2011 fairly reflect the financial position and operations of The University of Auckland.
- The Council of The University of Auckland has reviewed these Financial Statements and by resolution approved these Financial Statements for issue at its meeting of 5 March 2012.



Mr G Roger W France
CHANCELLOR



Professor Stuart McCutcheon
VICE-CHANCELLOR



Mrs Adrienne Cleland
DIRECTOR OF ADMINISTRATION

Income Statement

for the year ended 31 December 2011

	Note	CONSOLIDATED			UNIVERSITY	
		2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Operating revenue						
Government grants	2	369,525	359,470	351,077	369,525	351,077
Tuition fees		206,580	212,867	200,917	206,580	200,917
Research and contracts	3	225,557	218,258	218,222	108,019	101,823
Service income		91,690	88,551	91,780	110,436	106,812
Donations		11,030	6,251	9,250	12,871	9,060
Interest received		4,657	5,123	8,254	4,333	7,704
Other revenue	24	23,949	8,761	9,009	13,069	9,003
Total operating revenue		932,988	889,281	888,509	824,833	786,396
Operating expenses						
People costs	4	555,625	537,878	516,107	482,753	445,652
Operating costs	5	251,685	237,738	249,744	225,778	225,064
Finance costs		317			1,710	1,603
Depreciation and amortisation	6	93,095	97,022	95,374	91,820	93,930
Total operating expenses		900,722	872,638	861,225	802,061	766,249
Net surplus		32,266	26,643	27,284	22,772	20,147
Attributable to:						
Members of the parent entity		32,266	26,643	27,284	22,772	20,147

The accompanying Notes to the Financial Statements on pages 60 to 85 form part of and should be read in conjunction with these financial statements.

Statement of Financial Position

as at 31 December 2011

	Note	CONSOLIDATED			UNIVERSITY	
		2011 Actual \$'000	2011 Budget \$'000	2010 Actual \$'000	2011 Actual \$'000	2010 Actual \$'000
Current assets						
Cash and cash equivalents	8	9,929		31,745	6,147	25,309
Short term bank deposits	8	3,410		48,535	3,392	46,035
Receivables	8,9	46,363	35,116	35,656	35,559	25,528
Research work in progress	8	6,398	12,826	8,601	2,462	2,423
Inventories	10	982	950	712	982	712
Prepayments and other current assets		14,177	14,204	16,802	13,891	16,540
Total current assets		81,259	63,096	142,051	62,433	116,547
Non current assets						
Long term investments	8	15,921	19,435	17,552	15,827	17,427
Investment in subsidiaries	24				1,000	1,000
Property, plant and equipment	11	1,557,888	1,596,310	1,432,730	1,549,878	1,425,779
Intangible assets	12	23,441	22,327	23,745	22,140	22,543
Total non current assets		1,597,250	1,638,071	1,477,027	1,588,845	1,466,749
Total assets		1,678,509	1,701,167	1,616,078	1,651,278	1,583,296
Current liabilities						
Payables	13	117,677	86,248	102,345	98,652	88,080
Revenue in advance	14	90,446	105,916	87,376	62,963	52,170
Loan and borrowings	17	620			50,599	37,700
Employee entitlements	15	34,729	37,206	31,432	32,089	28,963
Derivative financial instruments	8	189		553	181	604
Provisions	16	63	1,187	1,077	63	1,077
Total current liabilities		243,724	230,557	222,783	244,547	208,594
Non current liabilities						
Employee entitlements	15	41,192	39,831	32,942	41,138	32,914
Revenue in advance	14	17,000	22,000	22,000	17,000	22,000
Loans and borrowings	17	4,583	70,122		4,583	
Total non current liabilities		62,775	131,953	54,942	62,721	54,914
Total liabilities		306,499	362,510	277,725	307,268	263,508
Net assets		1,372,010	1,338,657	1,338,353	1,344,010	1,319,788
Equity						
General equity	21	945,883	944,339	917,949	915,988	897,548
Reserves	22	399,244	376,018	398,994	401,139	400,830
Trust and special funds	23	26,883	18,299	21,410	26,883	21,410
Total equity		1,372,010	1,338,657	1,338,353	1,344,010	1,319,788

The accompanying Notes to the Financial Statements on pages 60 to 85 form part of and should be read in conjunction with these financial statements.

Statement of Cash Flows

for the year ended 31 December 2011

	Note	CONSOLIDATED			UNIVERSITY	
		2011 Actual \$'000	2011 Budget \$'000	2010 Actual \$'000	2011 Actual \$'000	2010 Actual \$'000
Cash flows from operating activities						
Government grants		420,090	411,171	401,117	420,090	401,117
Tuition fees		255,837	256,312	240,972	255,837	240,972
Dividends received		28		36	28	36
Other operating receipts		351,776	354,314	338,437	251,819	233,498
Goods and services tax		(61,103)	(76,409)	(60,104)	(52,238)	(52,844)
Payments to employees		(473,360)	(466,902)	(451,650)	(415,937)	(399,395)
Other operating payments		(363,230)	(351,473)	(355,829)	(323,371)	(304,627)
Net cash provided by operating activities	7	130,038	127,013	112,979	136,228	118,759
Cash flows from investing activities						
Interest received		5,260	4,320	8,163	4,960	7,877
Dividends received		15,905				
Loan from subsidiaries					12,278	
Investments		47,856	(166)	27,599	45,345	23,450
Property, plant and equipment and work in progress		(220,957)	(272,411)	(167,590)	(216,662)	(162,551)
Net cash provided by (used in) investing activities		(151,936)	(268,257)	(131,828)	(154,079)	(131,224)
Cash flows from financing activities						
Interest paid					(1,393)	(1,604)
Loans and borrowings			70,122			
Payment of finance lease liabilities				(363)		(363)
Net cash provided by (used in) financing activities			70,122	(363)	(1,393)	(1,967)
Net increase/(decrease) in cash and cash equivalents						
Cash and cash equivalents at the beginning of the financial year		31,745	71,122	51,306	25,309	40,090
Effects of exchange rate changes on cash and cash equivalents		82		(349)	82	(349)
Cash and cash equivalents at the end of the financial year		9,929		31,745	6,147	25,309
Reconciliation of cash and cash equivalents						
Current accounts at bank		7,142		9,204	5,021	7,889
Foreign currency current accounts at bank		2,781		2,872	1,120	1,420
Deposits at bank		6		19,669	6	16,000
		9,929		31,745	6,147	25,309

The accompanying Notes to the Financial Statements on pages 60 to 85 form part of and should be read in conjunction with these financial statements.

