



The University of Auckland 2009 Annual Report



**THE UNIVERSITY
OF AUCKLAND**

NEW ZEALAND

Te Whare Wānanga o Tāmaki Makaurau





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A man with grey hair, wearing a grey pinstriped suit, a light blue shirt, and a red patterned tie, stands in front of a modern glass building. The building's facade is composed of large glass panels reflecting the sky and other parts of the structure. The man is looking directly at the camera with a slight smile.

Chancellor's review

“ A nation's investment in research, science and technology has a direct bearing on its productive and innovative capacity. ”

Through the global financial crisis, The University of Auckland has remained committed to its vision to be a world-class university in New Zealand and is in good heart.

Last year was a challenging one for New Zealand, and the wider world, and universities in many countries were forced to grapple with the negative consequences.

During the year, the University improved its position in the *Times Higher Education - Quacquarelli Symonds (THE-QS) World Rankings* of universities and remains the only New Zealand institution in the top one percent.

We have continued steadily and firmly with our ambitious and much needed infrastructure upgrade programme. Work has begun on the new Science and Interpretative Centre, phase two of the redevelopment of the Leigh Marine Laboratory into a substantially upgraded South Pacific Centre for Marine Science. On the City Campus, the Institute for Innovation in Biotechnology's new 10,000-square-metre

The University's bold move to selected entry to all programmes was successfully effected during 2009. This policy will do much for the University in the years to come and in an economically constrained New Zealand is not only strategically sound and appropriate but is also consistent with the path many of our international peer group are following, or have already followed.

We continue to have outstanding staff and the University's efforts to enhance the quality of the learning environment and student experience were commended by the 2009 New Zealand Universities Academic Audit Unit (NZUAAU). The audit report, the first since 2004, commented favourably on the University in a wide range of areas directly related to students including the quality of learning spaces, support for senior undergraduates to participate in research activities, support for those students who need

International data show that a nation's investment in research, science and technology has a direct bearing on its productive and innovative capacity. University researchers contribute widely to the creation of knowledge, benefiting the New Zealand community in many ways, and they play a vital role as champions of fundamental science which is essential to addressing the big issues of our time, such as global warming.

Now, as the country comes out of recession, it needs more than ever a high quality education system and purposeful investment in research if it is going to achieve significant long-term economic growth and close the gap with Australia. New Zealand universities are funded at a level approximately 25 percent lower than Australian universities, and at a little over half the rate of the Australian Group of Eight, expressed on a per student basis. This makes top universities in Australia and elsewhere a constant and major competitive threat in the markets for top students, academic staff and research contracts – all of which are key to our long-term success.

“Now, as the country comes out of recession, it needs more than ever a high quality education system and purposeful investment in research if it is going to achieve significant long-term economic growth and close the gap with Australia.”

building is due to be completed at the end of 2010, housing up to 500 people from industry and academia and supporting fledgling biotech companies. Work is well underway too on the main phase of the \$240 million refurbishment of the Grafton Campus; already a new Centre for Brain Research, led by eminent neuroscientist Professor Richard Faull, is housed in the completed first stage.

assistance with English, and education about academic referencing practices. It praised the University for the depth and range of its engagement with employers, professional bodies and other external groups as well as the Council's governance role, relationship with senior managers, and the use of benchmarking to measure the success of internationalisation strategies.

We make a significant contribution to the country's export revenues through both our education offering and our research activities. However, the funding system for student fees has operated on a “sinking lid” policy for many years via the combination of the fee maxima regime and increases in government funding at rates well below the cost increases faced by New Zealand universities. The cumulative effects of this policy now give us grave concern around our ability to deliver to the high standards we believe are required, and on which New Zealand's long-term prosperity ultimately depends. A fresh, and more expansive, approach to university funding in New Zealand by government is long overdue.

The Bunkhouse - new student accommodation at Leigh Marine Laboratory





Vice-Chancellor's report

“The generosity of our donors is most welcome, particularly at a time when government policies are making it more and more difficult to retain our best staff and students.”

The University of Auckland has an ambitious Strategic Plan 2005-2012 which is built on five key aims: 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. During 2009, we made very good progress toward all these objectives despite the impact of the global economic crisis.

Our target for overall growth of 1 percent per annum in the student body was exceeded as the economic situation drove more students to secure the private benefits of a university education. Equivalent Full Time Students (EFTS) in

2009 were 31,689, 5 percent up on the previous year. Fortunately, the policy of selecting students into all programmes, introduced this year, meant that the number of unfunded students was limited, while we were also able to place a greater emphasis on the quality of students admitted to New Zealand's leading university. At the same time, we continue to improve the quality of the learning and teaching experience. Just one illustration of that is the fact that two of our outstanding young teachers, Dr Rachel Fewster and Paul Denny, won National Tertiary Teaching Excellence Awards, continuing our tradition of winning at least one of these awards in every year since they were inaugurated in 2002.

The University of Auckland is the country's largest provider of university education to Māori and Pacific students with 19 percent and 37 percent respectively of these students nationally. At the doctoral level the proportions are even higher – 35 percent and 41 percent respectively. However, numbers of Māori and Pacific students in the University remained essentially static in

2009, and it is clear that the limiting factors to progress in these objectives rest significantly in the compulsory education sector. The University continues to work actively with schools that have high numbers of Māori and Pacific students, and we have developed a recruitment strategy to further attract such students into the University. It is regrettable that much of this work continues to rely on short-term government funding and philanthropy when it is a long-term issue vital to the country's future.

Postgraduate EFTS have risen from 16 percent of the University's total in 2004 (the year before introduction of the new Strategic Plan 2005-2012) to 20 percent in 2009. Masters thesis completions continue to rise, and are on track to meet the 2012 target, while significantly increasing the number of doctoral completions remains a challenge. International students constitute an increasing proportion of the doctoral cohort, and they make a major contribution to the research outputs of the University. Many of them come to Auckland because of our high international ranking and



the strong relationships we have built with their home universities, and they in turn build enduring connections that are of long-term benefit to this country. It is critical that government retains the policy of permitting such students to study for the PhD at domestic fee rates, and that it re-introduces in some form the Top Achiever Doctoral Scholarships for domestic students that were cut in the 2009 Budget. It simply does not make sense to encourage all our best PhD candidates to undertake their study overseas, because of the shortage of appropriate scholarships for high achievers in New Zealand.

Externally funded research grew strongly, reaching \$206 million in 2009, 56 percent up on the \$131 million in 2004. This reflects the confidence granting agencies and businesses have in our research staff. The most obvious

Campus, home to the Faculty of Medical and Health Sciences and the Liggins Institute. This will create a medical teaching and research facility of genuinely international quality, one that will allow us not only to increase the number of medical graduates we produce each year but also to support the kinds of extraordinary medical research exemplified in our exciting new Centre for Brain Research, which occupies the already completed first stage of this development. At the same time, we have commenced construction on the Institute for Innovation in Biotechnology, a new building to be completed this time next year as Auckland's first biotechnology incubator. Here, fledgling biotech companies will have the support they need to develop and grow, with access to our researchers, to our postgraduates, and to complex research equipment that they simply could not otherwise afford.

advanced study, to undertake internationally recognised research, and to contribute to New Zealand's economic, social and environmental development. The University of Auckland is doing all this and more. Yet at the same time, successive governments have diverted their investment progressively away from the universities. The result is that we have a university system with the lowest tuition fees in the western world, but also with the lowest investment per student. This must inevitably impact on the quality of the education and research that we provide, and it will inevitably cause talented, well-off New Zealanders to seek their university education overseas – as indeed is increasingly happening already. We have lived through a decade of a government that had plenty of funds to invest, but chose to invest in making university education cheaper rather than better. Now we find ourselves in a recession, which limits opportunity for investment in high quality teaching and research, but makes such investment more important than ever for the country's future prosperity. The continued success of The University of Auckland has been achieved only because of the efforts of our many talented staff and students. Government and the New Zealand public cannot expect to retain an internationally competitive university, as they have at present in The University of Auckland, unless they are prepared to make internationally competitive levels of investment in its future.

“The continued success of The University of Auckland has been achieved only because of the efforts of our many talented staff and students.”

example of the quality of our researchers, and of the connection of fundamental research to real outcomes, is the work of Distinguished Professor Peter Hunter, 2009 winner of the Rutherford Medal, New Zealand's top science honour. Professor Hunter is, with Professors Ted Baker and Richard Faull, the third University of Auckland scientist to win the Rutherford medal in the last four years. Much of their work, and that of many other leading researchers at the University, finds application through the activities of our research commercialisation company, Auckland UniServices Ltd. UniServices' revenue has grown by 15 percent in the last year, a spectacular result given the recession. As well as being a major asset for The University of Auckland, UniServices is now becoming more widely recognised as the country's leading vehicle for commercialisation of research from public organisations.

Although the recession has had a significant negative impact on philanthropy worldwide, with disastrous consequences for some universities, The University of Auckland has continued to attract considerable support from its many donors. In the last year, the total support generated for our Leading the Way Campaign has increased from \$48 million to \$57 million. As this support is focused on the University's greatest asset, its people, the generosity of our donors is most welcome, particularly at a time when government policies are making it more and more difficult to retain our best staff and students.

Another area where we are making good progress in implementing the Strategic Plan is the Campus Development Strategy. During 2009, we commenced the main phase of the \$240 million refurbishment of the Grafton

The new Government's Tertiary Education Strategy emphasises the need for institutions to enable a wide range of students to undertake



Key facts and figures

Full Time Equivalent staff (FTE)	2007	2008	2009
Academic	1,949	1,981	2,104
General	2,402	2,512	2,504
Total	4,351	4,493	4,608

Students	2007	2008	2009
Equivalent Full Time Students (EFTS)	30,232	30,172	31,689
Headcount	38,502	38,551	39,940

Gender (students)	2007	2008	2009
Male	16,273	16,494	17,084
Female	22,229	22,057	22,856
Total	38,502	38,551	39,940

Workload (students)	2007	2008	2009
Full time	23,188	23,379	24,665
Part time	15,314	15,172	15,275
Total	38,502	38,551	39,940

Ethnicity (students)	2007	2008	2009
European	15,745	16,066	16,758
Māori	2,526	2,546	2,582
Pacific Island	3,124	3,079	3,102
Asian	13,376	13,634	14,403
Other	1,961	1,853	1,900
No response	1,770	1,373	1,195
Total	38,502	38,551	39,940

Age group	2007	2008	2009
18 or less	6,486	6,528	6,706
19 - 20	9,500	9,791	10,207
21 - 23	8,844	8,720	9,047
24 - 29	5,238	5,286	5,659
30 - 39	4,045	3,883	4,006
40+	4,389	4,343	4,315
Total	38,502	38,551	39,940

Student enrolment by qualification (EFTS)	2007	2008	2009
Doctor of Philosophy	1,233	1,267	1,344
Other doctoral degree	77	77	85
Master degree	1,194	1,260	1,575
Conjoint degree	3,455	3,287	3,646
Bachelor honours	514	568	619
Bachelor degree	19,672	19,533	20,061
Diploma	2,528	2,911	3,062
Certificate	1,443	1,163	1,182
Total	30,116	30,066	31,573

Note

- EFTS from formal qualifications only are included.

Programme enrolments (students)	2007	2008	2009
Arts	7,384	7,556	8,080
Auckland Bioengineering Institute		53	61
Business and Economics	7,018	6,731	7,020
Creative Arts and Industries	2,086	2,026	2,027
Education	4,663	4,398	4,538
Engineering	2,871	2,957	3,206
Law	1,983	1,909	1,903
Liggins Institute	40	42	46
Medical and Health Sciences	4,414	4,414	4,791
Science	7,349	7,452	7,758
Theology	150	140	144
University Programmes	2,594	2,970	2,525
Total	40,552	40,648	42,099

Note

- Conjoint degrees, PhD and other doctorate enrolments are reported with their sponsoring faculty. For example, a student enrolled in BA/BSc will be distributed between Science and Arts at a ratio of 50/50.
- Students enrolled in more than one qualification during the year are counted in each qualification.
- University Programmes includes Inter-faculty offerings as well as University Certificates and TFC.
- Adult and community education enrolments are not included.
- Auckland Bioengineering Institute was established as a large-scale research institute separate from the Faculty of Engineering from 1 January 2008.

Undergraduate enrolment (EFTS)	2007	2008	2009
Arts	4,665	4,689	4,860
Business and Economics	4,781	4,656	4,885
Creative Arts and Industries	1,371	1,268	1,171
Education	2,138	2,001	2,155
Engineering	2,078	2,140	2,221
Law	1,271	1,243	1,229
Medical and Health Sciences	2,091	2,095	2,254
Science	5,523	5,518	5,710
Theology	92	77	102
University Programmes	613	564	574
Total	24,623	24,252	25,162

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.

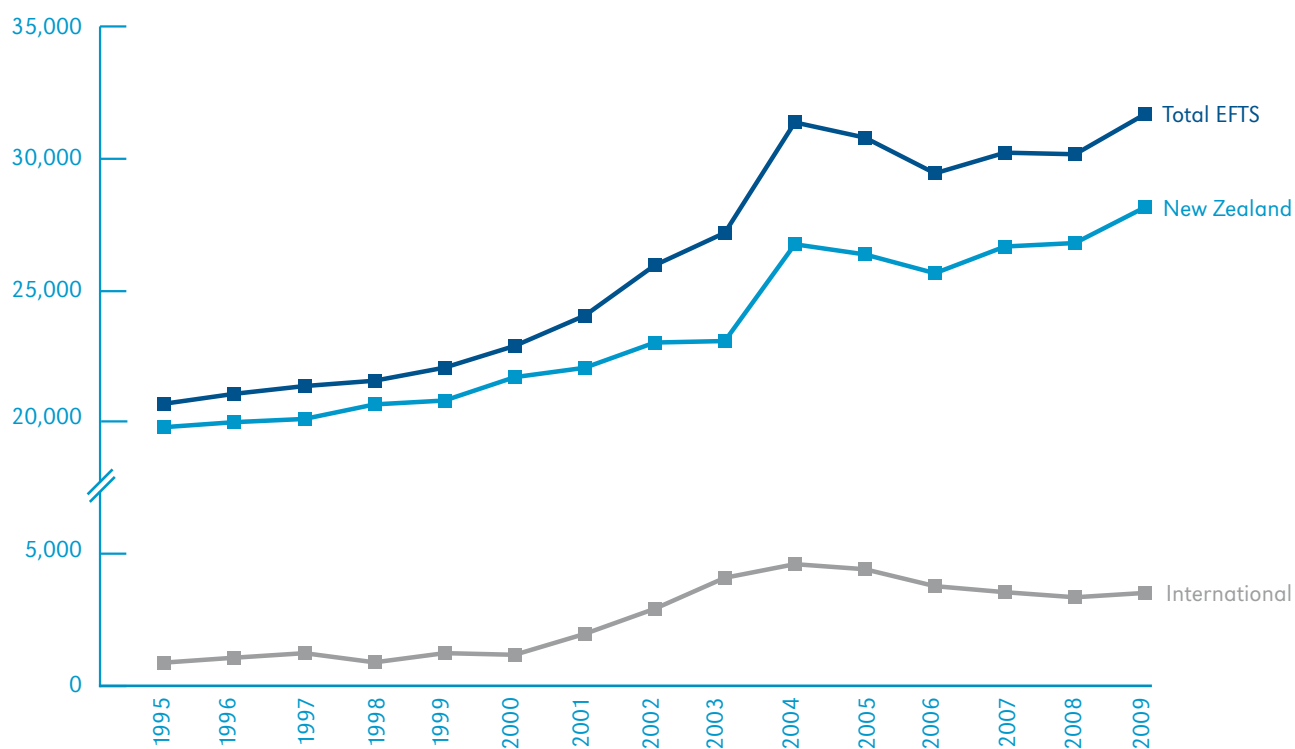
Postgraduate enrolment (EFTS)	2007	2008	2009
Arts	719	757	791
Auckland Bioengineering Institute		52	53
Business and Economics	688	719	778
Creative Arts and Industries	230	369	479
Education	1,035	998	1,203
Engineering	424	441	507
Law	148	147	171
Liggins Institute	34	36	42
Medical and Health Sciences	1,006	1,090	1,108
Science	1,166	1,158	1,241
Theology	30	33	29
University Programmes	13	14	8
Total	5,493	5,814	6,410

*Auckland Bioengineering Institute was established from 1 January 2008

Qualifications awarded (by faculty)	2007	2008	2009
Arts	1,849	1,853	1,961
Business and Economics	2,114	2,125	2,043
Creative Arts and Industries	618	648	570
Education	1,702	1,546	1,530
Engineering	717	737	677
Law	412	392	399
Medical and Health Sciences	1,323	1,371	1,423
Science	1,773	1,700	1,891
Theology	-	36	33
Total	10,548	10,408	10,527

International students (students)	2007	2008	2009
China	1,484	1,077	996
Malaysia	524	570	662
United States	474	508	509
Korea, Republic of	401	421	459
Germany	318	324	330
India	91	110	140
Canada	84	89	91
United Kingdom	86	80	90
Pakistan	35	70	76
Hong Kong	84	83	75
France	59	58	75
Taiwan	66	67	64
Saudi Arabia	20	35	57
Japan	83	74	57
Russian Federation	63	68	52
Vietnam	68	47	51
Bahrain	13	42	50
Norway	49	38	44
Fiji	49	47	43
Indonesia	46	47	41
Singapore	28	26	31
Mexico	12	11	29
Other	366	391	444
Total	4,503	4,283	4,466

University of Auckland EFTS 1995 to 2009



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



Council members from left to right:

Vice-Chancellor, Professor Stuart McCutcheon - Ex officio; Olga Ostrovsky, elected by students; Associate-Professor Jan Crosthwaite, elected by lecturers; Hugh Fletcher, Lindsay Corban and Peter Kiely - all appointed by the Minister of Education; The Honourable Justice Stevens, elected by graduates; Professor Bruce Harris, elected by professors;

- They meet international standards of research and teaching
- They are a repository of knowledge and expertise
- They accept the role as critic and conscience of society.

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

Responsibilities of Council

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

- striving to ensure that the University attains the highest standards of excellence in education, training and research
- acknowledging the principles of the Treaty of Waitangi

- encouraging the greatest possible participation by the communities served by the University, especially by under-represented groups
- ensuring that the University does not discriminate unfairly against any person
- ensuring proper standards of integrity, conduct and concern for the public interest and the well-being of students
- ensuring that systems are in place for the responsible use of resources.

The Vice-Chancellor

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

- the Deputy Vice-Chancellors Academic and Research

- the Pro Vice-Chancellors Equal Opportunities, International 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 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-professional 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:



Joe McCarty, elected by students; Alec Hawke, appointed by the Ministry of Education; Kate Sutton, elected by graduates; Professor Geoff Austin, elected by academic staff; Deputy Vice-Chancellor, Professor Jane Harding - Ex officio; Sarah Roberts, appointed by Council; Steve Warrington, elected by general staff; Dr Ian Parton, elected by graduates; and Roger France, Chancellor, appointed by the Council

- making recommendations or reports to Council on any matter affecting the University
- furthering and coordinating the work of faculties and departments, the General Library and University Press
- encouraging scholarship and research
- appointing standing committees as required
- delegating authority to its committees
- as delegate of Council, the Senate operates as a committee of Council.

The faculties

Each faculty is a committee of Senate and is headed by a Dean who is responsible for management of the teaching, research and administrative activities of a particular faculty. Each faculty has established its own structure of associate and assistant deans, and committees. Deans have primary financial responsibility for their faculties. 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 general 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 Committee

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

Audit Committee's principal task is to ensure that all financial statements released to the public, stakeholders, lenders or any regulatory body comply with accounting standards, and are true

and fair. The committee reviews the effectiveness of internal controls in the University and the way in which they are applied.

