

# The University of Auckland

## 2010 Annual Report



**THE UNIVERSITY  
OF AUCKLAND**

**NEW ZEALAND**

Te Whare Wānanga o Tāmaki Makaurau

NORTH  
LAND

Auckland

Takapuna

East Coast

Mānukau Harbour

Kingscote

Pollock Bay

Waipā

Wairākei

Port Waikato

Whakapu

Claremont

Whangārei

Whangārei

Whangārei

Whangārei

Whangārei

Whangārei

Whangārei

Whangārei





# Contents

## Overview

Chancellor's review	5
Vice-Chancellor's report	6
Key facts and figures	8
University governance	12

## Teaching and Research

Our contribution to Auckland	18
Faculty of Arts	24
Faculty of Business and Economics	25
National Institute of Creative Arts and Industries	26
Faculty of Education	27
Faculty of Engineering	28
Faculty of Law	29
Faculty of Medical and Health Sciences	30
Faculty of Science	31
Auckland Bioengineering Institute	32
Liggins Institute	33
Auckland UniServices Ltd	34

## Statement of Service Performance

Statement of service performance	37
Statement of resources	50

## Financial Statements

Statement of responsibility	52
Income statement	53
Statement of financial position	54
Statement of cash flows	55
Statement of comprehensive income	56
Statement of changes in equity	57
Notes to the Financial Statements	58
Report of the Auditor General	87
Glossary	89



# Chancellor's review

The University of Auckland further consolidated its position as New Zealand's leading university during 2010.

Although good progress was made on virtually all fronts that are key to the University's mission, the reality is that the financially constrained and regulated system in which we operate does not provide flexibility in strategic choices and severely restricts our ability to grow and develop as fast as we would like. Great universities comprise outstanding academics and researchers who attract the best and brightest students, many financed from a large and generous stable of scholarships, who in their turn ultimately morph into a successful, engaged and supportive alumni - but this requires money.

It is understandable that, because of the global financial crisis and the Christchurch earthquake, the country's finances are tight. As a result Government may not be able to provide EFTS funding at a rate that even keeps pace with the increase in our costs, (these are greater than general inflation because of the high salary component in our overall expense structure). It is however not understandable, and frustrating, that in turn Government restricts our ability to fully reflect such cost increases through increased fees. The problem is not that the total vote for tertiary education in this country, expressed as a percentage of GDP, is miserly or inconsistent with other similar countries: rather, it is that in New Zealand approximately 42 percent of the vote goes to the student loan scheme as compared with an OECD average of approximately 18 percent. Successive governments have recognised this fact but the realities of New Zealand's political system



The University has a huge backlog of deferred infrastructure from many years of under-investment. In fact, we have spent \$661 million on new or refurbished buildings over the last five years which, because our operating surpluses are extremely slim, has essentially been financed from depreciation. Despite this expenditure, our detailed long-term capital plan indicates that we currently face further expenditure over the next decade of \$1,856 million, merely to get our property base to acceptable levels. Council is conscious of the need to accelerate this programme to the extent practicable and accordingly has formally approved a proposal for the University to commit to borrowings during 2011, subject to approval from

## In the four years since the Leading the Way campaign was launched, over \$122 million has been raised by the University and its supporters.

make change simply too hard. In response, we continue to fight for every dollar of contestable revenue in research funding and international student fees. But it is not enough and we, together with other New Zealand universities, are in danger of slipping down the international rankings of universities. In the medium term and beyond, this has disastrous implications for our country's economic and social development.

We also continue to draw heavily on the goodwill and generosity of our donors, and philanthropy is now critically important to the University. In the five years since the Leading the Way campaign was launched, over \$122 million has been raised by the University and its supporters. While the revenue these donations generate will be only a small fraction of the University's total revenue, they constitute a vital and very significant part of the "flexible funds" available to us to support new innovations and initiatives. Philanthropy finds its way into the full range of our activities: major capital projects, scholarships and chairs. During 2010 the University established the Chancellor's Circle, comprising three "societies" with different levels of giving named after former Chancellors, to ensure the importance and relevance of our donors is appropriately recognised.

the Secretary of Education. These borrowings will be maintained within appropriate prudential limits and will enable us to accelerate our property redevelopment programme.

It is appropriate that I record the retirement of Hugh Fletcher (who has reached the end of his third term, the statutory limit, before this report is printed) from the Council of the University. Hugh will have served on Council for 12 years, four of those as Chancellor, during which period he has made a profound contribution to the development of the University.

Finally, I express my appreciation to the Vice-Chancellor, his senior management team and all the academic and general staff of the University. The 2010 year was not an easy one but thanks to their efforts the University is well placed to face the challenges 2011 will inevitably bring.



## Vice-Chancellor's report

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

These are to increase the size of our graduate programme and improve the quality of our student body while holding our overall growth to a low level; to ensure that the University is accessible to all students of ability irrespective of their personal circumstances; to provide a high quality learning environment and experience to all our students; to enhance the research performance of the University and provide greater support for the research activities of our staff and students; and to build positive relationships with the community, both nationally and internationally, that will strengthen the University and enhance its ability to contribute to society.

The 2010 year was perhaps most notable for the extraordinary range and complexity of infrastructural development projects we undertook, projects that involved many staff across the entire University. Excellent progress was made on the largest of these projects, the \$240 million refurbishment of the Grafton Campus, home to the Faculty of Medical and Health Sciences and the Liggins Institute. At the same time, construction was completed on the Institute for Innovation in Biotechnology, Auckland's first biotechnology incubator, and on the science block at the Leigh Marine Campus (where work is also well advanced on the Edith Winstone Blackwell Interpretive Centre). Excellent progress was also made on the new 442-bed hall of residence adjacent to Elam, the refurbishment of Arts 1 and the new early childhood education centre at Epsom, along with the early stages of the Physics/Maths Building (303) redevelopment, reorganisation of space at Tāmaki, and planning for extensive new and refurbished buildings for the faculties of Engineering and Science.

Also on the infrastructure front, a number of important IT systems were developed and "went live" during 2010. These included: Student Services Online, the \$12million replacement for our former student management system nDEVA; the first phase of our new research management system,

Research+; the new timetabling system (which, among other things, will allow much more efficient use of teaching spaces); and upgraded finance systems in both the University and Auckland UniServices Ltd. Again, these have required a massive input by our staff since the introduction of new software is inevitably preceded by (and creates the opportunity for) a major review and redesign of our systems and processes to make them more efficient and user/customer-friendly.

While the residual effects of the global financial crisis have had some positive impacts on construction costs, they have not had the negative impacts on research and philanthropy that many predicted. Externally-funded research income continued to grow in 2010 to a new high of \$218million, up six percent on the 2009 figure of \$206million. However, most of this growth occurred in UniServices, rather than through public-good funding. This reflects the impact of government policy which has severely restricted the ability of universities to compete for public-good research funds. It is becoming increasingly clear that the University will need to look offshore for opportunities to grow its research operation. That said, Auckland UniServices Ltd has continued to market intellectual property generated at the University in New Zealand and around the world, creating opportunities for the nation's economic development as well as for our researchers.

The 2010 year was also notable for a marked increase in support for the University's Leading the Way philanthropic campaign. At the Chancellor's Dinner in November we were very pleased to announce that the current campaign target of \$100million had already been exceeded by \$22million and that a new target of \$150million by the end of 2012 was being set. We were also delighted to be able to recognise our most significant donors through induction into one of three University giving societies – the Sir Maurice O'Rorke Society (total giving over \$5million, 11 members), the Sir George Fowlds Society (giving of \$1million to \$5million, 34 members) and the Sir Douglas Robb Society (total giving of \$100,000 to \$1million, 178 members).

Philanthropic support has to date been focused mainly in business and health, but is increasingly also being attracted in other parts of the University. Much of it is in the form of endowments that will generate revenue to the University over a long period of time, but a significant proportion of the giving is also intended to provide immediate support for our staff and students. While it remains a small part of our overall budget, it is of increasing importance as government policy continues to restrict our financial freedom. Philanthropy creates – as one of our professors aptly puts it – a very welcome source of "dream money". And of course it is the ability to dream – to develop new "blue skies" ideas unconstrained by immediately perceived needs or applications – that is responsible for many of the breakthroughs our leading researchers have developed and will continue to develop in the service of New Zealand and humankind.

Our focus on enhancing the quality of our student body and the quality of the student experience continues to pay dividends. While our student numbers increased a little as the economic situation drove more students to secure the private benefits of a university education, our policy of selecting students into all programmes allowed us to maintain control of this process. Our numbers of Māori and Pacific students have continued to grow, as have our numbers of graduate students – all changes in line with our strategy.

The University continues to work actively with schools that have high numbers of Māori and Pacific students, and we have completed a recruitment strategy to further attract these students.

Doctoral and masters thesis completions were both up in 2010 compared to the previous year and I had the extraordinary – and rewarding – experience of reading 74 doctoral citations in just one graduation ceremony in September. These graduates will be the intellectual leaders of the future, and it is critical that we continue to attract them to New Zealand's leading research university, both from within the country and from around the world. The government policy of permitting international students to study for the PhD at domestic fee rates is critical in this regard.

As well as creating intellectual property of value to New Zealand, building long-term international relationships for the country, and in some cases staying on to work here after graduation, these students help us to create graduate schools of a scale that would be considered the minimum internationally. That in turn has a major impact on our world rankings and therefore on our ability to contribute to export education, now this country's fourth largest export business and one attracting over \$2billion in export revenue each year.

“producer” of Māori and Pacific graduates, and of masters degrees and doctorates, as well as in absolute numbers of graduates; it has attracted a high level of philanthropic support; and it operates the most successful research commercialisation company in Australasia. These and many other successes reflect the outstanding efforts of our talented staff and students, and our many supporters. But we could do so much more if we were released from the shackles of government policy that constrains our revenues to some of the lowest per student in the developed world,

## The 2010 year was perhaps most notable for the extraordinary range and complexity of infrastructural development projects we undertook, projects that involved many staff across the entire University.

Despite the many achievements of 2010, the year ends with a sense of lost opportunity due to factors largely beyond our control. The University of Auckland is this country's highest ranked university; it is the largest

prevents us charging an appropriate price for a quality product and denies our researchers open access to public research funding. New Zealand is in real danger of its university system slipping behind the rest of the world; we as a nation must wake up to that risk and act before it is too late.



*Redevelopment at Grafton Campus*

# Key facts and figures

Fulltime Equivalent staff (FTE)	2008	2009	2010
Academic	1,981	2,104	2,036
General	2,512	2,504	2,689
<b>Total</b>	<b>4,493</b>	<b>4,608</b>	<b>4,725</b>

Students	2008	2009	2010
Equivalent Fulltime Students (EFTS)	30,172	31,689	32,654
Headcount	38,551	39,940	40,977

Gender (students)	2008	2009	2010
Male	16,494	17,084	17,588
Female	22,057	22,856	23,389
<b>Total</b>	<b>38,551</b>	<b>39,940</b>	<b>40,977</b>

Workload (students)	2008	2009	2010
Fulltime	23,379	24,665	25,790
Part-time	15,172	15,275	15,187
<b>Total</b>	<b>38,551</b>	<b>39,940</b>	<b>40,977</b>

Ethnicity (students)	2008	2009	2010
European	16,066	16,758	17,333
Māori	2,546	2,582	2,769
Pacific	3,079	3,102	3,210
Asian	13,634	14,403	14,631
Other	1,853	1,900	1,953
No response	1,373	1,195	1,081
<b>Total</b>	<b>38,551</b>	<b>39,940</b>	<b>40,977</b>

Age group (students)	2008	2009	2010
18 or less	6,528	6,706	1,860
19 - 20	9,791	10,207	10,194
21 - 23	8,720	9,047	12,772
24 - 29	5,286	5,659	7,257
30 - 39	3,883	4,006	4,350
40+	4,343	4,315	4,544
<b>Total</b>	<b>38,551</b>	<b>39,940</b>	<b>40,977</b>

Student enrolment by qualification (EFTS)	2008	2009	2010
Doctor of Philosophy	1,267	1,344	1,429
Other doctoral degree	77	85	92
Master degree	1,260	1,575	1,676
Bachelor honours	568	619	733
Bachelor degree	22,820	23,707	24,423
Postgraduate Diploma	2,371	2,521	2,488
Undergraduate Diploma	540	541	613
Certificate	1,163	1,181	1,089
<b>Total</b>	<b>30,066</b>	<b>31,573</b>	<b>32,543</b>

**Note**

- EFTS from formal qualifications only are included.

Programme enrolments (students)	2008	2009	2010
Arts	7,696	8,224	8,218
Auckland Bioengineering Institute	53	61	73
Business and Economics	6,731	7,020	7,103
Creative Arts and Industries	2,026	2,027	2,108
Education	4,398	4,538	4,473
Engineering	2,957	3,206	3,365
Law	1,909	1,903	1,962
Liggins Institute	42	46	46
Medical and Health Sciences	4,414	4,791	4,972
Science	7,452	7,758	7,943
University Programmes	2,970	2,525	2,476
<b>Total</b>	<b>40,648</b>	<b>42,099</b>	<b>42,738</b>

**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 Tertiary Foundation Certificate.

- Adult and community education enrolments are not included.

- The School of Theology was integrated into the Faculty of Arts from 2010.

Undergraduate enrolment (EFTS)	2008	2009	2010
Arts	4,766	4,962	5,234
Business and Economics	4,656	4,885	4,948
Creative Arts and Industries	1,268	1,171	1,263
Education	2,001	2,155	2,240
Engineering	2,140	2,221	2,264
Law	1,243	1,229	1,217
Medical and Health Sciences	2,095	2,254	2,346
Science	5,518	5,710	5,824
University Programmes	564	574	529
<b>Total</b>	<b>24,252</b>	<b>25,162</b>	<b>25,864</b>

**Note**

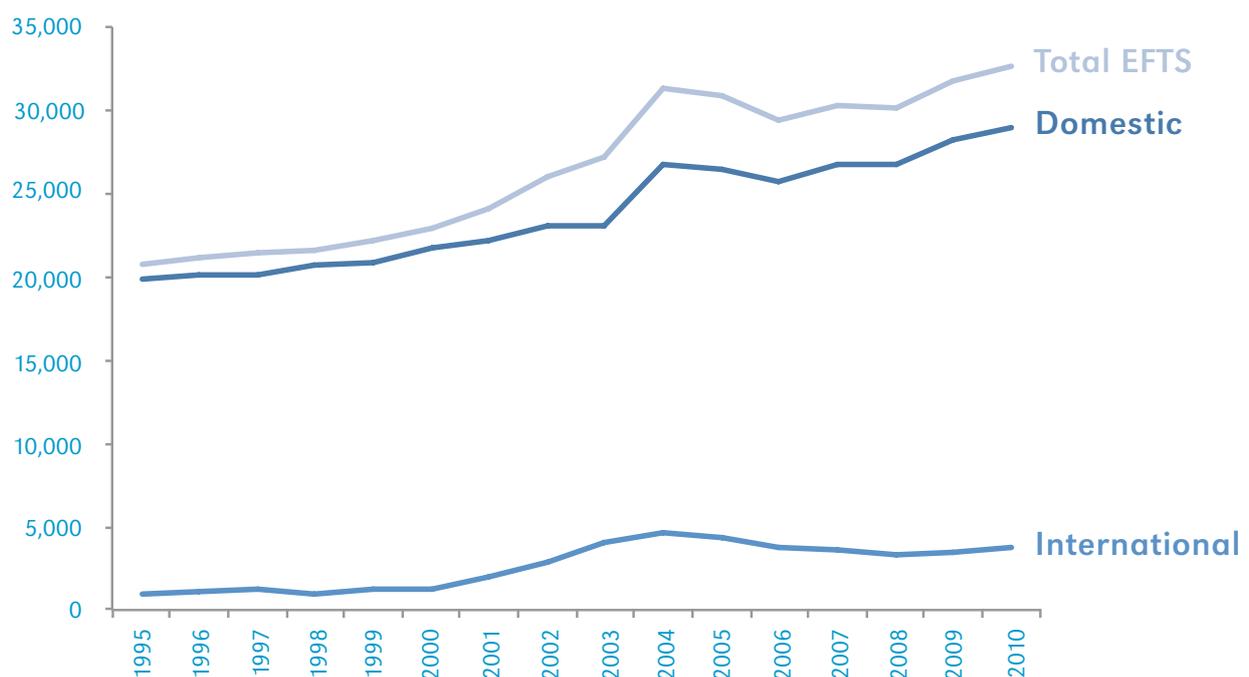
- University programmes include Tertiary Foundation Certificate and University of Auckland at Manukau enrolments.
- Only formal enrolments are included; adult and community education enrolments are excluded.

Postgraduate enrolment (EFTS)	2008	2009	2010
Arts	790	820	847
Auckland Bioengineering Institute	52	53	67
Business and Economics	719	778	802
Creative Arts and Industries	369	479	493
Education	998	1,203	1,122
Engineering	441	507	574
Law	147	171	172
Liggins Institute	36	42	34
Medical and Health Sciences	1,090	1,108	1,179
Science	1,158	1,241	1,379
University Programmes	14	8	9
<b>Total</b>	<b>5,814</b>	<b>6,410</b>	<b>6,679</b>

Qualifications awarded (by faculty)	2008	2009	2010
Arts	1,793	1,868	1,355
Auckland Bioengineering Institute	6	6	7
Business and Economics	2,125	2,043	1,911
Creative Arts and Industries	648	570	559
Education	1,546	1,530	1,629
Engineering	731	671	840
Law	392	399	350
Medical and Health Sciences	1,371	1,423	1,613
Science	1,700	1,891	1,739
University Programmes	96	126	124
<b>Total</b>	<b>10,408</b>	<b>10,527</b>	<b>10,127</b>

International students (students)	2008	2009	2010
China	1,077	996	1,100
Malaysia	570	662	691
United States	508	509	548
Korea, Republic of	421	459	458
Germany	324	330	224
India	110	140	196
Pakistan	70	76	93
Canada	89	91	88
United Kingdom	80	90	85
Taiwan	67	64	68
France	58	75	66
Japan	74	57	63
Saudi Arabia	35	57	62
Norway	38	44	62
Hong Kong	83	75	59
Bahrain	42	50	58
Russian Federation	68	52	56
Vietnam	47	51	55
Indonesia	47	41	51
Iran	21	28	43
Fiji	47	43	35
Singapore	26	31	34
Other	381	445	514
<b>Total</b>	<b>4,283</b>	<b>4,466</b>	<b>4,709</b>

### University of Auckland EFTS 1995 to 2010



# University governance

The University of Auckland was founded in 1883 as a constituent college of the University of New Zealand. Under the University of Auckland Act 1961 the college became an autonomous university. The University is currently administered under the 1961 Act and the Education Act 1989 and its amendments.

## University autonomy and academic freedom

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

## University leadership: the Council

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

- Appoint a chief executive
- Carry out long-term planning for the University
- Adopt the Investment Plan
- Ensure that the institution is managed in accordance with the Investment Plan

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

## The University’s statutory role

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

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

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.



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

**From bottom left:** Elected by professors: Professor Bruce Harris; Vice-Chancellor, Professor Stuart McCutcheon ex-officio; appointed by Council: Scott St John; Sarah Roberts; elected by students: Wilson Chau; Joe McCorry; appointed by graduates: Kate Sutton and the Honourable Justice Stevens; elected by lecturers: Associate-Professor Jan Crosthwaite.

## 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-professorial staff and students. The Senate takes advice from the Education and Research Committees and from a number of other committees. Council has delegated to Senate the following responsibilities and functions:

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

## The faculties

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

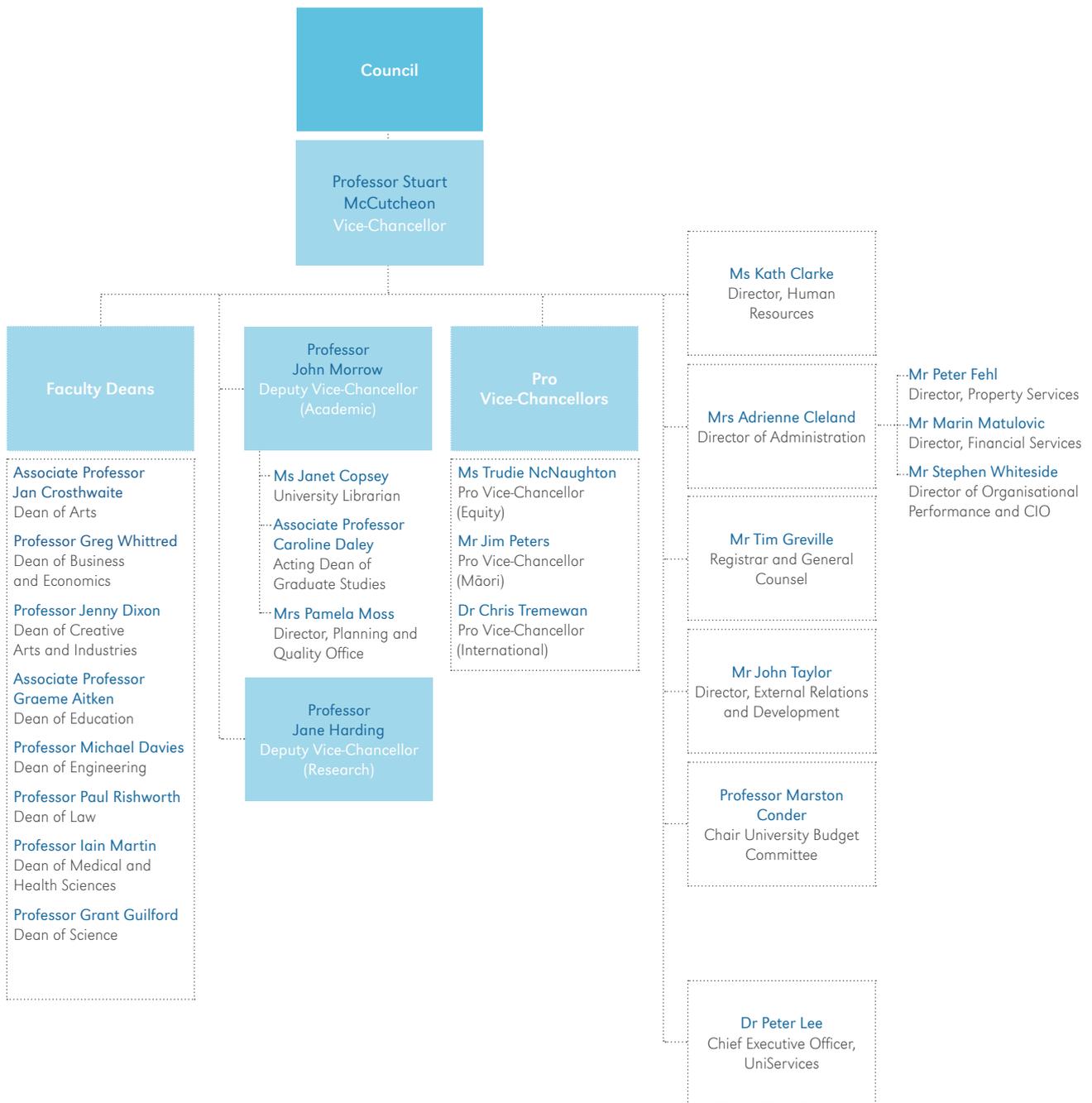
### Valuers:

Darroch Limited

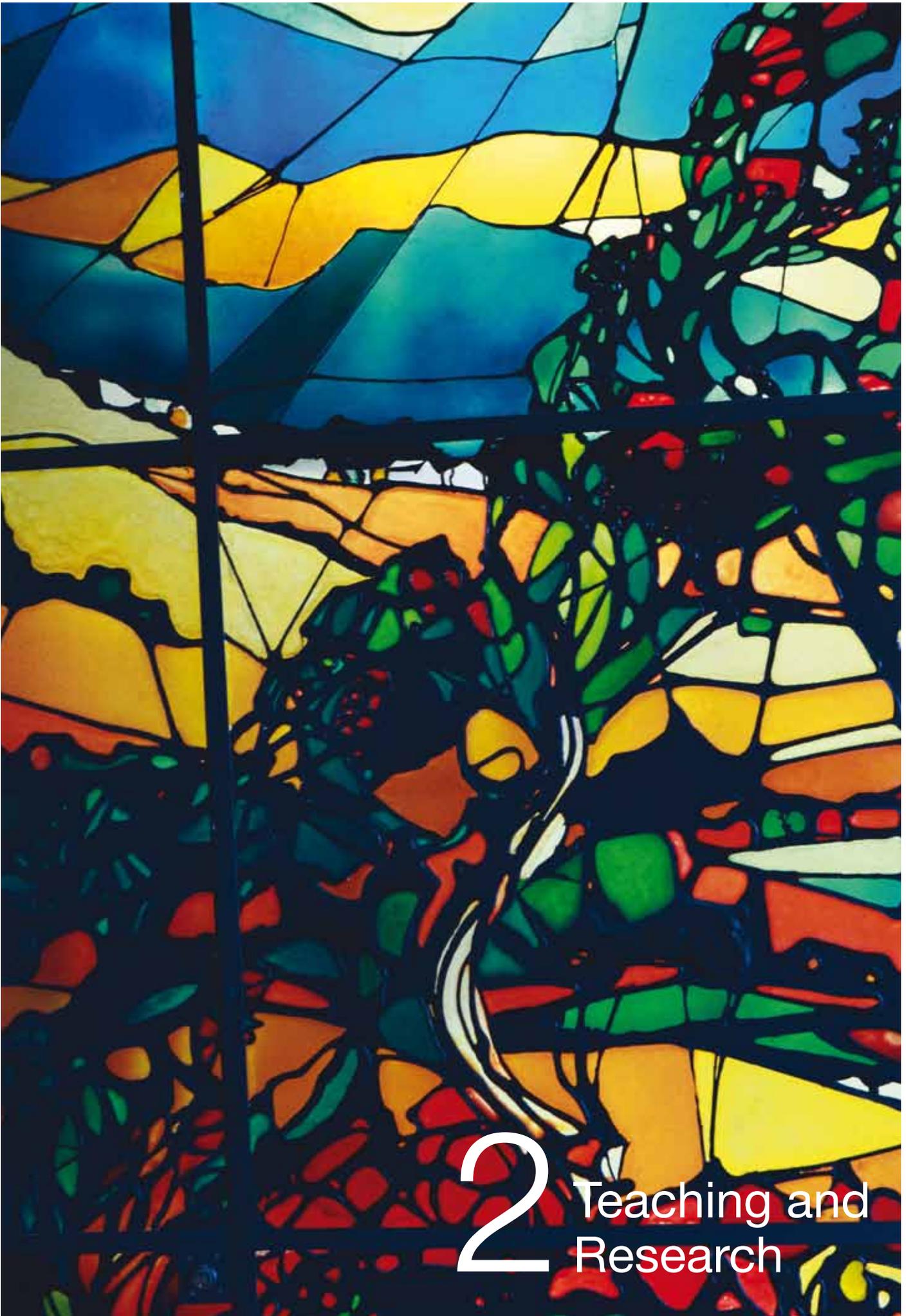


# University management structure

as at 31 December 2010



Above:  
Members of the Senior Management Team as at 31 December 2010



## 2 Teaching and Research

# Our contribution to Auckland

a leading international university in an international city

## From the moment of its foundation, The University of Auckland has been committed to the community in which it is located.

In 1882 the preamble to the Auckland University College Act proposed that the new college would “promote the Advancement of Learning, and extend the Benefits connected with University Education to the Provisional District of Auckland”. As Auckland has grown and developed, so too has the University. Since first opening its doors to students in 1883, the College and the autonomous university which grew out of it, has undergone staggering increases in the scale of its activities and in the resources necessary to sustain them. The college began life with 95 students, four professors and a grant of £4,000 (approximately \$555,000 in 2010 New Zealand dollars). The University now has about 40,000 students, 4725 FTE academic staff members and a revenue of \$858 million. It recruits students and staff from around the world, makes an impressive range of contributions to international research, often in collaboration with researchers at universities elsewhere in New Zealand and overseas, and is a New Zealand leader in commercialisation of scientific knowledge produced by its staff and students. The University of Auckland is now an international university, but the commitment to the advancement of learning and to ensuring that this benefits the people of Auckland remains as strong as ever.

In 1883 the population of the Auckland Metropolitan area was about 33,000 and it was overshadowed economically by Wellington, Canterbury and Otago. The new Auckland Council has a population base of 1.4 million and the local economy accounts for 31 percent of the country’s GDP. The Council is committed to enhancing the well-being of the region, raising its performance as the “growth engine in the New Zealand economy” and the “transport hub for New Zealand in the Pacific region” increasing its capacity to “compete internationally as a desirable place to live, work, invest and do business” and to “respond to economic, environmental, cultural and social challenges”. As Auckland looks to the future, the University will play a key role in the realisation of Council’s vision for the region and for the country.

### Auckland’s communities

Extending the benefits of university education to the Auckland population is a vital part of the University’s role. The University attracts high-quality students from across the region and beyond, and our nearly 5,000

international students from 104 countries add much to the cultural diversity of the region. Ensuring access to its comprehensive range of qualifications, and promoting success for students from all sectors of society is an ongoing objective.

The University’s aim is that all graduates should leave the University having acquired in-depth knowledge and understanding of their chosen academic discipline, and general intellectual and personal skills that will equip them to make valuable ongoing contributions and become leaders in their professions and communities.

The University’s commitment to improving outcomes for all students is long-standing. It supports the retention of special admission (through which applicants who are at least 20 years old and who do not have an entrance qualification may be admitted to university), and ensures access for Māori and Pacific students and students with disabilities through targeted admission schemes. It also provides pathways through its own programmes and those of partner institutions, and undertakes research and initiatives in schools to increase the successful outcomes for equity groups in the compulsory education sector.

Access to the University extends well beyond formally enrolled students. Thousands of people engage with the University each year through continuing education courses and public lectures given by internationally recognised experts in their field. Lectures for 2010 included Lord Nicholas Stern’s lectures on climate change which were attended by more than 2,000 people; Richard Dawkins’ lecture on evolution attracted a capacity admission.

The LENSscience programmes at the Liggins Institute provide connections between school teachers, students and scientific research communities. They were recognised in 2010 with the prestigious New Zealand Association of Science Educators Peter Spratt medal being presented to LENSscience Director, Dr Jacquie Bay.

The Leigh Marine Laboratory, the hub for New Zealand marine research since 1962 and located within the boundaries of the new Auckland City, provides access to its knowledge and facilities to schools and other groups. The Edith Winstone Blackwell Interpretive Centre, to be opened in 2011,





will enhance access to Leigh Marine's research and will run outreach programmes to schools in Auckland and Northland.

The 1.4 million people who live within Auckland City's boundaries come from diverse ethnic backgrounds with 57 percent European, 20 percent Asian, 14 percent Pacific, 11 percent Māori and 10 percent from other ethnicities including Middle Eastern, Latin American and African.<sup>1</sup> The University's contribution to the well-being of these diverse communities is significant, not only for the educational needs of the population, but for

such as cancer, Alzheimer's and heart disease; pioneering the development of world-leading medical equipment; and efficient management of chronic diseases in poor and wealthy countries. University researchers are working with local and international partners, such as the ADHB and the WHO, to seek solutions that will improve the health of people in Auckland, New Zealand and other countries.

Cultural life is important for a vibrant city. Performances at the University's Maudment Theatre, exhibitions at the George Fraser and Gus Fisher

University researchers are working with local and international partners, such as the ADHB and the WHO, to seek solutions that will improve the health of people in Auckland, New Zealand and other countries.

increasing understanding of the many cultures found in Auckland and providing fora for public debate. Teaching and research units across the University are focused on increasing knowledge of Asian, Māori, Pacific, European and Latin American languages, cultures and peoples.

Every faculty in the University boasts staff engaged in teaching and research on issues of importance to indigenous peoples. In 2010, the launch of the thematic research initiative, "Te Whare Kura: Indigenous Knowledges, Peoples and Identities", provided a focus for research in this area. This research will draw upon the critical mass of researchers across the University, well established relationships with other international universities leading research on indigenous peoples, and a range of national and international industry, business and community partners.

Health is a key factor of community well-being. The University's contribution to improving health outcomes is substantial. It graduates large numbers of highly trained health professionals – doctors, nurses, optometrists, pharmacists, psychologists, managers and highly trained policy-makers – each year and is a leader in research. Research undertaken at the University includes: investigating ways to fight diseases

galleries and other arts spaces both on and off campus, and regular events such as the Outdoor Summer Shakespeare series and Auckland JazzFest, all contribute to the rich cultural life in Auckland. The University holds an important and highly regarded collection of art works that are often called upon for loan to galleries across Auckland and the country. The national laboratory for the conservation of waterlogged organic Māori artefacts is hosted at the University. The laboratory's director is the only archaeologist in the South Pacific with the necessary specialist skills and she works with iwi and museums across the country.

The University Library holds the foremost collections in New Zealand in the majority of subject areas and provides access to these collections beyond the University through both international and national interloans systems; the Library's bibliographic records are all available via OCLC's WorldCat which is a global web catalogue service managed out of the USA. The Library is also home to a number of significant and unique collections such as the Archive of Māori and Pacific Music (the world's largest ethnographic sound collection relating to the Pacific) and an extensive collection of original manuscripts and archives of mainly Auckland organisations and individuals.

<sup>1</sup>Your Auckland: Auckland Council's Long-Term Plan, Volume 1: Summary and context, np. Figures do not add to 100% because of people reporting multiple ethnicities.

## Auckland's natural and built environments

The new Auckland Council's vision includes strategies for Auckland's natural and built environments. The University's teaching and research and partnerships with other organisations and community groups will ensure it continues to play a major role in informing the work of the Council in these areas, in particular as the Council overcomes the challenges to creating a sustainable transport system.

During 2010 the University launched a thematic research initiative, "Transforming Auckland: Institutional, Technological and Cultural Innovations for Sustainable Cities". Drawing on the expertise of academics in seven faculties and well-established relationships with local and international organisations, "Transforming Auckland" focuses on institutional, technological, environmental and cultural innovations for sustainable cities, using Auckland as a model or exemplar. Traversing a continuum from theoretical to applied research, "Transforming Auckland" will contribute to international and national literatures on sustainability, while providing practical interventions and theoretically informed research that supports the regionwide Auckland Council and community-led sustainability initiatives.

With miles of coastline, numerous harbours and a vibrant marine ecology, hectares of regional parks, over 20,000 species of plants and animals, and a landscape dotted with natural features such as the many volcanoes, the natural beauty of the region plays a significant role in the city's ranking for its high quality of living.<sup>2</sup> The conservation of this natural environment presents a range of challenges. Auckland is one of the most weed-infested cities in the world, has air pollution significantly higher than national standards, and must work to reduce the impacts of climate change, changing energy sources, and animal pests.<sup>3</sup> While much of Auckland's population is urban, the majority of the land area is rural. Agriculture plays a small but important role in the economy of the city and ensuring the balance between conservation and sustainable farming is one of the challenges for the new Auckland City.

The University has strong teaching and research on environmental management in the faculties of Science and Engineering, with significant contributions also made within other disciplines such as Economics, Environmental Law, Development Studies, Population Health, Architecture and Planning. The postgraduate Environmental Management subject within Science, and Environmental Law produce graduates with the skills to lead policy and research in these areas, and all undergraduate students can expand their knowledge through content embedded within their degree and General Education courses.

The Centre for Biodiversity and Biosecurity, a joint Research Centre between the University and Landcare Research based at the Tāmaki Innovation Campus, brings together leading international researchers from the two organisations. Research undertaken at the centre improves our understanding of how we can protect New Zealand from plants and animals that could destroy native species and threaten the agricultural economy.

The University undertakes extensive research on plant and food subjects. Recognising the importance of making this research available to industry, the University's commercialisation company, Auckland UniServices Ltd, supports innovation in the sector and has worked with companies in a range of industries including dairy, wine and fishing. With food industries contributing to half of the country's export earnings, ensuring that innovative research continues to inform industry practice is vital. With this in mind, the University, and Plant and Food Research, launched a joint graduate school in 2010. The school will enhance research in this area and significantly increase the number of masters and doctoral graduates in plant and food science, and enhance the employment readiness of graduates in these disciplines.

The Leigh Marine Laboratory is the focal point of the University's teaching and research to provide better understanding, conservation and sustainable use of the marine environment. For example, in 2010, Leigh Marine researchers working with the Department of Conservation and the Marine Mammal Institute at Oregon State University identified the possibility of cross-breeding Hector and Maui dolphins to increase the chances of survival for the critically endangered Maui dolphin.

The Faculty of Engineering research theme on Energy focuses on energy supply and energy use. Building on significant achievements in this area and utilising linkages across the University to ensure that cutting-edge research is undertaken within the broader scientific, business and social contexts, research is undertaken on new sources of energy, sustainable use of current forms of energy and low energy use technologies.<sup>4</sup>

The built environment is vital to Auckland's well-being, and this is about more than just buildings, town planning and quality community spaces. Like many international cities, infrastructure, transport systems, waste management, water supply, stormwater and communication systems all impact on the city's economic, social, cultural and environmental well-being. Teaching and research at the University have much to offer in these areas.

The formation of the new Auckland Council brings together a large area of infrastructure responsibility affecting services to more than 1.4 million New Zealanders. The Centre for Infrastructure Research, launched in 2010, will be working with the Auckland Council in several areas of infrastructure investment. The centre was established to improve infrastructure decision-making and management through research and executive education, drawing on the expertise in the Faculty of Engineering and the



<sup>2</sup><http://www.mercer.com/articles/quality-of-living-survey-report-2010: ranked 4th>.

<sup>3</sup>ARC Long Term Council Community Plan 2009-19, pp.13-15, <http://arc.govt.nz/plans/annual-plans-and-report/long-term-council-community-plan-2009-19.cfm>

<sup>4</sup><http://www.engineering.auckland.ac.nz/uaa/home/about/our-research/energy-research-theme>

University's international networks to ensure the infrastructure of tomorrow will meet future challenges.

The Transport Research Centre conducts a range of projects to tackle Auckland City's transport problems. Drawing on the strengths of staff across the University, the Centre has undertaken research on locating and pricing park-and-ride facilities, models for public transport, crash reduction and prevention, and modelling the effects of traffic congestion on fuel consumption and vehicle emissions.

Sustainable maintenance and building is a core part of the University's objectives. Auckland's first retrofit living roof is on the City Campus, and is used in research to quantify stormwater mitigation. Using results of field studies, University academics work with several councils to develop technical design guidance for innovative low impact development strategies for stormwater management in the Auckland region.

Degrees offered by the University equip graduates with the specialist knowledge to develop solutions to the many challenges facing Auckland City. Architecture, Planning, Engineering and Geography are some of the more obvious disciplines with significant contributions to make, but all of the University's programmes are designed so that graduates are well prepared to take up leadership roles in their communities, engage in public discourse and take on social and civic responsibilities.

Students have many opportunities to engage in the wider community while they are studying. For example, ten students undertook summer research scholarship projects in conjunction with the Tāmaki Transformation Programme, an urban renewal initiative in three Auckland suburbs. The students' projects, on topics such as "active lifestyle interventions to improve health" and "streetscapes as child-friendly environments", will be developed further as part of the ongoing relationship between the University and Tāmaki communities. Another nine students worked with UniServices and local companies to develop research and innovation plans for future business enhancement.

## Auckland's economy

The University is a leading player in developing the nation's knowledge economy and innovation potential. Its contribution to the New Zealand economy is estimated at \$5.2 billion per annum and it generates more than \$215 million in research revenue each year. The University's research commercialisation company, UniServices, has the highest turnover of any organisation of its kind in Australasia - \$114 million in 2009. The ICEHOUSE (an independent business growth centre founded by the University's Business School in 2001) was recently named one of ten start-up incubators changing the world by *Forbes* magazine. The University is the single largest international education export earner in the country, graduating the largest number of international students each year.

With 10,127 graduates in 2010, the University provides a highly qualified workforce in a wide range of industries. The University provides opportunities for students to engage directly with employers through a variety of different methods, including those embedded in the curriculum, internships such as the highly successful Centre for Software Innovation, and the practicum requirements in a range of professional degrees.

As the largest graduate school in the country, the University plays a major part in developing the specialised knowledge needed for commercial and industrial development. The University will continue to contribute to the increasing demands for highly qualified researchers with 6,679 enrolled in postgraduate qualifications in 2010.

Opportunities for students to develop their business and social leadership abilities and connections are available beyond the curriculum. Examples include a range of opportunities for students to be mentors to secondary school students, international students and first-year undergraduate students; encouragement and support for students to take part in

competitions and events; and University support for student-led initiatives that promote innovative thinking and entrepreneurship, such as SPARK and Chiasma.

The best opportunities for growing Auckland's economy are through integrating research across universities, research institutes and business. The University makes a major contribution to many of the industry sectors in Auckland through such integration, working with some of the country's leading companies such as Fonterra, Fisher & Paykel and Telecom. The Tāmaki Innovation Campus has been developed with this aim in mind and provides the facilities and environment that enable public and private sector organisations to create innovative partnerships with leading international academics and researchers at the University.

The small but growing bioscience sector, which is concentrated in Auckland, has a strong relationship with the University. A recent ARC report noted that organisations like UniServices "are at the forefront of generating value from the bioeconomy in Auckland". The BioPharma thematic research initiative, launched in 2010, provides a University-wide mechanism to link and develop existing research capability. The Institute for Innovation in Biotechnology, with new buildings completed in 2010, is New Zealand's leading purpose-built bio-incubator facility. It brings together industry and academics to provide biotech companies with direct access to the world-class expertise and resources of The University of Auckland so they can cost-effectively accelerate their research and development.

## A leading international university in an international city

The University of Auckland is New Zealand's leading university and is the only one ranked among the world's top 200 universities.<sup>5</sup> It is a member of highly regarded consortia of international universities - the only New Zealand member of Universitas 21, the Association of Pacific Rim Universities, and in 2010 it joined the Worldwide Universities Network.

With a staff of over 4,725 FTE and a student body of 40,000, the University is itself a community of considerable size, and one of the largest employers in the country. Our turnover of about \$870 million each year is equivalent to the annual expenditure of the 42nd largest business in the country and larger than such well known names as Harvey Norman and Toyota New Zealand. We operate Auckland UniServices Ltd, the most successful research commercialisation company in Australasia. Our total floor space is about one third that of the entire Wellington central business district, and we are presently one of the few organisations in Auckland engaged in a significant building programme - one that will involve an investment of about \$1 billion over a decade to maintain our facilities to international standards. The University's investments make a significant contribution to the economic performance of the city and region.

Of course, our contribution to the city is much more than just economic. Our staff play an important role in the community, with a wide variety of service and leadership contributions. Our research into economic, environmental, cultural and social challenges contributes to the well-being of the Auckland environment. Our students are likewise involved in many social, cultural and sporting activities in Auckland. Many members of the wider community access the great variety of educational, social, cultural and sporting opportunities we provide.

With the formation of the new Auckland City, the University has the opportunity to make an even greater contribution. It will bring its extensive research capability, across many disciplines, to bear on the challenges that the new city will face. This will help us to strengthen our relationships with the new city leadership. Given that one of the characteristics of a great city is the presence of a great university, and that the University is dependent on the city to create an environment in which talented staff and students can flourish, that will be critical for both parties.

<sup>5</sup>Times Higher Education World University Rankings, 2010.



Every faculty in the University  
boasts staff engaged in teaching  
and research on issues of  
importance to indigenous peoples.



The Faculty of Arts makes a significant contribution to Auckland's intellectual, artistic, cultural and political life, playing a key part in maintaining Auckland's role as a leading South Pacific city. At the same time, through its research and academic networks, the faculty connects Auckland and New Zealand to world-leading research in the humanities and social sciences.

The excellence of teaching and research in the faculty is internationally recognised with the University enjoying a top 50 Times Higher ranking for Arts and Humanities and for Social Sciences. The faculty now hosts a newly established cross-University research initiative, Te Whare Kura, Indigenous Knowledges, Peoples and Identities, to support collaborative research projects in this developing interdisciplinary area.

The Department of Māori Studies is kaitiaki for Waipapa Marae and facilitates the University's relationship with mana whenua, Ngāti Whātua o Ōrākei, for the City Campus. The Centre for Pacific Studies is a focal point for teaching and research about the Pacific and the iconic Fale Pasifika functions as a teaching space and a venue for University and community functions.

Student enrolments in all Arts programmes were strong. A "First Year Experience" programme was piloted to support students in the transition from school to university. The School of Theology was successfully integrated into the faculty.

The faculty hosted many international speakers and conferences. Conferences included: "Oceanic Linguistics"; "Spain: from the Second Republic to the 21st Century"; the "DAAD Alumni Conference"; "Miracles, Medicine and Magic"; Ngā Pae o te Māramatanga's "4th International Indigenous Traditional Knowledge Conference"; the "4th Oceanic Conference on International Studies" and the "14th Pacific Asia Conference on Korean Studies". Professor Peter Goldie (University of Manchester), a Hood Fellow, gave the Robert C. Solomon Philosophy lecture; and Professor Tiffany Stern (Oxford University), Hood Fellow and Alice Griffin Fellow, gave two lectures on Shakespearean drama.