Statement of Comprehensive Income

for the year ended 31 December 2011

	Note	CONSOLIDATED			UNIVERSITY	
		2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Net surplus for the year		32,266	26,643	27,284	22,772	20,147
Other comprehensive income						
Gain/(loss) on works of art and special library collections revaluation	22	1,027		(742)	1,027	(742)
Gain/(loss) on land and buildings revaluation	22			(20,332)		(17,586)
Gain/(loss) on cash flow hedges taken to equity	22	364		(40)	423	(51)
Total comprehensive income for the year		33,657	26,643	6,170	24,222	1,768
Attributable to:						
Members of the parent entity		33,657	26,643	6,170	24,222	1,768

The accompanying Notes to the Financial Statements on pages 60 to 85 form part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2011

	As at 1 January 2011	Net Surplus for the year	Other comprehensive income for the year	Transfer Surplus to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2011
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated 2011						
General equity	917,949	32,266		(5,473)	1,141	945,883
Asset revaluation reserve	399,547		1,027		(1,141)	399,433
Hedging reserve	(553)		364			(189)
Trust and special funds	21,410			5,473		26,883
Total	1,338,353	32,266	1,391			1,372,010

University 2011						
General equity	897,548	22,772		(5,473)	1,141	915,988
Asset revaluation reserve	401,434		1,027		(1,141)	401,320
Hedging reserve	(604)		423			(181)
Trust and special funds	21,410			5,473		26,883
Total	1,319,788	22,772	1,450			1,344,010

	As at 1 January 2010	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2010
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated 2010						
General equity	889,225	27,284		(4,544)	5,984	917,949
Asset revaluation reserve	426,605		(21,074)		(5,984)	399,547
Investment revaluation reserve						
Hedging reserve	(513)		(40)			(553)
Trust and special funds	16,866			4,544		21,410
Total	1,332,183	27,284	(21,114)			1,338,353

University 2010						
General equity	875,961	20,147		(4,544)	5,984	897,548
Asset revaluation reserve	425,746		(18,328)		(5,984)	401,434
Hedging reserve	(553)		(51)			(604)
Trust and special funds	16,866			4,544		21,410
Total	1,318,020	20,147	(18,379)			1,319,788

The accompanying Notes to the Financial Statements on pages 60 to 85 form part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies

Basis of Preparation

Reporting Entity

The financial statements of The University of Auckland and its subsidiaries for the year ended 31 December 2011 were authorised for issue by the Council on 5 March 2012.

The University of Auckland was established by The University of Auckland Act 1961. The principal activities of the University and its subsidiaries are the provision of teaching and research services.

The central office of the University's management is located at Alfred Nathan House, 24 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 of Auckland and its subsidiaries are designated as public benefit entities for financial reporting purposes.

Compliance with NZ IFRS

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Historical Cost Convention

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

Works of art, library special collections and land and buildings are revalued every three years and are stated at revalued amount less impairment, if any, and subsequent accumulated depreciation on buildings.

Judgments and Estimations

In the application of NZ IFRS and the University's accounting policies management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Useful lives of Property, Plant and Equipment and Intangible Assets. At the end of each annual reporting period management reviews the estimated useful lives of Property, Plant and Equipment and Intangible Assets.
- Management uses judgement to determine if the fair value of Property, Plant and Equipment has been impaired during the year.
- Management uses judgement to determine the rate of future salary increases and the discount rate used to present value future cashflows, which are used to calculate the employee entitlements liabilities.
- Valuation of the Provisions detailed in Note 16. At the end of each annual reporting period management reviews the value of these provisions and the appropriateness of their continued inclusion in the financial statements.
- Management uses judgments in selecting the categories for reporting of Financial Assets and Liabilities within the financial statements.
- Management uses judgment to determine the discount rate used to present value future cashflows of non-interest bearing loans.

- Certain assets have been designated as at fair value through profit and loss where the group of financial assets is managed and its performance evaluated on a fair value basis in accordance with the University's Treasury Management Policy and information is provided to key management personnel.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of Consolidation

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

Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the income statement. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the parent entity's financial statements.

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

Non-controlling interests are allocated their share of net surplus in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Deficits are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the consolidated entity loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative foreign currency translation differences, recorded in reserves;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the income statement;
- Reclassifies the University's share of components previously recognised in other comprehensive income to the income statement, or retained earnings, as appropriate.

Transactions Eliminated on Consolidation

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

The University of Auckland Foundation

The University of Auckland Foundation is a registered charitable trust that raises funds for a number of charitable purposes including achievement of knowledge and dissemination thereof by teaching and research, assisting students to pursue courses of study at The University of Auckland and general advancement of The University of Auckland. The University Council has received independent professional advice that the Foundation is a separate legal entity, is not under the control of

The University of Auckland and determines its own financial and operating policies with the power to distribute funds to parties other than the University. Accordingly the University Council is of the view that it should not consolidate the Foundation, as to do so would overstate the financial position of the University and may give the misleading impression that the Foundation is in some way controlled by the University.

The University has not calculated the financial effect of a consolidation. The latest published financial position of the Foundation shows that it had net assets of \$80.5 million as at 31 December 2010. The financial statements of the Foundation for 2011 are not publicly available as they have not yet been approved by the Foundation's trustees.

Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that operation ("functional currency").

Both the functional and presentation currency of the University and its subsidiaries is New Zealand dollars (\$).

Transactions and Balances

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

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

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 income statement, 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.

Revenue

Government Grants

Government grants are recognised as revenue upon completion of services for which the grant was made. Where obligations are attached to a government grant, a liability is recognised. Once the obligation is discharged, the government grant is recognised as revenue.

Tuition Fees

Tuition fees are recognised as revenue throughout the period of course completion.

Service Income

Service income is recognised as revenue throughout the period of delivery of the service.

Donations

Unrestricted donations are recognised as revenue upon entitlement.

Where the consolidated entity receives a donation with obligations, a liability is recognised. Once the obligation is discharged, the donation is recognised as revenue.

Donated assets are recognised at fair value.

Research and Contracts

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

The stage of completion of a research contract is determined by the expenditure incurred to balance date.

Revenue Received while Acting as an Agent

Where the consolidated entity collects money from contracts as an agent for a third party, the consolidated entity only recognises the commission received from the collections as revenue.

Sale of Goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Dividend and Interest Revenue

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

The effective interest rate is the rate that exactly discounts estimated future cash

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

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.

Derivative Financial Instruments

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

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

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

Amounts deferred in equity are recycled into the income statement in the periods when the hedged item is recognised in the income statement. 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 income statement.

Financial Assets

The consolidated entity holds financial assets in the following specified categories: financial

assets at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the purpose of the financial asset and is determined at the time of initial recognition.