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

Internal audit is an integral part of the University's risk management framework. Certain internal audit services are contracted in from PricewaterhouseCoopers for a three-year term. To provide an effective service as well as the required level of assurance on a wide range of issues, a core audit programme has been developed, consisting of financial audits and audit areas matching the expertise of the principal audit provider. Audit requirements not covered by the "core" programme are resourced on a flexible, co-sourced basis, to 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 University policy in Equal Employment and Equal Educational Opportunities; develops University plans for Equal Employment and Equal Educational Opportunities; and monitors and reports on the implementation of policies, and plans and progress towards equal opportunities

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 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

Auditors:

Ernst & Young – on behalf of the Auditor-General

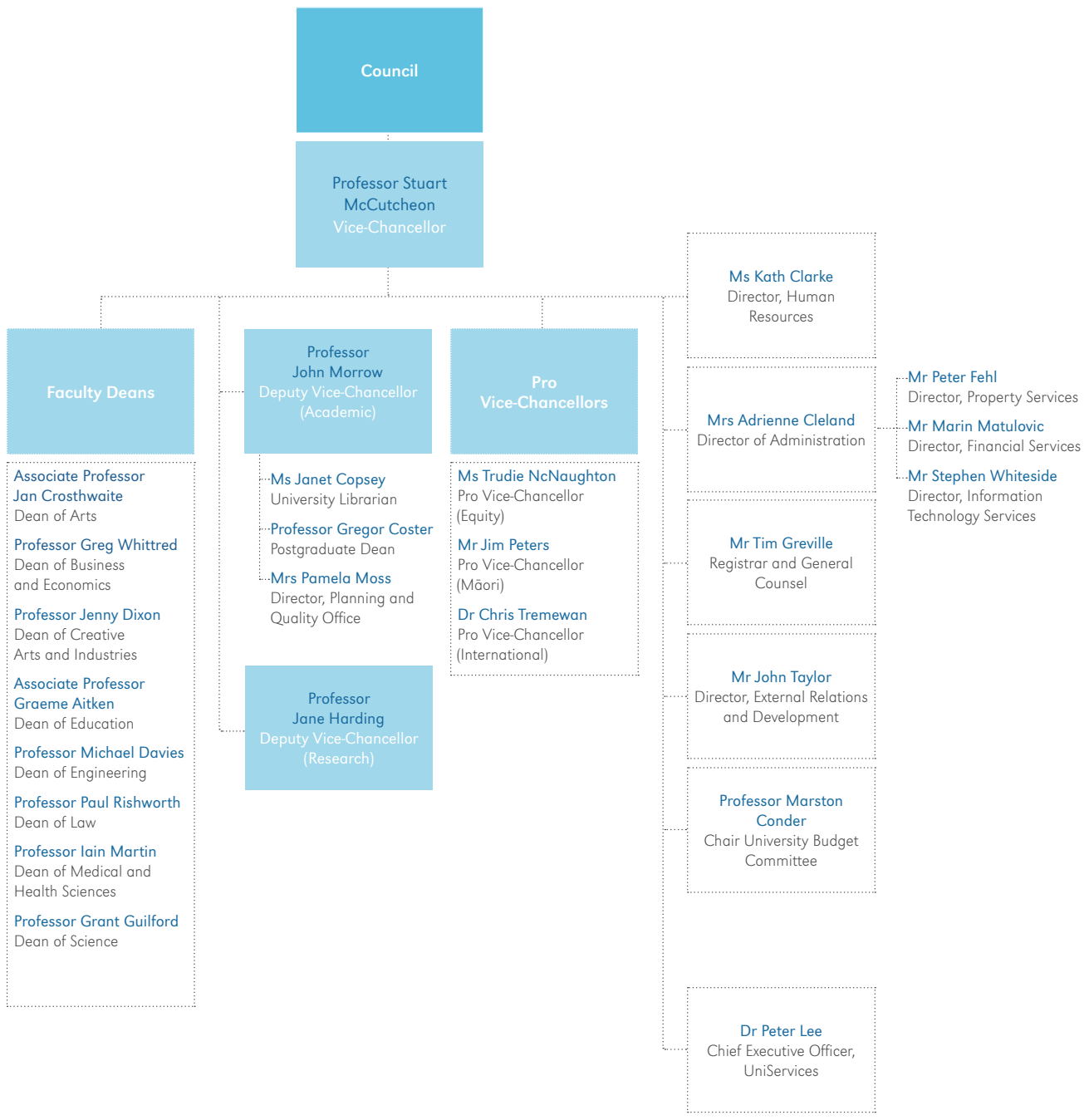
Valuers:

Darroch Limited



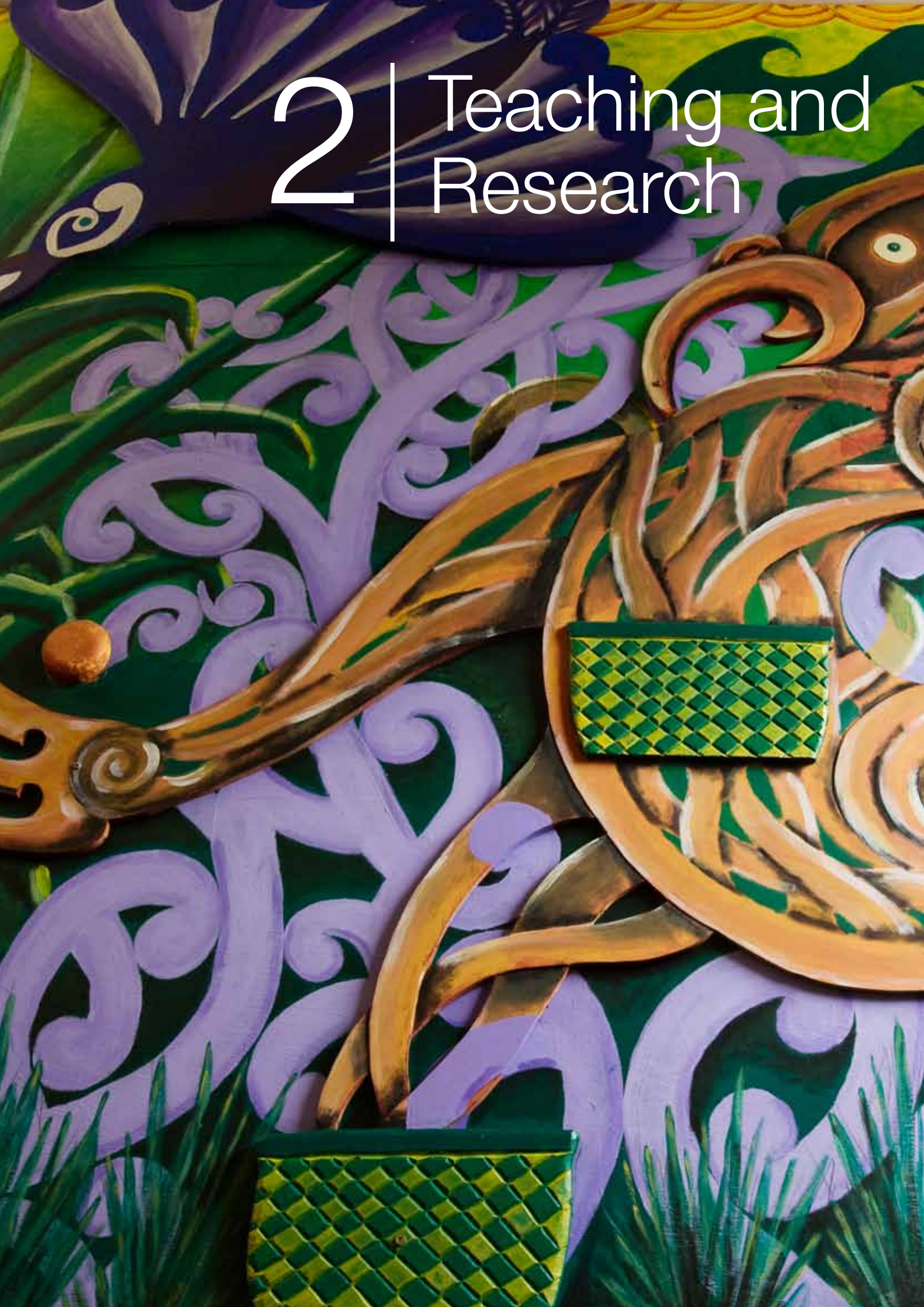
University management structure

as at 31 December 2009



Above:
Members of the Senior Management Team as at 31 December 2009

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Our
contribution to
New Zealand –
health, wealth and happiness

The University of Auckland is essential to New Zealand's economic development and long-term community well-being.

In any given year The University of Auckland teaches nearly 40,000 students – including over 4,000 international students from 93 countries – and employs more than 4,600 staff, making us one of the country's largest employers. A recent British survey shows that its top universities make a huge contribution to the nation's economy and society and have a crucial role to play in helping Britain survive the economic downturn and stimulate recovery¹; data from the OECD and IMF show that nations that invest more in research, science and technology are the most productive and innovative².

Ranked among the top one percent of the world's universities, The University of Auckland is a leading player in developing the nation's knowledge economy and innovation potential³. Its contribution to the New Zealand economy is estimated at \$5.2 billion per annum⁴ and it generates more than \$206 million in research revenue each year. Its research and commercialisation company, UniServices, has the highest turnover of any organisation of its kind in Australasia - \$114 million in 2009. The University has the largest group of top-ranked researchers in the country and hosts four of the eight national Centres of Research Excellence. The quality of the teaching offered by the University is reflected in our success at the annual National Tertiary Teaching Excellence Awards: since 2002 at least one and often (as in 2009) two of the recipients have been from The University of Auckland.

The University contributes to New Zealand's prosperity and well-being through its teaching, research and multiplicity of engagements with the wider community.

In 2009 close to 10,527 students completed University of Auckland qualifications. 5,430 undergraduate degrees were awarded, 4,156 postgraduate degrees and 247 doctorates. The University aims to equip each graduate with the specialist knowledge and general intellectual and life-skills necessary for productive employment and effective citizenship. Its highly-qualified, research-active teachers are dedicated to guiding the development of their students' capacity for critical, conceptual and creative thinking, for respecting diversity and integrity, for working independently and collaboratively, and for providing leadership in the community through engaging in constructive public discourse and willingly accepting civic and social responsibilities.

With 713 research masters degrees and 247 doctorates awarded in 2009, The University of

Auckland is the largest graduate school in the country. The University committed more than \$22 million to scholarships and awards for students in 2009, a significant portion of which was used to support research students. During the course of their research training these students develop sophisticated analytical skills that can be applied subsequently in a range of settings.

The research undertaken by staff and students in The University of Auckland touches almost every aspect of New Zealand life. It makes direct and highly significant contributions to our understanding of a range of challenges facing New Zealand now and in the future. These challenges include the health of our community, the educational development of our children, economic productivity and well-being, the quality of our physical and cultural environment, and our sense of identity as New Zealanders.

Health and well-being

The University is at the leading edge of research into modern diseases, making an ongoing range of important contributions to health outcomes in New Zealand and internationally. Researchers at the Liggins Institute and at the University-based Auckland Cancer Society Research Centre are working on programmes to develop, and in some cases, trial new drugs to fight cancer. One drug, Vadimezan (or DMXAA), finished Phase Three clinical trials in 2009 and could be registered for

worldwide use by the end of this year. It is the first agent of its kind for disrupting blood supply to tumours.

In 2009 the University established the Centre for Brain Research, recognising the ongoing potential of groundbreaking research on neurological diseases, including those like Alzheimer's disease and Parkinson's disease which afflict the elderly. University staff and students also play a leading role in the world's largest ever collaborative research project, the International Study of Asthma and Allergies in Childhood (ISAAC), which seeks to understand and address health issues affecting those at the other end of the life cycle; this study involves more than two million children from 100 countries.

Last year saw the launch of two new major health research projects: Growing Up in New Zealand, a longitudinal study tracking the health and development of 7,800 children across the North Island, and Transnational Pacific Health through the lens of tuberculosis, focusing on people from the Cook Islands and Tuvalu including those living in New Zealand.

Research undertaken in the University underpins its cornerstone contributions to health and medical education, service and training. In 2009, 169 doctors and 104 nurses



Doctoral student Swati Sharma with her supervisor Professor of Anatomy and Radiology, Richard Faulk.

¹'Higher Education – Business and Community Interaction Survey' for 2007-08

²R&D expenditure correlates with GDP: Data from OECD and IMF for 2008

³Times Higher Education - Quacquarelli Symonds (THE-QS) World Rankings of Universities, 2009.

⁴This is based on an update to the 2006 NZIER Report and takes account of 2009 expenditure and student numbers

were among the 1,423 graduates of the Faculty of Medical and Health Sciences. The faculty contributes to community health by offering specialised outpatient clinics for hearing and tinnitus, through the School of Population Health, while the Faculty of Science offers clinics for speech language therapy, optometry, psychology and exercise, providing hands-on training for students and offering a service to the Auckland population. Twenty fifth-year medical students a year work in Northland hospitals gaining experience and contributing to service provision in rural medicine and Māori health.

Growing educational potential

In 2009 The Faculty of Education helped to meet the country's need for well-trained teachers in our early childhood centres and primary and secondary schools by graduating 1,084 teachers. It also delivered a wide range of specialised postgraduate courses for teachers, and advisory and developmental services to schools through Team Solutions, its consulting arm. The faculty's

“Ranked among the top one percent of the world's universities, The University of Auckland is a leading player in developing the nation's knowledge economy and innovation potential.”

teaching and in-service training roles are closely integrated with the research activities of its staff and senior students. This work has provided the basis for the National Reading Recovery Centre which oversees New Zealand's programme and is a training ground for international reading recovery specialists. It also underpins the Woolf Fisher Research Centre's development and promotion of its innovative literacy and language development programmes for children in low-achieving decile one schools, and a national Literacy Professional Development Project which is working with teachers in 200 primary schools.

These programmes are at the forefront of the University's commitment to addressing the “long tail of under-achievement” which particularly inhibits the educational aspirations of Māori and Pacific children and those who are socio-economically disadvantaged. Meeting another aspect of this challenge is the focus of Starpath, an initiative funded by government and by philanthropic supporters. In a study released in 2009, Starpath researchers reported that although many students in mid- and low-decile schools aspire to undertake university study, they are not taking the combination of subjects, or performing at a level, that would prepare them for entry into their chosen programmes. The University is working with partner secondary schools to trial target-setting and to provide

academic counselling for students. In just a year at one partner school, Māori and Pacific students significantly improved their success in NCEA performance.

Wealth creation

Among the 2,043 Business School graduands for 2009, were aspiring entrepreneurs, business innovators, financiers, accountants, economists, marketers and managers. New programmes have been created at the School to enhance New Zealand's competitiveness and New Zealanders' capacities to create wealth and prosperity. These include the New Zealand Leadership Institute – a national leadership research and development centre – and the Graduate School of Enterprise (GSE). The overarching theme of the GSE is growth through innovation and leadership. It offers Short Courses, postgraduate diplomas and masters programmes including the MBA.

In recognition of the role that entrepreneurial initiatives play in fostering growth and prosperity, the Business School has made entrepreneurship one of the focal points of its teaching and

research. It supports two student-led programmes, SPARK (an entrepreneurship challenge to students to turn first-class ideas into world-class businesses) and Chiasma which links biotech enterprise and creates business-literate scientists. In 2009 the concept of an entrepreneurial challenge has been extended to embrace small and medium sized enterprises (SME). More than 100 companies entered the inaugural University of Auckland Business School Entrepreneurs' Challenge, funded by expat international financier Charles Bidwill. Every year, the three SME winners are given favourable loans and provided with research-informed mentoring to assist them through the critical stages of developing their business into international enterprises.

The Entrepreneurs' Challenge is designed to strengthen the ties between academia and the business world. While some of these bonds rely exclusively on connections with researchers in the Business School, others utilise the University's capacity for promoting interdisciplinary research. The highly successful Master of Bioscience Enterprise degree, taught by staff in the Faculty of Science's School of Biological Science and the Business School, draws on this capacity. So too does The Energy Centre – a think-tank for the energy industry that is hosted by the Business School in collaboration with the Faculty of Engineering – and the Research Centre for Business Law, which combines the expertise of the academic staff at the Faculty of Law and the Department of Commercial Law at the Business School. Another interdisciplinary initiative is the Auckland Bioengineering Institute, one of the University's two Large-Scale Research Institutes.



Associate Professor Cameron Grant, associate director of Growing Up in New Zealand, with nursing PhD Student Lara Bayliss and her supervisor, Associate Professor of Nursing, Robyn Dixon.





Associate Professor Ralph Buck, Head of Dance Studies, with a student.

This institute, drawing on research expertise in Engineering, Medicine and Science, leads the international Physiome Project which uses advanced computer modelling to link gene, protein, cell, tissue, organ and the whole body into one cohesive framework that will provide the means for transforming patient diagnosis, medical treatment and education.

The Faculty of Engineering has over 100 industry partners. Its links with industry are important in relation to its role in educating high quality engineering graduates (677 of whom completed their qualifications in 2009) and to its ongoing research programmes. These address fundamental questions in engineering science as well as exploring ways in which this knowledge can be put to use to improve New Zealand's infrastructure and enhance opportunities for export-led economic growth. For example, chemical and materials engineers working with scientists from the Faculty of Science in the Light Metals Research Centre have revolutionised aluminium smelting technology by dramatically improving the efficiency of the process and purity of the end product. The centre is now involved in aluminium projects on every continent and runs training programmes in the Middle East and the Americas.

Engineering research plays a significant role in the University's responses to environmental and developmental challenges facing New Zealand's largest city. The nature of these challenges calls for multidisciplinary responses, with staff and

students from Engineering, the School of Environment in the Faculty of Science and the School of Architecture and Planning all contributing to research programmes that will help to identify the requirements for a sustainable basis for city life. These projects focus on transportation, urban planning, governance, "green" architecture, access and environmental equity.

Cultural enrichment

The School of Architecture and Planning is part of the National Institute of Creative Arts and Industries (NICAI). This faculty, which also teaches Music, Fine Arts and Dance, graduated 305 undergraduate and 265 postgraduate students in 2009, 189 of whom completed research degrees. Many of these students, and the staff who taught them, work in areas which make significant contributions to cultural life and to the sense of identity that is embedded in it. During the Auckland Festival in March 2009, some of Elam's best emerging artists provided a series of surprising, amusing and thought-provoking artworks for corporate foyers in Shortland Street, while its Artist-in-Residence Programme brought Emory Douglas, the former Minister of Culture for the Black Panthers, to New Zealand from the US. Judy Millar, senior lecturer at the Elam School of Fine Arts, was one of two artists to represent New Zealand at the 53rd Venice Biennale in 2009.

The Faculty of Arts produces a third of all Arts research in New Zealand and is ranked in the top three faculties of arts in Australasia. Nine hundred and twenty four undergraduate and 585 postgraduate students graduated with Arts degrees in 2009. Staff and students work in a range of social sciences and humanities disciplines, which have a central role to play in cultural development and in evolving senses of national identity. Some of their work focuses on contemporary New Zealand society and culture but it also embraces New Zealand's Māori and Pakeha pasts, its place in the Pacific and Asia regions, and the diverse range of international cultures, literatures, languages, histories and philosophies which frame the experiences of New Zealanders. Research in this faculty makes a range of direct contributions to New Zealand life and as is the case elsewhere in the University, ensures that New Zealand contributes to the wider regional and global communities to which we are attached.



The Director of Starpath, Elizabeth McKinley, with Leanne Stewart and Titi Motusaga, 2009 Year 13 students at Massey High School – one of the Auckland secondary schools working with the Starpath project.

The University of Auckland is New Zealand's largest provider of degree education to Māori and Pacific communities. Just as importantly, it is a major forum for cross-cultural exchange and for boosting awareness of Māoritanga and Māori success among Māori and non-Māori alike. For example, in 2009 Dr Deidre Brown at the School of Architecture produced *Māori Architecture: From Fale to Wharenui and Beyond*, a landmark publication exploring for the first time the genesis and form of indigenous buildings, and Emeritus Professor Dame Judith Binney's latest history of the Tuhoe people, *Encircled Lands: Te Urewera 1820 - 1921*, was launched at Waikirikiriri Marae, Rūātōki. The James Henare Māori Research Centre, located next to the University's Waipapa Marae, focuses on issues relevant to the needs of people from the University's traditional rohe – the area stretching from northern Waikato and Coromandel to Northland. Ngā Pae o te Māramatanga, the National Institute of Research Excellence for Māori Development and Advancement, is based at the University.

Similarly, the University plays a part in raising public consciousness of Pacific culture and success. The Fale Pasifika is an eye-catching symbol of the importance the University places on its position in the world's largest Polynesian city. The Centre for Pacific Studies, located in the Fale complex, is both an academic unit and a focus for activities that encourage an understanding of Pacific cultures and debate on issues of concern to Pacific peoples in New Zealand. Most recently, it hosted an international conference, "Pacific democracy: What's happening?" in December 2009.

The Warm Winds of Change: Globalisation in Contemporary Samoa, by Cluny and La'avasa MacPherson and *The Dragon and the Taniwha: Māori and Chinese in New Zealand*, edited by Professor Manying Ip in the School of Asian Studies, are among the titles published by Auckland University Press in 2009. The press publishes around 25 books a year, in subjects such as history, art, literature and, increasingly, science and business. In both 2008 and 2009 the press had more finalists in the Montana Zealand Book Awards than any other publisher – testament to the high quality and influence of its output.

Social engagement

The creation in 2009 of the Centre for Methods and Policy Application in the Social Sciences (COMPASS) provides a focal point for collecting and analysing data with important policy implications. The centre hosts the New Zealand Social Statistics Network, which assists quantitative social science researchers working in the academic, government and private sectors, and provides management and infrastructure for the New Zealand Social Science Data Service, allowing online analysis of archived data sets. Ongoing work includes investigating patient outcomes and nursing workforce implications of hospital restructuring, while a new three-year project, "The balance of care in an ageing society", commenced in July 2009.