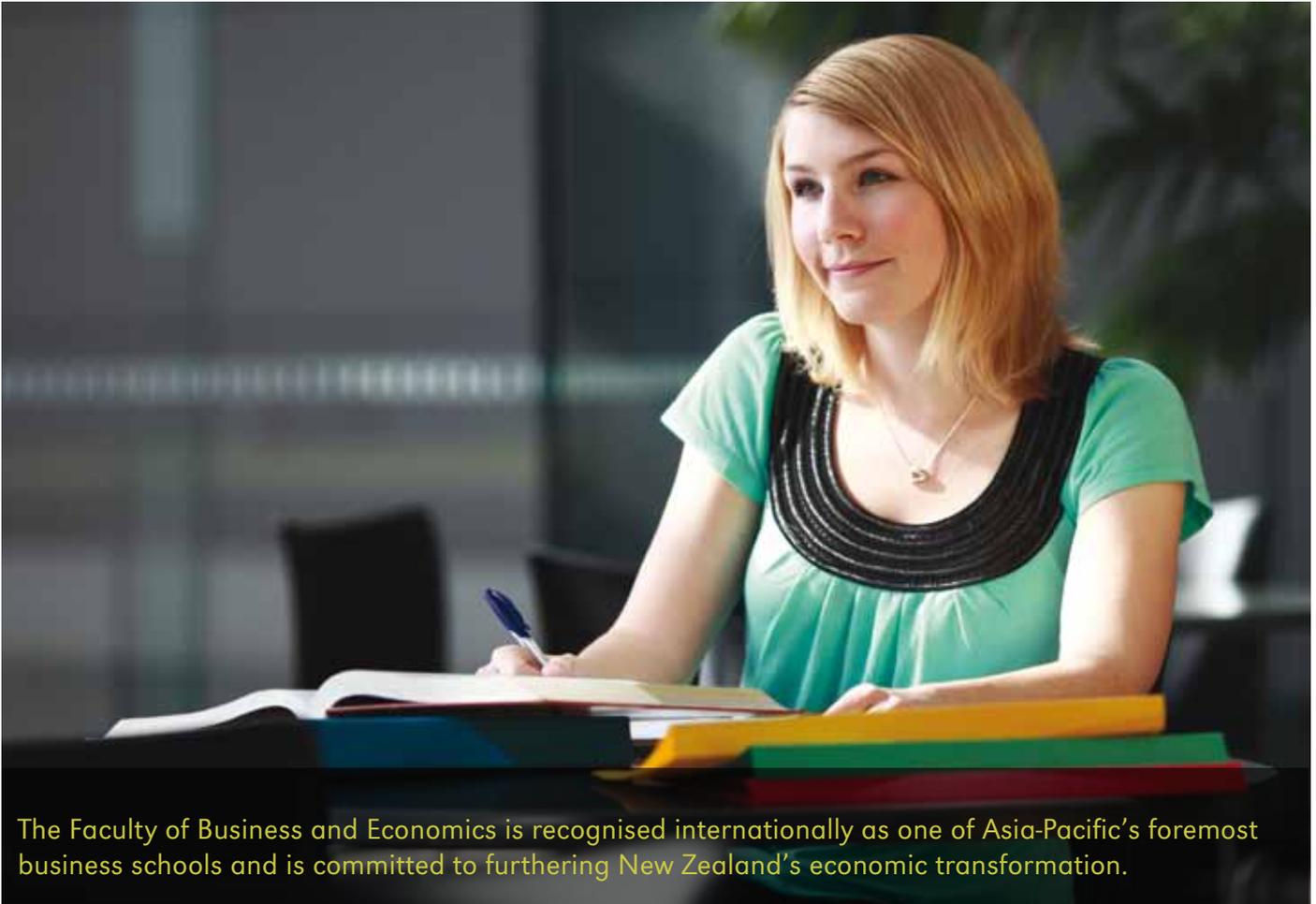
Other public lectures included: the Winter Lecture Series, "The End(s) of Journalism" (coordinated by Dr Joe Atkinson); "Grasping Freedom of Speech" by Baroness Onora O'Neill (Cambridge University), the first Royal Society of New Zealand Aronui lecturer; "No Land is an Island - Twenty-

first century politics", the Professor Robert Chapman Lecture by Emeritus Professor Barry Gustafson; "The Politics of the Brown Table", the Bruce Jesson lecture by Annette Sykes, Ngāti Pikiao; and "Maritime Orientalism, or the political theory of water", the Keith Sinclair lecture by Professor Jonathan Scott (History). Professor Kevin Clements (University of Otago) gave the School of Theology lecture. Six new professors gave inaugural lectures: Christine Arkinstall (Spanish), Linda Bryder (History), Stephen Davies (Philosophy), Simon Holdaway (Archaeology), Manying Ip (Chinese) and Michele Leggott (English).

Staff and students published 38 books and over 270 book chapters and journal articles and delivered 160 conference papers. 52 students completed doctoral theses and 103 completed Masters theses.

Several staff received recognition of their research and teaching. Dr Trudy Agar (European Languages and Literatures) received an Early Career Research Excellence Award and Dr Elunid Summers-Bremner (English) received a Marsden grant. Dr Maria Rublee (Political Studies) received the Alexander George Book Award. Dr Selina Tusitala-Marsh (English) received the NZSA Best First Book of Poetry award. Margaret Henley (Film, Television and Media Studies) received an AKO Aotearoa National Award for Sustained Excellence in Teaching.

The faculty's creative work and performances gave pleasure to many. The 2010 Writer in Residence was William (Bill) Direen. Professor Michele Leggott led a schools-based project to produce "a thousand poems for Matariki". The New Zealand Electronic Poetry Centre organised readings through the "Lounge readings" project. The German Drama Company presented Ödön von Horváth's "Geschichten aus dem Wiener Wald, and the Drama 204 production was "A Night with Hamlet". The work of students in Film, Television and Media Studies screened at the New Zealand International Film Festival and won recognition in national and international screenings. Pacific music and dance students entertained the public and friends in a Koneseti in the Fale.



The Faculty of Business and Economics is recognised internationally as one of Asia-Pacific's foremost business schools and is committed to furthering New Zealand's economic transformation.

The faculty maintained internationally recognised accreditations for qualifications in 2010. The Department of Commercial Law hosted the annual Australasian Law Teachers' Association Conference, and a conference on fraud and white collar crime. Countries visited in 2010 included China, Malaysia, Singapore, the UK and the United States with the aim of fostering alumni relationships, seeking advancement funding and strengthening engagement with regional business leaders. There was continued support for students participating in international business case competitions, with teams participating in Los Angeles, Bangkok and Singapore. A Department of Property team won the Pacific Real Estate Society property case competition.

Student numbers remained stable, with growth experienced in postgraduate and international undergraduate numbers. Two mentoring programmes for students were launched this year - the Department of Property mentoring and buddy scheme, and the UABS Women's mentoring programme (for final-year students).

Progress continued on the development of programmes. The faculty's new integrated first-year programme remains on track with teaching facilities for team-based learning in the process of being designed. The Executive Development team, in partnership with the Thunderbird School of Global Management and the ICEHOUSE, has been successful in bidding for a major New Zealand Trade and Enterprise contract to design and deliver a Global Mindset Leadership Programme. The initiative is aimed at helping New Zealand companies achieve their international growth potential.

The depth of experience among teaching staff in the Business School's Department of Marketing was highlighted when Associate Professor Richard Brookes was inducted into the New Zealand Marketing Hall of Fame. Two staff members, Dr Christine Woods (MIB) and Dr Judith Wang (Energy Centre), were part of teams that won Marsden grants. The University-wide General Staff Excellence Awards recognised Aldon Hartley (TechSite) for Excellence in Innovation, and the Business School's Health and Wellness team for Excellence in Teamwork.

Recognition of excellence among staff also included: Professor Larry Murphy, who has been awarded an Eminent Fellow of Royal Institute of Chartered Surveyors, only the fourth New Zealander to be so honoured; Professor Peter Boxall, who has been made a Fellow of the Human Resources Institute of New Zealand and is the inaugural President of its Academic Branch; and Dr Ron McDowall, who has been awarded the biennial Furkert Award for Supreme Technical Expertise in Sustainability and Clean Technology by the NZ Institute of Professional Engineers.

New professorial appointments included Professor Dimitri Margaritis (Finance), Professor Ananish Chaudhuri (Experimental Economics), Professor Tava Olsen, (Ports of Auckland Chair in Logistics and Supply Chain Management) and Mai Chen (Adjunct Professor, Commercial and Public Law). Professor David Mayes (former Chief Manager, Reserve Bank of New Zealand) was appointed Chair of Finance and Professor Basil Sharp became Chair in Energy and Resource Economics. International banking and finance specialist Cecilia Tarrant was appointed Executive-in-Residence. During the year United States entrepreneur Bill Payne completed a five month visit as the inaugural BNZ and University of Auckland Business School Entrepreneur-in-Residence.

Successful companies in The University of Auckland Business School Entrepreneurs' Challenge were bioinformatics software company Biomatters; Greentide, maker of environmentally-friendly pesticides; and yogurt maker Piako Gourmet Yoghurt, which will receive a total of \$1 million in growth funding along with mentoring support.

The Dean's Distinguished Speaker Series continued to deliver outstanding contributions from internationally-noted guests through the year, including Professor Alan Rugman from Henley Business School, Professor Jayne Godfrey from Monash University, Professor Alan Beckenstein of the University of Virginia's Darden Graduate School of Business and Professor Lynn Stout of UCLA.



The National Institute of Creative Arts and Industries (NICAI) plays an integral part in maintaining Auckland's presence in international arts and arts research communities, as well as bringing international practice and practitioners to New Zealand.

NICAI pursued a number of initiatives in 2010 to consolidate and enhance its profile as an international centre of creative endeavour. It established Transforming Auckland: Institutional Technological and Cultural Innovations for Sustainable Cities. This promotes new cross-faculty collaboration in research and postgraduate programmes, and pursues funding for collaborative international and national research projects.

NICAI contributed internationally with four members of the University's 11-strong delegation to the World Urban Forum in Rio de Janeiro, where Professor Dory Reeves co-chaired the UN-HABITAT Universities Round Table. The Dean, Professor Jenny Dixon and Senior Lecturer Elizabeth Aitken-Rose, gave a presentation about the Auckland Super City to the UK chapter of the New Zealand Planning Institute. Dr Ralph Buck and Dr Nicholas Rowe's research project *Our Dance Stories* was profiled at the 2nd UNESCO World Conference on Arts Education. Dr Eve de Castro Robinson (Music) took part in an inter-disciplinary residency as an Associate Artist at the Atlantic Centre for the Arts in Florida. Associate Professor Peter Robinson (Elam) took up a Hood Fellowship residency at the University of the Arts in London.

In addition, Music and Dance Studies students performed at the Beijing Modern Music Festival, and also visited Peking University. Staff from the School of Architecture and Planning led student groups to the Iberian Peninsula, and the Pearl River Delta in Guangdong Province, China.

More broadly, NICAI developed a new faculty-wide partnership with Nanjing Arts Institute. The Dance Studies Programme entered into a partnership with Roehampton University in London to provide opportunities for postgraduate student exchange. Staff from the School of Architecture and Planning, together with architect Rewi Thompson, developed *Te Pare*, an exchange programme with the University of Queensland, focusing on comparative study of cultural landscapes and indigenous issues.

Visiting international practitioners and researchers played a key part in the education programmes and research at NICAI. The international

Architect-in-Residence programme was initiated, hosting Momoyo Kaijima, Principal of Tokyo-based Atelier Bow-Wow and Associate Professor at Tsukuba University. The School of Music hosted Feng Ning (violin) from China, Dimitri Ashkenazy (clarinet) from Switzerland and the Argentinian Indigenous Instruments and New Technologies Orchestra from Argentina. The Elam International Artist in Residence Programme hosted Iranian artist Shahab Fotouhi, Korean-based duo Young-Hae Chang Heavy Industries and US-based Australian Jemima Wyman. Liz Agiss, from the UK, led a series of master-classes and workshops for Dance Studies students.

As well as hosting individual visitors, NICAI staged events which brought many international visitors. The School of Architecture and Planning's *Communiqué* and *Fast Forward* lecture series brought a number of internationally recognised architects and designers into the faculty including Lada Hršak (Amsterdam), Hitoshi Abe (Los Angeles) and Mark Dytham (Tokyo). The Gus Fisher Gallery had high-profile international visitors as part of its public programmes activity including British film-maker Malcolm Le Grice and American sound and electromagnetic art scholar Douglas Kahn. The School of Music hosted the New Zealand Electroacoustic Music Symposium, which drew a number of international speakers and delegates. The faculty hosted the Fifth Australasian Housing Research Conference, held for the first time in New Zealand.

NICAI staff and students received considerable recognition for their successes. Doctor of Fine Arts student Dan Arps won the Walters Art Prize, New Zealand's most important art award and Dr Alexandra Monteith was a finalist. Dr Deidre Brown received the New Zealand Institute of Architects President's Award for her outstanding contribution to Māori architecture. Associate Professor Michael Parekōwhai (Elam) was selected to represent New Zealand at the Venice Biennale 2011, and Dance Studies PhD candidate Michael Parmenter received a University of Auckland Distinguished Alumni Award.



**The Faculty of Education plays a key role in developing Auckland's educational practices, both in conducting and developing educational research, and in teaching educational professionals at all levels.**

In 2010 the faculty focused on enhancing research productivity. Appointments are currently being made to professor, associate professor and senior lecturer positions and additional staffing has been provided to assist in research production while the quality of teaching is maintained.

The Starpath Project released five research reports on the relationship between student achievement and various aspects of equity in their secondary education. Three of these focused on factors affecting entrance to university programmes, while the other two focused on patterns of success for students once they are at university. These publications offered insight into how to increase equity in the compulsory education sector, and how to connect more students with the University.

The faculty has worked to find external research funding from sources other than the Ministry of Education. In 2010 the Woolf Fisher Research Centre secured a \$1.25 million donation from the Woolf Fisher Trust to support a five-year programme to develop lead teacher researchers in Auckland and Northland schools. Faculty researchers have also secured contracts through the Ministry of Foreign Affairs and Trade and through the Marsden and TLRI funds. International activity in this area is increasingly being coordinated to maximise off-shore research funding.

The change in the provision of Ministry of Education funding for teacher professional development has had a major effect on the faculty. A proportion of the funding is now being made contestable and by 2012 all such funding will be contestable. The faculty has responded by strengthening internal coherence between Team Solutions and the two main research and development centres (the Woolf Fisher Research Centre and The University of Auckland Centre for Educational Leadership), and by entering into a consortium arrangement with other providers to bid for national professional development contracts.

As well as forming stronger partnerships within New Zealand, the faculty was host to many prestigious visiting academics including Hood Fellow Professor Michael Young, from the Institute of Education (London) and

Fulbright Senior Scholar Professor Cynthia Poindexter, Fordham University. The faculty has enjoyed visits from many other international academics, including professors from the University of Toronto; the University of Edinburgh; the National Institute of Education in Singapore; University of Twente (Netherlands); Universidad Diego Portales (Chile); the London School of Economics; and l'École Nationale de Formation Agronomique de Toulouse.

Demand for faculty programmes remained high in 2010. Recruitment and selection targets have been closely monitored and Semester Two intakes were reduced where more advanced programmes would not be compromised, and where commitments had not already been made.

Māori student numbers were up (to 15 percent), and Pacific student numbers were stable at 14 percent. "Māori at the faculty" and "Pasifika at the faculty" sections of the website have been developed to strengthen the public profile of the faculty's work in these areas. Demand pressure and tighter selection processes have raised the calibre of students at entry. Postgraduate research enrolments are now growing. Masters thesis enrolments are up from 12 in 2009 to 23, and new doctoral enrolments are up from 23 to 31.

The faculty has appointed new staff in the Centre for Educational Design and Development to stimulate innovative, media-rich teaching. The centre has supported the use of online technologies, video and podcasts to enhance teaching and learning including digital stories/i-Movie projects, DVD production, Google Wave and e-Portfolios. The Academic Success Centre, which consolidates student learning support services, has been completed.

The faculty has introduced Master of Counselling, Postgraduate Diploma in Counselling Theory, Master of Social Work, Bachelor of Social Work (Honours), and Postgraduate Diploma in Social Work programmes. The programmes have received CUAP approval and will be offered from 2011.



The international reputation of the Faculty of Engineering for research and teaching continues to develop through collaboration with overseas engineering faculties and existing linkages including Go8, APRU and U21.

In 2010 the faculty successfully obtained the status of Associate Member of the Go8 Group of Dean's of Engineering. The faculty hosted the 17th Congress of the Asia-Pacific Division of the International Association of Hydraulic Research.

The most important activity in the area of undergraduate teaching during the year was preparation for the successful accreditation of the BE(Hons) programmes by IPENZ. IPENZ accreditations ensure international recognition of New Zealand degrees by meeting the requirements of the Washington Accord, which defines international standards for the outcomes of engineering degree programmes.

In line with its policy to attract highly qualified students, the faculty has a strong desire to increase Māori and Pacific student recruitment. During the year the Associate Dean Māori, Dr Kepa Morgan, stood down from this role having given many years of excellent service, during which time the numbers of Māori and Pacific students have grown. In reconsidering this role, it was decided to create the post of Kaiarahi Māori, with the particular aim of building stronger links to the secondary education sector. Dennis Matene, who has a distinguished career in secondary education, has been appointed to this position.

Targets for 2010 postgraduate enrolments and theses submissions have been exceeded, partly due to an increase in international postgraduate student numbers. The new postgraduate certificate course in plastics and continued success in attracting students of the postgraduate certificate in geothermal technology have also contributed to this increase. The launch of the new faculty and department websites is seen as a major contribution to the marketing for postgraduate students in New Zealand and overseas.

The faculty will continue to increase its internationally competitive research. Four cross-faculty research themes (Energy, Innovation in Manufacturing and Materials, Technologies for Health, and Infrastructure and Environment) were launched officially in a series of Dean's Lectures. These use faculty expertise to investigate important research questions with major societal impacts. The faculty is also participating in two University

Thematic Research Initiatives (Transforming Auckland: Innovations for Sustainable Cities and Indigenous Knowledges, Peoples and Identities) and has a major role in the inter-faculty Food and Health Programme. During the year the faculty launched the Materials Innovation Network, a pan-university initiative to coordinate existing strength across the University to address basic research issues in manufacturing materials.

During 2010 staff and students from the faculty had many successes and were involved in notable activities for the benefit of both national and international communities.

Professor Debes Bhattacharyya was awarded the Hind Rattan (Jewel of India), and the Glory of Bengal. He was also elected a Distinguished Fellow of IPENZ. Associate Professor Poul Nielsen was awarded a Royal Society of NZ James Cook Research Fellowship in Engineering Sciences and Technologies.

A group of Electrical and Computer Engineering students ("Team OneBeep") was awarded third prize in the Microsoft Imagine Cup in Poland. This is the world's largest technology competition and challenges students to develop solutions to the globe's toughest problems. The students developed an ingenious way to send data via radio waves to poor villages in the developing world to facilitate education programmes.

Locally, the faculty conducted a summer research project aimed at improving local transportation services as part of Auckland Council's Tāmaki Transformation Project.

A team of Civil and Environmental Engineering staff travelled to Christchurch after the September earthquake to assist in assessing the stability and safety of buildings and to participate in the post-quake reconnaissance that will provide data to assess and enhance current building codes. Their research work has contributed to the major study informing recovery plans and will form the basis for future research in earthquake engineering and disaster recovery being conducted in the faculty.



The Faculty of Law plays a key role in Auckland's legal community, helping build connections to international networks, maintaining a leading role in international research, and participating strongly in national debates, discussions and research about legal and policy matters.

The faculty has enjoyed considerable student interest in its programmes. Postgraduate enrolments increased significantly over 2010, meeting projections. This is a product of strengthening relationships with the profession locally, and an increase in enrolments from other countries. It reflected significant growth in local enrolments, and a less-than-expected impact of the removal of the domestic fees concession previously enjoyed by French and German students. Demand for places in Part II of the LLB degree was as strong as ever. Entry requirements are the most challenging they have ever been.

The faculty's students have had successes too. The number admitted into the LLB(Hons) degree was the highest it has yet been and our students once again won the national mooting competition, earning the right to represent New Zealand at the Jessup International Mooting Competition in 2011. This is the fourth year in a row that the Auckland team has won the national competition. A number of Auckland students gained admission to northern hemisphere graduate programmes, including at Columbia and New York law schools, along with Oxford and Cambridge.

Te Rākau Ture, the Māori Law Students' Association, celebrated its 20<sup>th</sup> anniversary. The faculty's Equal Justice Project, operated by student volunteers, had an excellent year on various fronts. It provides community education, assistance with legal advice to community law centres, and pro bono work under the supervision of lawyers.

The faculty has hosted many distinguished international visitors: Professor Jim Ryan, a constitutional lawyer from the University of Virginia, was the first Cameron Fellow, made possible by a gift from alumnus Tim Cameron. Professor John Gardner from the University of Oxford visited as the annual Legal Research Foundation Visiting Scholar. These visitors presented public lectures for the profession, spoke to students and faculty, and Professor Gardner addressed the annual conference of the superior court judges of New Zealand.

The LLM programme features visiting professors from overseas, who teach intensive courses over a week. As well as enhancing the programme, this

has proved a useful means of facilitating academic contacts between our own faculty members and the visitors, and the visitors' institutions. Numerous shorter visits by international academics, judges and lawyers enlivened the year.

The faculty, in conjunction with the Department of Commercial Law in the Business School, hosted the annual Australasian Law Teachers' Association Conference in July. This was very well received, with keynote addresses from Professor Jeremy Waldron of NYU, Chief Justice Dame Sian Elias, the Solicitor-General of New Zealand, David Collins QC, and the Deputy Solicitor-General of Australia.

The faculty's Public Law Group held a joint symposium, with public law scholars from Melbourne Law School and Wits Law School in South Africa, entitled "Public Law in Three Nations". Papers were presented and discussed, and are being revised for publication. The colloquium is to be repeated in 2012 in Johannesburg.

The faculty plays a key role in the development of New Zealand's legal frameworks and research. Faculty members continued to publish books, chapters in books, refereed article and conference papers. Faculty members also participated through research, writing and commentary in national debates and law reform. Significant examples were the "three strikes" legislation, proposals for a Regulatory Responsibility Bill, and criminal procedure reform. A number of faculty members provided general media commentary throughout the year in their areas of expertise.

The achievements and contributions of faculty members have been acknowledged within New Zealand and abroad. Professor Peter Watts has been invited to become a "door tenant" of Fountain Court in the Temple, London. Professor Jane Kelsey was successful in obtaining a Marsden grant. Valmaine Toki was appointed to the United Nations Permanent Forum on Indigenous Peoples. Professor Paul Rishworth concluded his five year term as Dean of the Faculty, and Dr Andrew Stockley has been appointed to replace him.



The Faculty of Medical and Health Sciences plays a leading role in Auckland's health research and education, and connects New Zealand's medical practices and research with the international community. The faculty has confirmed its place internationally, with the University ranked 47th in the world in Clinical, Pre-clinical and Health in the 2010 Times Higher Education rankings.

In 2010 the faculty and the Fiji School of Medicine (FSM) jointly launched a fellowship programme. Funded by a bequest, this will support FSM staff to visit Auckland to continue studies or develop collaborative projects. Other Pacific activities included WHO-sponsored workshops on adaptation to climate change, evaluation of health promotion in the Cook Islands, development of child health indicators, health services recovery in Samoa post-tsunami, studies of hearing impairment in Samoa, and substantial contributions to the WHO/SPC NCD Forum in Fiji.

The faculty continues to engage with key Australian universities and the Dean is now an invited attendee at the Go8 Medical Deans group. The Dean travelled to the United Arab Emirates, Oman and Latin America, identifying opportunities for postgraduate research and collaboration. We also hosted the 4th Asian Health Conference, a national Addiction Research Symposium, and a Pacific Evaluation Symposium with the three Auckland DHBs during 2010.

Demand from quality students for the faculty's programmes remains high. Limits have been imposed in most postgraduate taught programmes. There are growing tensions resulting from the education sector's cap on EFTS and the health sector seeking to encourage further training.

The faculty achieved a record number of doctoral completions in 2010. And despite recruitment challenges, we have been able to appoint high calibre staff. We have had significant growth in PBRF-eligible Academic FTE. To ensure improvement in our average quality score, we have arranged additional support staff for PBRF applications.