Financial Assets at Fair Value through Profit or Loss

The consolidated entity holds investments which have been designated as financial assets at fair value through profit or loss. These assets are stated at fair value. Fair value is determined in the manner described in Note 8. Any resultant gain or loss is recognised in the income statement and incorporates any dividend or interest earned on the financial asset.

The policy of the consolidated entity is to designate an asset as a financial asset at fair value through profit or loss 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.

Prepayments

Prepayments are initially recognised at cost and are evenly recognised in the income statement over the expected period of benefit.

Loans and Receivables

Loans and receivables include trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market 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.

Impairment of Financial Assets

Financial assets other than those at fair value through profit and loss 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 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.

For certain categories of financial assets, such as receivables, assets 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

Changes in the carrying amount of the allowance account are recognised in the income statement.

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.

Research Work in Progress

Research grants which provide reciprocal benefits to the research funding provider can extend over balance dates. Research grants are usually subject to a contract for services which sets out the outputs expected and includes a payment schedule. Each research grant is recorded as a separate contract in the consolidated entity's financial records.

At balance date the aggregate balance of research projects for which research grant funding received exceeds costs incurred to date is recorded in the statement of financial position as a liability, being a future obligation to complete research.

At balance date the aggregate balance of research projects for which research grant funding received to date is less than costs incurred to date is recorded in the statement of financial position as an asset, Research Work in Progress, to be recovered in future periods from revenue from research funding providers.

Property, Plant and Equipment

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

Land and Buildings, Library Special Collections and Works of Art are revalued to fair value at least every three years by an independent valuer. 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, fair value reflects the depreciated replacement cost, and for works of art and library special collections, the assessed market value.

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 income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings or works of art is charged as an expense in the income statement 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 to the income statement. On a sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to general equity. No transfer is made from the revaluation reserve to the retained earnings except when an asset is derecognised.

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

All items of property, plant and equipment are initially recorded at cost, with the exception of donated assets, which are initially recorded at fair value.

Land in Crown title is included in property, plant and equipment. The University has unobstructed control of this land and derives substantial tangible benefits from its use. The University has sole and unrestricted use of buildings located on Crown land and has assumed ownership of these buildings. Although legal title has not been transferred, the University has assumed all the normal risks and rewards of ownership.

Library collection held as at 31 December 1991 was valued internally, based on the estimated volume of the collection and weighted average cost as at that date. This valuation is taken as deemed cost under NZ IFRS. 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 is 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. 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 income statement.

Depreciation

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 - serials	20%
- other	12.5%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

Intangible Assets

An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity 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, 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.

Computer software that is not integral to the operation of hardware is capitalised as an intangible asset on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over estimated useful lives of 3 to 5 years on a straight line basis.

Asset Impairment

The carrying amounts of tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment each reporting date or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the consolidated entity would, if deprived of the asset, replace its remaining future economic benefits. Where the economic benefits are deemed dependent on the assets ability to generate net cash inflows, value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. Value in use is calculated using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimated cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrement.

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

The consolidated entity applies the public benefit entity exemption to account for any impairment losses by class of asset for those items of property, plant and equipment subject to periodic revaluation.

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

Employee Entitlements

Provision is made for the University's liability for general and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and 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.

Goods and Services Tax (GST)

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.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing which is recoverable from or payable to the Inland Revenue Department is classified as operating cashflow.

Taxation

The University and its subsidiaries are exempt from the payment of income tax as it is treated by the Inland Revenue Department as a charitable organisation. Accordingly no charge for income tax is provided.

Trust and Special Funds

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rentals are recognised in equal instalments over the period of the lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Payments under finance leases are apportioned between finance charges and a reduction of the finance lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income.

Assets held under finance leases are amortised on a straight line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

University/subsidiaries as lessor

Where the consolidated entity is 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.

Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

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.

Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Statement of Cash Flows

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

Notes to the Financial Statements

for the year ended 31 December 2011

1 Statement of accounting policies (continued)

Operating activities are the principal revenue-producing activities of the consolidated entity and 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 are 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 are those activities that result in changes to the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash and cash equivalents.

Interest Paid is classified as a financing cash flow and *Interest and Dividends Received* are classified as investing cash flows.

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

Budget Figures

The budget figures are those approved by Council before the beginning of the 2011 financial year. They 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.

Changes in Accounting Policy

The accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements.

Certain amounts in the financial statements and the accompanying notes have been reclassified to conform to current year's accounting practices.

Standards issued not yet effective

At the date of authorisation of the financial statements, NZ IFRS 9 Financial Instruments was in issue but not yet effective. There is not expected to be any material impact on the University and consolidated entity financial statements on initial application of this standard.

Notes to the Financial Statements

for the year ended 31 December 2011

2 Government grants

	CONSOLIDATED/UNIVERSITY		
	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000
Student component funding	278,738	275,934	267,831
Clinical Training Agency grants	3,670	3,184	3,227
Other Government grants	10,056	6,098	8,318
Performance Based Research Funding	77,061	74,254	71,701
Total Government grants	369,525	359,470	351,077

3 Research and contracts

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
External research income	143,385	149,748	97,585	94,841
Other research and contract income	82,172	68,474	10,434	6,982
Total research and contracts	225,557	218,222	108,019	101,823

4 People costs

	CONSOLIDATED			UNIVERSITY	
	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Academic salaries	250,702	250,266	239,492	230,149	219,840
Professional salaries	220,901	214,570	207,914	183,793	173,860
Defined contribution expense	14,791	13,430	13,169	14,791	13,169
Contracts for service	39,105	40,204	38,991	22,629	22,581
Other people costs	30,126	19,408	16,541	31,391	16,202
Total people costs	555,625	537,878	516,107	482,753	445,652

Notes to the Financial Statements

for the year ended 31 December 2011

5 Operating costs

	CONSOLIDATED			UNIVERSITY	
	2011 Actual \$'000	2011 Budget \$'000	2010 Actual \$'000	2011 Actual \$'000	2010 Actual \$'000
Operating costs include the specific expenses:					
Losses					
Loss on disposal of property, plant and equipment	11,938	412	13,496	11,935	13,146
Net foreign currency loss / (gain)	(448)		349	(83)	349
Conferences, travel and accommodation	24,713	24,613	24,210	18,442	19,049
Consumable supplies	20,334	19,625	21,166	15,997	15,767
Prizes and scholarships	21,337	20,652	23,956	21,337	23,956
Repairs and maintenance	26,397	22,171	23,840	25,747	23,277
Impairment of subsidiaries loans					3,978
Impairment of other receivable			600		600
Termination benefits	2,124	1,000	3,738	2,124	3,738
Operating leases					
Properties	9,225	9,135	9,716	7,963	8,466
Equipment	6,170	6,431	6,266	5,946	6,029
Motor vehicles	296	369	304	287	302
Total operating lease costs	15,691	15,935	16,286	14,196	14,797
Auditor remuneration					
Audit services	312	304	304	277	259
Other services - review engagement	11			11	
Other services - assurance engagement	9				
Total auditor's remuneration	333	304	304	288	259