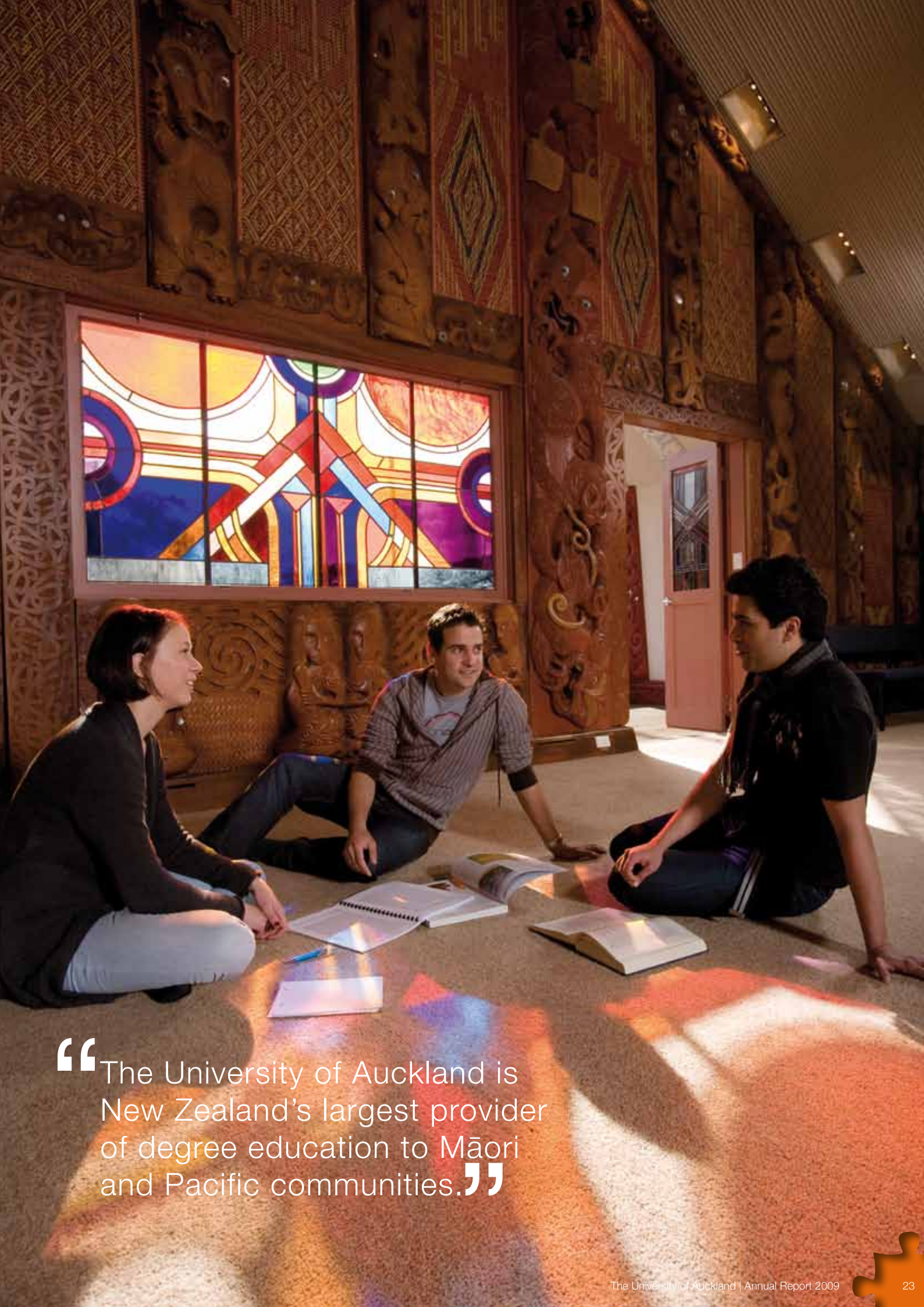
New Zealand universities have a statutory obligation to ensure that their members can actively use their expertise to comment publicly

on matters of public importance, acting as "critic and conscience of society". This responsibility is reflected in the extent of staff engagement in public debate and commentary on complex issues. In 2009 staff members started, informed or joined debates on such diverse issues as Māori political representation, free trade agreements, contraception advice, airline competition, Auckland's waterfront redevelopment, smacking legislation, Fijian politics, privatisation of jails, physician-assisted suicide, hands-free cellphones and national educational testing of schoolchildren.

The University also takes service to our region seriously, both in our "business as usual" activities, and by responding to crises as they arise. For example, a team of staff and students from the Faculty of Engineering volunteered their time to assist Samoa with the reconstruction process following the September tsunami, while the Faculty of Education collected two containerloads of donated supplies for the village of Lalomanu.

These are just some of the ways the University contributed to New Zealand in 2009. We look forward to increasing our contribution – improving the country's educational, social, physical, financial and cultural well-being even further in the future.





“The University of Auckland is New Zealand’s largest provider of degree education to Māori and Pacific communities.”

The Faculty of Arts makes significant contributions to society through its many and varied research and teaching initiatives and through the service activities of its staff.

The Department of Anthropology provides a unique conservation service through its National Wet Organic Artefact Conservation Laboratory while Māori Studies staff serve on a number of whānau, hapū, marae and iwi bodies. Sociology staff sustain ongoing community relationships through work on projects such as poverty alleviation, safer communities, sexual health, youth and Māori communities. The Centre of Methods and Policy Application in the Social Sciences (COMPASS) collaborates on international research projects and has close links with Statistics New Zealand and the Ministry of Health.

Last year was a successful one for the faculty. There were some major changes in leadership. Associate Professor Jan Crosthwaite became Dean in August and Martin Shepherd is Acting Registrar pending the appointment of a new registrar. The faculty participated in a process that sees the School of Theology become a school within the Faculty of Arts in 2010. Another highlight was the visit to the University in June of the King and Queen of Spain who met Spanish students and staff (including the newly appointed holder of the Prince of Asturias Chair in Spanish, Professor Jose Colmeiro).

The faculty enrolled 5,650 EFTS in 2009. Undergraduate EFTS were 4,859 (86 percent of total EFTS), Postgraduate Taught EFTS were 467 (8 percent of total EFTS) and Postgraduate Research EFTS were 324 (6 percent of total EFTS). Undergraduate and taught postgraduate EFTS were higher than in 2008 (3.6 percent and 4 percent respectively), most likely as a result of the economic climate and limited employment opportunities.

The introduction of limited entry for undergraduate qualifications in the faculty has also seen the introduction of a Targeted Admission Scheme (TAS) focused not only on access for equity groups, but also on selecting a group of students for whom the faculty can provide supported admission to the BA. Two hundred and twenty BA places were reserved for TAS students and 224 students were admitted, 143 in Semester One and 81 in Semester Two. TAS students were required to meet certain conditions, including taking DELNA (Diagnostic English Language Needs Assessment) and enrolling for an Academic English course. Students' results are being evaluated and preliminary comparison of Semester One performance of TAS students with a parallel cohort in 2008 suggests that failure rates are lower and more students have achieved B grades. We hope that this supported admission scheme will help address the problems of underachievement, particularly of Pacific students.

In 2009 Criminology was introduced as a subject for the BA and a new Master of Public Policy degree was also established. Seven Anthropology students undertook archaeological fieldwork in Egypt and while there were visited by students from Classics and Ancient History taking a field trip to Egypt on a Study Abroad course. The Department of Art History sent three students to Venice on Guggenheim internships with support from the Vice-Chancellor's Strategic Development Fund.

The faculty's research performance continues to be excellent. Academic staff have published 30 sole-authored books and monographs this year, together with 20 edited books, 149 chapters or sections in books, and 127 research

articles in academic journals. Staff also made over 240 contributions of various kinds to academic conferences.

Four staff in the faculty were successful in obtaining Marsden research awards and eight young academic staff were awarded Emerging Research Excellence Fellowships.

Three academic staff were promoted to Professor: Linda Bryder (History), Simon Holdaway (Anthropology) and Manying Ip (Asian Studies). Professor Bryder, along with Emeritus Professor Geoffrey Irwin (Anthropology), was elected to a Fellowship of the Academy of the Humanities. Distinguished Professor Dame Anne Salmond (Māori Studies) was elected a Foreign Associate of the American National Academy of Science. Professor Raylene Ramsay was awarded the John Dunmore Medal for her contributions to understanding of the part played by the French people and culture in the Pacific. Dr Changzoo Song was awarded the Hangul Award (Prime Minister's Medal) by the Korean Ministry of Culture, Tourism and Sports for contributions to the development of Korean culture.

Professor Michele Leggott (English) was made a member of the New Zealand Order of Merit for services to poetry and Kaa Williams (Māori Studies) was made a Companion of the Queen's Service Order for services to Māori.

The Faculty of Business and Economics is recognised internationally as one of Asia-Pacific's foremost business schools and is focused on contributing to the global competitiveness of New Zealand

Last year was an extremely challenging one for the Business School with key environmental factors impacting on the school's activities. Overall, revenues and student numbers have remained stable with modest growth in Postgraduate Research. However, the economic environment has affected Short Course and executive programmes' revenues (profitability being managed through maintaining close control over costs) as well as the ability to raise funds through advancement activities.

The school is now reviewing the curriculum to improve the competitiveness and quality of programme offerings in view of the cost pressures likely to emerge due to both inflation and the removal of tripartite funding.

In spite of the above challenges, a number of significant achievements occurred at the Business School during 2009.

The school adopted a new "purpose" statement, to replace the existing vision and mission statements. Faculty-wide input was gained through the discussion and feedback process.

EQUIS accreditation has been confirmed for a further five-year period for the school and AACSB accreditation is expected to be confirmed early in 2010.

There were a number of significant new appointments and promotions. New professorial appointments included Professor Cristel Russell (Marketing), Professor Tava Olsen (Operations and Supply Chain Management) and Professor Liz Hickey (Adjunct Accounting). Promotions to professor included Margo Buchanan-Oliver (Marketing),

Ananish Chaudhuri (Economics), Susan Watson (Commercial Law) and Michael Gedyde (Commercial Law).

Kevin Roberts (CEO, Saatchi & Saatchi Global) was appointed Honorary Professor of Innovation and Creativity, and Dr Brian Hannan (ex CEO Methanex) was appointed as the Sir John Logan Campbell Executive-in-Residence. Professor David Emanuel agreed to accept the Ernst & Young Chair of Financial Accounting.

A Marsden grant for \$336,000 was awarded to Professor of Finance Henk Berkman and Professor of Entrepreneurship Wendell Dunn was awarded \$886,000 from TEC for work on "Improving the commercialisation outcomes of tertiary education organisations (TEOs)".

The University-wide General Staff Excellence Awards recognised members of the Business School Staff Council for their efforts in making the school a great place to work. In addition, Viral Shah, a member of the Innovative Technologies Unit, won an individual award for his lecture theatre recording solutions.

The Charles Bidwill/University of Auckland Business School Entrepreneurs Challenge was launched amidst widespread publicity. Over 100 companies participated in the challenge with ultimately three promising SMEs - coffee roasters Allpress Espresso, smart water meter technology developers Outpost Central and hot water heating control technology company Senztek - receiving substantial financial support and mentoring for business growth funded by a \$3million endowment set up by expatriate businessman Charles Bidwill.

The Aotearoa Māori Business Leaders Awards function held at the school showcased the growing network of Māori business leaders and alumni. At this event, a campaign for a new PhD scholarship of \$90,000 over a three-year period was announced in honour of Sir Howard Morrison.

Other achievements include the 2009 TVNZ Marketing Awards, where the school's Short Courses 2009 campaign received an award as the best B2B marketing campaign. The University review of the school's Department of Accounting and Finance highlighted its strong performance.

Visits have been made to the UK, Singapore and Australia to seek advancement funding and establish relationships with alumni; development visits to the USA and the UK are planned for 2010.

Throughout 2009, staff have been positive and focused. Much remains to be done in future years, but major platforms have been established to position the school well going into 2010.



The National Institute of Creative Arts and Industries makes a significant contribution to the cultural life of New Zealand through its programmes in Fine Arts, Music, Dance and Architecture.

In 2009, Professor Jenny Dixon (formerly Head of the School of Architecture and Planning) was appointed Dean of the faculty, Professor Jonathan Mane-Wheoki became Head of Elam School of Fine Arts and Associate Professor Sarah Treadwell was confirmed as Head of the School of Architecture and Planning. A considerable number of new staff also joined the Schools of Architecture and Planning, and Music, and the Dance Studies Programme. This includes the senior appointment of Andrew Barrie as Professor of Design in Architecture.

A major development for the faculty has been the implementation of a one-stop shop Student Centre. Together with the launch of the new website, the faculty's ability to deliver services to students and engage both within and outside of the University has been greatly enhanced.

During 2009 NICAI staff received international and national recognition for their contribution to research, creative work and academic practice. Associate Professor Dean Sutcliffe (Music) became one of only two people in the Southern Hemisphere to ever have received the Dent Medal in Musicology awarded by the Royal Musical Association for an outstanding contribution to musicology; Judy Millar, a senior lecturer at the Elam School of Fine Arts, was one of two New Zealand artists selected to represent New Zealand at the 53rd Venice Biennale; senior architecture lecturer Dr Deidre Brown's recent book *Māori Architecture: from Fale to Wharenui and Beyond* won the Art, Architecture and Design section of the 2009 inaugural Nga Kupu Ora Māori book awards for its significant contribution to Māori Architecture; Senior lecturers Dr Julia Gatley and Bill McKay from the School of Architecture received the New Zealand Institute of Architects

President's Award in recognition of their services to Architecture; Dr Nancy November from the School of Music received a Marsden Fast Start award to research Beethoven's middle-period string quartets; and Associate Professor Peter Robinson from the Elam School of Fine Arts received a Hood Fellowship to visit the University of the Arts in London.

NICAI hosted a range of internationally-oriented events and activities in 2009 which drew distinguished visitors from overseas. These included "Cultural crossroads", the 26th international conference of the Society of Architectural Historians, Australia and New Zealand (SAHANZ). Elam School of Fine Arts hosted Emory Douglas, former Minister of Culture for the Black Panther Party in the United States, as the school's International Artist in Residence. The School of Music hosted the inaugural "Electroacoustic" symposium in September and "The traction of drawing" symposium was held at the School of Architecture and Planning in November 2009 with keynote speaker, the eminent architectural theorist Professor Marco Frascari. In June, Professor Anna Tibaijuka, Executive Director of UN-HABITAT and UN Under-Secretary-General, led a delegation to the University to launch an official partnership between the University and UN-HABITAT. The partnership encourages collaboration across several of the University's faculties to support UN-HABITAT's mandate of promoting sustainable development of towns and cities: In December NICAI hosted the second International Symposium on Performance Science in conjunction with the Royal College of Music, London, bringing together 120 artists, scientists and researchers from more than 15 countries.

NICAI continued its high public profile in the wider Auckland community with an extensive programme of events. The Gus Fisher Gallery programme included some key highlights: *Trans-form: the abstract art of Milan Mrkusich* was the first public gallery survey of this artist's work in over 20 years, while an exhibition of artist Len Lye's sculptures and moving images was the first exhibition of his work in Auckland for over 30 years.

NICAI student achievements were impressive in 2009. Emma Ferguson, a postgraduate planning student, was selected to present her research on "insurgent planning" at this year's Universitas 21 Graduate Research Conference in Australia with a theme "Sustainable cities for the future". Pene Pati, a third-year classical voice student, won the NZ Aria Competition, a prestigious national voice competition second only to the Lexus Song Quest. Elisha Fa'i (completing a PGDipMus) has been awarded the Iosefa Enari Award from Creative New Zealand at the recent Arts Pasifika Awards. John-Paul Muir, Joonghan Jung and Jason Bae took out all three prizes in the hotly-contested piano competition in the 42nd National Concerto Competition.



The Faculty of Education is New Zealand's largest specialist provider of teacher education and also makes a significant contribution to New Zealand's social support services with the programmes it offers in social work and human services.

The faculty experienced a significant increase in EFTS in 2009 – turning around four years of falling enrolments. While in part this increase has been a consequence of external economic factors that have generated an increased demand for professional programmes, it also reflects a concerted effort by the faculty to promote the value of studying education and social work.

The new postgraduate programme in professional supervision has been particularly successful in attracting new enrolments, and further postgraduate programmes have been developed during the year to diversify future offerings. Although postgraduate research EFTS have not grown as much as projected, a new cohort-based masters thesis level model has been introduced, aimed at increasing the attractiveness of postgraduate research for busy professionals. Particularly pleasing has been the growth in Māori and Pacific student enrolments. This reinforces the faculty's commitment to better reflecting, in its students and graduates, the local and national demographic and to continuing to support, through its practices and programmes, the aspirations of Māori and Pacific communities.

In 2009 the faculty's Starpath Project released two major pieces of research: the evaluation of an initiative in a major Auckland secondary school to raise achievement; and a report on NCEA course choices in low-mid decile schools. Both give significant insights into how to increase participation of students from under-represented groups into tertiary education. The Woolf Fisher Research Centre's "Learning Schools" research and development model has extended into 60 low decile

secondary schools and is aimed at improving school achievement for Māori and Pacific students. Through a process of continuous inquiry into outcomes for students and fine tuning of teaching based on the results of this inquiry, Woolf Fisher researchers have demonstrated that achievement levels in decile 1 primary schools with large numbers of Māori and Pacific students can be raised to within national bands in reading and writing.

The connections between research and professional development for practitioners continue to be strengthened. The Induction and Mentoring Research Group has begun a professional learning intervention to pilot and research induction and mentoring in six schools. The University of Auckland Centre for Educational Leadership (UACEL) has been active in designing and delivering research-informed professional learning opportunities for New Zealand's educational leaders. Approximately 300 school principals have participated in its Ministry of Education-funded national induction and regional experienced principals programmes, supported by 70 nation-wide coaches and mentors trained by UACEL. As well, almost 1,000 educational leaders have attended the UACEL seminars programme delivered in Auckland, Rotorua and Christchurch.

The work of the Visible Learning Laboratories team, based on more than 15 years of research into what works to improve learning and on the use of the e-asTTle assessment model, is helping teachers to use assessment in ways that make more visible what learners are learning and what they need to do to progress. This work also continues to inform the New

Zealand Assessment strategy. School Support Services and the work of the staff in Team Solutions continue to be focused on raising the achievement of students from Year 1-13, to ensure that they have the skills, knowledge and capabilities to fully contribute to New Zealand society. Māori and Pacific students who may be at risk of under-achieving or of not gaining more advanced qualifications have been a particular focus through a new TEC-funded project aimed at increasing the number of Māori and Pacific students achieving university entry-level qualifications. Team Solutions staff have been actively upskilling in the new National Standards for Reading, Writing and Mathematics for primary schools, in order to support teachers and school leaders to implement the standards in 2010.

The faculty expanded its international outreach and connections in 2009. The newly established Triple P Research Group has begun collecting data from a representative sample of 6,000 New Zealand parents as part of the International Parenting Survey. Faculty staff have won two significant international awards – Professor John Hattie won the Outstanding Reviewer for *Educational Researcher* and Professor Viviane Robinson won the outstanding article in the previous volume year in the *Educational Administration Quarterly*. The faculty also has a growing international visiting scholar programme and in December hosted the annual APRU Deans of Education meeting.

The Faculty of Engineering is contributing to the development of renewable energy and technologies in New Zealand as well as addressing innovation in manufacturing and materials and working on infrastructure issues such as Auckland's traffic congestion problems.

Enrolments into the faculty's BE (Hons) degree programme in 2009 remained at the high levels of recent years and once again the entry qualifications of the cohort were very high. However, despite the demand for places at The University of Auckland, there remains a national shortage of engineering graduates. To address this, the TEC has funded a project to develop a coherent national plan for ensuring that the right numbers of the appropriate types of graduate are achieved. This is being coordinated by IPENZ and involves representatives from the complete spectrum of the engineering education sector - from private suppliers to the universities. The Faculty of Engineering Dean is a member of the governing board for the project and during the year the faculty has hosted meetings of stakeholders from the industry. This project will report in 2010.

Taught postgraduate programmes provide the opportunity for students to obtain more advanced knowledge and skills in a specific area of engineering. This creates the opportunity to provide specialist graduates for sectors of industry. After many years of attracting only low numbers of students, the Postgraduate Certificate programme in Geothermal Energy attracted a significantly enhanced cohort of students in 2009. This reflects the growing interest in and demand for renewable energy throughout the world, and the need for engineers qualified in the development and operation of renewable technologies. Following discussions with major stakeholders both within and outside the University, the faculty has decided to develop a new masters programme in Energy in

conjunction with the Faculty of Science and the Business School.

Another area in New Zealand where there is a demand for suitably qualified graduates is medical technology. To address this, the faculty, together with the Faculty of Medical and Health Sciences and UniServices - and with the Medical Industry Association of New Zealand as a project partner -, is establishing a new masters programme in Medical Technologies with the support of a TEC Encouraging and Supporting Innovation Fund grant.

An element of the Faculty of Engineering's strategic plan is the establishment of research "clusters" to create a critical mass of research activity which can address strategic research areas (research themes). The four research themes identified by the faculty are: Energy; Innovation in Manufacturing and Materials; Technologies for Health; and Infrastructure and Environment. During 2009, theme leaders for each area were appointed and detailed implementation plans and milestones have been developed. To facilitate the formation of interdisciplinary research groups, funding from the Faculty Research Development Fund and strategic CAPEX was preferentially awarded to high quality interdisciplinary bids.

The faculty is also taking the leading role in the Materials Innovation theme which has been established under the University Thematic Research Initiative. This follows from the announcement by FRST in April 2009 of the award of \$9.6 million to researchers in the faculties of Engineering and Science for a four-year materials development programme that aims to transform New Zealand's

manufacturing sector through partnerships between research and industry. This will be achieved by creating a "one-stop shop" to help New Zealand manufacturers develop high-value materials and enter new export markets. The programme is expected to generate economic growth and skilled jobs across the manufacturing sector, which accounts for approximately one third of the country's exports and three of its five largest technology companies.