The achievements of faculty members have been widely acknowledged. Professor Alistair Gunn received the Hercus Medal from the Royal Society of New Zealand, while Dr David Baddeley received the Hamilton Memorial Prize. Professor John Windsor was awarded the Royal College of Surgeons of England Sir Arthur Sims Travelling Scholarship. Professor John Kolbe was appointed President of the Royal Australasian College of Physicians, and Mr Ian Civil was elected President of the Royal Australasian College of

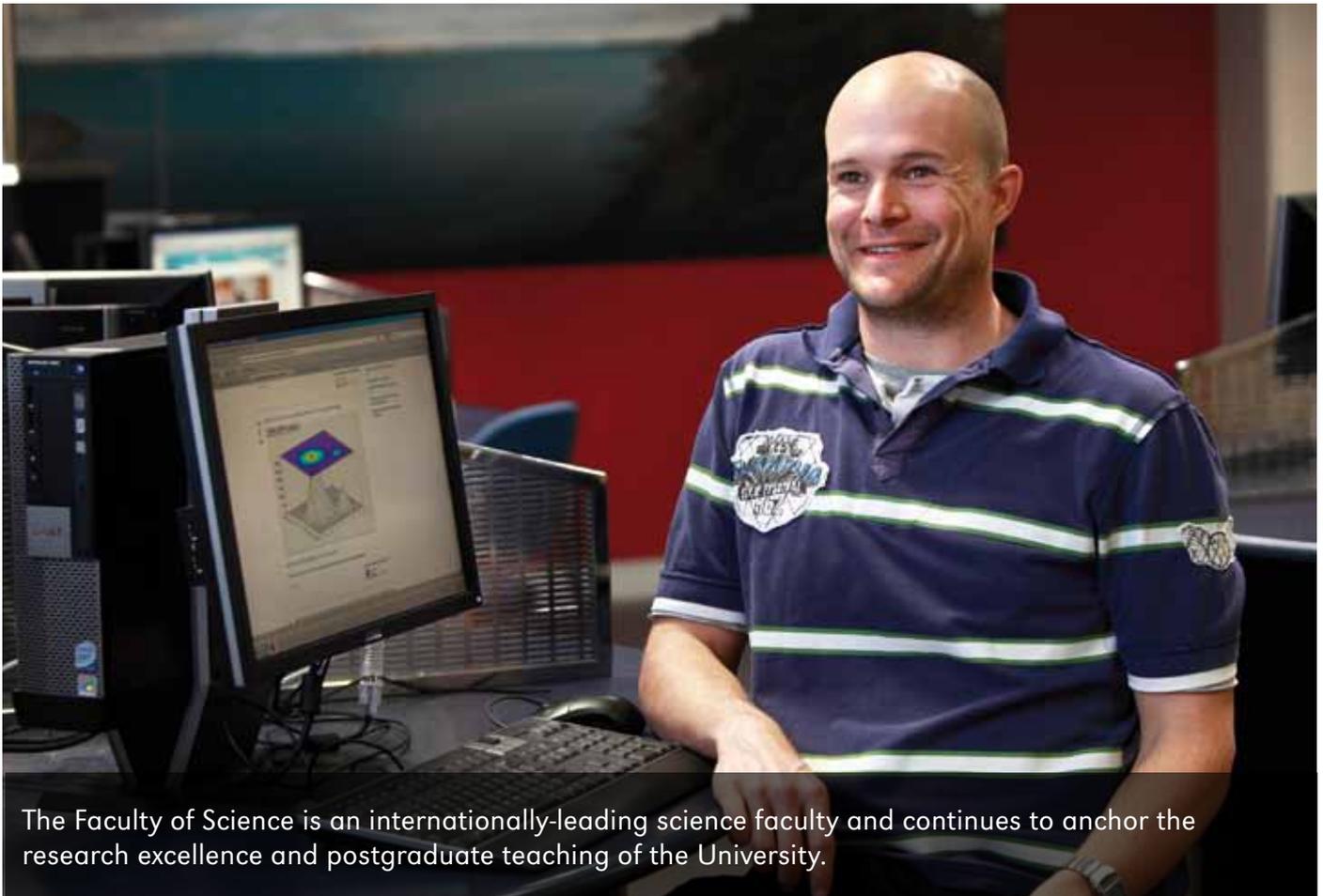
Surgeons. Professor Charles McGhee was accepted to the Advisory Board of the International Society of Ophthalmology and the Academia Ophthalmologica Internationalis.

Professor Alan Merry was named by the Minister of Health to head the interim board of the new independent Health Quality and Safety Commission, and Dr Anne Kolbe was appointed to the Board of Pharmac. We have been working with the ADHB to consider the development of New Zealand's first Academic Health Science Campus. We have also made the first of three new strategic chair appointments in partnership with the Counties-Manukau DHB.

The faculty has had many successes in attracting additional research funding, particularly through the Marsden Fund, HRC, and FRST. Two research groups led by staff from Te Kupenga Hauora Māori secured funding for projects to help address inequalities in health outcomes for indigenous people in New Zealand, Canada and Australia.

This year more than \$12 million has been received from philanthropic sources. Elaine Davies has supported research at the Auckland Cancer Society Research Centre, and the Norman family has supported research into improving the outcomes for patients with leukaemia and related cancers. The Owen Glenn Foundation has agreed to support the establishment of a Chair in Molecular Cancer Therapeutics. The Hugh Green Charitable Trust has pledged funding over five years for a brain Biobank in the Centre for Brain Research. The centre also received a significant gift from US philanthropist Julian Robertson's Aotearoa Foundation to establish postdoctoral fellowships.

The considerable successes the faculty has achieved have taken place in the context of the redevelopment of the Grafton Campus. This is progressing on schedule, with completion of the new building set for November 2011. The benefits of the redevelopment are already being seen in the growth of the Centre for Brain Research and its "hub".



The Faculty of Science is an internationally-leading science faculty and continues to anchor the research excellence and postgraduate teaching of the University.

The faculty makes a significant contribution to Auckland City and national and international communities through our teaching, research and community service.

The international standing of the faculty, as measured by the QS World University Ranking, improved with our natural science activities increasing in ranking from 83 to 68. This improvement was accompanied by a steady performance in the already high rankings of our social sciences (38) and life sciences (41) activities. The excellent reputation was derived from a sustained, faculty-wide, high level of academic achievement and notable individual successes all made possible by strongly committed academic and support staff. These successes included five new elected Fellows of the Royal Society, four lifetime achievement awards, three early career excellence in research awards, a sustained excellence in teaching award, two Rutherford Discovery Fellowships and the Prime Minister's Emerging Scientist Prize. The growing international reputation of the faculty was reflected in increased international EFTS.

Key achievements in the undergraduate programmes during 2010 included an assessment of the graduate-level skills desired by employers; strengthened enrolments in disciplines such as Computer Science and Exercise Science; a 50 percent increase in enrolments in Stage Two physics; establishment of a Teaching and Learning Innovation Group; introduction of a specialist, professional teaching role entitled the Professional Teaching Fellow; incorporation of more education in entrepreneurship into the Bachelor of Technology; and a broadening of the Food Science major to support a range of new taught masters programmes underpinning the food and health sector.

The Master of Science, Bachelor of Science (Hons), and the Postgraduate Diploma of Science were reviewed by external review panels this year. Masters theses completions were slightly up over 2009 and new doctoral enrolments also increased. Nevertheless, the growth in research-postgraduate EFTS was slightly below the ambitious targets for the faculty. Actions in 2010 to accelerate growth in postgraduate student enrolments included establishing joint graduate schools with Plant & Food Research

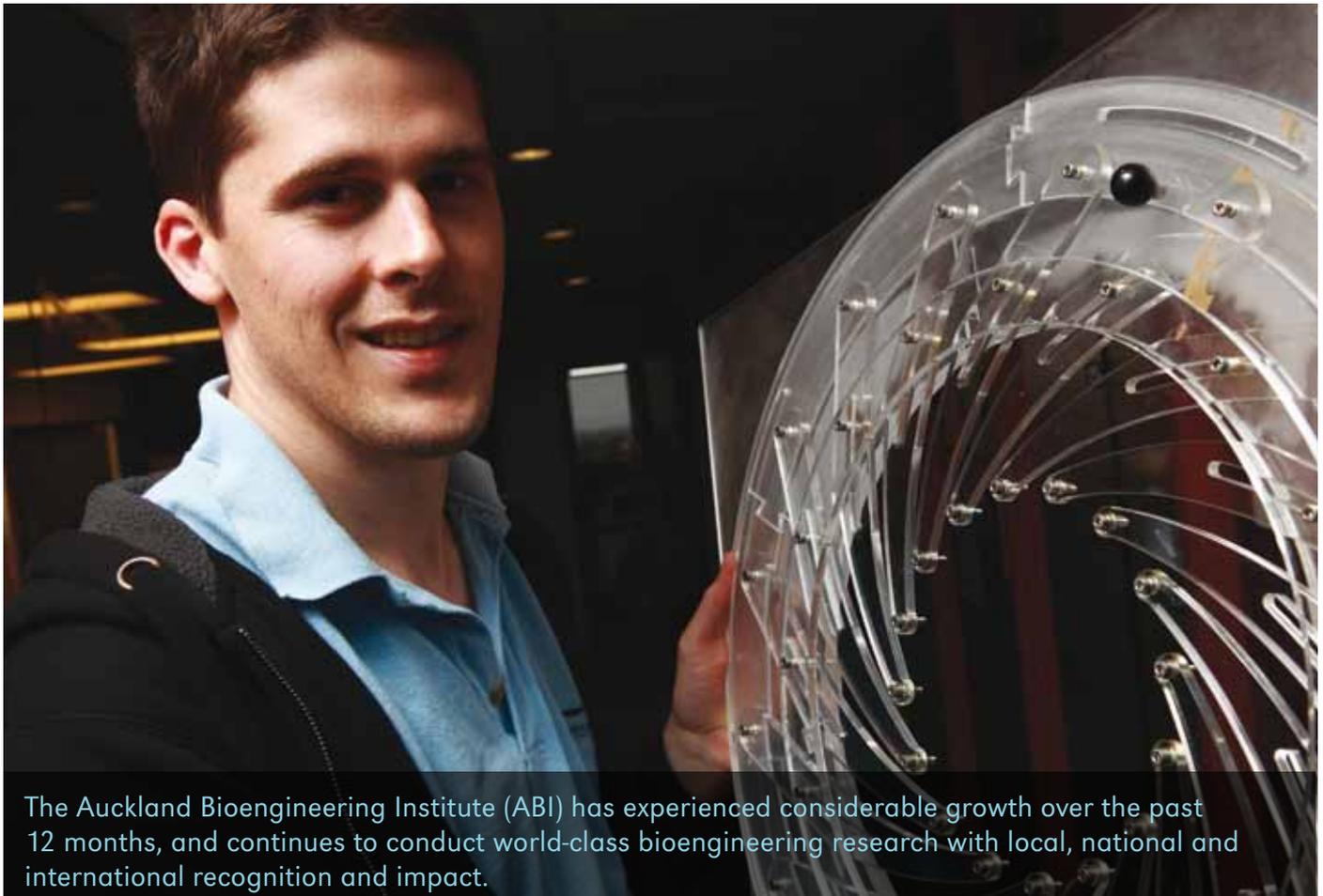
and Landcare Research, augmenting the University Summer Scholarships Programme, and ongoing efforts to raise more postgraduate scholarship funding.

Research outputs in refereed journal articles, conference proceedings, reports and books continued to grow. Twenty-one records of invention were advised to UniServices up from 14 the previous year. Externally-funded research income is forecast to be ahead of target.

Steps taken during the year to support research included the introduction of enhanced research incentives, additional investment in research equipment, and the establishment of the Centre for Microbial Innovation, the Biopharma and Sustainable Cities Thematic Research Initiatives, and the Food and Health Programme. In addition, there has been active promotion of the wide range of affiliated research centres and institutes, and effective engagement with MAF and Fonterra over the new Primary Growth Partnership. Collaborations with several CRIs and universities were enhanced and a stocktake of international linkages has identified strategic linkages on which to build.

The faculty's ability to support the translation of research into tangible economic growth took a major step forward in 2010 with the completion of the Thomas Building extension to house biology research groups and research-intensive biotechnology companies associated with the Institute for Innovation and Biotechnology. The institute's bio-incubator, enterprise training programmes and networking forums have been very successful.

The faculty has been active in promoting science in the community. Specific activities have included the appointment of a Kaiarahi, and organisation of the highly successful "Careers Day", "Girls into Science Day", "Incredible Science" and "Talking Science" programmes. The faculty has continued to support secondary school teachers through 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.



The Auckland Bioengineering Institute (ABI) has experienced considerable growth over the past 12 months, and continues to conduct world-class bioengineering research with local, national and international recognition and impact.

One of the challenges facing the ABI is providing and maintaining the infrastructure required to support growth and sustain world-class bioengineering research in Auckland into the future. We believe the most effective way of achieving this is through cross-disciplinary initiatives with faculties, institutes and centres in the University with whom we share common research objectives and the development of strong links with complementary research groups and institutes nationally and internationally.

The high standing of the ABI is reinforced by the excellent performance of staff and graduate students, reflected by the receipt of prestigious national and international awards, success in promotions rounds and invitations to speak at influential international conferences. Institute members have been plenary lecturers and featured speakers at a large number of international conferences and have contributed to the organisation of some of these meetings. The ABI has also been active in supporting local and national research conferences, including hosting the CellML workshop in February.

The ABI ends the year with EFTS above target, and recruitment of international graduate students has contributed to this growth. Our PhD students performed well at international and national conferences. Matt Barrett won best poster prize at the international Gordon Research Conference on Brain Energy and Metabolism, while Peng Du was awarded the John Carman Prize for best oral presentation in Bioengineering at the NZ Medical Sciences Congress.

Research activities have continued to strengthen and diversify. Of particular note has been the growth and success of biomedical instrumentation, gastro-intestinal, lung, musculo-skeletal and breast biomechanics research groups.

Collaboration with the Faculty of Medical and Health Sciences and the Maurice Wilkins Centre has enabled ABI researchers access to wet laboratory space with tissue culture, molecular biology and proteomics facilities. Institute members are actively participating in initiatives to build strength in the areas of regenerative medicine and tissue engineering, as

well as medical device development. Principal Investigators have worked with international partners to develop and sustain collaborations, and many collaborators have spent time working at the ABI. Professor Peter Hunter has a leading role in the major international Physiome Project.

The development of intellectual property and spin-off companies is an important output and a tangible example of the benefits of government investment in science and technology research. Start-up companies associated with the ABI (Telemetry Research Ltd and Ebonz for example) continue to perform well, and the appointment of Dr Kevin Daish as Deputy Director, Commercialisation has rationalised planning in this area and encouraged development of several new initiatives.

The ABI is keen to retain and further develop incubator space, where start-up companies are clustered with access to ABI facilities for research and development, and to extend such facilities to the not-for-profit sector.

Staff recognition included a James Cook Research Fellowship to Associate Professor Poul Nielsen and a Rutherford Foundation Post-Doctoral Fellowship to Dr Ben O'Brien. Professor Peter Hunter, ABI Director, was made a member of the New Zealand Order of Merit for services to science.

The continued success in securing externally-funded grants from an increasingly diverse range of agencies, despite the increasingly competitive funding environment, attests to our research excellence. ABI researchers have been successful in attracting funding from HRCNZ, FRST and the Marsden Fund. New projects have been funded through partnerships with the Cleveland Clinic and the University of Western Australia, and as part of a consortium funded by a new EU framework ICT grant.

Research at ABI is increasingly being supported from philanthropic sources. The breast research group was given a further donation of \$350,000 in 2010, and the Aotearoa Foundation is providing \$900,000 to fund research fellowships over the next six years.



The Liggins Institute has an international focus, and is a key player in developing New Zealand's medical and nutritional research and industries as well as contributing extensively to understandings of agricultural industries internationally.

The international reputation of the institute's academic staff is highlighted by the 26 invited plenary or symposium lectures in 12 countries across six continents they delivered during 2010.

The institute has worked to strengthen existing research collaborations and build new ones. Associate Professor Frank Bloomfield has developed research collaborations addressing fetal and neonatal physiology and care with three major research groups located in the universities of Copenhagen, Manchester and Monash. These collaborations have led to reciprocal staff training and sabbaticals and collaborative international research grants. Professor Jane Harding has established collaborations to examine the long-term effects of fetal treatment for anaemia and prematurity with research groups in the Oregon Health Sciences University and the University of Adelaide which has led to successful Health Research Council funding. Professor Peter Gluckman has established a large research laboratory in the Singapore Institute of Clinical Sciences (SICS) and developed a collaboration in human models of poor nutrition with a research group in Jamaica that has enabled a successful HRC-funded project. Professor Wayne Cutfield, through collaborations at SICS and the National University of Singapore, has accessed HRC funding to examine the impact of prematurity on the behaviour of genes.

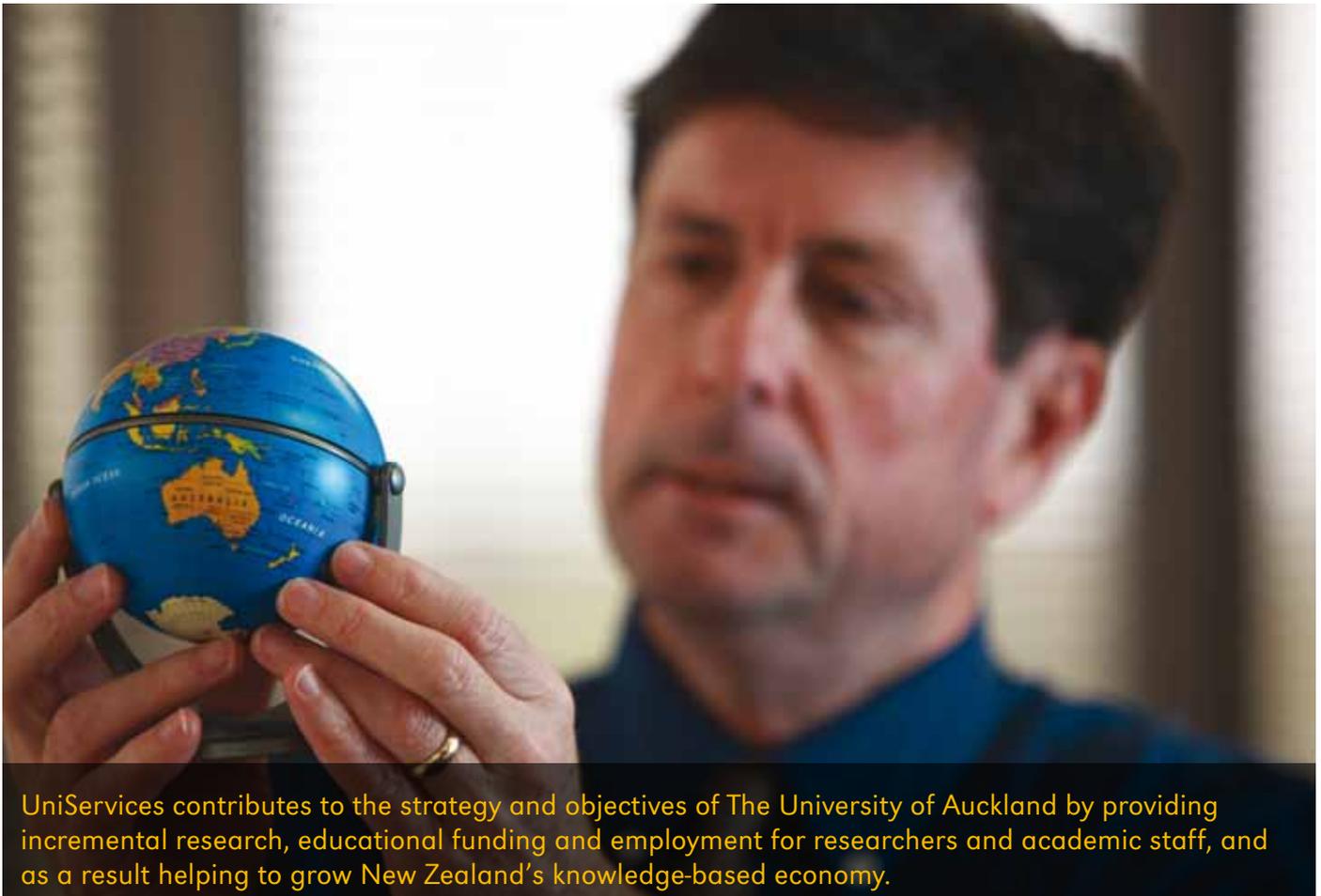
The institute, through UniServices, is a partner in EpiGen - a multinational collaboration involving groups from New Zealand, Singapore and Britain. Strong associations between epigenetic state and disease phenotype continue to be shown by Liggins researchers and their colleagues working within the EpiGen Consortium. This research is paving the way for the development of new therapeutics and diagnostics for chronic conditions such as diabetes, as well as the development of wellness interventions to prevent disease onset, such as targeted infant formula for at-risk babies. We are strengthening formal collaborations with EpiGen partners AgResearch and Landcorp, producing research that exploits the synergies at the interface of human and agricultural research.

The institute's expertise in nutrition during pregnancy and early life, and in clinical trials, places us in an ideal position to engage with local industry-funded research. Growth of these companies is dependent upon scientific evidence to justify health benefit claims by the exploration of new health benefits and determination of the mechanisms through which these benefits occur. We have secured three major new international nutrition research contracts through EpiGen and a local nutrition research contract. Two other major food companies have recently engaged with EpiGen with a view to implementing multi-million dollar international research collaborations. We are also negotiating five local New Zealand industry contracts in the nutrition field.

Last year saw the passing of the institute's namesake Professor Sir Graham Liggins, an iconic New Zealand biomedical researcher whose research into the treatment of women in premature labour established him as a world class researcher in the 1970s and 1980s.

The high international regard of the Liggins Institute is important in attracting overseas PhD research students. The institute currently has 39 PhD students, 21 of whom are international. During 2010 more than half of our postdoctoral fellows completed PhDs in overseas universities.

LENScience Director Jacquie Bay's innovative measures to increase awareness of tertiary science to high school students and their families led to her being awarded the prestigious New Zealand Association of Science Educators Peter Spratt Medal for 2010. LENSscience Connect is a collaboration with the University's Information Technology Service, broadcast telecommunications company Kordia and production company Volt TV. In this programme, seminars have been broadcast through satellite TV and high speed broadband to senior biology students in schools across the country; these are supported by wiki and live chat enabling live interaction between students around the country and presenters. The programme was successfully trialled this year by the Faculty of Education for a professional development seminar on literacy to teachers in 450 schools.



**UniServices contributes to the strategy and objectives of The University of Auckland by providing incremental research, educational funding and employment for researchers and academic staff, and as a result helping to grow New Zealand's knowledge-based economy.**

There is a strong synergy between the excellence of research in the University and the ability of UniServices to seek commercial outcomes of value to both the New Zealand economy and the University. We do this through three main lines of business: technology development; contract research and development; and contract education.

These businesses are based on the world-class capabilities, inventiveness and entrepreneurship of University staff.

The total revenue for UniServices grew rapidly to \$122m in 2010, five percent higher than in 2009. This performance maintains UniServices' rating as the largest organisation of its kind in Australasia. Most of this revenue goes towards salaries and support of researchers in the University.

The global recession continues to affect our business. The New Zealand Government continues to seek reduced spending and this is affecting the funding by many ministries of public-good research, both in amount and emphasis. The Government is also increasingly funding research through business and we are emphasising this potential source of externally-funded research for the University. For example the Government has realigned funding more in favour of primary industries and direct support of business R&D so our business managers have adjusted their business practices to both minimise losses and to benefit from the redirection of Government spending.