6 Depreciation and amortisation

	CONSOLIDATED			UNIVERSITY	
	2011 Actual \$'000	2011 Budget \$'000	2010 Actual \$'000	2011 Actual \$'000	2010 Actual \$'000
Depreciation					
Buildings	38,644	45,004	38,600	38,621	38,000
Leasehold improvements	1,259	809	1,334	1,183	1,236
Library collection	16,900	13,564	22,949	16,900	22,949
Plant and equipment	27,095	28,500	25,490	26,185	24,971
Leased plant and equipment		20	363		363
Total depreciation	83,898	87,897	88,736	82,889	87,519
Amortisation					
Software	9,197	9,125	6,638	8,931	6,411
Total depreciation and amortisation	93,095	97,022	95,374	91,820	93,930

Notes to the Financial Statements

for the year ended 31 December 2011

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

	CONSOLIDATED			UNIVERSITY	
	2011 Actual \$000	2011 Budget \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Net surplus for the year	32,266	26,643	27,284	22,772	20,147
Add/(less) non-cash items:					
Depreciation and amortisation	93,095	97,022	95,374	91,821	93,930
Impairment of subsidiaries loans					3,978
Donated assets	(3,808)	(1,373)	(1,529)	(5,648)	(1,529)
Foreign exchange fluctuation	(83)		349	(83)	349
Other non cash items	(4,662)	78		(4,684)	
	84,542	95,727	94,194	81,406	96,728
Changes in net assets and liabilities:					
Decrease/(Increase) in receivables	(8,753)	(355)	(6,318)	(8,077)	(7,983)
Decrease/(Increase) in prepayments and other current assets	(2,143)	(30)	230	(2,120)	1,629
Decrease/(Increase) in inventories	(270)		139	(270)	139
Decrease/(Increase) in research work in progress	2,203		5,512	(39)	(44)
Increase/(Decrease) in payables and provisions	19,101	5,963	2,608	34,341	18,726
Increase/(Decrease) in employee entitlements	11,547	3,501	1,640	11,350	187
	21,685	9,099	3,811	35,185	12,654
Add/(less) items classed as investing activities:					
Interest income	(4,657)	(4,320)	(8,254)	(4,333)	(7,704)
Dividend income	(15,905)				
Loss on disposal of property, plant and equipment	11,935	412	13,496	11,935	13,146
Movements relating to capital expenditure	172	(548)	(17,552)	(12,130)	(17,815)
	(8,455)	127,013	(12,310)	(4,528)	(12,373)
Add/(less) items classed as financing activities:					
Finance costs				1,393	1,603
Net cash flow from operating activities	130,038	127,013	112,979	136,228	118,759

8 Financial instruments

Financial risk management practices

Exposure to credit, interest rate and currency risks arise in the normal course of the University's operations. To manage and limit the effects of those financial risks, the Council has approved policy guidelines and authorised the use of various financial instruments. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency risk

Currency risk arises from movements in foreign exchange rates and can impact cash flows. The University has exposure to currency risk from off shore transactions with suppliers. This exposure is mitigated through the use of forward foreign exchange contracts which are utilised in accordance with Treasury Management Policy. The following table details the forward foreign currency contracts outstanding as at reporting date. All hedges are effective hedges and match both the timing and amount of cash flows for the hedged items.

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

Cash flow hedges

	CONSOLIDATED							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	2011 FC'000	2010 FC'000	2011 NZ\$000	2010 NZ\$000	2011 NZ\$000	2010 NZ\$000
Buy US Dollars								
Less than 6 months	0.8390	0.6996	1,300	1,958	1,549	2,799	132	(275)
6 to 12 months	0.7720	0.7178	1,900	1,000	2,461	1,393	25	(84)
Buy Australian Dollars								
Less than 6 months	0.8059	0.8358	50	72	62	86	3	8
Buy British Pounds								
Less than 6 months	0.4976	0.4634	400	253	804	546	(4)	(38)
6 to 12 months		0.4659		300		644		(31)
Buy Euros								
Less than 6 months	0.5352	0.5377	1,596	1,225	2,982	2,279	(318)	(155)
6 to 12 months		0.5318		171		321		(23)
Sell US Dollars								
Less than 6 months	0.7915	0.7310	1,876	594	2,370	813	(55)	45
6 to 12 months	0.7728		773		1,000		(9)	
12 to 24 months	0.7582		910		1,200		(12)	
24 to 36 months	0.7389		913		1,236		42	
36 to 48 months	0.7121		248		349			
Sell Australian Dollars								
Less than 6 months	0.7481		48		64		1	
Sell Japanese Yen								
Less than 6 months	64.9351		8,795		135		(12)	
Sell Swiss Francs								
Less than 6 months		0.7180		35		49		
6 to 12 months		0.7061		70		99		
Sell Singapore Dollars								
Less than 6 months	0.9509		95		100		5	
6 to 12 months	0.9718		587		604		8	
12 to 24 months	0.9556		116		122		2	
24 to 36 months	0.9276		41		44		3	
					15,082	9,029	(189)	(553)

As at the reporting date the consolidated entity had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.189 million (2010: unrealised losses of \$0.553 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

	UNIVERSITY							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2011	2010	2011 FC'000	2010 FC'000	2011 NZ\$000	2010 NZ\$000	2011 NZ\$000	2010 NZ\$000
Buy US Dollars								
Less than 6 months	0.8390	0.6996	1,300	1,958	1,549	2,799	132	(275)
6 to 12 months	0.7720	0.7178	1,900	1,000	2,461	1,393	25	(84)
Buy Australian Dollars								
Less than 6 months	0.8059		50		62		3	
Buy British Pounds								
Less than 6 months	0.4976	0.4634	400	253	804	546	(4)	(38)
6 to 12 months		0.4659		300		644		(31)
Buy Euros								
Less than 6 months	0.5352	0.5377	1,596	1,225	2,982	2,279	(318)	(154)
6 to 12 months		0.5318		171		321		(22)
Sell US Dollars								
Less than 6 months	0.7832		179		229		(2)	
6 to 12 months	0.7779		358		460		(7)	
12 to 24 months	0.7575		410		541		(7)	
24 to 36 months	0.7345		413		563		(3)	
36 to 48 months	0.7121		248		349			
					10,000	7,982	(181)	(604)

As at reporting date the University had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.181 million (2010: unrealised losses of \$0.604 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

The consolidated entity and the University have entered into a number of contracts to purchase capital assets and other items priced in foreign currencies.