The Faculty of Engineering is committed to increasing diversity in its student body and during 2009 held events targeted at increasing the numbers of students in under-represented groups such as women and Māori and Pacific students. The most notable development during the year was the launch of Ngā Hoa O Te Kupenga Rorohiko (Distance Mentoring Project) which is aimed at increasing Māori and Pacific student recruitment. A number of Pacific students were members of a team from the faculty that went to Samoa to assess what academics and engineers could do to assist with the effects of the recent tsunami. They met with the Prime Minister and his deputy as well as representatives of the Institute of Professional Engineers Samoa to discuss how the Faculty of Engineering could assist in the reconstruction. This post-disaster mission demonstrates, very vividly, how activities related to both teaching and research in the faculty can come together in the service of our wider community.

The Faculty of Law contributes to many fields of public and private law in New Zealand and internationally, including the impact of globalisation, commercial, corporate, environmental, criminal, family and youth, intellectual property, healthcare and animal law.

The faculty enjoyed an excellent year in 2009. At the beginning it launched a book celebrating 125 years of law teaching at Auckland. *Learned in the Law* was written by Emeritus Professor Brian Coote (with the assistance of Bernard Brown, Peter Watts and Sean Kinsler) and published by the Legal Research Foundation.

In 2009 demand for places in the LLB programme remained as strong as ever. There were 944 applicants for 300 places, and the Grade Point Average required for selection was 6.5 (up from 6.4 in 2008). Selection takes place after applicants have completed at least one year of University study in which they must have included two introductory Law courses: Law and Society, and Legal Method. In 2009 there were 1449 enrolments in Law and Society (including students taking the course for General Education purposes) and 791 in Legal Method.

As is usual, a certain number of places were set aside for "targeted admissions". In 2009 there were 15 Pacific and 21 Māori students admitted on that basis. Māori and Pacific students are also among those admitted under the general admissions criteria.

Enrolments in Law's postgraduate programme, at 132 EFTS, were the highest since the current LLM programme commenced in 2002. This was especially pleasing because 2008 had seen a drop compared with 2007. The masters programme offers courses that are either semester-long or intensive, the latter being taught full-time over one week (in both cases a substantial research paper is required). The

intensives are typically taught by eminent legal academics from some of the world's best law schools, and in 2009 we were pleased to have among other teachers, four from the University of Cambridge, two from Oxford University, and a retired deputy-president of the International Court of Justice. Approximately 40 percent of LLM students are international (this figure includes German and French students, who, until 2010, paid domestic fees in New Zealand).

The Master of Legal Studies, open to graduates of disciplines other than Law, was offered for the first time in 2009 and attracted ten students.

The LLM programme is an important means of establishing our international links, both through institutional agreements with other law schools to admit their students, and through hosting visiting teachers. The faculty's exchange programmes also promote our international links. In 2009 the faculty entered into agreements with King's College London; Chinese University of Hong Kong; and Bucerius Law School in Hamburg, Germany. It also joined, as an associate member, the Centre for Transnational Legal Studies (CTLs). This entitles one or more of our students to attend the centre's programme in London each semester. Faculty members are also eligible to teach on the programme. The CTLs is a consortium of law schools throughout the world including Melbourne Law School, King's College London and Georgetown Law Centre in Washington DC.

As befits Auckland's location in the nation's commercial capital, we were pleased to offer an extended range of commercial law elective courses in 2009, with European Commercial

Litigation and a special course on Guarantees and Indemnities being added. These took their place alongside Commercial Arbitration, Commercial Transactions, Negotiation and Dispute Resolution, Company, Securities Law, International Sales and Finance, and Conflicts of Laws. The 2009 year was the second year of the Commercial Transactions course, which is offered with the assistance of a city law firm and focuses on the implementation of commercial projects. As such it is designed to reflect the corporate side of legal practice as much as the litigation and dispute resolution focus.

The faculty hosted Professor Jane Ginsburg, the Morton L. Janklow Professor of Literary and Artistic Property at the Columbia University Law School and director of its Kernochan Center for Law, Media and the Arts. Professor Ginsburg was the Legal Research Foundation Visiting Scholar for 2009. She was profiled in the *Listener*, spoke on Radio New Zealand's *Sunday* programme, and gave a public lecture to the Profession as well as others to staff and students.

There were significant student successes, notably the winning of the New Zealand Law Students' Mooting Competition, which entitles the winners to represent New Zealand at the 2010 Jessup International Mooting Competition in Washington DC. This is the third year in a row that a University of Auckland team has won the competition.



The Faculty of Medical and Health Sciences plays a pivotal part in developing New Zealand's future health professionals, leaders, researchers and scientists.

While demand for the faculty's undergraduate programmes remained high in 2009, it has led to challenges as a capped funding environment is balanced with the demands of stakeholders. Work in 2009 has focused on ensuring that while EFTS targets are met, they are not exceeded in 2010 and beyond.

The faculty aims to strengthen the University's research reputation, and to contribute to our knowledge society through a strong and growing postgraduate research programme. New doctoral enrolments exceeded expectations in 2009, with over 60 new candidates enrolling. The faculty also produced a record number of doctoral completions in 2009. These results follow the clear pursuit of a strategy to grow our postgraduate research numbers, and a focus in 2009 on factors such as supervision capacity, workload, and completion times. A record number of summer studentships in 2009/2010 also gives the faculty confidence that these trends will continue into the future, as more students are introduced, and attracted, to research.

The faculty remains the largest provider of medical and biomedical research in New Zealand. A new initiative is the Centre for Brain Research launched in November. This brings together more than 200 researchers in 40 research groups under a single mission linking strongly with clinical neurology at Auckland City Hospital, and with a very wide range of community groups engaged in improving outcomes for patients with neurological disease.

There was further growth in the faculty's research income in 2009. Particular highlights include \$26.4 million for 15 programmes and projects from the HRC's 2008-2009 round (and the award of two Hercus Fellowships to emerging researchers in the Centre for Brain Research and the National Eye Centre), and \$1.3 million from the Marsden annual funding round in support of one full proposal and two fast starts.

The faculty enjoys wide-ranging relationships with district health boards and other healthcare providers across the upper North Island, and a number of significant developments have taken place this year building on these relationships. The evaluation responses from the first year of the Northland year-five medical programme (Pukawakawa) have shown the real benefit of a regional/rural programme embedded within the local community. A formal agreement with the Bay of Plenty District Health Board has been entered into to build upon current teaching collaborations. The faculty is working with Counties Manukau District Health Board to build a new educational hub on the western side of its Middlemore campus. Further, early discussions are also taking place with Waitemata District Health Board regarding a similar but smaller scale development on the North Shore Hospital site. The School of Population Health has linked with the Tamaki Corridor Development project in several ways including summer studentships. A very successful round of negotiations has also just concluded with Te Pou for 2010 Mental Health Nursing contracts. Many of these contracts are new and represent a significant income growth over 2009.

In early 2009 The University of Auckland Council approved a \$240 million Grafton redevelopment project which will ensure that the Grafton Campus is able to operate at the highest possible levels for biomedical research and education into the future. Since approval the project has advanced on schedule with a number of key milestones being achieved. Construction of both the new Boyle Crescent building and the central plant facility has commenced, as has redevelopment of the first multidisciplinary laboratory and the new clinical and professional skills teaching centre. In addition, the first of the redeveloped research floors (level 5) was completed and opened early in 2009.

Five academic staff were promoted to professor in 2009 – Helen Danesh-Meyer, Laura Gunn, Ngaire Kerse, Phil Crosier and Nick Holford. Professor Lynn Fergusson was made a fellow of the NZ Institute for Food Science and Technology, and two staff members were admitted to a Fellowship of the Royal Society of New Zealand: Professor Alistair Gunn for his groundbreaking research targeting major causes of death and disability in early childhood and the prevention of life-threatening events in infancy, and Professor Ed Mitchell for his work in child health research and particularly the identification of risk factors for SIDS and the promotion of prevention strategies.

The Faculty of Science is New Zealand's largest university science facility and through its teaching and research programmes, and practical clinics, makes a significant contribution to the development of New Zealand's society and economy.

The faculty had a successful year in 2009 with the appointment of a new dean, Professor Grant Guilford in August. There were 5,710 undergraduate equivalent full-time students (EFTS) and a pleasing increase in the number of Department of Computer Science and School of Environment students, two groups which had lower numbers of students than desired in 2008. Overall, the faculty is forecast to exceed its EFTS targets by 1.5 percent.

Key achievements in the Science undergraduate programme during 2009 included completion of successful reviews of Computer Science and Chemistry teaching; restructuring of the Biology curriculum towards a greater emphasis on "integrative biology"; further development of initiatives to grow enrolments in the Wine Science programme; preliminary discussions on the possible establishment of an Earth Sciences major; and a reconsideration of the strategic direction of the Food Science major.

The faculty enrolled 589 postgraduate taught EFTS and 649 postgraduate research EFTS in 2009. New doctoral enrolments exceeded 150 for the first time in 2009 and the doctoral and master thesis completions were close to the 2009 targets of 80 and 225, respectively. The Masters in Bioscience Enterprise proved popular with students and employers; nevertheless, the growth in postgraduate EFTS was below the ambitious targets for the faculty. Actions in 2009 to accelerate growth included: taking the first steps to establish a culture in which all academic staff will expect to supervise postgraduate students; augmenting the University Summer Scholarships; proposing a new taught-masters in Energy in partnership with the Faculty of Engineering; participating in the University-wide

postgraduate marketing campaign; strengthening several collaborations with international universities; streamlining enrolment processes; and on-going activities to raise more postgraduate scholarship funding.

The faculty's research outputs in refereed journal articles, conference proceedings, reports and books continued to grow. Fourteen records of invention were advised to UniServices. Research honours were many and included the confirmation of three new fellows of the Royal Society of New Zealand. Externally-funded research income held up well and the HRC round was very successful with more than \$5.8 million worth of projects funded.

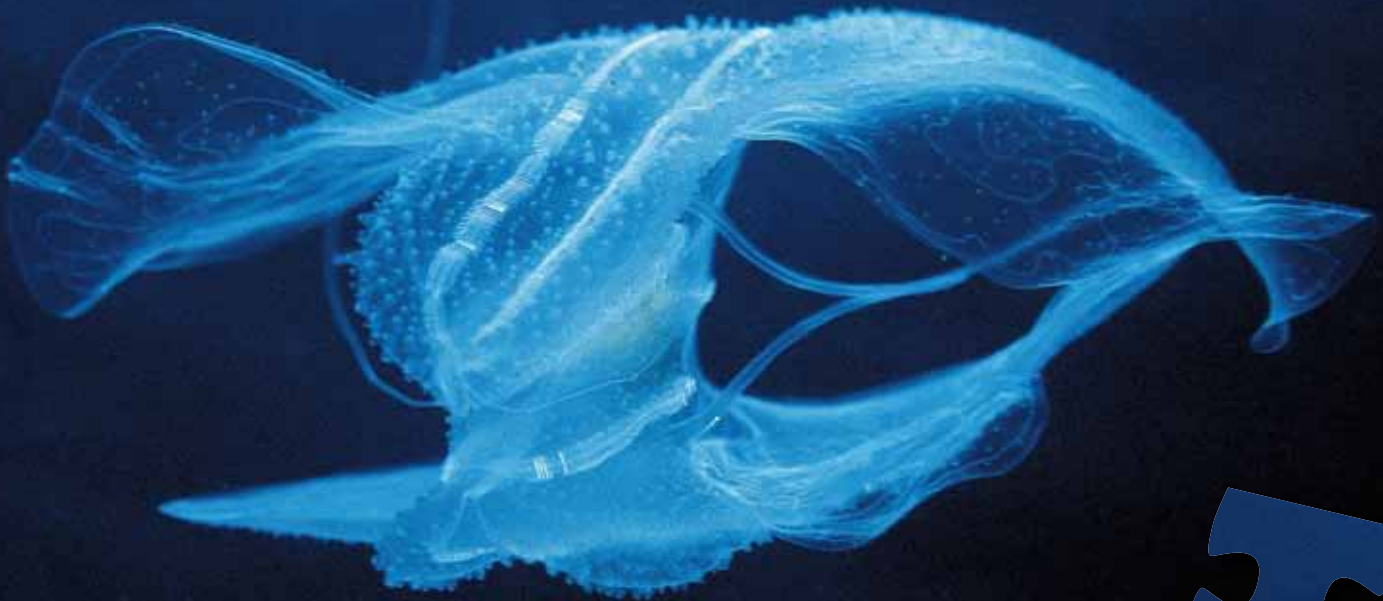
Steps taken during the year to support research included: the beginning of a detailed reassessment of staff research incentives; the approval of several new major items of equipment including new nuclear magnetic resonance (NMR) equipment; and an advanced transmission electron microscope. There was also active promotion of affiliated research centres and institutes, many of which are recently established. These include the Institute for Innovation in Biotechnology (IIB), the Institute for Earth Science and Engineering, the Centre for Software Innovation, the South Pacific Marine Research Centre, a Centre for Brain Research, a Photon Factory, Micro-fabrication Unit, Centre for e-Research, the Bioinformatics Institute and the Maurice Wilkins Centre for Molecular Biodiscovery. There has been lively engagement with MAF and commercial partners regarding the new Primary Growth Partnership research fund. Work continues on a new research theme in the area of microbiology and advanced microbial transformations, and staff are

enthusiastic participants in university-wide thematic research initiatives.

The faculty's ability to support the translation of research into tangible economic growth took a major step forward in 2009 with the beginning of the Thomas Building extension.

The faculty has also been active in the promotion of science in the community. Specific activities have included the appointment of a Lecturer in Science Communication and the organisation of the highly successful "Careers Day", "Girls into Science Day" and "Incredible Science" programme. The augmentation of the latter this year with "Incredible Science TV" enabled secondary school students from outside Auckland to access the science resources of the event.

A new "Parent Guide" was created to help parents understand the first year of university life. The faculty has continued to build networks with secondary school teachers through participation in the LENSscience programme, the deployment of "Best Choice" software and the hosting of "teacher days" in subjects such as maths, chemistry and physics. Computer Science staff have been influential in introducing a strong computer science thread into the ICT achievement standards in secondary schools and are developing resources to help teachers. We expect this will lead to better prepared students entering Computer Science and improved attitudes to ICT as a career.



The Auckland Bioengineering Institute (ABI) is making a key contribution to the development of medical technology both in New Zealand and internationally. Its sophisticated computer models of the parts of the human body are increasingly being used to improve patient diagnosis and therapy, and it is a leading player in the international Human Physiome Project.

The institute had a productive year and enjoyed success in its most strategically important areas. As always, it is the combined efforts of the students and staff who form the heart of the ABI that enables it to grow and prosper.

One of the major highlights saw the institute's founder and director, Distinguished Professor Peter Hunter, awarded New Zealand's prestigious Rutherford Medal.

Peter, who is a Professor of Engineering Science and a fellow of the Royal Society of London, pioneered the world's first anatomically correct computer simulation of the human heart.

The ABI's EFTS targets for 2009 have been met and several students have won major international awards this year competing against the world's best in their respective fields and further enhancing the institute's reputation in the global arena.

The successful HRC round saw an existing programme renewed and two new HRC grants awarded for PhD projects on predicting pulmonary hypertension and mapping, modelling and manipulating gastric electrical activity. The ABI was also successful with two European grants funded directly to the institute rather than through EU collaborators; a Ngā Pae o te Māramatanga CoRE application entitled "Whatukura: A bioengineered model of the human eye", and TRST B grant for a project on breast biomechanics. Three out of four

University of Auckland ABI FRST applications are progressing to full bids, along with two collaborative bids with Crown Research Institutes.

The Breast Imaging Research Group was the recipient of a \$300,000 philanthropic donation to support its work.

Two of our spinout companies have further expanded their commercial activities with eBonz awarded a \$1million TBG grant and new spinout company TETcor, which has developed technology to create wireless heart pumps, signing an MOU with a large US medical devices company. eBonz is also in negotiation with a US orthopaedic care company, having completed some preliminary exploratory work for them.

The institute has appointed Kevin Daish, an ex-global marketing director with GE Health Care Britain, as the new Deputy Director of Commercialisation. Kevin has 19 years' experience as a senior manager in the marketing of biotechnology and life sciences. An IT manager, Matt Wilson, was also appointed during the year, and has begun working on the longer-term IT and high performance computing needs of the institute. The ABI's website was successfully migrated to the University's new content management system at the end of the year.

Two ABI academics received promotions during 2009: Dr Merryn Tawhai was promoted to associate professor and Dr Jason Turuwhenua has accepted the role of Associate Director (Māori).

The problem of housing ABI staff has been eased this year with the expansion onto levels seven and eight of UniServices House. This space is rapidly filling, however, and Property Services has met with the ABI several times already to discuss and plan for its future accommodation needs.

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The Liggins Institute is a world-leading centre for research on fetal and child health and development and is contributing to the growth of New Zealand's pastoral, human health and human nutrition industries.

Significantly, 2009 – the year of Charles Darwin's bicentenary – has been a time of evolution for the Liggins.

In June, Professor Sir Peter Gluckman resigned as Director of the Institute and the National Research Centre for Growth and Development (NRCGD) to take up the new (part-time) role of Chief Science Adviser to the Prime Minister. He is succeeded as Liggins Director by the former Deputy Director Professor Wayne Cutfield.

Sir Peter, knighted this year, remains an active researcher within the institute, spearheading relationships with external organisations including AgResearch, Epi Gen, Singapore-based partnerships and the International Healthy Start to Life health economics project.

During 2009 the institute has strengthened national and international partnerships, enhancing its capacity for high quality, multidisciplinary, translational research. The NRCGD continues as a major network for multi-site collaborations at the interface of medical and agricultural science within New Zealand; it is also a springboard for novel international partnerships and funding opportunities.

The Pastoral Foods for Human Health Research Centre at the Liggins Institute provides a formal base from which to exploit synergies with AgResearch while partnerships with the National University of Singapore (NUS) and the Singapore Institute of Clinical Sciences (SICS) have provided additional opportunities. Both organisations have formally joined the Epi Gen research consortium supporting research in developmental epigenetics. The group has

concluded collaborative research agreements with two leading global nutrition companies, expected to bring around a million dollars of new revenue into the Liggins each year.

Meanwhile, clinical research has been strengthened through funding from a joint New Zealand-Singapore research initiative supported by the Health Research Council of New Zealand (HRC) and the Singaporean Agency for Science, Technology and Research. Building on existing links, Professor Cutfield is leading a project which aims to prevent the onset of diabetes in children who are born prematurely.

A new HRC programme grant awarded to Associate Professor Frank Bloomfield is using a sheep-based nutritional paradigm to explore the effects of maternal nutrition on fetal development and later life health. The success of the model is due largely to the work of Senior Research Fellow Dr Mark Oliver, who won the 2009 National Animal Ethics Advisory Committee 3Rs Award in recognition of his contributions.

Research by Professor Peter Lobie's breast cancer group forms the basis of two new spin-out companies which are developing and commercialising molecules identified as potential targets for breast cancer treatments.

Researchers continue to publish in prestigious journals, notably, *Proceedings of the National Academy of Sciences*, *the Lancet* and *Nature-Oncogene*. Professor Gluckman and Dr Alan Beedle co-authored (with Professor Mark Hanson, Southampton) *Principles of Evolutionary Medicine*, the first textbook in this field. Other significant achievements include

doctoral student Graeme Fielder's selection for the Stanford Graduate School of Business Summer Institute of Entrepreneurship.

The institute is recognised for its programmes to further scientific understanding within the community. "LENScience" links schools with biomedical scientists at the institute and University. Day programmes have this year involved more than 3,000 Year 7 to 13 students from 86 Auckland schools (50 percent more than in 2008). A new million-dollar grant from Te Puni Kōkiri will boost LENSscience's potential to attract and retain Māori students in science. A highlight was the broadcast of eight seminars to more than 1,000 senior biology students in schools throughout the country. The innovation and potential of the project, made possible through collaboration with the University's Information Technology Services and telecommunications company Kordia™, were recognised with the 2009 Telecommunications Users Association of New Zealand Innovation Award for education. The series, presented by LENSscience Director Jacquie Bay alongside prominent New Zealand scientists, covered curriculum-linked topics including cancer, gene expression, climate change and evolution.

In seeking commercial outcomes for University of Auckland research, UniServices makes an important contribution to both the New Zealand economy and the University.

The annual revenue for UniServices grew by 17.4 percent to \$114 million for 2009 and remains on track to achieve its strategic goal of doubling revenues from 2005 to 2012. We currently provide employment for 750 staff and researchers, and sponsor research for an additional 550 University researchers.

Our overseas business has been a strong contributor to this growth as we have aligned the University's strengths in research with the needs of high growth markets as they emerge from recession. We have found strong interest in the University's capabilities in clean energy, nutrition and health, medicinal science and educational practices. Much of this growth is occurring in the Pacific Rim, including Singapore, Korea, China and Chile, and new international collaborations include three new companies, each of them global leaders in their respective field.

UniServices currently conducts business in 30 countries. Direct contributions to the University arising from this income increased to \$44.8 million in 2009 and went to supporting teaching activities, research, infrastructure and equipment.

During the year UniServices provided \$4.2 million of funds to support research with commercial potential, from spinouts and to develop licenses with companies that will further invest in research at Auckland. In 2009 University researchers submitted an unprecedented 83 new records of invention and patent filings increased by 31 percent.

This year we have enrolled 30 new staff into our programme of technology development.