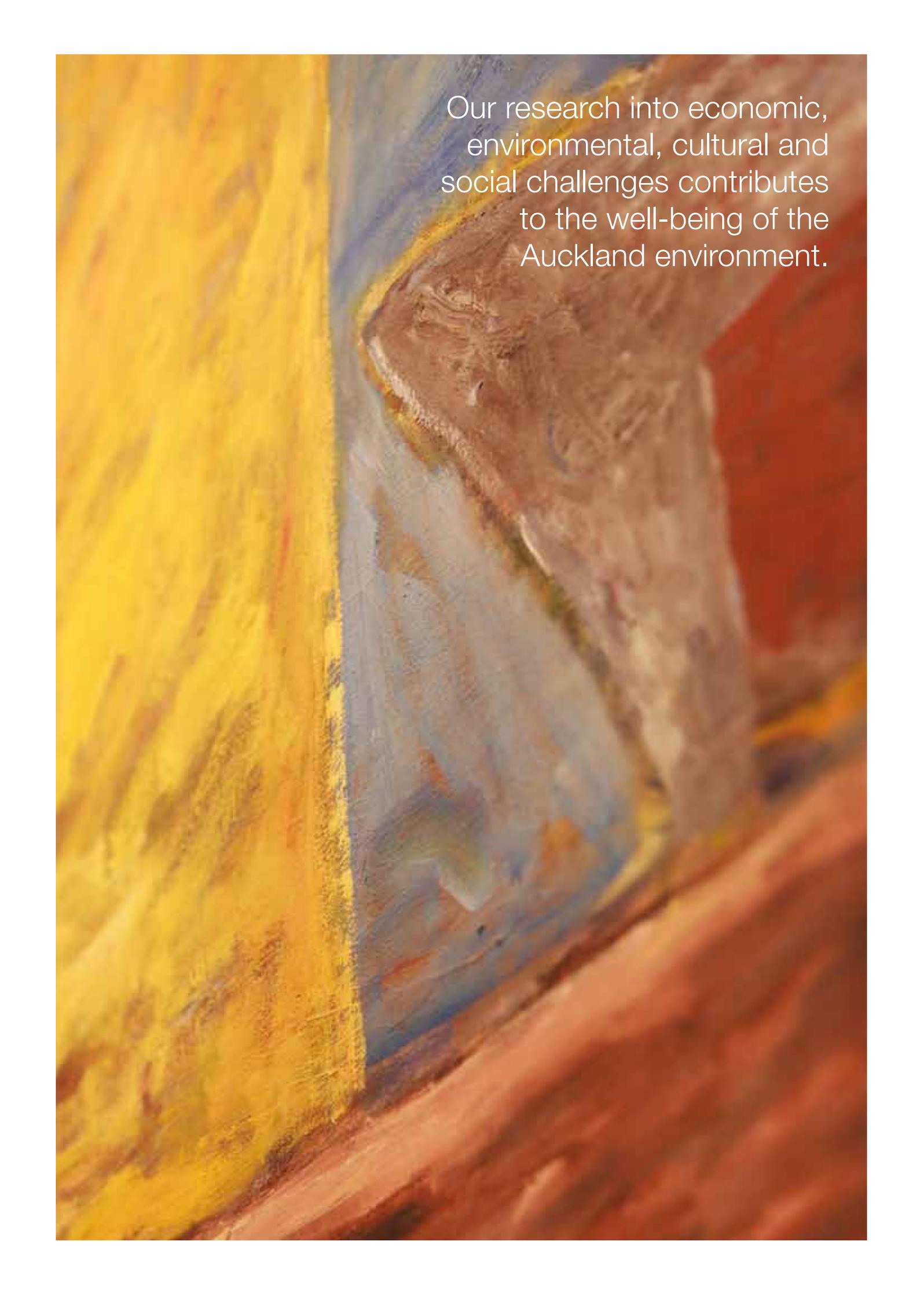
The Government and its various advisory bodies want to realise more value for New Zealand from their investments in research and development. There is a vigorous national debate over how to improve the commercialisation of research. UniServices is sometimes held up as an example of what is possible. The outcome of this debate is likely to have a large impact on our business. We aim to provide our commercialisation capabilities to other research providers as part of a proposed National Network of Commercialisation Centres.

International business is generally difficult and much of this difficulty is with commodity-based industries. The increased strength of the New Zealand currency is reducing our earnings from international business. There are some bright spots including many Asian and Middle Eastern countries which are motivated to innovate their way to economic prosperity. The global recession has caused a return to basics with a strong appetite for innovation to provide clean energy, food, better health and education.

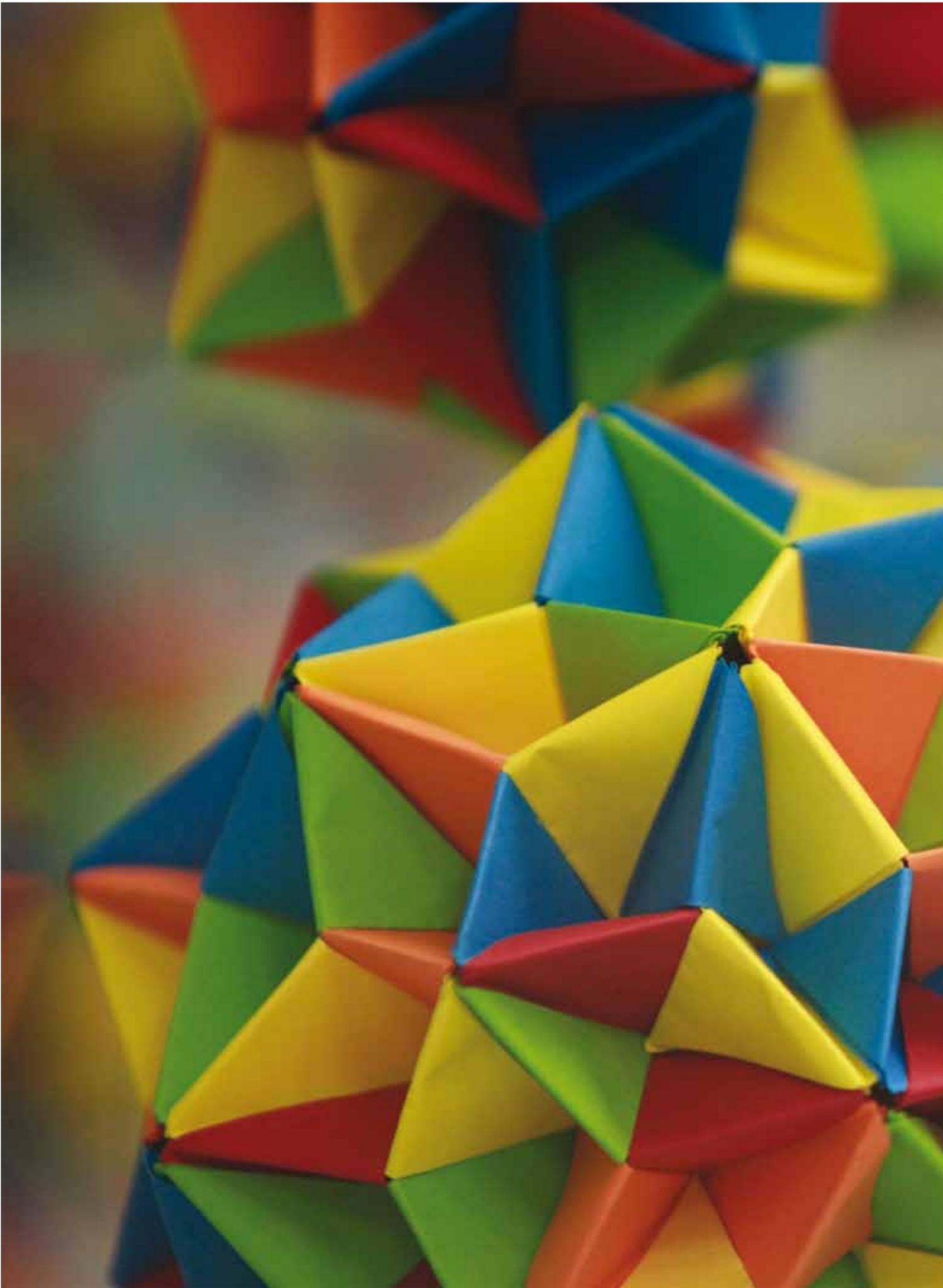
We have carefully balanced our efforts between realising the current year's target for externally-funded research and building business beyond 2010; we have also sponsored business-facing centres in the University with greater emphasis on informing research of market need, and positioning into markets according to our strengths; we have increased our international reach and business development to position our strengths into businesses and growing economies where we can add greatest value; we have cultivated closer connections with the ministries of Health and Education to anticipate and respond to their changing needs. We continue to carefully invest any surplus from operations into those areas with the greatest potential for future growth and we have worked closely with the Research Office to identify potential value in grant proposals and to realise this potential through the course of the resultant research projects.

UniServices has taken full advantage of the investments by the Trans Tasman Commercialisation Fund to increase the number and speed of new licenses and spin-outs resulting from University inventions. We currently account for 73 percent of these investments although they are available to five universities.

Overall, we are pleased to have provided total contributions to the University of \$45million including the funds for research of \$3.5million and the purchase of a new state-of-art research MRI for \$3.5million.

The image is a close-up of a painting. On the left side, there is a vertical band of bright yellow paint with visible brushstrokes. To the right of this, there is a large, textured brown shape that resembles the head and upper body of a fish, possibly a shark or a large fish, rendered with thick, expressive brushwork. The background behind the fish is a mix of blue and grey tones, also with visible brushstrokes. The overall style is impressionistic and textured.

Our research into economic,  
environmental, cultural and  
social challenges contributes  
to the well-being of the  
Auckland environment.





3

Statement of  
Service Performance

# Statement of service performance

## International relations

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

### Objective 1

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
1.1 International ranking – QS World University Ranking	50	65	61=	Top 50	68
1.2 International ranking – Shanghai Jiao-Tong	203-304	201-302	201 - 302	151-202	201-300

- **The University of Auckland retained its position as the only New Zealand University in the QS World University Rankings among the top 100 ranked universities.** The University was ranked at 68th in the world. In two subject rankings the University was placed in the top 50 in the world: Life Sciences and Medicine (41) and Social Sciences and Management (38), as well as placing 51st in Arts and Humanities and 55th in Engineering and Technology. The QS ranking was previously carried out jointly with THES.
- **In the new Times Higher Education World University Rankings, The University of Auckland ranked 145.** Auckland was ranked in the top 50 universities in two subject areas: Clinical, Pre-Clinical and Health (47) and Arts and Humanities (49). The University was the only New Zealand university in the top 200 ranked universities.
- **The University’s ranking in 2010 in the Shanghai Jiao-Tong World Ranking of Universities was unchanged from its 2009 position.**
- **In 2010 The University of Auckland accepted an invitation to join the World Universities Network (WUN), an international university network focused primarily on research collaboration, postgraduate education and research**

**funding.** This adds to the University’s membership of Universitas 21 (U21) and the Association of Pacific Rim Universities (APRU). The University also continues as an active participant in the Australian Group of Eight working groups and committees and has close collaborative relationships with many international universities.

- **The University hosted the Annual Presidents Meeting of the APRU, where a range of issues relevant to the Pacific were discussed.** The University participated in the Annual President’s Meeting of U21 in Delhi where member universities agreed to focus on collaborative teaching and learning initiatives, including student experience and mobility, and on the development of staff in member universities as research-engaged global citizens.
- **Staff of the University made significant contributions to New Zealand international relations and economic policy through participation in forums such as the ASEAN Business Leaders Forum, the Asia Pacific regional Economic Integration and Architecture conference, and the 2010 New Zealand Fudan Roundtable on China’s Quest for Balanced Development and New Zealand-China relations.**
- **Over 90 major university-level visits were hosted during the year.** These included: the Spanish National Research Council;

which provided an opportunity to showcase the University’s research in high value manufacturing and services, hazards and infrastructure, environment, health and society; the General Manager of the Worldwide Universities Network, who provided an overview of the network and its operations; and the Chinese Ministry of Education. Visiting foreign dignitaries included: the President of the Senate of the Czech Republic; the Minister of Human Resource Development, India; the Prime Minister of Papua New Guinea; the High Commissioner for Pakistan; the Saudi Minister of Higher Education; the Minister of Foreign Affairs, Malaysia; the Vice-Minister of Home Affairs, Vietnam; His Royal Highness Prince Mohamed Bolkiah, Foreign Minister of Brunei; the French High Commissioner to New Caledonia; the President of the Spanish National Research Council. Visits from international universities included a number of Universitas 21 members, the Chinese Academy of Sciences and the University of Tokyo.

## Objective 2

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
2.1 % International students (EFTS)	12	11	11	≥ 12	11
2.2 % International postgraduate students (postgraduate EFTS)	14	15	15	19	15
2.3 Students studying off-shore (number)	620	935	728	1,220	793

- **Although the percentage of EFTS generated by international students both overall and at the postgraduate level was unchanged from 2009, the number of EFTS increased.** The number of EFTS generated by International students increased in 2010 by nearly 6% from 2009 numbers.
- **Agreements between the New Zealand Government (Ministry of Foreign Affairs and Trade) and the Chinese Government continue to be important in the recruitment of PhD candidates.** In the first round of the China Scholarships Council, 21 PhD students were awarded scholarships to study at The University of Auckland, a greater number than were awarded in three rounds by the Council in 2009. The NZ China Food Safety Scholarships were

inaugurated this year with the first four scholarship students arriving from China in April.

- **The University has 108 formal exchange agreements in place with partner universities, and in 2010 students went to 70 different international partners; this is more than in any previous year.** In total, 793 students took the opportunity to study overseas. Agreements with Tsinghua University, China, and Kings College, London, were expanded to include all disciplines, and new exchange partnerships were confirmed with Bucerius Law School (Germany), Rutgers State University of New Jersey (USA), University of Connecticut (USA), Roehampton University Dance School (UK), and the University of Amsterdam (Netherlands).

- **A further 528 students engaged in overseas academic experiences, some for credit and others outside the formal curriculum.** Three undergraduate students attended the U21 undergraduate research conference in Melbourne. Lisa Fendall (Faculty of Science) received the runner-up award in this conference's competition for most imaginative research. Two students attended the APRU undergraduate Summer Programme in Singapore, where Sudhvir Singh's team (FMHS) received a runner-up award for an initiative to promote sustainability. Three students participated in the U21 Undergraduate Summer School on Food Security in China, and a further two participated in the APRU Doctoral Students Conference in Indonesia.

## 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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
3.1 % PBRF eligible staff ranked A (FTE)	14	14	14	14	14
3.2 % PBRF eligible staff ranked B (FTE)	36	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)	16	16	16	16	16
3.5 Citations per FTE (PBRF eligible FTE)	15.6	16.1	15.2	≥ 18.0	12.9

- **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 to achieve its PBRF targets for the 2012 Quality Evaluation round.** Faculty-based plans and coordination teams have been established. In 2010 the focus was on maximising research outputs. The University implemented the Symplectic Research

Outputs software, a new research outputs management system designed to support researchers manage their publications and related information.

- **Professor Marston Conder (Mathematics) has been appointed one of three moderators for the PBRF 2012 Quality Evaluation round.**

- **The University encourages and recognises new researchers’ achievements through the award of Early Career Research Excellence Awards.** Six staff were awarded Early Career awards and eight teams of staff were awarded the newly-created International Research Team Development Awards.

- **Four University staff were recipients of the prestigious U21.** These fellowships are used to travel to and undertake research at member universities in the U21 partner institutions.
- **The pilot programme for Future Research Leaders has been completed with very positive evaluations, and five**

**modules in the “roll out” have been delivered.** The programme will be a regular feature in the University’s research staff development programme.

## Objective 4

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
4.1 Doctoral theses completions	217	245	247	400	296
4.2 Masters theses completions (PBRF eligible ie 90 points or more)	595	608	713	780	701
4.3 % Doctoral completion (within five years)	45	48	48	54	57
4.4 New doctoral candidates enrolled	388	349	425	450	465

- **The number of doctoral completions increased by 20% from 2009 to 2010.** Doctoral theses completions have increased by 73% from 171 in 2004, the year before the Strategic Plan was adopted, to 296 in 2010.
- **Masters theses completions for 2010 are below expectations. Delays in finalising these grades contributed to the shortfall.**
- **10,708 students, comprising 25% of the student body, were enrolled in a postgraduate programme in 2010.** The University’s graduate student scholarships make an important contribution to supporting and attracting students to the graduate programme. Five hundred and twenty-two domestic and 96 international doctoral students received funding from University Scholarships (normally providing an annual stipend of \$25,000 plus tuition fees in 2010. Eighteen international students

received University of Auckland International Doctoral Fees Bursaries.

- **The quality of the University’s doctoral programme was recognised through grants and awards,** two PhD students received U21 Doctoral Mobility Scholarships to further their research; Doctor of Fine Arts candidate Dan Arps was the winner of this year’s prestigious Walters Art Prize, and Dr Dominea Rathwell (Chemistry) received the Royal Society of New Zealand Hatherton Award, a science award for best paper in physical, earth or maths and information science by a New Zealand University PhD.
- **The winners of the annual Vice-Chancellor’s prize for best doctoral theses at The University of Auckland were** Dr Jeremy Corfield (School of Biological Sciences), whose topic was the evolutionary development of the kiwi; Dr Richard Espley (School of Biological

Sciences), who uncovered the genes responsible for the control of the plant pigment anthocyanin in apple; Dr Jennifer Kruger (Department of Sport and Exercise Science), who examined the impact of exercise on pelvic floor muscle function; Dr Enid Lam (Department of Molecular Medicine and Pathology), who studied the physiology of blood in considering regulation of stem cell development; and Dr Samuel Veres (Department of Chemical and Materials Engineering), who explored the contributions to tissue failure in spinal discs ruptured by undue pressure.

- **Around 80% of the 2009/2010 summer scholarship recipients enrolled in postgraduate study in 2010.** A further 502 scholarships have been made available for students to undertake research projects over the 2010/2011 summer break.

## Objective 5

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
5.1 Total external research income earned (\$m)	163	191	206	212	218
5.2 PBRF eligible external research income (\$m)	117	139	150	148	150
5.3 External research income (PBRF eligible) per FTE (PBRF eligible)	78,699	93,401	100,886	136,094	100,987

- **Overall University External Research Income (ERI), including UniServices, exceeded target by 2.9%.** Total ERI in 2010 has increased by 5.8% over that achieved in 2009. Total ERI has increased since 2004 by 67%.
- **Overall PBRF-eligible external research revenue was largely unchanged between 2009 and 2010.**
- **The Health Research Council was the largest funder of Public Good research in 2010 with \$28 million of funding earned across 122 projects.** The Foundation for Research, Science and Technology funded research projects valued at \$25 million across 68 projects.
- **The University had a successful HRC round, obtaining 19 new awards to the value of \$23.9 million, or 30% of the funds allocated in 2010.**
- **The University was also funded for four projects by the Foundation for Research, Science and Technology, with a total value of almost \$15 million over the life of the contracts.**
- **University of Auckland researchers received a total of almost \$10 million in the annual Marsden Fund investment round.** The new projects address subjects as diverse as the structure, mechanics and evolution of the Alpine Fault; regenerating the kidney with stem cells; entrepreneurial Māori leadership; improving the assessment of children with cerebral palsy; modulation of calcium signalling and contraction in the heart; teacher expectations and student achievement; trauma and British fiction; the function of spring flowering-time genes; artificial personality; and democratic self-rule.
- **New measures to boost the University's research capability include the investment of some \$4.8 million in three Thematic Research initiatives –** Biopharma Sector Development, Transforming Auckland, and Te Whare Kura: Indigenous Knowledges, Peoples and Identities. These initiatives will address questions of major social and economic importance, and will involve work with external communities to ensure the research is of value to New Zealand and beyond.
- **UniServices, the company which manages the University's intellectual property and is responsible for all research-based consultancy partnerships and commercialisation, was among five finalists in the Vero Excellence in Business Support Awards.** UniServices won the award for "Large business with over \$10 million turnover".
- **The University maintains an active programme for enhancing its relationships with key New Zealand and international bodies contributing to fundamental and applied research.** In 2010 this included discussions to build relationships with scholarship bodies in Indonesia, discussions with officials from the Ministry for the Environment, Ministry of Agriculture and Fisheries and the Treasury. Two University staff were appointed to the Boards of Crown Research Institutes. The University's membership of the World Universities Network will contribute to improving access to international research funding.
- **The University is one of six research organisations that will lead the first phase of the Government's new Technology Transfer Voucher scheme.** The programme is one of the new Research & Development initiatives announced in the May Budget and targets businesses that have limited or no in-house R&D capability, and provides access to research services and expertise for a specific project. Eligible businesses are provided with 50 per cent funding to redeem within one of the six research organisations.

## Objective 6

Develop Large-Scale Research Institutes of excellence.

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
6.1 External research income earned per LSRI (\$m)	9.8	15.6	19.2	17.2	18.7
6.2 Large-Scale Research Institutes (number)	1	2	2	2	2

- **The University's two Large-Scale Research Institutes had successful years in 2010.**
- **Liggins Institute revenues for commercial contracts, particularly related to nutritionals, continue to increase, with a number of new collaborations established in 2010.**
- **LENScience Director Jacquie Bay's innovative measures to increase awareness of tertiary science to high school students and their families has led to her being awarded the prestigious New Zealand Association of Science Educators Peter Spratt medal for 2010.**
- **The Auckland Bioengineering Institute (ABI) has experienced considerable further growth and has seen several notable achievements over the past twelve months.** Institute members were plenary lecturers and featured speakers at a large number of international conferences in 2010 and contributed to the organisation of some of these meetings, and several ABI students won awards for the quality of their research, receiving "best student paper" prizes at international conferences.
- **The Strategic Appointments initiative has enabled the ABI to recruit Dr Thor Besier from Stanford University, who will take on a leadership role within the musculo-skeletal group.**
- **ABI received a significant philanthropic gift from the Aotearoa Foundation, which will allow the appointment of early career researchers into key strategic areas.**

## 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. The average lifetime earnings of university graduates have been shown to be \$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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
7.1 Total EFTS	30,233	30,172	31,689	31,931	32,654
7.2 % Annual EFTS growth	2.66	-0.20	5.03	0.7	3
7.3 % Research postgraduate EFTS	6	7	7	8	7
7.4 % Taught postgraduate EFTS	12	13	13	13	13

- **Total EFTS increased by 3% compared to planned growth of less than 1%.**
- **Demand for places at the University has continued to increase as a result of the economic downturn and increased numbers of secondary school students achieving university entrance.** The

economic situation also continued to contribute to an increase in students returning to complete degrees and to higher postgraduate enrolments.

- **The percentage of students undertaking a full-time programme increased again in 2010.**

- **The proportion of postgraduate and taught research numbers are close to targets and EFTS enrolled continued to increase in 2010.** Since 2005, research postgraduate EFTS have increased by 20% and taught postgraduate by 45%.

### Objective 8

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
8.1 Degrees accredited by professional associations/accreditation bodies	33	33	30	≥ 30	30
8.2 % Qualification completions (domestic, undergraduate)	61	63	59	≥ 60	57

- **The accreditation by external professional bodies and accreditation agencies of the following degree programmes was renewed in 2010:**

- Bachelor of Business and Information Management
- Bachelor of Commerce
- Bachelor of Property
- Bachelor of Education (Teaching)
- Bachelor of Physical Education
- Diploma of Teaching (Early Childhood Education (ECE))
- Graduate Diploma of Teaching (Early Childhood Education)
- Graduate Diploma of Teaching (Primary)
- Graduate Diploma of Teaching (Secondary)
- Bachelor of Engineering (Honours)
- Bachelor of Nursing

- Bachelor of Medicine and Bachelor of Surgery
- Master of Nursing and Postgraduate Diplomas and Certificates in Health Sciences (Advanced Nursing and Mental Health Nursing specialisations).