The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2011 the aggregate amount of unrealised losses under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.275 million (2010: unrealised losses of \$0.175 million).

The consolidated entity and the University have an active programme of acquiring library books and continued access to electronic databases at costs expressed in foreign currency. The consolidated entity and the University have entered into forward exchange contracts for terms not exceeding 12 months to hedge the exchange risk arising from these anticipated future transactions.

As at 31 December 2011 the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to the exposure on these future anticipated transactions is \$0.086 million (2010: unrealised losses of \$0.378 million).

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

Interest Rate Risk

The consolidated entity and the University receive interest income on surplus funds invested for periods from overnight up to 12 months at rates fixed for the term of each individual investment. The consolidated entity and the University invests surplus funds to meet future cash requirements. Investments are made to maximise interest income consistent with having funds available to meet commitments and Treasury Policy guidelines.

The University's loan from subsidiary has no fixed term. Interest payments are set at the weighted average interest rate return on the University's deposits in any one month.

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2011:

	CONSOLIDATED		
	Variable interest rate \$000	Fixed maturity dates Mature within one year \$000	Total \$000
Loans and receivables			
Cash and cash equivalents	9,929		9,929
Short term bank deposits		3,410	3,410
Total financial instruments – consolidated entity	9,929	3,410	13,339

The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2010:

	CONSOLIDATED		
	Variable interest rate \$000	Fixed maturity dates Mature within one year \$000	Total \$000
Loans and receivables			
Cash and cash equivalents	15,745	16,000	31,745
Short term bank deposits		48,535	48,535
Total financial instruments – consolidated entity	15,745	64,535	80,280

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

The following table details the University's exposure to interest rate risk as at 31 December 2011:

	UNIVERSITY		
	Variable interest rate \$000	Fixed maturity dates Mature within one year \$000	Total \$000
Loans and receivables			
Cash and cash equivalents	6,147		6,147
Short term bank deposits		3,392	3,392
Total financial instruments – University	6,147	3,392	9,539

The following table details the University's exposure to interest rate risk as at 31 December 2010:

	UNIVERSITY		
	Variable interest rate \$000	Fixed maturity dates Mature within one year \$000	Total \$000
Loans and receivables			
Cash and cash equivalents	9,309	16,000	25,309
Short term bank deposits		46,035	46,035
Total financial instruments – University	9,309	62,035	71,344

Fair values of financial assets and liabilities

The University and consolidated entity uses various valuation methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in active markets

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The fair value of the financial instruments as well as the methods used to estimate fair value are summarised in the tables on the next page.

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

	Quoted market price (Level 1) \$000	Valuation technique – market observable inputs (Level 2) \$000	Valuation technique – non-market observable inputs (Level 3) \$000	Total \$000
Consolidated entity				
2011				
Financial Assets				
Externally managed equities portfolio	3,130	4,665		7,795
Externally managed bonds and cash portfolio		7,640		7,640
	3,130	12,305		15,435
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(189)		(189)
		(189)		(189)
2010				
Financial Assets				
Externally managed equities portfolio		8,750		8,750
Externally managed bonds and cash portfolio		8,309		8,309
		17,059		17,059
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(553)		(553)
		(553)		(553)
University				
2011				
Financial Assets				
Externally managed equities portfolio	3,130	4,665		7,795
Externally managed bonds and cash portfolio		7,640		7,640
	3,130	12,305		15,435
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(181)		(181)
		(181)		(181)
2010				
Financial Assets				
Externally managed equities portfolio		8,750		8,750
Externally managed bonds and cash portfolio		8,309		8,309
		17,059		17,059
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(604)		(604)

Quoted market prices represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the University and the consolidated entity uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include foreign exchange contracts not traded on a recognised exchange.

Notes to the Financial Statements

for the year ended 31 December 2011

8 Financial instruments (continued)

Interest Rate Sensitivity

For the year ended 31 December 2011 if interest rates on cash and cash equivalents, loans and investments had fluctuated up or down by 100 basis points, the surplus for the consolidated entity would have been \$0.133 million higher/lower (2010: \$0.803 million higher/lower). For the University the surplus would have been \$0.404 million higher/lower (2010: \$0.336 million higher/lower).

The sensitivity analysis has been calculated by applying the sensitivity factor of 100 basis points to the financial instruments held at balance date.

Credit Risk

Credit risk is the risk of the failure of a debtor or counter party to honour its contractual obligation.

Financial assets, which potentially subject the University to concentrations of credit risk, consist of cash and cash equivalents, short term investments, loans to subsidiaries, receivables and derivative financial instruments. The maximum credit risk as at 31 December 2011 is the gross amount of the financial assets less impairment. The University manages this risk by placing cash and cash equivalents, short term investments and derivative financial instruments with institutions which have a high credit rating and by limiting the amount that can be invested in any one institution.

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

Capital and liquidity risk management

The University and its subsidiaries manage their funds so as to ensure all entities will be able to continue as going concerns. The capital structure of the consolidated entity consists of general equity, reserves and trust and special funds as disclosed in Notes 21, 22, 23 respectively. The consolidated entity does not have any share capital on issue. The University manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities. The University has an unsecured Fluctuating Committed Cash Advance Facility with a maximum limit of \$210 million (2010: \$85 million), and an expiry date of 30 June 2014. As at 31 December 2011, the University had not drawn down against this facility.

9 Receivables

	Note	CONSOLIDATED		UNIVERSITY	
		2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Trade receivables		47,403	36,896	29,410	21,388
Less provision for receivables impairment		(1,040)	(1,240)	(394)	(662)
Net receivables		46,363	35,656	29,016	20,726
Related company receivables	24			6,543	4,802
Total receivables		46,363	35,656	35,559	25,528

Movements of the provision for doubtful debts are as follows

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Balance at 1 January	1,240	1,466	662	804
Provision for receivables impairment	426	116	30	116
Receivables written off during the year as uncollectable	(523)	(221)	(194)	(227)
Unused amounts reversed	(103)	(121)	(104)	(31)
Balance at 31 December	1,040	1,240	394	662

Notes to the Financial Statements

for the year ended 31 December 2011

9 Receivables (continued)

Impaired Debtors and aging

The aging analysis of trade receivables is as follows:

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Current	38,270	20,791	31,813	21,790
31 to 60 days – past due not impaired	3,168	8,594	1,175	841
61 to 90 days – past due not impaired	1,771	1,463	850	510
61 to 90 days – considered impaired	19	8	19	8
91 days and over – past due not impaired	3,104	4,740	1,671	2,319
91 days and over – considered impaired	1,071	1,300	425	722
	47,403	36,896	35,953	26,190
Receivables past due but not considered impaired are:	4,875	6,203	2,521	2,829

Payment terms on receivables past due but not considered impaired have not been re-negotiated, however credit has been stopped until full payment is made.