The recent formation of the Trans-Tasman Commercialisation Fund (TTCF) – an AUD\$30 million investment fund designed to help the early-stage commercialisation of intellectual property developed at The University of Auckland and four Australian universities – has provided an additional source of funding for the commercialisation of inventions resulting from University research. The University of Auckland, through UniServices, has been the most active of any university in the TTCF to date. We have also been accredited for the Government-sponsored Seed Co-Investment Fund (SCIF) and local investors are proving more inclined to co-invest alongside TTCF and SCIF.

Four new spin-out companies were formed in 2009 (Saratan, V-Spars, HalolPT and Centella) and a record 23 new licences were awarded based upon University technology. We were able to raise over \$5.6 million of investment support for these new companies and many more are in development.

Many of the University's centres and institutes receive support and investment from UniServices to enable them to grow and establish valuable links with business. In 2009 we invested in major capital equipment for the Institute of Earth Science and Engineering and the Centre of Advanced Magnetic Resonance Imaging. We worked with the Faculty of Medical and Health and Sciences to establish the National Institute for Health Innovation as

New Zealand's flagship for health innovation, and we supported the Faculty of Education's new Centre for Professional Learning. We continue to seek opportunities to align cross-faculty capabilities around research themes important to key business interests and have many opportunities under consideration for 2010.

The commercial research contracts generated through UniServices contribute to postgraduate recruitment. At the end of 2009 118 postgraduate students were supported through Research and Development contracts. Contract Education also contributes to recruitment by sourcing high-quality students via contracts for groups with foreign governments. In 2009 there were 86 postgraduate students supported through international contracts. Four markets dominated student enrolments in the English Language Academy (ELA) in 2009: Saudi Arabia 27 percent, Korea 22 percent, China 16 percent and Japan 12 percent. A high proportion of the ELA students progress to study at postgraduate level at the University.

Increasingly the Government is looking for tangible linkages between the research it sponsors and potential benefit to New Zealand. We have been able to support many University researchers to identify this potential in their proposals for grants and to realise it during their research work.



“The University contributes to New Zealand’s prosperity and wellbeing through its teaching, research and multiplicity of engagements with the wider community”



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 create 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 and the world.

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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
1.1 International ranking – Times Higher Education	46	50	65	Top 50	61=
1.2 International ranking – Shanghai Jiao-Tong	201-300	203-304	201-302	151-202	201-302

- The University of Auckland retained its position as the only New Zealand University in the Times Higher Education-QS world university rankings among the top 100 ranked universities.** The University’s position in 2009 improved to 61st. It was 65th in 2008. In the important ranking assigned by academic peers and employers, the University was ranked 38th and 40th respectively. In three subject rankings, the University was placed in the top 50 in the world: Arts & Humanities 42nd; Life Sciences & Biomedicine 40th, and Social Sciences 37th. It was placed 55th in Engineering & IT and 83rd in Natural Sciences.
- The University’s ranking in 2009 in the Shanghai Jiao-Tong World Ranking of Universities was unchanged from its 2008 position.**
- The University is a member of two major international networks of universities; Universitas 21 and the Association of Pacific Rim Universities (APRU).** It is also an active participant in the Australian Group of Eight working groups and committees and has close collaborative relationships with many international universities.
- The University’s international relationships allow access to international forums and networks that provide staff with opportunities for development.** The University Library hosted a meeting of international guests from the Pacific Rim Digital Library Association (PRDLA). Participation in the annual meeting of U21 at Korea University provided the opportunity for Professor Harding to get to know Korea’s science and technology system and to meet counterparts at partner universities. The University of Auckland co-hosted workshops in China on river and grassland management in the Sanjiangyuan region. The workshops were the latest activities of the “Three Brothers Project” and were staged at the Chinese Academy of Sciences, Beijing, and Qinghai University, Xining, on the Tibetan plateau.
- Staff of the University made significant contributions to New Zealand international relations and economic policy through participation in forums such as the Australian Prime Minister’s proposal for an Australia-Pacific community and an Export Education discussion aimed at increasing the country’s share of the global market.**
- Over 70 major university-level visits were hosted during the year.** These included: their Majesties King Juan Carlos and Queen Sofia of Spain who visited as part of their state visit to New Zealand. The visit provided an opportunity to showcase our leading research in yacht design, induction power technology and bioengineering. Visiting foreign dignitaries included: the President of Hungary; the Minister of and Director General of Health; Government of Bangladesh; Legislative Assembly MPs from the Kingdom of Tonga; international universities including Shanghai Jiao Tong University and Tianjin University, China and Universade Austral de Chile.

Objective 2

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

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
2.1 % International students (EFTS)	13	12	11	≥12	11
2.2 % International postgraduate students (postgraduate EFTS)	12	14	15	16	15
2.3 Students studying off-shore (number)	523	620	935	950	728

- **Although the percentage of EFTS generated by international students both overall and at the postgraduate level was unchanged from 2008, the number of EFTS increased.**

International enrolments increased by 5% from 2008 to reach 3,518 in 2009. EFTS for international postgraduate students increased by 13% from 2008. A total of 860 postgraduate EFTS were generated by international students.

- **A wide range of opportunities are available to students wanting to have experience of overseas study.** Formal exchange agreements in place with partner universities provided opportunities for 220 Auckland students to study for a semester overseas. A number of new exchange partnerships were confirmed to increase the options for students. These included agreements with Universidad de Salamanca, King's College London, Queen's University (Canada), McMaster University, La Sorbonne and Bucerius Law School (Hamburg).

- **A further 508 students engaged in overseas academic experiences, some for credit and others outside the formal curriculum.** The U21 Undergraduate Research Conference at Glasgow University provided three undergraduate students with the opportunity to interact with international peers. Four postgraduate students participated in the Sustainable Cities for the Future, U21 conference hosted jointly by the Universities of Melbourne and Queensland.

Research and creative work

The University of Auckland makes a significant contribution to New Zealand society and to its economy as a result of the research undertaken by the University's staff and students. The direct outcomes of research are measured through the quality of research staff, publications, patents, the economic benefits of commercialising intellectual achievements and research postgraduate education. The research undertaken 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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
3.1 % PBRF eligible staff ranked A (FTE)	11	14	14	14	14
3.2 % PBRF eligible staff ranked B (FTE)	37	36	36	36	36
3.3 % PBRF eligible staff ranked C (FTE)	34	34	34	34	34
3.4 % PBRF eligible staff ranked R (FTE)	18	16	16	16	16
3.5 Citations per FTE (PBRF eligible FTE)	13.8	15.6	16.1	≥17.5	15.2

- **The PBRF ratios used in the performance measures are the official Tertiary Education Commission Research Quality Evaluation results.** The last PBRF quality evaluation took place during 2006 and was reported in 2007. The next quality evaluation round is planned for 2012.
- **The University has put in place a number of initiatives designed to**

achieve the PBRF targets for the 2012 Quality Evaluation round. Faculty-based plans and coordination teams have been established to focus on assisting staff to maximise research outputs ahead of the 2012 Research Quality evaluation round.

- **Staff contributions to the wider research environment were recognised through national and international**

awards and prizes. The research contribution of Distinguished Professor Peter Hunter was recognised with the award of the Rutherford Medal by the RSNZ and that of Distinguished Professor Dame Anne Salmond by her election as a foreign associate in the National Academy of Sciences (NAS) for her excellence in scientific research. Staff contributions to research were also recognised through the award of

fellowships and prizes by the Royal Society of New Zealand and the New Zealand Academy of the Humanities.

- **Four staff of The University of Auckland are members the TEC PBRF Sector Reference Group** that developed recommendations for the administration of the 2012 PBRF Research Quality evaluation

round. Their input contributes to consistency between the PBRF rounds and the understanding and feasibility of proposed rule changes.

- **The University encourages and recognises new researchers' achievements through the award of Early Career Research Excellence Awards.**

Five staff were awarded Early Career awards. The Pilot Programme for Future Research Leaders has commenced with 32 participants. Two of the nine modules have been delivered.

Objective 4

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

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
4.1 Doctoral theses completions	183	217	245	350	247
4.2 Masters theses completions (PBRF eligible ie 90 points or more)	647	595	608	760	713
4.3 % Doctoral completion (within five years)	49	45	48	52	48
4.4 New doctoral candidates enrolled	324	388	349	380	425

- **The numbers of doctoral and masters theses completions have increased from 2008 numbers.** Masters theses are close to 2009 targets but doctoral theses are well below the targets. Doctoral theses completions have increased from 171 in 2004, the year before the Strategic Plan was adopted, to 247 in 2009. This is a 44% growth in the doctoral completions since 2004.
 - **The rate of growth in masters completions has been slower than that of doctoral theses with a 20% increase from 568 completions in 2004**
10,010 students comprising 25% of the student body were enrolled in a postgraduate programme in 2009. The University's graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. 558 domestic and 71 international doctoral students received funding from University Scholarships (normally providing an annual stipend of \$25,000 plus tuition fees for up to 3.5 years) in 2009. Nineteen international students received University of Auckland International Doctoral Fees Bursaries.
 - **An agreement signed by 14 members of the U21 network of universities, including The University of Auckland, establishes a framework for joint PhD programmes.** The framework enables doctoral students to undertake joint study between member universities and acknowledges the importance of international experience to doctoral study.
 - **The quality of the University's doctoral programme was recognised with the doctoral research of one student winning the "Adding Value to Nature" category of the MacDiarmid Young Scientists of the Year Awards** as well as the Commercialisation Award for the research most likely to result in new commercial opportunities. Two candidates in bioengineering won the best paper award for their paper at the MICCAI Society Conference. Their research involves the development of a computer model of the heart aimed at assisting diagnosis and treatment of heart failure. The conference is the premier international event for medical image computing and computer-assisted technology.
 - **The annual Vice-Chancellor's prize for the best doctoral thesis at The University of Auckland was awarded to PhD students in Arts, Engineering, Medical and Health Sciences, and Science.** The prize is awarded to the five most exceptional theses successfully examined each year.
 - **Nine doctoral candidates were successful in gaining Top Achiever Doctoral Scholarships from the Tertiary Education Commission in 2009.** Two were successful in the last round of awards to be made under the scheme. The scholarships were designed to support the top 10% of doctoral students in New Zealand. The awards will support research work that includes: developing catalysts for green chemistry; investigating the role the immune system plays in controlling the formation of new brain cells; and improving our understanding of geothermal activity in the Taupo Volcanic Zone.
- An Auckland initiative that was taken up by the Government resulted in the number of summer research scholarships being increased significantly.** A total of 647 scholarships have been taken up by students who will undertake research projects over the summer break.

Objective 5

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

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
5.1 Total external research income earned (\$m)	153	163	191	191	206
5.2 PBRF eligible external research income (\$m)	114	117	139	144	150
5.3 External research income (PBRF eligible) per FTE (PBRF eligible)	71,970	77,997	89,242	96,807	94,948

- **Overall University External Research Income (ERI), including UniServices, exceeded the 2009 targets by 7.4%.** Total ERI in 2009 has increased by 7.8% over that achieved in 2008. Total ERI has increased since 2004, prior to the introduction of the Strategic Plan by 57%.
- **Overall PBRF eligible revenue rose by 8% in 2009 to exceed 2009 targets by \$6.1 million.** The University's share of the total PBRF-ERI pool as provided by the TEC interim allocation for 2009 is 36.7%.
- **The Foundation for Research, Science and Technology is the largest single external funder of research at The University of Auckland,** accounting for approximately 13% of our total external research revenue. In 2009, the University was funded for 59 contracts totalling \$26.8 million, including 18 contracts in the New Economy Research Fund (NERF), 13 in Research for Industry, two in Environmental and two in Social Research.
- **University of Auckland researchers received a total of \$11.7 million in the annual Marsden Fund investment round.** The new projects address subjects as diverse as ocean acidification, the effects of

antidepressants on brain plasticity, war captives in Māori society, the emergence of biological economies, and statistical analysis with biased samples. Eighty-six Marsden Fund contracts administered through the Royal Society and worth \$9.4 million were funded in 2009.

- **The University had a most successful HRC round, obtaining 26 awards to the value of \$41.2 million or 49% of the nationally available funds allocated in 2009.** Eighty-seven contracts with a value of \$24.2 million were funded in 2009.
- **"The Materials Accelerator", led by Professor Ralph Cooney, was one of only two projects that were funded nationally under the new Transformational Research, Science and Technology (TRST) funding** from the Foundation for Research, Science and Technology. The Materials Accelerator is a large collaborative project with six other universities and science organisations and is funded at \$2.4 million per annum over four years.
- **Several key events for the University's research were celebrated in 2009.** The 21st anniversary of Auckland UniServices was marked with the launch of several

major research-related initiatives; a ceremony to mark the commencement of construction of the Science Centre and Interpretive Centre was held at the Leigh Marine Research Laboratory; and the Centre for Brain Research was launched by the Minister of Research Science and Technology.

- **The University was also funded for three new projects under the TEC's Encouraging and Supporting Innovation fund.** Four Centres for Research Excellence and two Building Research Capability in Strategically Relevant Areas (BRCSRA) grants were funded by TEC.
- **The University maintains an active programme for enhancing its relationships with key New Zealand and international bodies providing grants for fundamental and applied research.** In 2009, the programme included discussions with potential North American research funders, presentations to key staff of the Foundation for Research, Science and Technology (FRST) and Ministry of Research, Science and Technology (MoRST), and ongoing discussions with staff from TEC.

Objective 6

Develop Large-Scale Research Institutes of excellence.

Performance indicators

6.1 External research income earned per LSRI (\$m)

6.2 Large-Scale Research Institutes (number)

	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
6.1 External research income earned per LSRI (\$m)	12.4	9.8	15.6	14.4	19.2
6.2 Large-Scale Research Institutes (number)	1	1	2	2	2

- **The University's two Large-Scale Research Institutes had successful years in 2009.** Distinguished Professor Sir Peter Gluckman was appointed to the post of the first Prime Minister's Chief Science Adviser and Professor Wayne Cutfield was appointed to succeed him as the Director of the Liggins Institute.
- **The Liggins Institute's LENSscience Connect programme won the education section of the 2009 TUANZ**

(Telecommunications Users Association of New Zealand) Innovation Awards.

This was for the most innovative educational product, service or initiative developed in New Zealand, and delivered electronically to New Zealanders, which contributes to general education. LENSscience Connect is an innovative solution that brings students in schools across New Zealand together with scientists and teachers based at the Liggins Institute through satellite television and interactive websites.

- **Auckland BioEngineering Institute's second year of operation as an LSRI has seen several notable achievements including Professor Hunter's Rutherford medal and staff and student achievements.** eBonz and TETcor, two of the Institute's spin-out companies, achieved commercial success. ABI also secured two new European Union Framework 7 grants in its own right.

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. Australian data shows the average lifetime earnings of University graduates is \$1.5 million more 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 to be composed as follows: 78% in undergraduate, 12% in taught postgraduate and 10% in research postgraduate programmes.

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
7.1 Total EFTS	29,451	30,233	30,172	30,873	31,689
7.2 % Annual EFTS growth	-4.3	2.6	-0.2	2	5
7.3 % Research postgraduate EFTS	6	6	7	8	7
7.4 % Taught postgraduate EFTS	11	12	13	13	13

- **The University experienced higher levels of growth in domestic students from 2008 to 2009 than it planned.** Growth of 2% (approximately 800 EFTS) from 2008 to 2009 was planned for 2009 but the actual growth was 1,500 EFTS or 5% relative to 2008 figures. Although the growth was higher than planned the University remained within the 3% tolerance permitted by the funding regime and achieved 102.51% of its funded allocation.
- **Two factors contributed to growth in 2009,** the increased size of the school-leaving cohort in 2008 and the economic

downturn. School leaver applicants to The University of Auckland grew by 6%. The introduction of limits and guaranteed entry scores for all undergraduate degrees ensured that the number of school leavers that enrolled increased by only 5%, only slightly above our expected intake.

- **The economic recession contributed to an increase in students returning to complete degrees and to higher postgraduate enrolments.** Taught postgraduate EFTS increased by 10.5% in 2009. The economic downturn also had an impact on students' selection of degrees and courses. Professional programmes such as

Engineering, Pharmacy, Nursing, Teaching, Planning, Architecture and Business/Accountancy had increased enrolments as did conjoint degrees, all of which contributed to undergraduate EFTS increases.

- **The percentage of students undertaking a full-time programme increased again in 2009.** The percentage has increased in each of the last three years from 60% in 2007 to reach 62% in 2009.

Objective 8

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

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
8.1 Degrees accredited by professional associations/accreditation bodies	30	33	33	≥30	30
8.2 % Qualification completions (domestic, undergraduate)	60	61	63	≥60	59

- **The accreditation by external professional bodies and accreditation agencies of the following degree programmes was renewed in 2009:**
 - Bachelor of Optometry
 - EQUIS accreditation was confirmed for qualifications in the Faculty of Business and Economics
- **The Master of Engineering was reviewed by an external Review Panel.**
- **The Departments of Accounting and Finance, Applied Language Studies and Linguistics, Chemistry, Centre for Pacific Studies, and the School of Teaching, Learning and Development were reviewed by external Review Panels.**
- **The Committee on University Academic Programmes has approved the introduction of the following qualifications:**

- Diploma in Languages
- Certificate in Languages
- Bachelor of Dance Studies
- Postgraduate Certificate in Engineering
- Postgraduate Diploma in Educational Leadership
- Bachelor of Medical Science (Honours)
- Master of Educational Leadership
- **The Committee on University Academic Programmes approved the introduction of the following specialisations:**
 - Bioinformatics and Geographic Information Science as specialisations for the Postgraduate Diploma in Science; Early Career Teaching as a specialisation for the Postgraduate Diploma in Education; Commercial Law as a specialisation for the Master of Commerce; Education as a specialisation for the Master of Professional Studies; Ophthalmology as a specialisation

for the Masters of Health Sciences and Medical Sciences; and Plastics as a specialisation for the Master of Engineering Studies.

- **Graduating Year Reviews were completed and approved for the following qualifications and specialisations:**
 - Doctor of Pharmacy; Postgraduate Certificate in Law; Master of Bioscience Enterprise and Postgraduate Diploma in Bioscience Enterprise.
 - Asian Studies, Development Studies and Languages and Literature for the Bachelor of Arts (Honours); Bioengineering for the Master of Engineering; Geophysics and Physics for the Bachelor of Science (Honours); and Cardiac Rehabilitation for the Master and Postgraduate Diploma of Science.

Objective 9

Create and maintain an outstanding teaching and learning environment.

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
9.1 Student: academic staff ratio	17.8	18.3	17.5	18.0	18.1
9.2 Academic: general staff ratio	1.6	1.6	1.7	1.6	1.7
9.3 % New undergraduate retention (re-enrolment)	89	90	87	≥91	87
9.4 Library collections expenditure (% of Total Revenue)	2.0	1.9	2.0	2.3	2.0

- **The key measures associated with maintaining an outstanding teaching and learning environment remained largely unchanged.** The University was able to maintain the student to academic staff ratio close to target even with higher than expected enrolments. The academic to general staff ratio remained unchanged.

- **The retention of new undergraduate students is unchanged.** Retention remains high in programmes with high entry standards but is lower in other undergraduate programmes.

- **Limiting entry to undergraduate programmes has resulted in the quality of the student intake improving in 2009** (see Objective 13). The University carefully monitored the numbers of students enrolled and their entry standard following the introduction of limitations on all undergraduate degrees. A report reviewing the impact of the limits, especially for equity groups, was prepared for Council.

- **The New Zealand Universities Academic Audit whole-of-institution** report on the University provided a strongly positive evaluation of matters relating to teaching

and of efforts to enhance the quality of the learning environment and student experience in the University.

- **Paul Denny and Dr Rachel Fewster from the Faculty of Science received 2009 National Tertiary Teaching Excellence Awards.** The national awards follow earlier success as recipients of University of Auckland Teaching Excellence Awards. Paul received the award for Innovation in Teaching in 2008 and Rachel received an Early Career Excellence in Teaching award in 2006.

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.

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

Objective 10

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

Performance Indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
10.1 % Māori academic staff (FTE)	5	5	6	≥6	6
10.2 % Māori general staff (FTE)	5	5	7	≥6	6
10.3 % Māori students (domestic EFTS)	7	7	7	≥7	7
10.4 % Māori successful course completions (undergraduate)	79	78	81	≥80	83
10.5 % Māori qualification completions (domestic, 5 year, degree-level and above)	44	48	51	≥48	48

- **The performance indicators show little change between 2008 and 2009 in the proportion of Māori staff and students.** EFTS generated by Māori students increased from 2008 by 6%, to reach 1954 EFTS. The measure of student achievement, successful

course completions, shows consistent improvement in 2009 and over time. The percentage of Māori completing undergraduate qualifications within five years varies between years because the annual intakes used in the measure are relatively small.

- **Māori staff in leadership roles are important role models for students and the community.** James Henare Māori Research Centre is now being led by Dr Merata Kawharu, while Dr Charles Te Ahukaramū Royal, a highly regarded

researcher and composer, has been appointed Director of Ngā Pae o te Māramatanga, the Māori Centre of Research Excellence based at The University of Auckland. Professor Jonathan Mane -Wheoki, an art historian, is the new Head of Elam School of Fine Arts.