- **The Master of Science, Bachelor of Science (Hons), the Postgraduate Diploma of Science and the Bachelor of Theology were reviewed by external panels.**
- **The Departments of English, Māori Studies, and Film, Television and Media Studies, and the Schools of Medicine, Population Health and Arts, Languages and Literacies were reviewed by external panels.**
- **The Committee on University Academic Programmes has approved the**

**introduction of the following specialisations:**

- International Law, Litigation and Dispute Resolution and Human Rights as specialisations for the Masters of Laws and Legal Studies.

- **Graduating Year Reviews were completed and approved for the following qualifications and specialisations:**

- Postgraduate Diploma in Social Science and Research Methods; Graduate Diploma in Special Education; Bachelor of Education (TESOL); Light metals reduction technology for the Master of Engineering Studies; Health informatics for the Postgraduate Diploma in Health Sciences.

## Objective 9

Create and maintain an outstanding teaching and learning environment.

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
9.1 Student: academic staff ratio	18.3	17.5	18.1	18	19.4
9.2 Academic: general staff ratio	1.6	1.7	1.7	1.6	1.5
9.3 % New undergraduate retention (re-enrolment)	90	87	87	≥ 91	90
9.4 Library collections expenditure (% of Total Revenue)	1.9	2.0	2.0	≥ 2.3	1.9

- **The student to academic staff ratio increased slightly in 2010 as a result of higher than expected enrolments.** The academic to general staff ratio reduced providing more general staff to support teaching and research activities.
- **The retention of new undergraduate students increased further to 90%.** The increase in the quality of the new student intake is a key factor in this increase.

- **Limiting entry to undergraduate programmes has resulted in the quality of the student intake improving in 2010 (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.
- **Margaret Henley, a Senior Tutor in the Department of Film, Television and Media Studies, received a 2010 National Tertiary Excellence Teaching Award for “sustained excellence”.** The

national award follows her earlier success as a recipient of The University of Auckland Teaching Excellence Award.

- **The upgrade of the General Library building lecture theatres was completed in time for Semester One use.** The upgrade project used sustainable design principles, resulting in environmentally friendly lecture theatres, and also features designs by renowned Māori artists, father and son, Fred and Brett Graham.

## 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”<sup>1</sup> through education and to ensure more Māori progress to higher levels of tertiary education.

<sup>1</sup> 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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
10.1 % Māori academic staff (FTE)	5	6	6	≥ 6	5
10.2 % Māori general staff (FTE)	5	7	6	≥ 6	6
10.3 % Māori students (domestic EFTS)	7	7	7	≥ 7	7
10.4 % Māori successful course completions (undergraduate)	78	81	83	≥ 80	84
10.5 % Māori qualification completions (domestic, 5 year, degree-level and above)	48	51	48	≥ 49	44

- **The performance indicators show that the proportion of Māori staff and students has remained relatively stable over recent years.** EFTS generated by Maori students increased from 2009 by 9% to reach 2126 EFTS.

- **The pass rate of Māori students is high and has increased again in 2010.**
- **The proportion of qualification completions has dropped in 2010.** This is primarily due to the timing of confirming

qualification completions.

- **Māori staff in leadership roles are important role models for students and the community.** Valmaine Toki (Law) has been appointed to the United Nations

Permanent Forum on Indigenous Issues. She is the first Māori to serve on this body, and will represent the indigenous peoples from the Pacific region. The Forum discusses indigenous issues relating to economic and social development, culture, the environment, education, health and human rights. Anahera Morehu (University Library) has been appointed to the Auckland City's Māori Statutory Board.

- **One of the three Thematic Research Initiatives launched by the University this year is "Te Whare Kura: Indigenous Knowledges, Peoples and Identities".** The funding will enable further development of Māori and Pacific Research, and investment plans and business cases for this initiative are currently being developed.
- **The Waita Mai Programme (Te Reo Māori and traditional performance) and The Kōrero Mai Pilot Programme (Te Reo**

**Māori) were introduced providing staff with opportunities to learn Te Reo Māori and traditional performance, and the programmes received a very favourable response.**

- **The Māori and Pacific Fellows are progressing well at the end of the first year of the Fellowship and the office of the Pro Vice-Chancellor (Māori) was pleased to announce an additional fellowship within the department of Anthropology to Dr Marama Mutu-Lanning.** The Fellowship is funded by the Tertiary Education Commission to help accelerate the growth of Maori and Pacific post-doctoral students.
- **The faculties of Engineering and Science appointed Kaiarahi Māori this year, with a particular focus on improving recruitment and retention of Māori students.**

- **The 4th International Indigenous conference was convened by Ngā Pae o te Māramatanga: New Zealand's Māori centre of Research Excellence.** The conference provided our researchers with an opportunity to build and extend relationships with international communities and work towards deepening relationships with our communities including rohe (region), hapū and whānau relevant to the Ngā Pae o te Māramatanga research. A Marsden Grant awarded to Dr Merata Kawharu will contribute much to the ongoing development of the James Hēnare Māori research centre.
- **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 Universities New Zealand Te Kāhui 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 scheduled four meetings in 2010.** University staff spoke with members of the group describing University initiatives, and the University received feedback relating to the interests of the communities with which group members are involved. Matters discussed in 2010 included the impact of closed enrolments on equity groups, student recruitment, developments in Bioengineering, ways of improving campus life for students, and also incorporated visits to new facilities.
- **The Auckland community took the opportunity to engage with internationally-renowned researchers and their research.** Public events included lectures by visiting fellows, inaugural professorial lectures, and the Winter Lecture series on the End(s) of Journalism. The 2010 Robb Lectures were delivered by Lord

Nicholas Stern of Brentford, author of the influential Stern Review on climate change. He delivered three lectures on "Managing the risks of climate change, overcoming world poverty and creating a new era of growth and prosperity: The challenges for global collaboration and rationality". Tickets to hear evolutionary scientist and celebrated science writer Richard Dawkins were in such demand that an additional venue was arranged enabling a second audience to view the lecture on-screen. Dawkins held the audience spellbound as he spoke on his new book *The Greatest Show on Earth*.

- **The University contributed in several ways to recovery from the earthquake that affected Christchurch and surrounding areas.** A number of staff from the Faculty of Engineering were part of the official building assessment team which investigated the earthquake geotechnical

response and structural damage, and the celebration of Pasifika Week was also used as an opportunity to raise funds to contribute to the Christchurch Earthquake Red Cross Fund.

- **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 pianist Jason Bae won the competition, tuba player Jessica Rodda was placed second, and Tianyi Lu on the flute placed third.
- **The University of Auckland again had a highly visible presence at the Lantern Festival in Albert Park.** It screened three free Chinese films in the John Hood Plaza, in addition to lighting the Clock Tower red, displaying banners, and having student cultural ambassadors mingling with the crowds.

## Objective 12

Engage alumni and friends in mutually supportive and productive relationships.

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
12.1 Donations, bequests and fundraising revenue (\$000)	5,360	8,422	6,068	8,668	9,250
12.2 Alumni with whom the University is actively engaged	13,728	15,021	17,122	15,225	19,174

• **Measure 12.1 represents revenue from donations and bequests recognised as revenue by the University.** This revenue is higher than the targeted amount in large part due to a series of major gifts to the University's "Leading the Way" campaign.

• **In 2010 the University played host to over 8,000 alumni and friends at events in New Zealand and overseas.** As part of the international programme events were held in London, New York, Boston and Washington. A

series of events were also held in Asia including Beijing and Hong Kong, as well as the first ever New Zealand Universities Alumni Reception involving seven of the eight New Zealand universities as part of the New Zealand Education Week and World Expo in Shanghai.

• **The New Zealand engagement programme focused on Auckland events.** The programme included the Distinguished Alumni Dinner and six lectures at the Speaker Day, the annual Golden Graduates lunch for

those who graduated 50 or more years ago, and a reception celebrating those alumni who has played for the All Blacks. Provincial alumni events were also held in Wellington and Whangarei.

• **The Rt Hon Helen Clark, former Prime Minister of New Zealand, received a supreme accolade when an honorary Doctor of Laws degree was bestowed on her early in the year.**

## Excellent people

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

## Objective 13

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
13.1 % School leavers with a GPE > 5 (on a 9 point scale)	36	38	41	≥ 36	41
13.2 % qualification completions for under 25s (domestic, 5 year degree-level and above)	66	68	65	≥ 66	64
13.3 % Senior academic positions filled by women (FTE)	24	23	23	≥ 26	24
13.4 % Pacific academic staff (FTE)	2	2	2	≥ 3	3
13.5 % Pacific general staff (FTE)	5	6	6	≥ 6	6
13.6 % Pacific students (Domestic EFTS)	8.9	8.4	8.3	≥ 10	8.5
13.7 % Pacific successful course completions (undergraduate)	67	68	72	≥ 70	73
13.8 % Pacific qualification completions (domestic, 5 year degree-level and above)	41	45	42	≥ 40	44

• **The quality of the student intake, as measured by the percentage of school leavers with an entry score grade of five or better, has continued to increase.** The

measure of student achievement – the qualification completion rate for under 25s – measures degrees completed within five years and are similar to 2009. Increased

conjoint degree enrolments, in which the minimum length of study is normally six years, have contributed to the small decline in completion rates in recent years.

- **The student-related equity measures related to Pacific staff and students all show stability or small improvements.** EFTS generated by Pacific students have increased from 2009 by 5% to 2472.
- **The Pathways Project, in collaboration with Manukau Institute of Technology was completed this year.** It provides pathways for students who wish to move to The University of Auckland after having successfully completed part of their studies at MIT.
- Evolve, a new performance and development programme for general staff, was developed and has been put into operation.

## 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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
14.1 % Undergraduate students expressing satisfaction with University experience	94	82	95	≥ 90	n/a
14.2 % Postgraduate students expressing satisfaction with University experience	93	n/a	95	≥ 90	n/a

- **The University undertook the Australasian Survey of Student Engagement (AUSSE) in place of its internal teaching and learning survey in 2010. The AUSSE uses a four point scale in its student experience question that is not readily able to be compared with the internal survey results. 85% of respondents assessed their overall student experience as good or excellent in 2010. This is an improvement on the 2008 result of 82%.**
- **Faculties have used the results of recent surveys of student engagement and teaching and learning to inform a number of changes.** These changes include developing programmes to increase student writing skills, more small class activities in early undergraduate years to increase student engagement, organised first-year experience programmes supported by senior student mentors, and reviewing programmes to identify greater opportunities for students to work on employability skills.
- **University of Auckland students were successful in gaining prestigious international scholarships.** Richard Higgins, an Arts and Commerce student with a deep interest in how business can solve the problems of poor, vulnerable countries, was awarded a prestigious Rhodes Scholarship to The University of Oxford where he will undertake a Master of Philosophy in Developmental Studies. Doron Hickey, a trainee intern based at the University of Auckland's Waikato Clinical School, was awarded a Woolf Fisher Scholarship to support his PhD studies at The University of Oxford.
- **New Zealand awards and honours to students included:** A postdoctoral fellowship by the Rutherford Foundation of the Royal Society of New Zealand to Ben O'Brien, whose PhD studies at Auckland Bioengineering Institute focused on artificial muscles, and the inaugural Prime Minister's Future Scientist Prize to Physics undergraduate student Stanley Roache for his groundbreaking discoveries about the physics of light.
- **Outstanding achievement by New Zealand Pacific students was recognised at the Prime Minister's Pacific Youth Awards.** J'aime Laurenson received the University of Auckland sponsored Leadership Award, Samuelu Siilata received the Weta Workshop-sponsored Creativity Award providing a one-year paid internship at Weta Workshop, and Tammy Atatose Monaki Mokatagaloa Kingi-Fakaloa received the Cogita-sponsored Inspiration Award.
- **The Blues Sporting and Cultural Awards recognising international and national achievements in sporting and cultural activities included:** Teneale Hatton for her performances in sprint kayaking and surf life-saving; Michael Jack, a New Zealand representative swimmer; Olivia Powrie, a New Zealand yachting representative; and Tama Toki, in recognition of his achievements in athletics.
- **University of Auckland students were part of the New Zealand team competing at the Commonwealth Games.** Sherwin Stowers played a key role in securing victory against Australia in the Rugby Sevens final and in helping the New Zealand team repeat their 2006 achievement of the gold medal. Liz Lamb achieved 6th= in the Women's High Jump, and Nancy Liu received bronze in the Commonwealth Fencing Championships.
- **Student teams participated successfully in national and international competitions.** A team of University of Auckland engineering students won a national competition to solve the world's toughest problems using technology, qualifying them to represent New Zealand at the global final in Poland where they placed third. 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 2011. A further two Auckland Law students became the first New Zealand team to take the Allens Arthur Robinson Sir Laurence Street Negotiation Championship title at the Australian Law Students Association Conference.
- **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, and through departmental and faculty staff-student consultative committees.** Regular briefings were held with student representatives on key University committees.
- **Interfaculty sports tournaments were held in 2010 for basketball, cricket, netball, rugby and soccer.**

## Objective 15

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
15.1 Number of prestigious international awards held by staff	116	161	194	≥ 220	182
15.2 Professional development expenditure per FTE	1,149	1,480	1,348	≥ 1,300	1,469

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

- Companion of the New Zealand Order of Merit for services to education: Professor Helen Timperley (Teaching, Learning and Development)
- Companion of the Queen’s Service Order for services to social policy: Associate Professor Susan St John (Economics)
- Companion of the Queen’s Service Order for services to the Pacific Islands community: Dr Teuila Percival (Paediatrics)
- Member of the New Zealand Order of Merit for services to astronomy: Associate Professor Phil Yock (Physics)
- Member of the New Zealand Order of Merit for services to science: Professor Peter Hunter (Auckland Bioengineering)
- Officer of the New Zealand Order of Merit for services to medicine: Associate Professor Robert Boas (Medicine)
- Officer of the New Zealand Order of Merit for services to history: Reverend Dr Allan Davidson (Theology)
- Officer of the New Zealand Order of Merit for services to medicine: Dr Vernon Harvey (Medical Sciences)

• **Royal Society of New Zealand Fellowships and other medals and awards were made to the following staff:**

Emeritus Professor John Butcher (Mathematics) received the inaugural Jones Medal for lifetime achievement in mathematical sciences; Professor Alistair Gunn (Psychology) received the Sir Charles

Hercus Medal; Dr David Baddeley (Psychology) received the Hamilton Memorial Medal; Dr Donna Rose Addis (Psychology) and Professor Alexei Drummond (Computer Science) received Rutherford Discovery Fellowships to support their research; Professor John Hosking (Computer Science), Professor Michael Clout (Biological Sciences), and Associate Professor Andre Nies (Computer Science) were made Fellows of the Society.

• **The Institution of Professional Engineers New Zealand (IPENZ) promoted Professor Debes Bhattacharyya (Mechanical Engineering) to the class of Distinguished Fellow, and Dr Kepa Morgan (Civil and Environmental Engineering) was named a Fellow.**

• **Other New Zealand awards and honours won included:** The 2010 Prime Minister’s MacDiarmid Emerging Scientist Prize to Dr Donna Rose Addis (Psychology); World Class New Zealand Award to Professor Richard Faull (Medical Sciences); the Sir Thomas Hunter Award for distinction in research to Associate Professor John Read (Psychology); and the New Zealand Post Book of the Year, the country’s highest literary accolade, to Emeritus Professor Dame Judith Binney for her work *Encircled Lands*.

• **International honours accorded members of the University included:** Humboldt Research Award to Professor Zoran Salcic (Electrical and Computer Engineering); International Olympic Committee President’s Prize to Professor Richard Tinning; the Hind Rattan (Jewel of India) and the Glory of Bengal to Professor

Debes Bhattacharyya (Mechanical Engineering); the Van Gogh Award at the inaugural Amsterdam Film Festival to the film *Art that Moves* directed by Emeritus Professor Roger Horrocks; UK Royal Society of Chemistry’s Natural Product Chemistry Award to Professor Margaret Brimble (Chemistry).

• **Staff success and contribution was celebrated at The General Staff Excellence Awards, where staff received**

awards for Excellence in Innovation (Aldon Hartley, Process Leads, Project Focus), Leadership (Keran Pocklington), Teamwork (The Health and Wellness Team, Faculty of Business & Economics), Contribution to Research & Creative Work (The Library IT and Digital Services Team), Contribution to Teaching & Learning (Maryann Lee, Nancy Wong), Contribution to Engagement with Communities (The National Standards Workshop Team), and Contribution to Resourcing and Organising for Quality (Kim Rush).

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

- Dr Andrew Stockley as Dean of Law
- Associate Professor Caroline Daley as Dean of Graduate Studies
- Professor Kathryn Crosier (Molecular Medicine) and Professor Margaret Hyland (Chemical and Materials Engineering) as Associate Deputy Vice-Chancellors (Research)

## 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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
16.1 Total revenue (\$m)	741	789	843	858	889
16.2 Operating surplus as a % of revenue	3.0	3.1	3.4	≥ 3.0	3.1
16.3 Operating cash receipts as a % of operating cash payments	120	120	118	≥ 115	115
16.4 Revenue achieved as a % of budget	104	102	103	≥ 100	103

- Increased revenue from student fees, both domestic and international, as well as increased external research revenue have contributed to an increase in final overall revenue, which is 3.5% above target and has grown 5.3% from 2009.**
- 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	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
17.1 Teaching and learning income per EFTS (indexed to 2004)	11,576	11,914	11,818	≥ 12,500	11,737
17.2 Total revenue per FTE (academic)	380,108	382,000	400,818	421,000	436,421

- Teaching and learning revenue from government funding and students is similar to 2009.** Constraints on domestic fees and the limited price adjustment to government funding means that the relative value of funding was lower than the increased costs.
- The higher than forecast revenue per academic FTE is largely a result of increased revenue (see Objective 16).**

## Objective 18

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

Performance indicators	2007 Actual	2008 Actual	2009 Actual	2010 Target	2010 Actual
18.1 People costs as a % of total expenditure	57	60	59	58	60
18.2 EFTS per open access computer work stations	6.3	5.6	5.9	6.4	6.1
18.3 Space per student (AFA m <sup>2</sup> /EFTS)	9.1	9.1	8.6	10.5	8.7
18.4 Property, plant and equipment per student (assets/EFTS)	39,061	46,987	44,171	≥ 40,000	44,625

- The University's Campus re-development planning continued in 2010.** Plans for the extensive refurbishment of Building 303, the Maths/Physics Building, have been approved and work will begin this summer. A start has been made on concept design for the redevelopment and extension of Chemistry Building B301. Redevelopment of Building 206, Arts 1, was approved and work has commenced.
- Work on other building construction is also progressing with the Elam Hostel Building well underway and expected to be open for Semester One, 2012.** Work on the Thomas Extension Building for the Institute of Innovation in Biotechnology has reached practical completion, and the Grafton Campus redevelopment is on line for completion in late 2012.
- The new science building at the Leigh Marine Laboratory was officially completed in 2010 and the visitor centre is scheduled to open in 2011.** The refurbishment of 58 Symonds Street was completed enabling ITS occupation early in the year.
- Major information technology infrastructure developments have been implemented this year including a new Staff Intranet system, the launch of Student Services Online, and the Symplectic Research Outputs software.** A new institution-wide timetabling process and system has been used for the first time to enable the development of the 2011 academic timetable.
- The University of Auckland's Identity Federation solution – CECIL Connect – was awarded the Supreme Innovation Award at the annual Tertiary ICT Conference.** CECIL Connect is a new service which simplifies user experience for collaboration across services and organisations.
- EFTS per open access computer work states and space per student are below target as a result of higher than expected enrolments.**

## Objective 19

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

- 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 2010.** The Good Call hotline has been established in line with the University's new Fraud and Corruption Policy to reinforce the University's commitment to nurturing a culture that is free from fraud, deception and unethical behaviour.

## Objective 20

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

- The University of Auckland Council approved a new Investment Plan for 2011-2013.**
- 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 through the Semestral Review Process. In addition, a project to develop Key Performance Indicators across the service divisions progressed with four pilot divisions adopting the model in 2010.
- Faculties, service divisions and LSRI's submitted progress and end of year reports against their 2010 Annual Plans.** 2011 Annual Plans were submitted and discussed at the Senior Management Team Planning Meeting.
- A Facilitated Internal Review of the Finance system was conducted.** The recommendations of this review have been adopted by the Steering Committee and discussed with the Senior Management Team.
- Faculty Marketing and Recruitment plans have been introduced for the first time this year, to make marketing and recruitment more effective and provide information useful to the University's central marketing.**

# Statement of resources

## Buildings

	2008	2009	2010
Gross area of University buildings (m <sup>2</sup> )	488,607	486,220	501,763

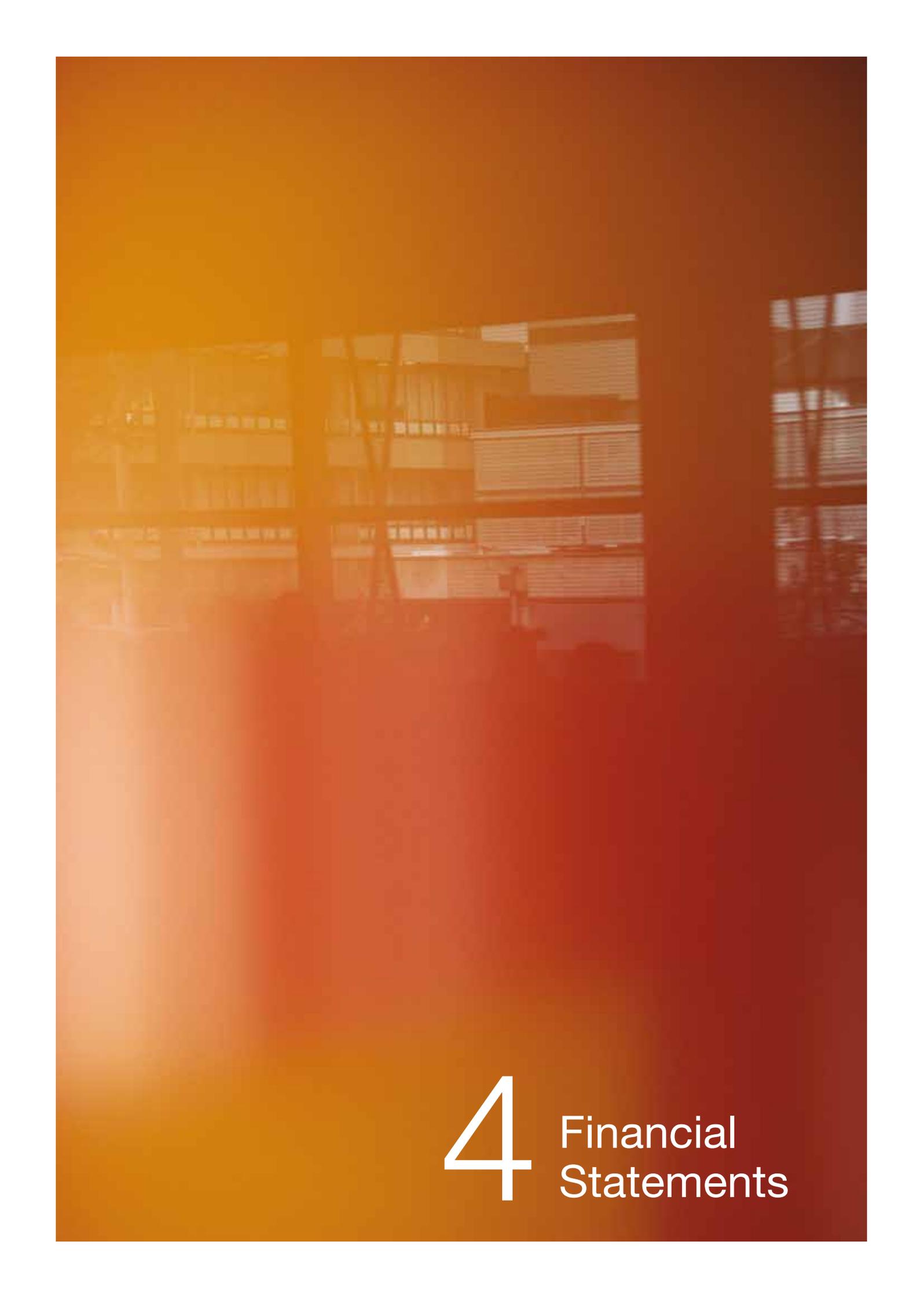
## Land

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

## Library resources

Collections	2008	2009	2010
Printed books and theses	1,670,187	1,637,938	1,691,904
Printed serials (volumes)	568,697	565,950	572,872
<b>Total printed volumes</b>	<b>2,238,884</b>	<b>2,203,888</b>	<b>2,264,776</b>
Electronic books	314,074	343,063	420,958
Print serial titles	5,408	5,313	5,052
Electronic serial titles	84,644	87,100	100,159
<b>Services</b>			
Loans - total	1,066,488	1,065,536	1,018,572
Library web page sessions	5,716,286	5,796,655	5,845,235
Library teaching sessions	1,501	1,646	1,861
Attendance at Library teaching sessions	20,572	22,780	25,803
Number of libraries/Information Commons	16	16	14*
General Library average open hours per week	90	90	90
Information Commons average hours open per week	113	113	113
Study spaces	3,614	3,515	3,406
Study/training spaces with computer workstations	1,085	1,092	1,150
Laptops for loan		120	189
<b>Total number of study spaces</b>	<b>4,699</b>	<b>4,607</b>	<b>4,556</b>

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



# 4 Financial Statements

# Statement of Responsibility

- The Council and management of The University of Auckland accept responsibility for the preparation of the Financial Statements and the judgments used in them.
- The Council and management of The University of Auckland accept responsibility for establishing and maintaining a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of the Council and management of The University of Auckland, the Financial Statements for the year ended 31 December 2010 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 11 March 2011.