10 Inventories

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Raw materials	41	50	41	50
Work in progress	3	3	3	3
Finished goods	938	659	938	659
Total inventories	982	712	982	712

Notes to the Financial Statements

for the year ended 31 December 2011

11 Property, plant and equipment

	CONSOLIDATED								Total
	Assets in use							Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection at valuation	Works of art at valuation	Plant and equipment at cost	Plant and equipment under finance lease at cost	Capital work in progress at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount									
Balance as at 1 January 2010	300,326	924,039	21,994	237,672	15,398	268,933	3,631	44,375	1,816,368
Additions		1,090	133	16,854	333	26,187		131,932	176,529
Disposals	(200)	(17,487)		(1,868)		(4,946)	(3,631)		(28,132)
Transfers		28,205	590			3,938		(32,733)	
Net revaluation increments	(45,892)	(84,742)		(742)					(131,376)
Balance as at 1 January 2011	254,234	851,105	22,717	251,916	15,731	294,112		143,574	1,833,389
Additions	13,612	2,236	2,643	15,402	131	30,038		157,300	221,362
Disposals		(13,042)	(21)	(2,181)		(7,191)			(22,435)
Transfers		129,830				26		(129,856)	
Net revaluation increments					1,027				1,027
Balance as at 31 December 2011	267,846	970,129	25,339	265,137	16,889	316,985		171,018	2,033,343
Accumulated depreciation									
Balance as at 1 January 2010		76,831	16,274	164,463		174,093	3,267		434,928
Disposals		(3,273)		(1,722)		(4,078)	(3,630)		(12,703)
Transfers		(5)	5						
Depreciation expense		38,600	1,334	22,949		25,490	363		88,736
Revaluation decrement		(110,302)							(110,302)
Balance as at 1 January 2011		1,851	17,613	185,690		195,505			400,659
Disposals		(1,366)	(21)	(1,813)		(5,902)			(9,102)
Transfers									
Depreciation expense		38,644	1,259	16,900		27,095			83,898
Revaluation decrement									
Balance as at 31 December 2011		39,129	18,851	200,777		216,698			475,455
Net book value									
As at 1 January 2010	300,326	847,208	5,720	73,209	15,398	94,840	364	44,375	1,381,440
As at 31 December 2010	254,234	849,254	5,104	66,226	15,731	98,607		143,574	1,432,730
As at 31 December 2011	267,846	931,000	6,488	64,360	16,889	100,287		171,018	1,557,888

Notes to the Financial Statements

for the year ended 31 December 2011

11 Property, plant and equipment (continued)

	UNIVERSITY								Total
	Assets in use							Assets under construction	
	Freehold land at valuation	Buildings at valuation	Leasehold improvements at cost	Library collection valuation	Works of art at valuation	Plant and equipment at cost	Plant and equipment under finance lease at cost	Capital work in progress at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount									
Balance as at 1 January 2010	278,469	918,200	20,235	237,672	15,398	263,448	3,631	44,375	1,781,428
Additions	14,700	8,885	133	16,854	333	21,752		131,932	194,589
Disposals	(200)	(17,487)		(1,868)		(4,811)	(3,631)		(27,997)
Transfers		28,205	590			3,938		(32,733)	
Net revaluation increments	(39,485)	(86,990)		(742)					(127,217)
Balance as at 1 January 2011	253,484	850,813	20,958	251,916	15,731	284,327		143,574	1,820,803
Additions	13,612	2,236	1,846	15,402	131	29,540		156,523	219,290
Disposals		(13,042)	(18)	(2,181)		(6,323)			(21,564)
Transfers		129,830				26		(129,856)	
Net revaluation increments					1,027				1,027
Balance as at 31 December 2011	267,096	969,837	22,786	265,137	16,889	307,570		170,241	2,019,556
Accumulated depreciation									
Balance as at 1 January 2010		76,367	15,136	164,463		170,205	3,267		429,438
Disposals		(3,622)	(1)	(1,722)		(4,069)	(3,630)		(13,044)
Transfers		(5)	5						
Depreciation expense		38,000	1,236	22,949		24,971	363		87,519
Revaluation decrement		(108,889)							(108,889)
Balance as at 1 January 2011		1,851	16,376	185,690		191,107			395,024
Disposals		(1,366)	(18)	(1,813)		(5,038)			(8,235)
Transfers									
Depreciation expense		38,621	1,183	16,900		26,185			82,889
Revaluation decrement									
Balance as at 31 December 2011		39,106	17,541	200,777		212,254			469,678
Net book value									
As at 1 January 2010	278,469	841,833	5,099	73,209	15,398	93,243	364	44,375	1,351,990
As at 31 December 2010	253,484	848,962	4,582	66,226	15,731	93,220		143,574	1,425,779
As at 31 December 2011	267,096	930,731	5,245	64,360	16,889	95,316		170,241	1,549,878

Notes to the Financial Statements

for the year ended 31 December 2011

11 Property, plant and equipment (continued)

University land in crown title with a value of \$152.5 million (2010: \$152.5 million) is included in property, plant and equipment. Further details about Crown land have been outlined in the accounting policies.

During the year works of art held by the University as at 31 December 2011 have been revalued as at that date. An independent valuation was performed by ART+OBJECT. The valuation basis is assessed at market value. The fair value of works of art valued by ART+OBJECT is \$17,432,283.

The consolidated entity engages Darroch Limited, an accredited independent valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of its freehold land and buildings. 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. 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 consolidated entity, and to market based yields for comparable properties. The most recent valuation was effective 31 December 2010.