- **The University of Auckland staff and alumni have won three of the six inaugural Ngā Kupu Ora book awards celebrating Māori literature.** The Te Reo Māori section was won by Dr Merata Kawharu of the James Henare Māori Research Centre, the Architecture and

Design section was won by Dr Deidre Brown while the Biography section was won by Emeritus Professor Ranginui Walker.

- **TEC-funded Priorities for Focus initiatives were established in 2009 that are aimed at increasing access to higher education by Māori and Pacific students.** Activities that enhance opportunities for future school leavers and provide pathways to degrees through other tertiary study are being developed.
- **The Auckland Tertiary Institutions' Articulation (ATIA) Working Group** is also enhancing Māori and Pacific access to higher

education through the development of a seamless network of tertiary education provision in Auckland and North Auckland.

- **The office of the Pro-Vice Chancellor (Māori) met with a number of Māori leaders** in the University's wider region and participated in the NZVCC Te Kahui Amokura working group.

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 esteem and thus being 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.

- **The University's Community Consultative Group, drawn from key stakeholders and community leaders, held four meetings in 2009.** The Group's agenda included regular briefings on current issues such as the revised Investment Plan, outcomes of the Academic Audit and the Student Engagement Survey as well as research and campus development briefings.
- **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 in which New Zealand's history was re-examined. The 2009 Robb Lectures were delivered by Dr Frans B. M. de Waal a Dutch-born ethologist/biologist known for his work on the social intelligence of primates. He delivered three lectures on "Our inner ape" to capacity audiences.
- **The University contributed in several ways to recovery from the tsunami that affected Samoa and Tonga.** A container of emergency supplies was collected and shipped to Samoa. The Faculty of Education is involved in ongoing collaboration to assist with the rebuilding of schools. A small team of staff and students from the Faculty of Engineering prepared a report assessing recovery requirements following a fieldwork visit to Samoa.
- **The Centre for Asian Health Research and Evaluation was recognised for its outstanding contribution to positive race relations through an award by the Human Rights Commission.** The Centre has organised three major international conferences on Asian health and well-being.
- **The annual Graduation Gala: Concerto Competition was held at Auckland's Town Hall.** Three finalists played to an enthusiastic full house of parents, recent graduates and members of the community. School of Music flautist Christine Kim won the competition, with pianists' Tiantin Xu and Joong-Han Jung placed second and third.

Objective 12

Engage alumni and friends in mutually supportive and productive relationships.

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
12.1 Donations, bequests and fundraising revenue (\$000)	5,465	5,360	8,422	9,961	6,068
12.2 Alumni with whom the University is actively engaged	13,277	13,728	15,021	14,639	17,122

- **This measure (12.1) represents revenue from donations and bequests recognised as revenue by the University.**

The revenue is lower than that budgeted in part because the rate of earnings from invested donations and bequests was lower than had been budgeted.

- **International alumni and friends were the focus of a series of events and functions** throughout the year in Sydney, Melbourne, Perth, Kuala Lumpur, Seoul, Hong Kong, Los Angeles, San Francisco, New York, Vancouver and

London. Nearly 500 alumni attended functions hosted by the University overseas in 2009. The inaugural University of Auckland US/NZ Exchange Scholarships, funded through alumni donations to The Friends of The University of Auckland (US), were launched. Six scholarships were awarded, providing for recipients to attend US universities.

- **A strong programme of local (New Zealand) alumni events continued with receptions and events in Whangarei,**

Tauranga, Hamilton, Christchurch and Wellington. Presentations by key researchers and senior members of the University provided alumni with current perspectives on a range of activities. The annual Golden Graduates event was again highly successful. Attendees were mostly alumni who graduated 50 or more years ago, including a strong contingent of 1959 graduates.

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 draws upon the widest possible pool of talent. Universities that encourage and reward talent in many areas 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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
13.1 % School leavers with a GPE > 5 (on a 9 point scale)	33	36	38	≥36	41
13.2 % qualification completions for under 25s (domestic, 5 year degree-level and above)	67	66	68	≥66	65
13.3 % Senior academic positions filled by women (FTE)	22	24	23	≥25	23
13.4 % Pacific academic staff (FTE)	3	2	2	≥3	2
13.5 % Pacific general staff (FTE)	5	5	6	≥6	6
13.6 % Pacific students (Domestic EFTS)	9.1	8.9	8.4	≥10	8.3
13.7 % Pacific successful course completions (undergraduate)	69	67	68	≥69	72
13.8 % Pacific qualification completions (domestic, 5 year degree-level and above)	44	41	45	≥40	42

- **The introduction of limits on the number of places in undergraduate qualifications has contributed to a marked improvement in the quality of the student intake** as measured by the

percentage of school leavers with an entry score of five or better. The measure of student achievement – the qualification completion rate for under 25s – measures degrees completed within five years and is

lower than in 2008. Increased conjoint degree enrolments in 2009, in which the minimum length of study is normally six years, have contributed to the lower rate.

- **The student-related equity measures show that the achievement of Pacific students as measured by course completion rates has improved.** The targeted admission scheme introduced with limitations on enrolment and strong associated support programmes are factors in the improved course completion rate.
- **Although the percentage of students who identify as Pacific declined marginally, the number of EFTS generated by Pacific students increased in 2009 by 4% to reach 2,346 EFTS.**

While most of the 95 EFTS increase was at degree level, nearly a third was in postgraduate enrolments.

- **The equity implications of the first year of limiting entry to all undergraduate degrees were considered by the Undergraduate Admissions and Equity Taskforce.** The impact on equity groups of the calculation of Rank Scores was reviewed and the existing calculation retained.
- **The Equity Office reviewed the Equal Opportunities Policy and developed a**

new Equity Policy which was adopted by Council. The Equity Policy combines student and staff equity which provides a close alignment between student and staff equity work areas to enhance the development of a diverse pool of talent for the University's future workforce.

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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
14.1 % Undergraduate students expressing satisfaction with University experience	91	94	82	≥90	95
14.2 % Postgraduate students expressing satisfaction with University experience	91	93	n/a	≥90	95

- **The University returned to its internal teaching and learning survey in 2009.** In 2008 the AUSSE survey of student engagement had been undertaken. Students indicated through the survey a high level of satisfaction with their university experience.
- **University of Auckland students were successful in gaining prestigious international scholarships.** Yvette Perrott was awarded a Rutherford Scholarship to support her PhD studies at the University of Cambridge; Richard Stebbing, an Engineering student with a passion for medical imaging, was awarded a Rhodes Scholarship to undertake a DPhil degree in biomedical engineering; Anna Dare was awarded a Woolf Fisher Scholarship to support her PhD studies at the University of Cambridge; and music student Pene Pati won the top prize in one of Australasia's most prestigious singing competitions.
- **The Blues Sporting and Cultural Awards recognising international and national achievements in sporting and cultural activities** included: Carolina Dillen for her first place at the Tae Kwon-Do World Championships; Michael Jack, a New Zealand representative swimmer; and yachtsman Reuben Corbett. Classical jazz pianist John-Paul Muir received The University of Auckland Society Arts and Cultural overall award.
- **Student teams participated successfully in national and international competitions.** A team of students from the Business School won the Marshall International Case Competition held at the University of Southern California.
- **The inaugural 2008 Champion's Trophy,** held at the University, was also won by the Business School team. A number of world-rated international universities took part in the event. Two Auckland Law students won the Bell Gully National Mooting competition and qualified to represent New Zealand at the International Law Moot in Washington DC in 2009. A team of postgraduate engineers won four individual awards and were second overall at an international earthquake design competition in Taiwan.
- **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, 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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
15.1 Number of prestigious international awards held by staff	103	116	161	≥150	194
15.2 Professional development expenditure per FTE	992	1,149	1,480	≥1,300	1,348

- **New Zealand honours were awarded to several staff including:**
 - Companion of the New Zealand Order of Merit (CNZM) for services to auditory neuroscience: Professor Peter Thorne (Population Health)
 - Officer of the New Zealand Order of Merit (ONZM) for services to medicine: Professor Alan Merry (Medicine)
 - Officer of the New Zealand Order of Merit (ONZM) for services to science: Professor Michael Walker (Biological Sciences)
 - Member of the New Zealand Order of Merit (MNZOM) for services to poetry: Associate Professor Michele Leggott (English)

- Companion of the Queen's Service Order (QSO) for services to education: Robyn Boswell (Faculty of Education)
- Companion of the Queen's Service Order (QSO) for services to Māori health: Dr Lorna Dyal (Te Kupenga Haura Māori)
- Companion of the Queen's Service Order (QSO) for services to Māori: Kaa Williams (Māori Studies)

• **Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff:** Distinguished Professor Peter Hunter (Auckland Bioengineering Institute) was awarded the Rutherford Medal; Professor Alistair Gunn (Medical Sciences), Professor Edwin Mitchell (Medicine), Professor Eamonn O'Brien (Mathematics), Professor Andrew Pullan (Engineering Science), Professor Allen Rodrigo (Biological Sciences) and Professor

David Williams (Chemistry) were made Fellows of the Society.

• **The following staff member was made a Fellow of the New Zealand Academy of the Humanities Te Matanga o te Whaingāronui:** Professor Lynda Bryder (History).

• **Other New Zealand awards and honours won included:** World Class New Zealand Award to Professor Peter Hunter (Auckland Bioengineering Institute); The Geological Society of New Zealand's Hochstetter Award to Associate Professor Kathy Campbell (Environment); the New Zealand Mathematical Society Research Award to Dr Andres Nies (Computer Science).

• **International honours accorded members of the University included:** Distinguished Professor Dame Anne Salmond (Māori Studies) elected as a foreign

associate of the National Academy of Sciences; the Dent Medal to Associate Professor Dean Sutcliffe (Music).

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

- Professor John Morrow as Deputy Vice-Chancellor (Academic)
- Professor Jennifer Dixon as Dean of Creative Arts and Industries
- Associate Professor Jan Crosthwaite as Dean of Arts.
- Professor Grant Guilford as Dean of Science.

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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
16.1 Total revenue (\$m)	667	741	789	768	843
16.2 Operating surplus as a % of revenue	3.1	3.0	3.1	3.0	3.4
16.3 Operating cash receipts as a % of operating cash payments	117	120	120	115	118
16.4 Revenue achieved as a % of budget	102	104	102	100	103

- **The final overall revenue for 2009 is 3.1% above the 2009 target and has grown by 8.9% from 2008.** The combination of increased student enrolments and resulting higher fee revenue and the significant growth in external research income have contributed to the higher overall end of year revenue position.
- **The University completed its regular annual review of the long-term capital plan and financial projections.** Robust independent reviews of business cases for capital expenditure proposals were

conducted prior to approval to proceed being given.

- **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	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
17.1 Teaching and learning income per EFTS (indexed to 2004)	11,700	11,576	11,914	12,500	11,818
17.2 Total revenue per FTE (academic)	341,077	380,108	382,000	401,000	400,818

- **The University's teaching and learning revenue from government funding and students increased in 2009** compared with 2008 but the constraints on domestic fees and the limited price adjustment to government funding means that relative value of funding was lower than the increased costs.
- **The Leading the Way fundraising campaign which aims to increase the University's revenue from philanthropic sources continued.** The global economic situation had an impact on the ability of potential donors to contribute.

Objective 18

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

Performance indicators	2006 Actual	2007 Actual	2008 Actual	2009 Target	2009 Actual
18.1 People costs as a % of total expenditure	60	57	60	58	59
18.2 EFTS per open access computer work stations	6.1	6.3	5.6	6.4	5.9
18.3 Space per student (AFA m ² /EFTS)	9.1	9.1	9.1	10.5	8.6
18.4 Property, plant and equipment per student (assets/EFTS)	39,656	39,061	46,987	45,000	44,171

- **The University's Campus re-development planning continued in 2009.** The Grafton Campus redevelopment commenced with work taking place on several fronts. The overall development is highly complex within tight timeframes requiring decamping from and refurbishment of existing buildings as well as the construction of new buildings.
- **Work on other building construction is also progressing with the Thomas Extension Building for the Institute of Innovation in Biotechnology well underway as well as work on the Science Building at the Leigh Marine Centre and the refurbishment of 58 Symonds Street.**
- **Council approved concept plans and a business case for a fully catered student accommodation hostel with 442 beds in the Elam precinct.** It is planned that this hostel will be open for the commencement of Semester 1, 2012.
- **The Library undertook a client survey from which the overall satisfaction rating compared to the 38 other benchmarked Australasian university libraries was 5.53 on a 7 point scale, ie 79%.** The highest performing area related to Library Staff with a score of 83.2% and the lowest performing area was facilities and equipment with a score of 68.6%. The best performing category in the survey, which had created a new benchmark high across all the participating universities, was the score for Information Resources.
- **Major information technology infrastructure developments including the upgrade of the student management system,** the introduction of a University-wide timetable and room booking system and the implementation of a new research management system continued as planned in 2009.

Objective 19

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

- **The University of Auckland was commended in the NZUAAU report.**

In its general remarks, the audit panel commented that the University "has a clear sense of purpose and direction and is determined to build on its pre-eminent position". The report also commended several features of the University's broader operation, including the University Council's governance role and its relationship with senior managers, the risk management framework, how good practices are shared and disseminated, and the use of benchmarking to measure the success of internationalisation strategies.

- **The University reported quarterly to the Audit 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 2009.**

An on-line register of all University Policies, Statutes and Other Requirements was launched. The Policy Register provides one location for all University policies. The standardisation provided by the register will

ensure policies use a consistent style and are kept up-to-date. New financial policies related to sensitive expenditure, hospitality and gifts were developed.

- **New administrative arrangements for the implementation of the financial delegations policy were put in place.**

A University-wide Risk Management Framework was developed and reported to Audit Committee. The identified risks and their mitigations were integrated with Faculty and Service Division Annual Plans.

Objective 20

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

- **The University and the TEC negotiated a variation to the University's approved 2008 to 2010 Investment Plan for 2010.**

The funding provided takes into account the pipeline growth in 2010 of increased domestic student enrolments in 2009.

- **The Council approved the 2010 Budget and noted the University and Faculty Key Performance indicators that measure progress toward the Strategic Plan objectives.**

- **Progress toward the annual targets for eleven 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 processes.

- **Faculties, service divisions and LSRI submitted progress and end of year reports against their 2009 Annual Plans.**

2010 Annual Plans were submitted and discussed at the Senior Management Team Planning Meeting.

- **Changes were made to the annual planning processes.** An additional SMT planning meeting provided the opportunity for longer term planning to be taken into account in the annual planning cycle. The emphasis in faculty, LSRI and service division annual plans and reports was shifted to focus on the strategically significant issues and an alignment to the Risk Management Framework.

Statement of resources

Buildings

	2007	2008	2009
Gross area of University buildings (m ²)	488,607	486,220	487,820

Land

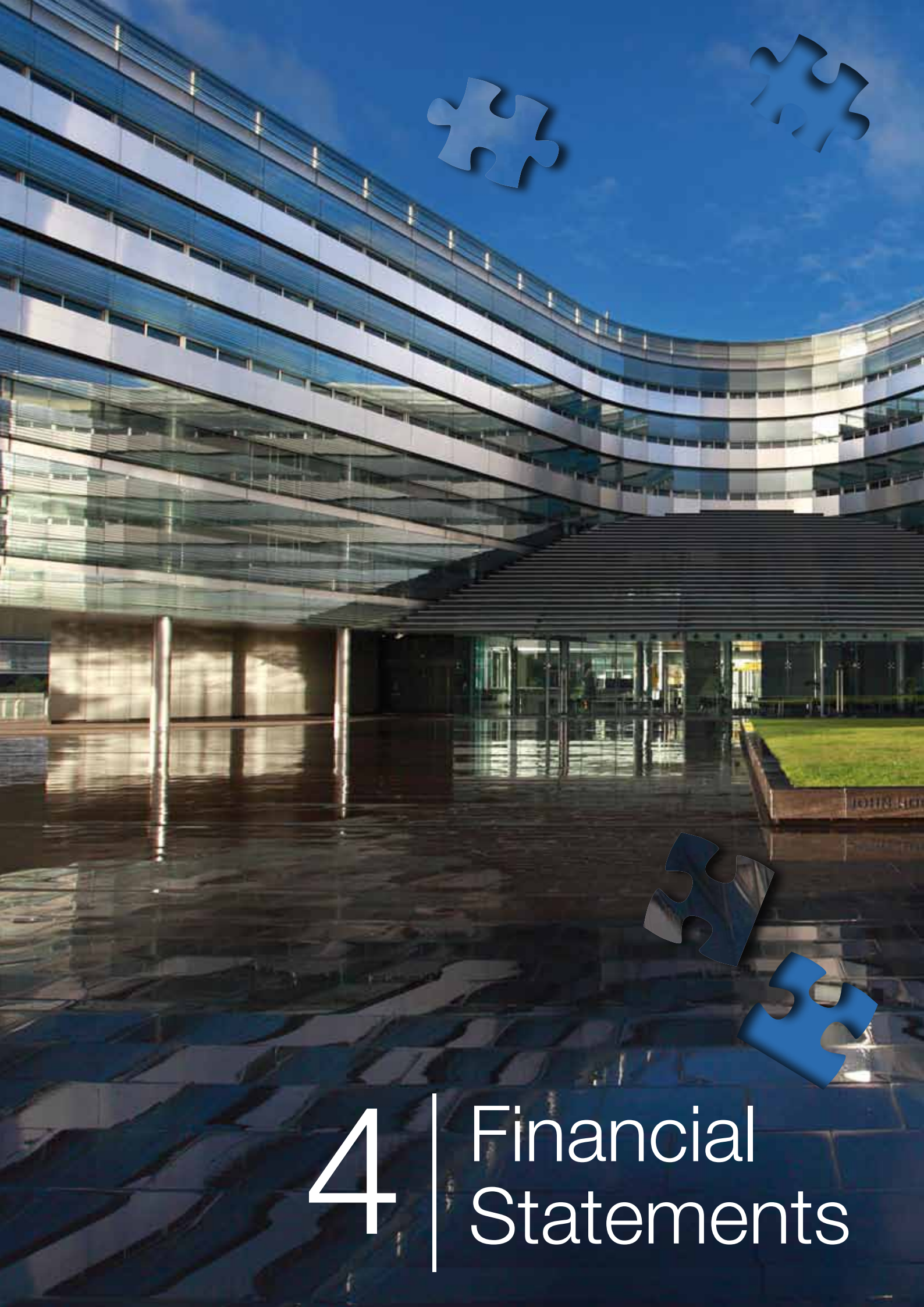
The University is responsible for a total land area of 188.7ha. This includes 19.4ha on the City Campus, 32.2ha at the Tamaki Campus, 1.5ha at Whangarei and 122.8a at Leigh Marine Research Laboratory and various bush reserves.

Library Resources

Collections	2007	2008	2009
Printed books and theses	1,646,544	1,670,187**	1,670,187
Printed serials (volumes)	589,489	568,697**	565,950
Total printed volumes	2,236,033	2,238,884**	2,203,888
Electronic books	295,506	314,074	343,063
Print serial titles	5,551	5,408	5,313
Electronic serial titles	82,900	84,644	87,100
Services			
Loans - total	1,140,513	1,066,488	1,065,536
Library web page sessions	5,783,910	5,716,286	5,796,655
Library teaching sessions	1,590*	1,501*	1,646
Attendance at Library teaching sessions	19,966*	20,572*	22,780
Number of libraries/Information Commons	16	16	16
General Library average open hours per week	90	90	90
Information Commons average hours open per week	113	113	113
Study spaces	3,694	3,614	3,515
Study/training spaces with computer workstations	1,089	1,085	1,092
Laptops for loan			120
Total number of study spaces	4,783	4,699	4,607

*Departmental Reading Rooms excluded (19,939 volumes)

**ELSAC excluded and reduction of seating in some areas to accommodate extra shelving



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 2009 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 1 April 2010.



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 2009

	Note	CONSOLIDATED			UNIVERSITY	
		2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Operating revenue						
Government grants	2	337,013	334,061	319,500	337,013	319,500
Tuition fees		188,318	182,306	170,582	188,318	170,582
Research contracts		205,593	192,553	190,634	97,110	93,427
Service income		88,733	80,180	79,704	103,766	93,938
Donations		6,068	8,255	7,881	6,068	7,881
Interest received		7,160	8,700	11,066	6,461	10,501
Other revenue		10,235	8,309	9,743	9,754	9,715
Total operating revenue		843,120	814,364	789,110	748,490	705,544
Operating expenses						
People costs	3	478,175	466,494	458,966	413,411	403,654
Operating costs	4	231,827	245,863	218,254	205,781	193,696
Finance costs					1,490	3,097
Depreciation and amortisation	5	104,581	77,392	86,969	102,389	85,127
Total operating expenses		814,583	789,749	764,189	723,071	685,574
Net surplus		28,537	24,615	24,921	25,419	19,970
Attributable to:						
Members of the parent entity		28,537	24,615	24,921	25,419	19,970

The accompanying Notes to the Financial Statements on pages 58 to 86 form part of and should be read in conjunction with these financial statements.