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 2010

	Note	CONSOLIDATED			UNIVERSITY	
		2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Operating revenue</b>						
Government grants	2	351,077	348,460	337,013	351,077	337,013
Tuition fees		200,917	195,643	188,318	200,917	188,318
Research contracts		218,222	211,113	205,593	101,823	97,110
Service income		91,780	85,325	88,733	106,812	103,766
Donations		9,250	6,778	6,068	9,060	6,068
Interest received		8,254	5,551	7,160	7,704	6,461
Other revenue		9,009	7,362	10,235	9,003	9,754
<b>Total operating revenue</b>		<b>888,509</b>	<b>860,232</b>	<b>843,120</b>	<b>786,396</b>	<b>748,490</b>
<b>Operating expenses</b>						
People costs	3	516,107	496,792	478,175	445,652	413,411
Operating costs	4	249,744	252,763	231,827	225,064	205,781
Finance costs					1,603	1,490
Depreciation and amortisation	5	95,374	84,867	104,581	93,930	102,389
<b>Total operating expenses</b>		<b>861,225</b>	<b>834,422</b>	<b>814,583</b>	<b>766,249</b>	<b>723,071</b>
<b>Net surplus</b>		<b>27,284</b>	<b>25,810</b>	<b>28,537</b>	<b>20,147</b>	<b>25,419</b>
<b>Attributable to:</b>						
Members of the parent entity		27,284	25,810	28,537	20,147	25,419

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 2010

	Note	CONSOLIDATED			UNIVERSITY	
		2010 Actual \$'000	2010 Budget \$'000	2009 Actual \$'000	2010 Actual \$'000	2009 Actual \$'000
<b>Current assets</b>						
Cash and cash equivalents	7	31,745	6,281	51,306	25,309	40,090
Short term bank deposits	7	48,535	8,300	76,748	46,035	70,048
Receivables	7,8	35,656	37,713	28,201	25,528	17,545
Research work in progress	7	8,601	11,988	14,113	2,423	2,378
Inventories	9	712	969	851	712	851
Prepayments and other current assets		16,802	13,666	16,468	16,540	16,469
<b>Total current assets</b>		<b>142,051</b>	<b>78,916</b>	<b>187,687</b>	<b>116,547</b>	<b>147,381</b>
<b>Non current assets</b>						
Long term investments	7	17,552	18,233	18,638	17,427	18,564
Investment in subsidiaries	22				1,000	27,497
Property, plant and equipment	10	1,432,730	1,544,626	1,381,440	1,425,779	1,351,990
Intangible assets	11	23,745	13,208	18,220	22,543	17,493
<b>Total non current assets</b>		<b>1,477,027</b>	<b>1,576,067</b>	<b>1,418,298</b>	<b>1,466,749</b>	<b>1,415,544</b>
<b>Total assets</b>		<b>1,616,078</b>	<b>1,654,983</b>	<b>1,605,985</b>	<b>1,583,296</b>	<b>1,562,925</b>
<b>Current liabilities</b>						
Payables	12	102,345	96,620	83,488	88,080	66,975
Revenue in advance	13	87,376	103,691	100,048	52,170	50,969
Loan from subsidiary	22				37,700	37,700
Finance lease liability	16			363		363
Employee entitlements	14	31,432	24,628	28,626	28,963	27,609
Derivative financial instruments	7	553		513	604	553
Provisions	15	1,077	14,675	4,656	1,077	4,656
<b>Total current liabilities</b>		<b>222,783</b>	<b>239,614</b>	<b>217,694</b>	<b>208,594</b>	<b>188,825</b>
<b>Non current liabilities</b>						
Employee entitlements	14	32,942	41,438	34,108	32,914	34,080
Revenue in advance	13	22,000	22,000	22,000	22,000	22,000
<b>Total non current liabilities</b>		<b>54,942</b>	<b>63,438</b>	<b>56,108</b>	<b>54,914</b>	<b>56,080</b>
<b>Total liabilities</b>		<b>277,725</b>	<b>303,052</b>	<b>273,802</b>	<b>263,508</b>	<b>244,905</b>
<b>Net assets</b>		<b>1,338,353</b>	<b>1,351,931</b>	<b>1,332,183</b>	<b>1,319,788</b>	<b>1,318,020</b>
<b>Equity</b>						
General equity	19	917,949	911,842	889,225	897,548	875,961
Reserves	20	398,994	423,251	426,092	400,830	425,193
Trust and special funds	21	21,410	16,838	16,866	21,410	16,866
<b>Total equity</b>		<b>1,338,353</b>	<b>1,351,931</b>	<b>1,332,183</b>	<b>1,319,788</b>	<b>1,318,020</b>

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 2010

	Note	CONSOLIDATED			UNIVERSITY	
		2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Cash flows from operating activities</b>						
Government grants		348,798	346,252	334,771	348,798	334,771
Tuition fees		205,854	201,123	197,201	205,854	197,201
Dividends received		36		36	36	36
Other operating receipts		309,444	301,906	298,250	215,527	206,595
Revenue in advance				10,000		10,000
Goods and services tax		8,759	(446)	197	8,733	(399)
Payments to employees		(451,650)	(438,840)	(422,485)	(399,395)	(371,291)
Other operating payments		(308,262)	(297,227)	(288,803)	(260,794)	(249,088)
Net cash provided by operating activities	6	112,979	112,768	129,167	118,759	127,825
<b>Cash flows from investing activities</b>						
Interest received		8,163	5,398	6,507	7,877	5,807
Loan to subsidiaries						419
Investments		27,599	22,920	(50,069)	23,450	(47,772)
Property, plant and equipment and work in progress		(167,590)	(209,388)	(88,170)	(162,551)	(88,148)
Net cash provided by (used in) investing activities		(131,828)	(181,070)	(131,732)	(131,224)	(129,694)
<b>Cash flows from financing activities</b>						
Interest paid					(1,604)	(1,490)
Payment of finance lease liabilities		(363)		(726)	(363)	(726)
Net cash provided by (used in) financing activities		(363)		(726)	(1,967)	(2,216)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(19,212)</b>	<b>(68,302)</b>	<b>(3,291)</b>	<b>(14,432)</b>	<b>(4,085)</b>
Cash and cash equivalents at the beginning of the financial year		51,306	74,583	54,824	40,090	44,402
Effects of exchange rate changes on cash and cash equivalents		(349)		(227)	(349)	(227)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>31,745</b>	<b>6,281</b>	<b>51,306</b>	<b>25,309</b>	<b>40,090</b>
<b>Reconciliation of cash and cash equivalents</b>						
Current accounts at bank		9,204	4,185	8,828	7,889	5,936
Foreign currency current accounts at bank		2,872	2,096	1,747	1,420	1,154
Deposits at bank		19,669		40,731	16,000	33,000
		<b>31,745</b>	<b>6,281</b>	<b>51,306</b>	<b>25,309</b>	<b>40,090</b>

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 2010

	Note	CONSOLIDATED			UNIVERSITY	
		2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Net surplus for the year</b>		<b>27,284</b>	<b>25,810</b>	<b>28,537</b>	<b>20,147</b>	<b>25,419</b>
<b>Other comprehensive income</b>						
Deficit of subsidiary eliminated on liquidation	20			64		
Gain/(loss) on works of art and special library collections revaluation	20	(742)		6,123	(742)	6,123
Gain/(loss) on land and buildings revaluation	20	(20,332)			(17,586)	
Gain/(loss) on valuation of available-for-sale investments taken to equity	20			(199)		
Gain/(loss) on cash flow hedges taken to equity	20	(40)		1,242	(51)	1,242
Transfer to initial carrying amount of non-financial hedged items on cash flow hedges	20			(2,082)		(2,109)
<b>Total comprehensive income for the year</b>		<b>6,170</b>	<b>25,810</b>	<b>33,685</b>	<b>1,768</b>	<b>30,675</b>
<b>Attributable to:</b>						
Members of the parent entity		6,170	25,810	33,685	1,768	30,675

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 2010

	As at 1 January 2010	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 2010
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2010</b>						
General equity	889,225	27,284		(4,544)	5,984	917,949
Asset revaluation reserve	426,605		(21,074)		(5,984)	399,547
Hedging reserve	(513)		(40)			(553)
Trust and special funds	16,866			4,544		21,410
<b>Total</b>	<b>1,332,183</b>	<b>27,284</b>	<b>(21,114)</b>			<b>1,338,353</b>

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

	As at 1 January 2009	Net Surplus for the year	Other comprehensive income for the year	Transfer Deficit to Trust and Special Funds	Transfer Revaluation Reserve on Disposed Assets	As at 31 December 2009
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated 2009</b>						
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
<b>Total</b>	<b>1,298,498</b>	<b>28,537</b>	<b>5,148</b>			<b>1,332,183</b>

<b>University 2009</b>						
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
<b>Total</b>	<b>1,287,345</b>	<b>25,419</b>	<b>5,256</b>			<b>1,318,020</b>

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 2010

## 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 2010 were authorised for issue by the Council on 11 March 2011.

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

The central office of the University's management is located at Alfred Nathan House, 24 Princes St, Auckland, New Zealand.

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

The University of Auckland and its subsidiaries are designated as public benefit entities for financial reporting purposes.

#### Compliance with NZ IFRS

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

#### Historical Cost Convention

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

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

### Judgments and Estimations

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

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

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

- Useful lives of Property, Plant and Equipment and Intangible Assets. At the end of each annual reporting period management reviews the estimated useful lives of Property Plant and Equipment and Intangible Assets.
- Management uses judgement to determine the rate of future salary increases, which is used to calculate the employee entitlements liabilities.
- 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.

# Notes to the Financial Statements

for the year ended 31 December 2010

## 1 Statement of accounting policies (continued)

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

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

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

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

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

### Transactions Eliminated on Consolidation

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

### The University of Auckland Foundation

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

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

The University has not calculated the financial effect of a consolidation. The latest published financial position of the Foundation shows that it had net assets of \$71.6 million as at 31 December 2009. The financial statements of the Foundation for 2010 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.

### Research Contracts

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

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

### Revenue Received while Acting as an Agent

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

### Sale of Goods

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

### Dividend and Interest Revenue

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

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

# Notes to the Financial Statements

for the year ended 31 December 2010

## 1 Statement of accounting policies (continued)

receipts through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount of the financial asset.

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

### Derivative Financial Instruments

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

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

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any cumulative 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 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.

#### *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

# Notes to the Financial Statements

for the year ended 31 December 2010

## 1 Statement of accounting policies (continued)

at least every three years by an independent valuer. Fair value for land is determined on its highest and best use taking into consideration restrictions over the use of the land and the likelihood of re-zoning. For buildings, fair value reflects the depreciated replacement cost, and for works of art and library special collections, the assessed market value.

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

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

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

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

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

*Library collection* held as at 31 December 1991 was valued internally, based on the estimated volume of the collection and weighted average cost as at that date. This valuation is taken as deemed cost under NZ IFRS. Except for library special collections all subsequent acquisitions are recorded at cost less accumulated depreciation

and impairment, if any. At balance date the library collection is carried at deemed cost less accumulated depreciation and impairment, if any. Library special collections is carried at assessed market value.

All permanent withdrawals from the collection are recorded at average cost less accumulated depreciation and impairment, if any.

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

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

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

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

### Depreciation

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

Buildings	1 - 10%
Library collection - serials	20%
- other	12.5%
Plant and equipment	5 - 50%
Leasehold improvements	9 - 21%

### Intangible Assets

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

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

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

### Asset Impairment

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

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

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

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

# Notes to the Financial Statements

for the year ended 31 December 2010

## 1 Statement of accounting policies (continued)

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

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

### Employee Entitlements

Provision is made for the University's liability for general and academic staff annual leave, long service leave, retirement gratuities and sick leave when it is probable that settlement will be required and the liabilities are capable of being measured reliably. Annual leave is calculated on an actual entitlement basis at the rates expected to apply at time of settlement. Sick leave, long service leave and retirement gratuities have been calculated on an actuarial basis which estimates the present value of amounts payable in respect of existing employees based on assumed rates of sickness, death, disablement, resignation, retirement and salary progression.

### Goods and Services Tax (GST)

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

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

### Taxation

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

### Trust and Special Funds

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

### Leases

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

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

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

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

Finance charges are charged directly against income.

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

### University/subsidiaries as lessor

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

### Payables

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

### 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

# Notes to the Financial Statements

for the year ended 31 December 2010

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 2010 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 2010 the University Library undertook

a detailed review of depreciation rates for electronic books and serials. The result of this review was that depreciation over a life of 8 years was considered by management to better reflect generally accepted practice and the estimated useful lives of electronic books and serials.

## 1 Statement of accounting policies (continued)

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

An additional \$11.69 million of depreciation expense in relation to these assets has been recognised in 2010. The 2011 impact of this change in depreciation rate is estimated to be an increase in depreciation of \$6.10 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 7 Financial Instruments: Disclosures;  
NZ IFRS 9 Financial Instruments; and  
NZ IAS 24 Related Party Disclosures.

There is not expected to be any material impact on the University and consolidated entity financial statements on initial application of NZ IFRS 7, NZ IFRS 9 and NZ IAS 24.

# Notes to the Financial Statements

for the year ended 31 December 2010

## 2 Government grants

	CONSOLIDATED/UNIVERSITY		
	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000
Student component funding	267,831	268,575	256,602
Clinical Training Agency grants	3,227	2,563	2,277
Other Government grants	8,318	7,258	8,053
Performance Based Research Funding	71,701	70,064	70,081
<b>Total Government grants</b>	<b>351,077</b>	<b>348,460</b>	<b>337,013</b>

## 3 People costs

	CONSOLIDATED			UNIVERSITY	
	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Academic salaries	239,492	222,216	224,507	219,840	207,565
General salaries	207,914	212,728	197,305	173,860	162,964
Defined contribution expense	13,169	11,422	10,164	13,169	10,164
Contracts for service	38,991	29,288	33,127	22,581	20,019
Other people costs	16,541	21,138	13,072	16,202	12,699
<b>Total people costs</b>	<b>516,107</b>	<b>496,792</b>	<b>478,175</b>	<b>445,652</b>	<b>413,411</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 4 Operating costs

	CONSOLIDATED			UNIVERSITY	
	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Operating costs include the specific expenses:					
<b>Losses</b>					
Loss on disposal of property, plant and equipment	13,496	413	7,883	13,146	7,883
Net foreign currency loss	349		227	349	227
<b>Conferences, travel and accommodation</b>					
Conferences, travel and accommodation	24,210	24,268	24,432	19,049	17,631
<b>Consumable supplies</b>					
Consumable supplies	21,166	19,872	16,806	15,767	15,597
<b>Prizes and scholarships</b>					
Prizes and scholarships	23,956	24,004	22,442	23,956	22,442
<b>Repairs and maintenance</b>					
Repairs and maintenance	23,840	20,920	22,830	23,277	22,617
<b>Impairment of subsidiaries loans</b>					
Impairment of subsidiaries loans				3,978	
<b>Impairment of other receivable</b>					
Impairment of other receivable	600			600	
<b>Termination benefits</b>					
Termination benefits	3,738	5,895	1,150	3,738	1,150
<b>Operating leases</b>					
Properties	8,466	8,880	8,347	8,466	8,347
Equipment	6,029	6,433	6,127	6,029	6,127
Motor vehicles	302	368	300	302	300
Total operating lease costs	14,797	15,681	14,774	14,797	14,774
<b>Auditor remuneration</b>					
Audit services	304	304	298	259	263
Total auditor's remuneration	304	304	298	259	263

## 5 Depreciation and amortisation

	CONSOLIDATED			UNIVERSITY	
	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Depreciation</b>					
Buildings	38,600	38,236	38,465	38,000	38,212
Leasehold improvements	1,334	2,754	1,182	1,236	1,075
Library collection	22,949	10,324	34,577	22,949	34,577
Plant and equipment	25,490	27,432	24,899	24,971	23,616
Leased plant and equipment	363	726	726	363	726
Total depreciation	88,736	79,472	99,849	87,519	98,206
<b>Amortisation</b>					
Software	6,638	5,395	4,732	6,411	4,183
<b>Total depreciation and amortisation</b>	<b>95,374</b>	<b>84,867</b>	<b>104,581</b>	<b>93,930</b>	<b>102,389</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

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

	CONSOLIDATED			UNIVERSITY	
	2010 Actual \$000	2010 Budget \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Net surplus for the year	27,284	25,810	28,537	20,147	25,419
<b>Add/(less) non-cash items:</b>					
Depreciation and amortisation	95,374	84,867	104,581	93,930	102,389
Impairment of subsidiaries loans				3,978	
Donated assets	(1,529)	(1,357)	(3,108)	(1,529)	(3,108)
Foreign exchange fluctuation	349		227	349	227
	94,194	83,510	101,700	96,728	99,508
<b>Changes in net assets and liabilities:</b>					
Decrease/(Increase) in receivables	(6,318)	(4,991)	(889)	(7,983)	(206)
Decrease/(Increase) in prepayments and other current assets	230	1,309	(906)	1,629	(487)
Decrease/(Increase) in inventories	139	(366)	(14)	139	(14)
Decrease/(Increase) in research work in progress	5,512		(1,482)	(44)	1,218
Increase/(Decrease) in payables and provisions	2,608	7,482	(11,326)	18,726	(12,731)
Increase/(Decrease) in income in advance			10,000	-	10,000
Increase/(Decrease) in employee entitlements	1,640	3,438	(854)	187	(1,004)
	3,811	6,872	(5,471)	12,654	(3,224)
<b>Add/(less) items classed as investing activities:</b>					
Interest income	(8,254)	(5,376)	(7,160)	(7,704)	(6,461)
Loss on disposal of property, plant and equipment	13,496	488	7,883	13,146	7,883
Movements relating to capital expenditure	(17,552)	1,464	3,678	(17,815)	3,210
	(12,310)	(3,424)	4,401	(12,373)	4,632
<b>Add/(less) items classed as financing activities:</b>					
Finance costs				1,603	1,490
<b>Net cash flow from operating activities</b>	<b>112,979</b>	<b>112,768</b>	<b>129,167</b>	<b>118,759</b>	<b>127,825</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 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 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	
	2010	2009	2010 FC'000	2009 FC'000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.6996	0.6835	1,958	1,581	2,799	2,314	(275)	(211)
6 to 12 months	0.7178	0.6178	1,000	1,847	1,393	2,990	(84)	(268)
12 to 18 months		0.4960		72		145		(40)
<b>Buy Australian Dollars</b>								
Less than 6 months	0.8358	0.8191	72	288	86	352	8	3
6 to 12 months		0.8279		416		502		8
12 to 18 months		0.8358		72		86		2
<b>Buy British Pounds</b>								
Less than 6 months	0.4634	0.4354	253	122	546	280	(38)	(14)
6 to 12 months	0.4659	0.4289	300	216	644	503	(31)	(3)
12 to 18 months		0.4465		3		7		
<b>Buy Euros</b>								
Less than 6 months	0.5377	0.4977	1,225	445	2,279	893	(155)	(13)
6 to 12 months	0.5318		171		321		(23)	
<b>Sell US Dollars</b>								
Less than 6 months	0.7310	0.6976	594	500	813	717	45	23
<b>Sell Swiss Francs</b>								
Less than 6 months	0.7180		35		49			
6 to 12 months	0.7061		70		99			
					<b>9,029</b>	<b>8,789</b>	<b>(553)</b>	<b>(513)</b>

As at the reporting date the consolidated entity had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.553 million (2009: unrealised losses of \$0.513 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

	UNIVERSITY							
	Average exchange rate		Foreign currency		Contract value		Fair value	
	2010	2009	2010 FC'000	2009 FC'000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
<b>Buy US Dollars</b>								
Less than 6 months	0.6996	0.6835	1,958	1,581	2,799	2,314	(275)	(211)
6 to 12 months	0.7178	0.6178	1,000	1,847	1,393	2,990	(84)	(269)
12 to 18 months		0.4960		72		145		(40)
<b>Buy Australian Dollars</b>								
Less than 6 months		0.7885		100		127		(4)
6 to 12 months		0.8155		200		245		1
<b>Buy British Pounds</b>								
Less than 6 months	0.4634	0.4354	253	122	546	280	(38)	(14)
6 to 12 months	0.4659	0.4289	300	216	644	503	(31)	(3)
12 to 18 months		0.4465		3		7		
<b>Buy Euros</b>								
Less than 6 months	0.5377	0.4977	1,225	445	2,279	893	(154)	(13)
6 to 12 months	0.5318		171		321		(22)	
					<b>7,982</b>	<b>7,504</b>	<b>(604)</b>	<b>(553)</b>

As at reporting date the University had aggregate unrealised losses under forward exchange contracts in relation to anticipated future transactions of \$0.604 million (2009: unrealised losses of \$0.553 million). These unrealised gains and losses have been deferred in the hedging reserve as the hedges are effective.