12 Intangible assets

	CONSOLIDATED			UNIVERSITY		
	Software at cost \$000	Capital work in progress at cost \$000	Total \$000	Software at cost \$000	Capital work in progress at cost \$000	Total \$000
Gross carrying amount						
Balance as at 1 January 2010	40,065	5,884	45,949	38,255	5,296	43,551
Additions	774	11,390	12,164	774	10,688	11,462
Disposals	(177)		(177)	(177)		(177)
Transfers	13,986	(13,986)		12,696	(12,696)	
Balance as at 1 January 2011	54,648	3,288	57,936	51,548	3,288	54,836
Additions	600	8,332	8,932	584	7,984	8,568
Disposals	(2,610)		(2,610)	(900)		(900)
Transfers	6,397	(6,397)		6,049	(6,049)	
Balance as at 31 December 2011	59,035	5,223	64,258	57,281	5,223	62,504
Accumulated amortisation and impairment						
Balance as at 1 January 2010	27,729		27,729	26,058		26,058
Disposals	(176)		(176)	(176)		(176)
Amortisation expense	6,638		6,638	6,411		6,411
Balance as at 1 January 2011	34,191		34,191	32,293		32,293
Disposals	(2,571)		(2,571)	(860)		(860)
Amortisation expense	9,197		9,197	8,931		8,931
Balance as at 31 December 2011	40,817		40,817	40,364		40,364
Net book value						
As at 1 January 2010	12,336	5,884	18,220	12,197	5,296	17,493
As at 31 December 2010	20,457	3,288	23,745	19,255	3,288	22,543
As at 31 December 2011	18,218	5,223	23,441	16,917	5,223	22,140

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

Notes to the Financial Statements

for the year ended 31 December 2011

13 Payables

	Note	CONSOLIDATED		UNIVERSITY	
		2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Trade payables		117,677	102,345	97,222	86,929
Related company payables	24			1,430	1,151
Total payables		117,677	102,345	98,652	88,080

14 Revenue in advance

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Current liabilities				
Revenue received in advance	27,022	15,676	27,022	15,676
Research contracts obligations	63,424	71,700	35,941	36,494
Total revenue in advance – current	90,446	87,376	62,963	52,170

Non 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 from meeting the milestones is to be recognised when the Crown agrees that the milestones have been met and the loans are forgiven. During the year the University met key milestones that resulted in \$5 million of loans being forgiven. The income is included in Government Grants in the Income Statement.

The list below details the last possible period for forgiveness of funding amounts should key milestones be achieved:

	CONSOLIDATED/UNIVERSITY	
	2011 \$000	2010 \$000
2013	5,000	10,000
2014		
2015	12,000	12,000
Total	17,000	22,000

If certain key contractual milestones are not met, up to \$5 million is repayable on 31 May 2013, up to \$7 million is repayable on 30 June 2015 and up to \$5 million is repayable on 30 June 2016.

Notes to the Financial Statements

for the year ended 31 December 2011

15 Employee entitlements

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Current liabilities				
Accumulated annual leave	22,676	21,241	20,036	18,772
Retirement allowance	11,569	9,693	11,569	9,693
Long service leave	484	498	484	498
Total employee entitlements – current	34,729	31,432	32,089	28,963
Non current liabilities				
Sick leave	516	1,146	462	1,118
Retirement allowance	38,907	30,537	38,907	30,537
Long service leave	1,769	1,259	1,769	1,259
Total employee entitlements – non current	41,192	32,942	41,138	32,914

16 Provisions

	CONSOLIDATED/UNIVERSITY		
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Total 2011 Actual \$000
2011			
Balance at beginning of financial year	392	685	1,077
Amounts incurred against provision	(392)	(622)	(1,014)
Balance at end of financial year		63	63

	CONSOLIDATED/UNIVERSITY		
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Total 2010 Actual \$000
2010			
Balance at beginning of financial year	2,512	2,144	4,656
Amounts incurred against provision	(2,120)	(1,459)	(3,579)
Balance at end of financial year	392	685	1,077

Faculty Research Development Fund

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

Vice-Chancellor's Strategic Development Fund

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

Notes to the Financial Statements

for the year ended 31 December 2011

17 Loans and borrowings

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Current liabilities				
Non interest bearing loan	620		620	
Interest bearing loan from subsidiary			49,979	37,700
Total loans and borrowings - current	620		50,599	37,700
Non current liabilities				
Non interest bearing loan	4,583		4,583	
Total loans and borrowings - non current	4,583		4,583	

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 the 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 fair value of the current and non current portions of this loan with an average effective interest rate of 3.8%.

Interest bearing loan from subsidiary

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan is on demand and the University pays a rate of interest equivalent to the return on the University's investments for each month.

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 3.2% to 5.6%.

Assets pledged as security

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

Defaults and breaches

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

Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 8.

Notes to the Financial Statements

for the year ended 31 December 2011

18 Leases

Operating lease commitments

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

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Non-cancellable operating leases				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	17,443	16,442	15,964	16,149
Later than 1 year and not later than 5 years	43,161	36,547	37,601	36,473
Later than 5 years	7,576	7,312	7,576	7,312
Total operating lease commitments	68,180	60,301	61,141	59,934
Operating lease commitments by type				
Properties	59,044	46,351	52,107	46,240
Motor Vehicles	226	596	142	352
Equipment	8,910	13,354	8,892	13,342
Total operating lease commitments by type	68,180	60,301	61,141	59,934

Operating lease receivables

Operating leases relate to property held by the University that is leased to external parties to provide additional services to students. The properties are not investment properties because they are either 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	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Within 1 year	1,766	2,283	2,510	2,755
Later than 1 year and not later than 5 years	1,237	6,103	4,214	7,048
Later than 5 years	855	557	855	557
Total operating lease receivables	3,858	8,943	7,579	10,360

19 Capital commitments

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

	CONSOLIDATED/UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000
Property Services projects	36,782	94,028
Other capital expenditure	2,623	3,429
Total capital commitments	39,405	97,457

Notes to the Financial Statements

for the year ended 31 December 2011

20 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2011 (2010: Nil).

21 General equity

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Balance at beginning of financial year	917,949	889,225	897,548	875,961
Net surplus	32,266	27,284	22,772	20,147
Transferred in from revaluation reserve	1,141	5,984	1,141	5,984
Less net surplus/(deficit) transferred to/(from) trust and special funds	(5,473)	(4,544)	(5,473)	(4,544)
Balance at end of financial year	945,833	917,949	915,988	897,548

The University and consolidated entity do not have any share capital on issue.