Statement of Financial Position

as at 31 December 2009

	Note	CONSOLIDATED			UNIVERSITY	
		2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Current assets						
Cash and cash equivalents	7	51,306	1,904	54,824	40,090	44,402
Short term bank deposits	7	76,748	42,950	28,220	70,048	24,020
Receivables	7,8	28,201	28,438	27,650	17,545	17,677
Research work in progress	7	14,113	11,988	12,631	2,378	3,596
Derivative financial instruments	7			327		314
Inventories	9	851	1,204	837	851	837
Prepayments and other current assets		16,468	17,417	15,212	16,469	15,228
Total current assets		187,687	103,901	139,701	147,381	106,074
Non current assets						
Long term investments	7	18,638	21,442	17,311	18,564	16,820
Investment in subsidiaries	22				27,497	27,916
Property, plant and equipment	10	1,381,440	1,372,969	1,403,447	1,351,990	1,371,802
Intangible assets	11	18,220	9,021	14,235	17,493	13,548
Total non current assets		1,418,298	1,403,432	1,434,993	1,415,544	1,430,086
Total assets		1,605,985	1,507,333	1,574,694	1,562,925	1,536,160
Current liabilities						
Payables	12	83,488	76,247	85,446	66,975	69,240
Revenue in advance	13	100,048	101,492	101,469	50,969	53,489
Loan from subsidiary	22				37,700	37,700
Finance lease liability	16	363	363	726	363	726
Employee entitlements	14	28,626	23,118	26,992	27,609	26,125
Derivative financial instruments	7	513			553	
Provisions	15	4,656	17,250	12,604	4,656	12,604
Total current liabilities		217,694	218,470	227,237	188,825	199,884
Non current liabilities						
Employee entitlements	14	34,108	33,123	36,596	34,080	36,568
Revenue in advance	13	22,000	22,000	12,000	22,000	12,000
Finance lease liability	16			363		363
Total non current liabilities		56,108	55,123	48,959	56,080	48,931
Total liabilities		273,802	273,593	276,196	244,905	248,815
Net assets		1,332,183	1,233,740	1,298,498	1,318,020	1,287,345
Equity						
General equity	19	889,225	883,259	859,308	875,961	849,226
Reserves	20	426,092	334,476	423,236	425,193	422,165
Trust and special funds	21	16,866	16,005	15,954	16,866	15,954
Total equity		1,332,183	1,233,740	1,298,498	1,318,020	1,287,345

The accompanying Notes to the Financial Statements on pages 58 to 86 form part of and should be read in conjunction with these financial statements.

Statement of Cash Flows

for the year ended 31 December 2009

	Note	CONSOLIDATED			UNIVERSITY	
		2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Cash flows from operating activities						
Government grants		334,771	332,229	316,714	334,771	316,714
Tuition fees		197,201	192,825	181,442	197,201	181,442
Dividends received		36		37	36	37
Other operating receipts		298,250	279,181	287,135	206,595	201,229
Revenue in advance		10,000	10,000		10,000	
Goods and services tax		197	(1,385)	298	(399)	1,023
Payments to employees		(422,485)	(412,067)	(396,692)	(371,291)	(353,435)
Other operating payments		(288,803)	(292,636)	(258,167)	(249,088)	(222,417)
Net cash provided by operating activities	6	129,167	108,147	130,767	127,825	124,593
Cash flows from investing activities						
Interest received		6,507	8,978	11,421	5,807	10,860
Loan to subsidiaries					419	(18,916)
Investments		(50,069)	3,110	(11,284)	(47,772)	(7,061)
Property, plant and equipment and work in progress		(88,170)	(120,327)	(101,756)	(88,148)	(81,769)
Net cash provided by (used in) investing activities		(131,732)	(108,239)	(101,619)	(129,694)	(96,886)
Cash flows from financing activities						
Interest paid					(1,490)	(3,097)
Payment of finance lease liabilities		(726)	(725)	(726)	(726)	(726)
Net cash provided by (used in) financing activities		(726)	(725)	(726)	(2,216)	(3,823)
Net increase/(decrease) in cash and cash equivalents						
		(3,291)	(817)	28,422	(4,085)	23,884
Cash and cash equivalents at the beginning of the financial year		54,824	2,721	26,445	44,402	20,561
Effects of exchange rate changes on cash and cash equivalents		(227)		(43)	(227)	(43)
Cash and cash equivalents at the end of the financial year		51,306	1,904	54,824	40,090	44,402
Reconciliation of cash and cash equivalents						
Current accounts at bank		8,828	1,904	9,047	5,936	5,699
Foreign currency current accounts at bank		1,747		2,287	1,154	403
Deposits at bank		40,731		43,490	33,000	38,300
		51,306	1,904	54,824	40,090	44,402

The accompanying Notes to the Financial Statements on pages 58 to 86 form part of and should be read in conjunction with these financial statements.

Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	CONSOLIDATED			UNIVERSITY	
		2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Net surplus for the year		28,537	24,615	24,921	25,419	19,970
Other comprehensive income						
Deficit of subsidiary eliminated on liquidation	20	64				
Gain on works of art and special library collections revaluation	20	6,123		1,252	6,123	1,252
Gain on land and buildings revaluation	20			87,719		87,534
Gain/(loss) on valuation of available-for-sale investments taken to equity	20	(199)		(1,466)		
Gain/(loss) on cash flow hedges taken to equity	20	1,242		1,317	1,242	1,317
Transfer to initial carrying amount of non-financial hedged items on cash flow hedges	20	(2,082)		(907)	(2,109)	(920)
Total comprehensive income for the year		33,685	24,615	112,836	30,675	109,153
Attributable to:						
Members of the parent entity		33,685	24,615	112,836	30,675	109,153

The accompanying Notes to the Financial Statements on pages 58 to 86 form part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2009

	As at 1 January 2009	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 2009
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated 2009						
General equity	859,308	28,537	64	(912)	2,228	889,225
Asset revaluation reserve	422,710		6,123		(2,228)	426,605
Investment revaluation reserve	199		(199)			
Hedging reserve	327		(840)			(513)
Trust and special funds	15,954			912		16,866
Total	1,298,498	28,537	5,148			1,332,183

University 2009

General equity	849,226	25,419		(912)	2,228	875,961
Asset revaluation reserve	421,851		6,123		(2,228)	425,746
Hedging reserve	314		(867)			(553)
Trust and special funds	15,954			912		16,866
Total	1,287,345	25,419	5,256			1,318,020

	As at 1 January 2008	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	As at 31 December 2008
	\$000	\$000	\$000	\$000	\$000
Consolidated 2008					
General equity	832,481	24,921		1,906	859,308
Asset revaluation reserve	333,739		88,971		422,710
Investment revaluation reserve	1,665		(1,466)		199
Hedging reserve	(83)		410		327
Trust and special funds	17,860			(1,906)	15,954
Total	1,185,662	24,921	87,915		1,298,498

University 2008

General equity	827,350	19,970		1,906	849,226
Asset revaluation reserve	333,065		88,786		421,851
Hedging reserve	(83)		397		314
Trust and special funds	17,860			(1,906)	15,954
Total	1,178,192	19,970	89,183		1,287,345

The accompanying Notes to the Financial Statements on pages 58 to 86 form part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2009

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 2009 were authorised for issue by the Council on 1 April 2010.

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.
- Valuation of the Provisions detailed in Note 15. 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.
- 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.

Minority interests in the net assets of consolidated entities are identified separately from the consolidated entity's equity therein. Minority interests consist of the amount of those interests at the date of the original combination and the minority's share of changes in equity since the date of combination. Losses applicable to the minority interest in excess of the minority's interest in the consolidated entity's equity are allocated against the interests of the consolidated entity except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The interest of minority shareholders in the acquired entity is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the Financial Statements

for the year ended 31 December 2009

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

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 for subsidiaries.

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 \$60 million as at 31 December 2008. The financial statements of the Foundation for 2009 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 consolidated entity and its subsidiaries is New Zealand dollars (\$).

Transactions and Balances

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

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

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.

Sponsored Research

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

Notes to the Financial Statements

for the year ended 31 December 2009

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 gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

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 7. Any resultant gain or loss is recognised in the income statement and incorporates any dividend or interest earned on the financial asset. The gain or loss is reflected as a movement in Trust and Special Equity.

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.

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.

Available for Sale Financial Assets

Investments designated as available for sale

financial assets comprise listed shares and redeemable preference notes that are traded on an active market. They are stated at fair value.

Gains and losses arising from changes in fair value are recognised directly in equity in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the income statement.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is included in the income statement for the period.

Dividends on available-for-sale equity instruments are recognised in the income statement when the consolidated entity's right to receive the dividends is established.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the income statement, and other changes are recognised in equity.

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

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

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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.

Work in Progress is 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

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

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.

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

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for the year ended 31 December 2009

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.

Consolidated entity 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.

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:

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 2009 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.

Change in Accounting Estimate

During 2009 the University Library undertook a detailed review of depreciation rates for library monographs at comparable institutions.

Notes to the Financial Statements

for the year ended 31 December 2009

The result of this review was that depreciation of library monographs over a life of 8 years was considered by management to better reflect generally accepted practice and the estimated useful lives of library monographs.

Depreciation rates for this asset class have accordingly been adjusted from 8 percent diminishing value to 12.5 percent straight line.

An additional \$24.544 million of depreciation expense in relation to these assets has been recognised in 2009. The 2010 impact of this change in depreciation rate is estimated to be a saving in depreciation of \$0.165 million.

Standards and Interpretations In Issue Not Yet Adopted

At the date of authorisation of the financial statements, a number of standards and interpretations were in issue but not yet effective.

These include:

NZ IFRS-3 Business Combinations (revised 2008) and,

NZ IAS-23 Borrowing Costs (revised 2008), and,

NZ IAS-27 Consolidated and Separate Financial Statements (revised 2008).

NZ IFRS-3 and NZ IAS-27 are effective for annual reporting periods beginning on or after 1 July 2009, and are expected to be initially applied in the financial year ending 31 December 2010.

NZ IAS-23 has been delayed indefinitely for public benefit entities.

There is not expected to be any material impact on the University and consolidated entity financial statements on initial application of NZ IFR3-3, NZ IAS-23 and NZ IAS-27.

Notes to the Financial Statements

for the year ended 31 December 2009

2 Government grants

	CONSOLIDATED/UNIVERSITY		
	2009 Actual \$000	2009 Budget \$000	2008 Actual \$000
Student component funding	256,602	255,924	243,775
Clinical Training Agency grants	2,277	1,844	1,849
Other Government grants	8,053	5,514	4,925
Performance Based Research Funding	70,081	70,779	68,951
Total Government grants	337,013	334,061	319,500

3 People costs

	CONSOLIDATED			UNIVERSITY	
	2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Academic salaries	224,507	210,622	216,205	207,565	198,465
General salaries	197,305	201,863	176,533	162,964	150,669
Defined contribution expense	10,164	9,486	9,387	10,164	9,387
Contracts for service	33,127	28,449	29,125	20,019	17,779
Other people costs	13,072	16,074	27,716	12,699	27,354
Total people costs	478,175	466,494	458,966	413,411	403,654

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for the year ended 31 December 2009

4 Operating costs

	CONSOLIDATED			UNIVERSITY	
	2009 Actual \$'000	2009 Budget \$'000	2008 Actual \$'000	2009 Actual \$'000	2008 Actual \$'000
Operating costs include the specific expenses:					
Losses					
Loss on disposal of property, plant and equipment	7,883	400	1,597	7,883	1,597
Net foreign currency loss	227		43	227	43
Conferences, travel and accommodation	24,432	24,573	24,784	17,631	18,891
Consumable supplies	16,806	18,239	17,709	15,597	14,555
Prizes and scholarships	22,442	21,387	19,907	22,442	19,907
Repairs and maintenance	22,830	19,424	19,114	22,617	18,674
Operating leases					
Properties	8,347	8,971	8,245	8,347	8,245
Equipment	6,127	6,629	6,325	6,127	6,320
Motor vehicles	300	298	236	300	236
Total operating lease costs	14,774	15,898	14,806	14,774	14,801
Auditor remuneration					
Audit services	298	274	274	263	236
Payroll related services		35	45		45
Total auditor's remuneration	298	309	319	263	281

5 Depreciation and amortisation

	CONSOLIDATED			UNIVERSITY	
	2009 Actual \$'000	2009 Budget \$'000	2008 Actual \$'000	2009 Actual \$'000	2008 Actual \$'000
Depreciation					
Buildings	38,465	37,596	38,420	38,212	38,214
Leasehold improvements	1,182	949	1,227	1,075	1,104
Library collection	34,577	10,313	20,036	34,577	20,036
Plant and equipment	24,899	24,342	22,939	23,616	22,230
Leased plant and equipment	726	739	726	726	726
Total depreciation	99,849	73,939	83,348	98,206	82,310
Amortisation					
Software	4,732	3,453	3,621	4,183	2,817
Total depreciation and amortisation	104,581	77,392	86,969	102,389	85,127

Notes to the Financial Statements

for the year ended 31 December 2009

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

	CONSOLIDATED			UNIVERSITY	
	2009 Actual \$000	2009 Budget \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Net surplus for the year	28,537	24,615	24,921	25,419	19,970
Add/(less) non-cash items:					
Depreciation and amortisation	104,581	77,392	86,969	102,389	85,127
Donated assets	(3,108)	(1,096)	(2,924)	(3,108)	(2,924)
Foreign exchange fluctuation	227		43	227	43
	101,700	76,296	84,088	99,508	82,246
Changes in net assets and liabilities:					
Decrease/(Increase) in receivables	(889)	(1,966)	(1,423)	(206)	(678)
Decrease/(Increase) in prepayments and other current assets	(906)	(195)	4,477	(487)	4,434
Decrease/(Increase) in inventories	(14)	(519)	(67)	(14)	(67)
Decrease/(Increase) in research work in progress	(1,482)	825	95	1,218	715
Increase/(Decrease) in payables and provisions	(11,326)	4,563	16,739	(12,731)	12,649
Increase/(Decrease) in income in advance	10,000	10,000		10,000	
Increase/(Decrease) in employee entitlements	(854)	1,622	12,153	(1,004)	11,817
	(5,471)	14,330	31,974	(3,224)	28,870
Add/(less) items classed as investing activities:					
Interest income	(7,160)	(8,744)	(11,063)	(6,461)	(10,501)
Loss on disposal of property, plant and equipment	7,883		1,597	7,883	1,597
Movements relating to capital expenditure	3,678	1,650	(750)	3,210	(686)
	4,401	(7,094)	(10,216)	4,632	(9,590)
Add/(less) items classed as financing activities:					
Finance costs				1,490	3,097
Net cash flow from operating activities	129,167	108,147	130,767	127,825	124,593

Notes to the Financial Statements

for the year ended 31 December 2009

7 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 toward 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.

Cash flow hedges

	CONSOLIDATED							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2009	2008	2009 FC'000	2008 FC'000	2009 NZ\$000	2008 NZ\$000	2009 NZ\$000	2008 NZ\$000
Buy US Dollars								
Less than 6 months	0.6835	0.6369	1,581	2,465	2,314	3,870	(211)	406
6 to 12 months	0.6178	0.5415	1,847	400	2,990	739	(268)	(38)
12 to 18 months	0.4960		72		145		(40)	
Buy Australian Dollars								
Less than 6 months	0.8191	0.8352	288	545	352	652	3	6
6 to 12 months	0.8279	0.8369	416	252	502	300	8	5
12 to 18 months	0.8358	0.8514	72	44	86	52	2	2
Buy British Pounds								
Less than 6 months	0.4354	0.3624	122	150	280	414	(14)	(35)
6 to 12 months	0.4289	0.3581	216	50	503	140	(3)	(12)
12 to 18 months	0.4465		3		7			
Buy Euros								
Less than 6 months	0.4977	0.4069	445	200	893	491	(13)	(9)
Sell US Dollars								
Less than 6 months	0.6976		500		717		23	
Sell Japanese Yen								
6 to 12 months		48.7900		2,500		51		2
					8,789	6,709	(513)	327

As at the reporting date the consolidated entity had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.513million (2008: unrealised gains of \$0.327million). 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 2009

	UNIVERSITY							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2009	2008	2009 FC'000	2008 FC'000	2009 NZ\$000	2008 NZ\$000	2009 NZ\$000	2008 NZ\$000
Buy US Dollars								
Less than 6 months	0.6835	0.6369	1,581	2,465	2,314	3,870	(211)	406
6 to 12 months	0.6178	0.5415	1,847	400	2,990	739	(269)	(38)
12 to 18 months	0.4960		72		145		(40)	
Buy Australian Dollars								
Less than 6 months	0.7885	0.8341	100	298	127	357	(4)	3
6 to 12 months	0.8155	0.8209	200	120	245	146	1	(1)
Buy British Pounds								
Less than 6 months	0.4354	0.3624	122	150	280	414	(14)	(35)
6 to 12 months	0.4289	0.3581	216	50	503	140	(3)	(12)
12 to 18 months	0.4465		3		7			
Buy Euros								
Less than 6 months	0.4977	0.4069	445	200	893	491	(13)	(9)
					7,504	6,157	(553)	314

As at reporting date the University had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.553 million (2008: unrealised gains of \$0.314 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 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 2009 the aggregate amount of unrealised losses under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.413 million (2008: unrealised losses of \$0.020 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 2009 the aggregate amount of unrealised losses under forward exchange contracts deferred in the hedging reserve relating to the exposure on these future anticipated transactions is \$0.140 million (2008: unrealised gains of \$0.334 million).

Notes to the Financial Statements

for the year ended 31 December 2009

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 2009:

	CONSOLIDATED						Total \$000
	Weighted average interest rate%	Variable interest rate \$000	Fixed maturity dates		Non interest bearing		
			Mature within one year \$000	Mature in one to two years \$000	Mature within one year \$000	Mature after one year \$000	
Loans and receivables							
Cash and cash equivalents	3.16%	10,575	40,731				51,306
Short term bank deposits	4.34%		76,748				76,748
Receivables					28,201		28,201
Long term investments - other investments						2,119	2,119
Research work in progress					14,113		14,113
Financial assets designated as at fair value through profit or loss							
Long term investments - externally managed equities portfolio						8,315	8,315
Long term investments - externally managed bonds and cash portfolio						8,204	8,204
Financial liabilities at amortised cost							
Payables					(83,488)		(83,488)
Finance lease liability					(363)		(363)
Employee entitlements					(28,626)	(34,108)	(62,734)
Derivative financial instruments					(513)		(513)
Total financial instruments - consolidated entity		10,575	117,479		(70,676)	(15,470)	41,908

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The following table details the consolidated entity's exposure to interest rate risk as at 31 December 2008:

	Weighted average interest rate%	Variable interest rate \$000	Fixed maturity dates		Non interest bearing		Total \$000
			Mature within one year \$000	Mature in one to two years \$000	Mature within one year \$000	Mature after one year \$000	
Loans and receivables							
Cash and cash equivalents	4.87%	11,334	43,490				54,824
Short term bank deposits	5.23%		28,220				28,220
Receivables					27,650		27,650
Long term investments – other investments						2,096	2,096
Research work in progress					12,631		12,631
Available-for-sale financial assets							
Long term investments – share portfolio						341	341
Financial assets at fair value through profit or loss							
Long term investments – externally managed equities portfolio						5,644	5,644
Long term investments – externally managed bonds and cash portfolio						9,230	9,230
Derivative financial instruments					327		327
Financial liabilities at amortised cost							
Payables					(85,446)		(85,446)
Finance lease liability					(726)	(363)	(1,089)
Employee entitlements					(26,992)	(36,596)	(63,588)
Total financial instruments – consolidated entity		11,334	71,710		(72,556)	(19,648)	(9,160)

Notes to the Financial Statements

for the year ended 31 December 2009

The following table details the University's exposure to interest rate risk as at 31 December 2009:

	UNIVERSITY						Total \$000
	Weighted average interest rate%	Variable interest rate \$000	Fixed maturity dates		Non interest bearing		
			Mature within one year \$000	Mature in one to two years \$000	Mature within one year \$000	Mature after one year \$000	
Loans and receivables							
Cash and cash equivalents	3.33%	7,090	33,000				40,090
Short term bank deposits	4.35%		70,048				70,048
Investment in subsidiaries – loans to subsidiaries						26,497	26,497
Receivables					17,545		17,545
Long term investments - Other investments						2,045	2,045
Research work in progress					2,378		2,378
Financial assets designated as at fair value through profit or loss							
Long term investments – externally managed equities portfolio						8,315	8,315
Long term investments – externally managed bonds and cash portfolio						8,204	8,204
Financial liabilities at amortised cost							
Payables					(66,975)		(66,975)
Finance lease liability					(363)		(363)
Employee entitlements					(27,609)	(34,080)	(61,689)
Loan from subsidiary	3.96%		(37,700)				(37,700)
Derivative financial instruments					(553)		(553)
Total financial instruments – University		7,090	65,348		(75,577)	10,981	7,842

Notes to the Financial Statements

for the year ended 31 December 2009

The following table details the University's exposure to interest rate risk as at 31 December 2008:

	UNIVERSITY						Total \$000
	Weighted average interest rate%	Variable interest rate \$000	Fixed maturity dates		Non interest bearing		
			Mature within one year \$000	Mature in one to two years \$000	Mature within one year \$000	Mature after one year \$000	
Loans and receivables							
Cash and cash equivalents	5.40%	6,102	38,300				44,402
Short term bank deposits	5.14%		24,020				24,020
Investment in subsidiaries – loans to subsidiaries						26,916	26,916
Receivables					17,677		17,677
Long term investments – other investments						1,946	1,946
Research work in progress					3,596		3,596
Financial assets designated as at fair value through profit or loss							
Long term investments – externally managed equities portfolio						5,644	5,644
Long term investments – externally managed bonds and cash portfolio						9,230	9,230
Derivative financial instruments					314		314
Financial liabilities at amortised cost							
Payables					(69,240)		(69,240)
Finance lease liability					(726)	(363)	(1,089)
Employee entitlements					(26,125)	(36,568)	(62,693)
Loan from subsidiary	6.81%		(37,700)				(37,700)
Total financial instruments – University		6,102	24,620		(74,504)	6,805	(36,977)

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 2009

	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				
2009				
Financial Assets				
Externally managed equities portfolio		8,315		8,315
Externally managed bonds and cash portfolio		8,204		8,204
		16,519		16,519
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(513)		(513)
		(513)		(513)
2008				
Financial Assets				
Externally managed equities portfolio		5,644		5,644
Externally managed bonds and cash portfolio		9,230		9,230
Derivative financial instruments - foreign exchange contracts		327		327
		15,201		15,201
University				
2009				
Financial Assets				
Externally managed equities portfolio		8,315		8,315
Externally managed bonds and cash portfolio		8,204		8,204
		16,519		16,519
Financial Liabilities				
Derivative financial instruments - foreign exchange contracts		(553)		(553)
		(553)		(553)
2008				
Financial Assets				
Externally managed equities portfolio		5,644		5,644
Externally managed bonds and cash portfolio		9,230		9,230
Derivative financial instruments - foreign exchange contracts		314		314
		15,188		15,188

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.