22 Reserves

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Asset revaluation	399,622	399,547	401,320	401,434
Cash flow hedge	(189)	(553)	(181)	(604)
Balance at end of financial year	399,433	398,994	401,139	400,830
Asset revaluation reserve				
Land and buildings				
Balance at beginning of financial year	385,297	411,613	387,184	410,754
Transferred to general equity	(1,141)	(5,984)	(1,141)	(5,984)
Revaluation decrements		(20,332)		(17,586)
Balance at end of financial year	384,156	385,297	386,043	387,184
Works of art and special library collections				
Balance at beginning of financial year	14,250	14,992	14,250	14,992
Revaluation increments/ (decrements)	1,027	(742)	1,027	(742)
Balance at end of financial year	15,277	14,250	15,277	14,250
Total asset revaluation reserve	399,433	399,547	401,320	401,434

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

Notes to the Financial Statements

for the year ended 31 December 2011

22 Reserves (continued)

	CONSOLIDATED		UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000	2011 Actual \$000	2010 Actual \$000
Hedging reserve				
Balance at beginning of financial year	(553)	(513)	(604)	(553)
Gain/(loss) recognised	579	552	579	552
Transferred to initial carrying amount of hedged item	(215)	(592)	(156)	(603)
Balance at the end of financial year	(189)	(553)	(181)	(604)

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

23 Trust and special funds

	CONSOLIDATED/UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
2011				
Balance at beginning of financial year	1,791	7,964	11,655	21,410
Income	8,371	2,895	628	11,894
Less expenditure	(1,427)	(4,569)	(425)	(6,421)
Net surplus (deficit)	6,944	(1,674)	203	5,473
Balance at end of financial year	8,735	6,290	11,858	26,883
2010				
Balance at beginning of financial year	1,761	3,795	11,310	16,866
Income	4,039	7,024	737	11,800
Less expenditure	(4,009)	(2,855)	(392)	(7,256)
Net surplus (deficit)	30	4,169	345	4,544
Balance at end of financial year	1,791	7,964	11,655	21,410

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

The income and expenditure items presented above are included in the Income Statement and are presented above for information purposes.

Notes to the Financial Statements

for the year ended 31 December 2011

24 Related parties

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

Auckland UniServices Limited

Investment in subsidiaries of \$1 million (2010: \$1 million) relates to shares held in Auckland UniServices Limited, which represents a 100% interest in the Company. The principal activity of Auckland UniServices Limited is commercial research and it has a 31 December balance date.

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

The amount of transactions charged by the University to Auckland UniServices Limited during 2011 was \$35.0 million (2010: \$37.2 million).

Auckland UniServices Limited pays some salary costs and sundry expenses on behalf of the University and recharges these to the University. The amount of transactions charged by Auckland UniServices Limited to the University during 2011 was \$12.8 million (2010: \$9.1million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.4 million (2010: \$1.6 million).

Balances outstanding at 31 December 2011 are:

1. Receivables	\$6,543,364	(2010: \$4,802,113)
2. Payables	\$1,429,567	(2010: \$1,151,081)
3. Loan from subsidiary	\$49,978,396	(2010: \$37,700,000)

Receivables are amounts owing to University departments for scholarship charges and sundry expenses paid on behalf of Auckland UniServices Limited. They are settled in the month following invoicing.

Payables are amounts owed by University departments for salaries, travel expenses and other charges paid on their behalf by Auckland UniServices Limited. They are settled on normal commercial terms.

The loan from subsidiary represents advances by Auckland UniServices Limited to the University. The loan has no fixed term and interest payments are set at the weighted average interest rate return on the University's deposits in any one month.

Included within other revenue on the Income Statement are dividends of \$15.9 million. These dividends were received from an investee company of Auckland UniServices Limited.

Eversdale Holdings Limited

Eversdale Holdings Limited was a wholly owned subsidiary of the University until it was liquidated in December 2011. There were no related party transactions with Eversdale Holdings Limited during the current year.

Telsar Investments Limited

Telsar Investments Limited was a wholly owned subsidiary of the University until it was liquidated in December 2011. There were no related party transactions with Telsar Investments Limited during the current year.

Key management personnel compensation

Compensation of the key management personnel of the consolidated entity and the University is set out below:

	CONSOLIDATED/UNIVERSITY	
	2011 Actual \$000	2010 Actual \$000
Short-term employee benefits	6,660	6,388
Post-employment benefits	977	809
Total employee benefits	7,637	7,197



Chartered Accountants

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 2011

The Auditor-General is the auditor of The University of Auckland ('the University') and group. The Auditor-General has appointed me, Brent Penrose, 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 her behalf.

We have audited:

- the financial statements of the University and group on pages 55 to 85, that comprise the statement of financial position as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 38 to 51.

Opinion

In our opinion:

- the financial statements of the University and group on pages 55 to 85:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - financial position as at 31 December 2011; and
 - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the University and group on pages 38 to 51 fairly reflects the University and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2011.

Emphasis of matter – capital contributions from the Crown

Without modifying our opinion, we considered the recognition, presentation and disclosure of income in advance in the statement of financial position and note 14 on page 79 and the corresponding release of revenue in the income statement. In our view, the substance of the transactions relating to Partnership for Excellence funding are equity in nature given that the Crown has an in-substance ownership interest in the University and has appropriated the funds as a capital contribution in order to increase the capability of the University.

Our audit was completed on 5 March 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University and group's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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.



Chartered Accountants

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing a statement of service performance that fairly reflects its service performance achievements.

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

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

Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. We have also carried out assurance engagements which are compatible with these independence requirements. We also provide sponsorship to the University for the Ernst & Young Chair of Financial Accounting. Other than the audit, sponsorship of the Ernst and Young Chair of Financial Accounting and the assurance engagements, we have no relationship with or interest in the University, or any of its subsidiaries.

Brent Penrose
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of the University and group for the year ended 31 December 2011 included on the University and group's website. The University and group's Council is responsible for the maintenance and integrity of the University and group's website. We have not been engaged to report on the integrity of the University and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 5 March 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Glossary

Acronym	Expanded meaning
ABI	Auckland Bioengineering Institute
APRU.....	Associate of Pacific Rim Universities
CRI.....	Crown Research Institute
DHB.....	District Health Board
EEEdO.....	Equal Educational Opportunities
EFTS.....	Equivalent Full Time Students
ERI	External Research Income
FMHS.....	Faculty of Medical and Health Science
FRST.....	Foundation of Research Science and Technology
FTE	Full Time Equivalent
GDP.....	Gross Domestic Product
GPE	Grade Point Equivalent
HRC	Health Research Council
KPI	Key Performance Indicator
LSRI.....	Large Scale Research Institute
MANU-AO.....	Māori Academic Network across Universities in Aotearoa
MAPAS	Māori and Pacific Admission Scheme
MIT	Manakau Institute of Technology
NICAI.....	National Institute of Creative Arts and Industries (also referred to as faculty of)
NIH	National Institute of Health
NIWA.....	National Institute of Water and Atmospheric Research
NRCGD	National Research Centre for Growth and Development
OECD.....	Organisation for Economic Cooperation and Development
PBRF	Performance Based Research Fund
PFX	Partnerships for Excellence
TEC	Tertiary Education Commission
TKA	Te Kāhui Amokura
TTCF.....	Trans Tasman Consolidation Fund
WUN	Worldwide Universities Network