Notes to the Financial Statements

for the year ended 31 December 2009

Interest Rate Sensitivity

For the year ended 31 December 2009 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 \$1.281 million higher/lower (2008: \$0.830 million higher/lower). For the University the surplus would have been \$0.724 million higher/lower (2008: \$0.307 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 2009 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 cash and cash equivalents and general equity, reserves and trust and special funds as disclosed in Notes 20, 21, 22 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 \$50 million (2008: \$50 million), and an expiry date of 31 March 2010. As at 31 December 2009, the University had not drawn down against this facility.

8 Receivables

	Note	CONSOLIDATED		UNIVERSITY	
		2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Trade receivables		29,667	30,096	14,245	15,771
Less provision for doubtful debts		(1,466)	(2,446)	(804)	(1,711)
Net receivables	8	28,201	27,650	13,441	14,060
Related company receivables	8, 23			4,104	3,617
Total receivables		28,201	27,650	17,545	17,677

Movements of the provision for doubtful debts are as follows

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Balance at 1 January	2,446	2,261	1,711	1,801
Provision for receivables impairment	89	741		266
Receivables written off during the year as uncollectable	(488)	(506)	(326)	(306)
Unused amounts reversed	(581)	(50)	(581)	(50)
Balance at 31 December	1,466	2,446	804	1,711

Notes to the Financial Statements

for the year ended 31 December 2009

Impaired Debtors and aging

The aging analysis of trade receivables is as follows:

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Current	14,958	19,626	13,604	13,155
31 to 60 days	10,347	4,744	1,814	2,300
61 to 90 days – past due not impaired	940	664	481	664
61 to 90 days – considered impaired	15	31	15	31
91 days and over – past due not impaired	702	2,923	392	2,209
91 days and over – considered impaired	2,705	1,764	2,043	1,029
	29,667	29,752	18,349	19,388
Receivables past due but not considered impaired are:	1,642	3,587	873	2,873

Payment terms on these amounts have not been re-negotiated, however credit has been stopped until full payment is made.

9 Inventories

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Raw materials	23	40	23	40
Work in progress	3	5	3	5
Finished goods	825	792	825	792
Total inventories	851	837	851	837

Notes to the Financial Statements

for the year ended 31 December 2009

10 Property, plant and equipment

	CONSOLIDATED								Total
	Assets in use							Assets under construction	
	Freehold land at cost/valuation	Buildings at cost/valuation	Leasehold improvements at cost	Library collection at cost/valuation	Works of art at cost/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 2008	214,000	879,475	20,764	203,046	13,347	244,004	3,631	12,439	1,590,706
Additions	17,562	4,972	341	15,401	487	20,283		35,835	94,881
Disposals		(1,356)	(334)	(2,330)		(22,506)			(26,526)
Transfers		9,161	767			3,600		(13,528)	
Net revaluation increments	68,764	20,234			1,252				90,250
Balance as at 1 January 2009	300,326	912,486	21,538	216,117	15,086	245,381	3,631	34,746	1,749,311
Additions		2,499	592	16,834	312	36,005		28,109	84,351
Disposals		(8,841)	(136)	(720)		(12,983)			(22,680)
Transfers		17,895				530		(18,480)	(55)
Net revaluation increments				5,441					5,441
Balance as at 31 December 2009	300,326	924,039	21,994	237,672	15,398	268,933	3,631	44,375	1,816,368
Accumulated depreciation									
Balance as at 1 January 2008		185	14,099	112,641		157,487	1,815		286,227
Disposals		(185)	(195)	(1,695)		(22,915)			(24,990)
Depreciation expense		38,420	1,227	20,036		22,939	726		83,348
Revaluation decrement		1,279							1,279
Balance as at 1 January 2009		39,699	15,131	130,982		157,511	2,541		345,864
Disposals		(1,329)	(39)	(413)		(8,321)			(10,102)
Transfers		(4)				4			
Depreciation expense		38,465	1,182	34,577		24,899	726		99,849
Revaluation decrement				(683)					(683)
Balance as at 31 December 2009		76,831	16,274	164,463		174,093	3,267		434,928
Net book value									
As at 1 January 2008	214,000	879,290	6,665	90,405	13,347	86,517	1,816	12,439	1,304,479
As at 31 December 2008	300,326	872,787	6,407	85,135	15,086	87,870	1,090	34,746	1,403,447
As at 31 December 2009	300,326	847,208	5,720	73,209	15,398	94,840	364	44,375	1,381,440

Notes to the Financial Statements

for the year ended 31 December 2009

	UNIVERSITY								Total
	Assets in use							Assets under construction	
	Freehold land at cost/valuation	Buildings at cost/valuation	Leasehold improvements at cost	Library collection at cost/valuation	Works of art at cost/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 2008	206,338	878,026	18,900	203,046	13,347	237,981	3,631	12,439	1,573,708
Additions	855	3,183	332	15,401	487	19,859		35,835	75,952
Disposals		(1,356)	(334)	(2,330)		(22,506)			(26,526)
Transfers		9,161	767			3,600		(13,528)	
Net revaluation increments	71,276	17,633			1,252				90,161
Balance as at 1 January 2009	278,469	906,647	19,665	216,117	15,086	238,934	3,631	34,746	1,713,295
Additions		2,499	592	16,834	312	35,248		28,109	83,594
Disposals		(8,841)	(22)	(720)		(11,264)			(20,847)
Transfers		17,895				530		(18,480)	(55)
Net revaluation increments				5,441					5,441
Balance as at 31 December 2009	278,469	918,200	20,235	237,672	15,398	263,448	3,631	44,375	1,781,428
Accumulated depreciation									
Balance as at 1 January 2008		83	13,152	112,641		153,971	1,815		281,662
Disposals		(184)	(195)	(1,695)		(21,780)			(23,854)
Depreciation expense		38,214	1,104	20,036		22,230	726		82,310
Revaluation decrement		1,375							1,375
Balance as at 1 January 2009		39,488	14,061	130,982		154,421	2,541		341,493
Disposals		(1,329)		(413)		(7,836)			(9,578)
Transfers		(4)				4			
Depreciation expense		38,212	1,075	34,577		23,616	726		98,206
Revaluation decrements				(683)					(683)
Balance as at 31 December 2009		76,367	15,136	164,463		170,205	3,267		429,438
Net book value									
As at 1 January 2008	206,338	877,943	5,748	90,405	13,347	84,010	1,816	12,439	1,292,046
As at 31 December 2008	278,469	867,159	5,604	85,135	15,086	84,513	1,090	34,746	1,371,802
As at 31 December 2009	278,469	841,833	5,099	73,209	15,398	93,243	364	44,375	1,351,990

Notes to the Financial Statements

for the year ended 31 December 2009

During the year special library collections held by the University as at 31 December 2009 have been revalued as at that date. An independent valuation was performed by Rowan Gibbs. The valuation basis is assessed at market value. The fair value of special library collections valued by Rowan Gibbs is \$6.925 million.

Crown land with a value of \$148.848 million is included in property, plant and equipment. Further details about Crown land have been outlined in the accounting policies.

11 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 2008	29,533	3,375	32,908	27,724	3,363	31,087
Additions	655	9,498	10,153	655	9,498	10,153
Disposals	(5,498)	(12)	(5,510)	(5,498)		(5,498)
Transfers	9,333	(9,333)		9,333	(9,333)	
Balance as at 1 January 2009	34,023	3,528	37,551	32,214	3,528	35,742
Additions	822	7,855	8,677	821	7,267	8,088
Disposals	(334)		(334)	(334)		(334)
Transfers	5,554	(5,499)	55	5,554	(5,499)	55
Balance as at 31 December 2009	40,065	5,884	45,949	38,255	5,296	43,551
Accumulated amortisation and impairment						
Balance as at 1 January 2008	25,180		25,180	24,862		24,862
Disposals	(5,485)		(5,485)	(5,485)		(5,485)
Amortisation expense	3,621		3,621	2,817		2,817
Balance as at 1 January 2009	23,316		23,316	22,194		22,194
Disposals	(319)		(319)	(319)		(319)
Amortisation expense	4,732		4,732	4,183		4,183
Balance as at 31 December 2009	27,729		27,729	26,058		26,058
Net book value						
As at 1 January 2008	4,353	3,375	7,728	2,862	3,363	6,225
As at 31 December 2008	10,707	3,528	14,235	10,020	3,528	13,548
As at 31 December 2009	12,336	5,884	18,220	12,197	5,296	17,493

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 2009

12 Payables

	Note	CONSOLIDATED		UNIVERSITY	
		2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Trade payables	8	83,488	85,446	65,693	66,357
Related company payables	8, 23			1,282	2,883
Total payables		83,488	85,446	66,975	69,240

13 Revenue in advance

	Note	CONSOLIDATED		UNIVERSITY	
		2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Current liabilities					
Revenue received in advance		14,256	15,754	14,256	15,754
Research contracts obligations		85,792	85,715	36,713	37,735
Total revenue in advance – current		100,048	101,469	50,969	53,489

Non current liabilities

In 2009 the University received an additional \$10 million from the Crown for Partnerships for Excellence funding 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.

The list below details the maximum amount of funding that may be forgiven in future years should the milestones be achieved:

	CONSOLIDATED/UNIVERSITY	
	2009 \$000	2008 \$000
2010	1,500	1,500
2011	2,750	2,750
2012	2,750	2,750
2013	12,750	2,750
2014	2,250	2,250
Total	22,000	12,000

If certain key contractual milestones are not met, up to \$10.0 million is repayable on 31 May 2013, up to \$7.0 million is repayable on 30 June 2015 and up to \$5.0 million is repayable on 30 June 2016.

Notes to the Financial Statements

for the year ended 31 December 2009

14 Employee entitlements

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Current liabilities				
Accumulated annual leave	19,382	18,502	18,365	17,635
Retirement allowance	8,635	7,857	8,635	7,857
Long service leave	609	633	609	633
Total employee entitlements – current	28,626	26,992	27,609	26,125
Non current liabilities				
Sick leave	1,669	2,087	1,641	2,059
Retirement allowance	31,093	33,033	31,093	33,033
Long service leave	1,346	1,476	1,346	1,476
Total employee entitlements – non current	34,108	36,596	34,080	36,568

15 Provisions

	CONSOLIDATED/UNIVERSITY			
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Academic Support Fund \$000	Total 2009 Actual \$000
2009				
Balance at beginning of financial year	7,466	5,119	19	12,604
Amounts incurred against provision	(4,954)	(2,975)	(19)	(7,948)
Balance at end of financial year	2,512	2,144		4,656

	CONSOLIDATED/UNIVERSITY			
	Faculty Research Development Fund \$000	Vice Chancellor's Strategic Development Fund \$000	Academic Support Fund \$000	Total 2008 Actual \$000
2008				
Balance at beginning of financial year	7,469	5,185	106	12,760
Increase to provision	4,944	1,221	681	6,846
Amounts incurred against provision	(4,947)	(1,287)	(768)	(7,002)
Balance at end of financial year	7,466	5,119	19	12,604

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.

Academic Support Fund

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

Notes to the Financial Statements

for the year ended 31 December 2009

16 Leases

Finance lease liabilities

Finance leases relate to equipment with a lease term of 5 years (refer to Note 11).

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

	CONSOLIDATED/UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000
Within 1 year	363	726
Later than 1 year and not later than 5 years		363
Later than 5 years		
	363	1,089
Disclosed in the Balance Sheet as:		
Current liabilities	363	726
Non current liabilities		363
Total finance lease liabilities	363	1,089

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	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Non-cancellable operating leases				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	18,051	18,344	16,695	16,968
Later than 1 year and not later than 5 years	30,873	34,644	29,251	32,475
Later than 5 years	8,424	12,603	8,424	12,603
Total operating lease commitments	57,348	65,591	54,370	62,046
Operating lease commitments by type				
Properties	47,315	54,762	44,872	51,533
Motor Vehicles	821	646	294	341
Equipment	9,212	10,183	9,204	10,172
Total operating lease commitments by type	57,348	65,591	54,370	62,046

Notes to the Financial Statements

for the year ended 31 December 2009

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 as they are not held for the purposes of investment return or future capital gain. The lease terms range from 2 to 6 years. All operating lease contracts contain market review clauses in the event the entity exercises its option to renew. There is no option to purchase the property at the expiry of the lease period.

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Within 1 year	1,584	1,679	2,036	2,131
Later than 1 year and not later than 5 years	2,044	1,726	3,325	3,459
Later than 5 years	143		143	
Total operating lease receivables	3,771	3,405	5,504	5,590

17 Capital commitments

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

	CONSOLIDATED/UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000
Property Services projects	83,322	26,312
Other capital expenditure	2,702	2,250
Total capital commitments	86,024	28,562

18 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2009 (2008: Nil)

Notes to the Financial Statements

for the year ended 31 December 2009

19 General equity

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Balance at beginning of financial year	859,308	832,481	849,226	827,350
Net surplus	28,537	24,921	25,419	19,970
Transferred in from revaluation reserve	2,228		2,228	
Deficit of subsidiary eliminated on liquidation	64			
Less net surplus/(deficit) transferred to/(from) trust and special funds	912	(1,906)	912	(1,906)
Balance at end of financial year	889,225	859,308	875,961	849,226

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

20 Reserves

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2008 Actual \$000
Asset revaluation	426,605	422,710	425,746	421,851
Investment revaluation		199		
Hedging	(513)	327	(553)	314
Balance at end of financial year	426,092	423,236	425,193	422,165
Asset revaluation reserve				
Land and buildings				
Balance at beginning of financial year	413,841	326,122	412,982	325,448
Less transferred to general equity	2,228		2,228	
Revaluation increments		87,719		87,534
Balance at end of financial year	411,613	413,841	410,754	412,982
Works of art and special library collections				
Balance at beginning of financial year	8,869	7,617	8,869	7,617
Revaluation increments	6,123	1,252	6,123	1,252
Balance at end of financial year	14,992	8,869	14,992	8,869
Total asset revaluation reserve	426,605	422,710	425,746	421,851

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 2009

	CONSOLIDATED	
	2009 Actual \$000	2008 Actual \$000
Investment revaluation		
Balance at beginning of financial year	199	1,665
Revaluation increase/(decrease)	(199)	(1,466)
Balance at end of financial year		199

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

	CONSOLIDATED		UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000	2009 Actual \$000	2001 Actual \$000
Hedging reserve				
Balance at beginning of financial year	327	(83)	314	(83)
Gain/(loss) recognised	1,242	1,317	1,242	1,317
Transferred to initial carrying amount of hedged item	(2,082)	(907)	(2,109)	(920)
Balance at the end of financial year	(513)	327	(553)	314

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.

Notes to the Financial Statements

for the year ended 31 December 2009

21 Trust and special funds

	CONSOLIDATED/UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
2009				
Balance at beginning of financial year	2,049	3,438	10,467	15,954
Income	3,726	3,428	1,217	8,371
Less expenditure	(4,014)	(3,071)	(374)	(7,459)
Net surplus (deficit)	(288)	357	843	912
Balance at end of financial year	1,761	3,795	11,310	16,866
2008				
Balance at beginning of financial year	1,913	5,498	10,449	17,860
Income	3,371	1,377	382	5,130
Less expenditure	(3,235)	(3,437)	(364)	(7,036)
Net surplus (deficit)	136	(2,060)	18	(1,906)
Balance at end of financial year	2,049	3,438	10,467	15,954

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.

22 Related parties

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

Auckland UniServices Limited

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

The amount of transactions charged by the University to Auckland UniServices Limited during 2009 was \$34.1 million (2008: \$26.9 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 2009 was \$9.6 million (2008: \$10.5 million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.5 million (2008: \$3.1 million).

Balances outstanding at 31 December 2009 are:

1. Receivables	\$4,103,611	(2008: \$3,616,791)
2. Payables	\$1,282,456	(2008: \$2,882,556)
3. Loan from subsidiary	\$37,700,000	(2008: \$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 is on demand and the University pays a rate of interest for this loan, equivalent to the return on the University's investments for each month.

Notes to the Financial Statements

for the year ended 31 December 2009

Eversdale Holdings Limited

Eversdale Holdings Limited is a wholly owned subsidiary of the University which holds property for University use. The balance owed by Eversdale Holdings Limited to the University as at 31 December 2009 is \$8,000,000 (2008: \$8,000,000). The amount owing by Eversdale Holdings Limited has no fixed repayment date and is at zero interest. There were no other intercompany transactions during the year.

Telsar Investments Limited

Telsar Investments Limited is a wholly owned subsidiary of the University which holds property for University use. The balance owed by Telsar Investments Limited to the University as at 31 December 2009 is \$18,497,346 (2008: \$18,916,040). The amount owing by Telsar Investments Limited has no fixed repayment date and is at zero interest. There were no other intercompany transactions during the year.

Investment in subsidiaries of \$27.947 million (2008: \$27.916 million) comprises

	UNIVERSITY	
	2009 \$000	2008 \$000
Loan to Eversdale Holdings Limited	8,000	8,000
Loan to Telsar Investments Limited	18,497	18,916
Shares in Auckland UniServices Limited	1,000	1,000
Total Investment in subsidiaries	27,497	27,916

The University is the holding entity for the consolidated group. The subsidiaries as at 31 December 2009 are:

Name	Interest 2009	Interest 2008	Principal activities	Balance date
Auckland UniServices Limited	100%	100%	Commercial research	31 December
Eversdale Holdings Limited	100%	100%	Property Holdings	31 December
Telsar Investments Limited	100%	100%	Property Holdings	31 December
via Auckland UniServices Limited the following subsidiaries also form part of the consolidated entity:				
NeuronZ Limited		89%	Research	31 December

Key management personnel compensation

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

	CONSOLIDATED/UNIVERSITY	
	2009 Actual \$000	2008 Actual \$000
Short-term employee benefits	6,881	7,267
Post-employment benefits	953	831
Termination benefits	93	
Total employee benefits	7,927	8,098

Report of the Auditor-General

for the year ended 31 December 2009



Chartered Accountants

AUDIT REPORT
TO THE READERS OF
THE UNIVERSITY OF AUCKLAND AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009

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 on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the University and group, for the year ended 31 December 2009.

Unqualified Opinion

In our opinion:

- the financial statements of the University and group on pages 53 to 86:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the University and group's financial position as at 31 December 2009; and
 - the results of operations and cash flows for the year ended on that date.
- the performance information of the University and group on pages 38 to 49 fairly reflects the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 1 April 2010, and is the date at which our opinion is expressed.

The basis of our opinion, which refers to the treatment of capital contributions from the Crown, is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in reported data;

- reviewing significant estimates and judgements made by the Council;
- confirming year end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance.

We obtained all the information and explanations we required to support our opinion above.

Capital Contributions from the Crown

In forming our opinion, we considered the recognition, presentation and disclosure of income in advance in the statement of financial position and note 13 on page 79. 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.

Also, in forming our opinion, we considered the recognition of some research contract funding as revenue and as a payable. An amount of \$1.3m has been recognised as revenue and an amount of \$3.0m as a payable. In our view, the substance of the transaction is 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.

Based on the substance of the transactions, in our view:

- The Partnership for Excellence funding should have been recognised as a capital contribution from the Crown rather than as income in advance; and
- The relevant research contract funding should have been recognised as a capital contribution rather than partly as revenue and partly a payable.

However, the amounts involved are not material to the financial statements as a whole.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the University and group as at 31 December 2009. They must also fairly state the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing the statement of service performance that fairly reflects the service performance achievements for the year ended 31 December 2009. The Council's responsibilities arise from the Education Act 1989 and Crown Entities Act 2004.

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

Independence

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

We provide sponsorship to the University for the Ernst & Young Chair of Financial Accounting. Other than the audit and sponsorship of the Ernst & Young Chair of Financial Accounting, we have no relationship with or interests in the University or any of its subsidiaries.



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

Glossary

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







**THE UNIVERSITY
OF AUCKLAND**

NEW ZEALAND

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