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

The consolidated entity and the University have entered into forward exchange contracts to hedge the exchange rate risk arising from these contractual commitments. As at 31 December 2010 the aggregate amount of unrealised losses under forward exchange contracts deferred in the hedging reserve relating to the exposure on these contractual commitments is \$0.175 million (2009: unrealised losses of \$0.413 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 2010 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 \$0.378 million (2009: unrealised losses of \$0.140 million).

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

### Interest Rate Risk

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

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

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

	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	
<b>Loans and receivables</b>							
Cash and cash equivalents	3.37%	15,745	16,000				31,745
Short term bank deposits	4.89%		48,535				48,535
Receivables						35,656	35,656
Long term investments - other investments							493
Research work in progress						8,601	8,601
<b>Financial assets designated as at fair value through profit or loss</b>							
Long term investments - externally managed equities portfolio							8,750
Long term investments - externally managed bonds and cash portfolio							8,309
<b>Financial liabilities at amortised cost</b>							
Payables						(102,345)	(102,345)
Derivative financial instruments						(553)	(553)
<b>Total financial instruments - consolidated entity</b>		<b>15,745</b>	<b>64,535</b>			<b>(58,641)</b>	<b>17,552</b>
							<b>39,191</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

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

	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	
<b>Loans and receivables</b>							
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
Research work in progress						14,113	14,113
<b>Financial assets at fair value through profit or loss</b>							
Long term investments – externally managed equities portfolio							8,315
Long term investments – externally managed bonds and cash portfolio							8,204
<b>Financial liabilities at amortised cost</b>							
Payables						(83,488)	(83,488)
Finance lease liability						(363)	(363)
Derivative financial instruments						(513)	(513)
<b>Total financial instruments – consolidated entity</b>		<b>10,575</b>	<b>117,479</b>			<b>(42,050)</b>	<b>18,638</b>
							<b>104,642</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

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

	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
<b>Loans and receivables</b>							
Cash and cash equivalents	3.61%	9,309	16,000				25,309
Short term bank deposits	4.89%		46,035				46,035
Receivables						25,528	25,528
Long term investments - Other investments						368	368
Research work in progress						2,423	2,423
<b>Financial assets designated as at fair value through profit or loss</b>							
Long term investments - externally managed equities portfolio						8,750	8,750
Long term investments - externally managed bonds and cash portfolio						8,309	8,309
<b>Financial liabilities at amortised cost</b>							
Payables						(88,080)	(88,080)
Loan from subsidiary	4.50%		(37,700)				(37,700)
Derivative financial instruments						(604)	(604)
<b>Total financial instruments - University</b>		<b>9,309</b>	<b>24,335</b>			<b>(60,733)</b>	<b>(9,662)</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

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	
<b>Loans and receivables</b>							
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
<b>Financial assets designated as at fair value through profit or loss</b>							
Long term investments – externally managed equities portfolio						8,315	8,315
Long term investments – externally managed bonds and cash portfolio						8,204	8,204
<b>Financial liabilities at amortised cost</b>							
Payables						(66,975)	(66,975)
Finance lease liability						(363)	(363)
Loan from subsidiary	3.96%		(37,700)				(37,700)
Derivative financial instruments						(553)	(553)
<b>Total financial instruments – University</b>		<b>7,090</b>	<b>65,348</b>			<b>(47,968)</b>	<b>45,061</b>
							<b>69,531</b>

### 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 2010

## 7 Financial instruments (continued)

	Quoted market price  (Level 1)  \$000	Valuation technique – market observable inputs  (Level 2)  \$000	Valuation technique – non-market observable inputs  (Level 3)  \$000	Total   \$000
<b>Consolidated entity</b>				
<b>2010</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio		8,750		8,750
Externally managed bonds and cash portfolio		8,309		8,309
		17,059		17,059
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts		(553)		(553)
		(553)		(553)
<b>2009</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio		8,315		8,315
Externally managed bonds and cash portfolio		8,204		8,204
		16,519		16,519
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts		(513)		(513)
		(513)		(513)
<b>University</b>				
<b>2010</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio		8,750		8,750
Externally managed bonds and cash portfolio		8,309		8,309
		17,059		17,059
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts		(604)		(606)
		(604)		(606)
<b>2009</b>				
<b>Financial Assets</b>				
Externally managed equities portfolio		8,315		8,315
Externally managed bonds and cash portfolio		8,204		8,204
		16,519		16,519
<b>Financial Liabilities</b>				
Derivative financial instruments - foreign exchange contracts		(553)		(553)
		(553)		(553)

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

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

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

# Notes to the Financial Statements

for the year ended 31 December 2010

## 7 Financial instruments (continued)

### Interest Rate Sensitivity

For the year ended 31 December 2010 if interest rates on cash and cash equivalents, loans and investments had fluctuated up or down by 100 basis points, the surplus for the consolidated entity would have been \$0.803 million higher/lower (2009: \$1.281 million higher/lower). For the University the surplus would have been \$0.336 million higher/lower (2009: \$0.724 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 2010 is the gross amount of the financial assets less impairment. The University manages this risk by placing cash and cash equivalents, short term investments and derivative financial instruments with institutions which have a high credit rating and by limiting the amount that can be invested in any one institution.

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

### Capital and liquidity risk management

The University and its subsidiaries manage their funds so as to ensure all entities will be able to continue as going concerns. The capital structure of the consolidated entity consists of general equity, reserves and trust and special funds as disclosed in Notes 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 \$85 million (2009: \$50 million), and an expiry date of 31 March 2011. As at 31 December 2010, the University had not drawn down against this facility.

## 8 Receivables

	Note	CONSOLIDATED		UNIVERSITY	
		2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Trade receivables		36,896	29,667	21,388	14,245
Less provision for receivables impairment		(1,240)	(1,466)	(662)	(804)
Net receivables		35,656	28,201	20,726	13,441
Related company receivables	22			4,802	4,104
<b>Total receivables</b>		<b>35,656</b>	<b>28,201</b>	<b>25,528</b>	<b>17,545</b>

### Movements of the provision for doubtful debts are as follows

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Balance at 1 January	1,466	2,446	804	1,711
Provision for receivables impairment	116	89	116	
Receivables written off during the year as uncollectable	(221)	(488)	(227)	(326)
Unused amounts reversed	(121)	(581)	(31)	(581)
<b>Balance at 31 December</b>	<b>1,240</b>	<b>1,466</b>	<b>662</b>	<b>804</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 8 Receivables (continued)

### Impaired Debtors and aging

The aging analysis of trade receivables is as follows:

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Current	20,791	14,958	21,790	13,604
31 to 60 days – past due not impaired	8,594	10,347	841	1,814
61 to 90 days – past due not impaired	1,463	940	510	481
61 to 90 days – considered impaired	8	15	8	15
91 days and over – past due not impaired	4,740	702	2,319	392
91 days and over – considered impaired	1,300	2,705	722	2,043
	<b>36,896</b>	<b>29,667</b>	<b>26,190</b>	<b>18,349</b>
Receivables past due but not considered impaired are:	6,203	1,642	2,829	873

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

## 9 Inventories

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Raw materials	50	23	50	23
Work in progress	3	3	3	3
Finished goods	659	825	659	825
<b>Total inventories</b>	<b>712</b>	<b>851</b>	<b>712</b>	<b>851</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 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	
<b>Gross carrying amount</b>									
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
<b>Balance as at 1 January 2010</b>	<b>300,326</b>	<b>924,039</b>	<b>21,994</b>	<b>237,672</b>	<b>15,398</b>	<b>268,933</b>	<b>3,631</b>	<b>44,375</b>	<b>1,816,368</b>
Additions		1,090	133	16,854	333	26,187		131,932	176,529
Disposals	(200)	(17,487)		(1,868)		(4,946)	(3,631)		(28,132)
Transfers		28,205	590			3,938		(32,733)	
Net revaluation decrements	(45,892)	(84,742)		(742)					(131,376)
<b>Balance as at 31 December 2010</b>	<b>254,234</b>	<b>851,105</b>	<b>22,717</b>	<b>251,916</b>	<b>15,731</b>	<b>294,112</b>		<b>143,574</b>	<b>1,833,389</b>
<b>Accumulated depreciation</b>									
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)
<b>Balance as at 1 January 2010</b>		<b>76,831</b>	<b>16,274</b>	<b>164,463</b>		<b>174,093</b>	<b>3,267</b>		<b>434,928</b>
Disposals		(3,273)		(1,722)		(4,078)	(3,630)		(12,703)
Transfers		(5)	5						
Depreciation expense		38,600	1,334	22,949		25,490	363		88,736
Revaluation decrement		(110,302)							(110,302)
<b>Balance as at 31 December 2010</b>		<b>1,851</b>	<b>17,613</b>	<b>185,690</b>		<b>195,505</b>			<b>400,659</b>
<b>Net book value</b>									
<b>As at 1 January 2009</b>	<b>300,326</b>	<b>872,787</b>	<b>6,407</b>	<b>85,135</b>	<b>15,086</b>	<b>87,870</b>	<b>1,090</b>	<b>34,746</b>	<b>1,403,447</b>
<b>As at 31 December 2009</b>	<b>300,326</b>	<b>847,208</b>	<b>5,720</b>	<b>73,209</b>	<b>15,398</b>	<b>94,840</b>	<b>364</b>	<b>44,375</b>	<b>1,381,440</b>
<b>As at 31 December 2010</b>	<b>254,234</b>	<b>849,254</b>	<b>5,104</b>	<b>66,226</b>	<b>15,731</b>	<b>98,607</b>		<b>143,574</b>	<b>1,432,730</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 10 Property, plant and equipment (continued)

	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	
<b>Gross carrying amount</b>									
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
<b>Balance as at 1 January 2010</b>	<b>278,469</b>	<b>918,200</b>	<b>20,235</b>	<b>237,672</b>	<b>15,398</b>	<b>263,448</b>	<b>3,631</b>	<b>44,375</b>	<b>1,781,428</b>
Additions	14,700	8,885	133	16,854	333	21,752		131,932	194,589
Disposals	(200)	(17,487)		(1,868)		(4,811)	(3,631)		(27,997)
Transfers		28,205	590			3,938		(32,733)	
Net revaluation decrements	(39,485)	(86,990)		(742)					(127,217)
<b>Balance as at 31 December 2010</b>	<b>253,484</b>	<b>850,813</b>	<b>20,958</b>	<b>251,916</b>	<b>15,731</b>	<b>284,327</b>		<b>143,574</b>	<b>1,820,803</b>
<b>Accumulated depreciation</b>									
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 decrement				(683)					(683)
<b>Balance as at 1 January 2010</b>		<b>76,367</b>	<b>15,136</b>	<b>164,463</b>		<b>170,205</b>	<b>3,267</b>		<b>429,438</b>
Disposals		(3,622)	(1)	(1,722)		(4,069)	(3,630)		(13,044)
Transfers		(5)	5						
Depreciation expense		38,000	1,236	22,949		24,971	363		87,519
Revaluation decrement		(108,889)							(108,889)
<b>Balance as at 31 December 2010</b>		<b>1,851</b>	<b>16,376</b>	<b>185,690</b>		<b>191,107</b>			<b>395,024</b>
<b>Net book value</b>									
<b>As at 1 January 2009</b>	<b>278,469</b>	<b>867,159</b>	<b>5,604</b>	<b>85,135</b>	<b>15,086</b>	<b>84,513</b>	<b>1,090</b>	<b>34,746</b>	<b>1,371,802</b>
<b>As at 31 December 2009</b>	<b>278,469</b>	<b>841,833</b>	<b>5,099</b>	<b>73,209</b>	<b>15,398</b>	<b>93,243</b>	<b>364</b>	<b>44,375</b>	<b>1,351,990</b>
<b>As at 31 December 2010</b>	<b>253,484</b>	<b>848,962</b>	<b>4,582</b>	<b>66,226</b>	<b>15,731</b>	<b>93,220</b>		<b>143,574</b>	<b>1,425,779</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 10 Property, plant and equipment (continued)

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

The consolidated entity engages Darroch Limited, an accredited independent valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the consolidated entity, and to market based yields for comparable properties. The effective date of the revaluation was 31 December 2010.

## 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
<b>Gross carrying amount</b>						
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
<b>Balance as at 1 January 2010</b>	<b>40,065</b>	<b>5,884</b>	<b>45,949</b>	<b>38,255</b>	<b>5,296</b>	<b>43,551</b>
Additions	774	11,390	12,164	774	10,688	11,462
Disposals	(177)		(177)	(177)		(177)
Transfers	13,986	(13,986)		12,696	(12,696)	
<b>Balance as at 31 December 2010</b>	<b>54,648</b>	<b>3,288</b>	<b>57,936</b>	<b>51,548</b>	<b>3,288</b>	<b>54,836</b>
<b>Accumulated amortisation and impairment</b>						
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
<b>Balance as at 1 January 2010</b>	<b>27,729</b>		<b>27,729</b>	<b>26,058</b>		<b>26,058</b>
Disposals	(176)		(176)	(176)		(176)
Amortisation expense	6,638		6,638	6,411		6,411
<b>Balance as at 31 December 2010</b>	<b>34,191</b>		<b>34,191</b>	<b>32,293</b>		<b>32,293</b>
<b>Net book value</b>						
<b>As at 1 January 2009</b>	<b>10,707</b>	<b>3,528</b>	<b>14,235</b>	<b>10,020</b>	<b>3,528</b>	<b>13,548</b>
<b>As at 31 December 2009</b>	<b>12,336</b>	<b>5,884</b>	<b>18,220</b>	<b>12,197</b>	<b>5,296</b>	<b>17,493</b>
<b>As at 31 December 2010</b>	<b>20,457</b>	<b>3,288</b>	<b>23,745</b>	<b>19,255</b>	<b>3,288</b>	<b>22,543</b>

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 2010

## 12 Payables

	Note	CONSOLIDATED		UNIVERSITY	
		2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Trade payables		102,345	83,488	86,929	65,693
Related company payables	22			1,151	1,282
<b>Total payables</b>		<b>102,345</b>	<b>83,488</b>	<b>88,080</b>	<b>66,975</b>

## 13 Revenue in advance

	Note	CONSOLIDATED		UNIVERSITY	
		2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Current liabilities</b>					
Revenue received in advance		15,676	14,256	15,676	14,256
Research contracts obligations		71,700	85,792	36,494	36,713
<b>Total revenue in advance – current</b>		<b>87,376</b>	<b>100,048</b>	<b>52,170</b>	<b>50,969</b>

### Non current liabilities

The Partnerships for Excellence funding from the Crown is in the form of suspensory loans. The loans are to be forgiven when key milestones have been achieved. The income from meeting the milestones is to be recognised when the Crown agrees that the milestones have been met and the loans are forgiven.

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

	CONSOLIDATED/UNIVERSITY	
	2010 \$000	2009 \$000
2013	10,000	10,000
2014		
2015	12,000	12,000
<b>Total</b>	<b>22,000</b>	<b>22,000</b>

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 2010

## 14 Employee entitlements

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Current liabilities</b>				
Accumulated annual leave	21,241	19,382	18,772	18,365
Retirement allowance	9,693	8,635	9,693	8,635
Long service leave	498	609	498	609
<b>Total employee entitlements – current</b>	<b>31,432</b>	<b>28,626</b>	<b>28,963</b>	<b>27,609</b>
<b>Non current liabilities</b>				
Sick leave	1,146	1,669	1,118	1,641
Retirement allowance	30,537	31,093	30,537	31,093
Long service leave	1,259	1,346	1,259	1,346
<b>Total employee entitlements – non current</b>	<b>32,942</b>	<b>34,108</b>	<b>32,914</b>	<b>34,080</b>

## 15 Provisions

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

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

### Faculty Research Development Fund

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

### Vice-Chancellor's Strategic Development Fund

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

# Notes to the Financial Statements

for the year ended 31 December 2010

## 16 Leases

### Finance lease liabilities

Finance leases relate to equipment with a lease term of 5 years (refer to Note 10).

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

	CONSOLIDATED/UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000
Within 1 year		363
Later than 1 year and not later than 5 years		
Later than 5 years		
		<b>363</b>
<b>Disclosed in the Balance Sheet as:</b>		
Current liabilities		363
Non current liabilities		
<b>Total finance lease liabilities</b>		<b>363</b>

### 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	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Non-cancellable operating leases</b>				
Commitments for non-cancellable operating leases are payable as follows:				
Within 1 year	16,442	18,051	16,149	16,695
Later than 1 year and not later than 5 years	36,547	30,873	36,473	29,251
Later than 5 years	7,312	8,424	7,312	8,424
<b>Total operating lease commitments</b>	<b>60,301</b>	<b>57,348</b>	<b>59,934</b>	<b>54,370</b>
<b>Operating lease commitments by type</b>				
Properties	46,351	47,315	46,240	44,872
Motor Vehicles	596	821	352	294
Equipment	13,354	9,212	13,342	9,204
<b>Total operating lease commitments by type</b>	<b>60,301</b>	<b>57,348</b>	<b>59,934</b>	<b>54,370</b>

# Notes to the Financial Statements

for the year ended 31 December 2010

## 16 Leases (continued)

### 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	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Within 1 year	2,283	1,584	2,755	2,036
Later than 1 year and not later than 5 years	6,103	2,044	7,048	3,325
Later than 5 years	557	143	557	143
<b>Total operating lease receivables</b>	<b>8,943</b>	<b>3,771</b>	<b>10,360</b>	<b>5,504</b>

## 17 Capital commitments

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

	CONSOLIDATED/UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000
Property Services projects	94,028	83,322
Other capital expenditure	3,429	2,702
<b>Total capital commitments</b>	<b>97,457</b>	<b>86,024</b>

## 18 Contingent liabilities

No contingent liabilities have been identified as at 31 December 2010 (2009: Nil).

# Notes to the Financial Statements

for the year ended 31 December 2010

## 19 General equity

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Balance at beginning of financial year	889,225	859,308	875,961	849,226
Net surplus	27,284	28,537	20,147	25,419
Transferred in from revaluation reserve	5,984	2,228	5,984	2,228
Deficit of subsidiary eliminated on liquidation		64		
Less net surplus/(deficit) transferred to/(from) trust and special funds	(4,544)	912	(4,544)	912
<b>Balance at end of financial year</b>	<b>917,949</b>	<b>889,225</b>	<b>897,548</b>	<b>875,961</b>

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

## 20 Reserves

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
Asset revaluation	399,547	426,605	401,434	425,746
Cash flow hedge	(553)	(513)	(604)	(553)
<b>Balance at end of financial year</b>	<b>398,994</b>	<b>426,092</b>	<b>400,830</b>	<b>425,193</b>
<b>Asset revaluation reserve</b>				
<b>Land and buildings</b>				
Balance at beginning of financial year	411,613	413,841	410,754	412,982
Transferred to general equity	(5,984)	(2,228)	(5,984)	(2,228)
Revaluation decrements	(20,332)		(17,586)	
<b>Balance at end of financial year</b>	<b>385,297</b>	<b>411,613</b>	<b>387,184</b>	<b>410,754</b>
<b>Works of art and special library collections</b>				
Balance at beginning of financial year	14,992	8,869	14,992	8,869
Revaluation increments/ (decrements)	(742)	6,123	(742)	6,123
<b>Balance at end of financial year</b>	<b>14,250</b>	<b>14,992</b>	<b>14,250</b>	<b>14,992</b>
<b>Total asset revaluation reserve</b>	<b>399,547</b>	<b>426,605</b>	<b>401,434</b>	<b>425,746</b>

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 2010

## 20 Reserves (continued)

	CONSOLIDATED		UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000	2010 Actual \$000	2009 Actual \$000
<b>Hedging reserve</b>				
Balance at beginning of financial year	(513)	327	(553)	314
Gain/(loss) recognised	552	1,242	552	1,242
Transferred to initial carrying amount of hedged item	(592)	(2,082)	(603)	(2,109)
<b>Balance at the end of financial year</b>	<b>(553)</b>	<b>(513)</b>	<b>(604)</b>	<b>(553)</b>

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.

## 21 Trust and special funds

	CONSOLIDATED/UNIVERSITY			
	Special Funds \$000	Endowment Funds \$000	Scholarships \$000	Total \$000
<b>2010</b>				
Balance at beginning of financial year	1,761	3,795	11,310	16,866
Income	4,039	7,024	737	11,800
Less expenditure	(4,009)	(2,855)	(392)	(7,256)
Net surplus (deficit)	30	4,169	345	4,544
<b>Balance at end of financial year</b>	<b>1,791</b>	<b>7,964</b>	<b>11,655</b>	<b>21,410</b>
<b>2009</b>				
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
<b>Balance at end of financial year</b>	<b>1,761</b>	<b>3,795</b>	<b>11,310</b>	<b>16,866</b>

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.

# Notes to the Financial Statements

for the year ended 31 December 2010

## 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 2010 was \$37.2 million (2009: \$34.1 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 2010 was \$9.1 million (2009: \$9.6million). Interest charged by Auckland UniServices Limited to the University throughout the year was \$1.6 million (2009: \$1.5 million).

Balances outstanding at 31 December 2010 are:

1. Receivables	\$4,802,113	(2009: \$4,103,611)
2. Payables	\$1,151,081	(2009: \$1,282,456)
3. Loan from subsidiary	\$37,700,000	(2009: \$37,700,000)

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

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

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

### Eversdale Holdings Limited

Eversdale Holdings Limited is a wholly owned subsidiary of the University which until 17 December 2010 held property for University use. On 17 December 2010, Eversdale Holdings Limited transferred its properties to the University at a market value of \$7,050,527 as determined by Darroch Limited, an independent valuer. At 31 December 2010 the balance owed by Eversdale Holdings Limited to the University was \$949,473 (2009: \$8,000,000), however management believe this balance is impaired and have expensed \$949,473 to operating costs in the Income Statement accordingly.

### Telsar Investments Limited

Telsar Investments Limited is a wholly owned subsidiary of the University which until 17 December 2010 held property for University use. On 17 December, Telsar Investments Limited transferred its properties to the University at a market value of \$15,468,993 as determined by Darrochs Limited, an independent valuer. At 31 December 2010 the balance owed by Telsar Investments Limited to the University was \$3,028,353 (2009: \$18,497,346), however management believe this amount is impaired and have expensed \$3,028,353 to operating costs in the Income Statement accordingly.

# Notes to the Financial Statements

for the year ended 31 December 2010

## 22 Related parties (continued)

Investment in subsidiaries of \$1 million (2009: \$27.497 million) comprises:

	UNIVERSITY	
	2010 \$000	2009 \$000
Loan to Eversdale Holdings Limited	-	8,000
Loan to Telsar Investments Limited	-	18,497
Shares in Auckland UniServices Limited	1,000	1,000
<b>Total Investment in subsidiaries</b>	<b>1,000</b>	<b>27,497</b>

The University is the holding entity for the consolidated group. The subsidiaries as at 31 December 2010 are:

Name	Interest 2010	Interest 2009	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

### Key management personnel compensation

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

	CONSOLIDATED/UNIVERSITY	
	2010 Actual \$000	2009 Actual \$000
Short-term employee benefits	6,388	6,881
Post-employment benefits	809	953
Termination benefits		93
<b>Total employee benefits</b>	<b>7,197</b>	<b>7,927</b>



## INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF  
 THE UNIVERSITY OF AUCKLAND AND GROUP'S  
 FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE  
 FOR THE YEAR ENDED 31 DECEMBER 2010

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

We have audited:

- the financial statements of the University and group on pages 53 to 86, that comprise the statement of financial position as at 31 December 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 38 to 49.

### 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 2010; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the University and group on pages 38 to 49:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the University and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2010.

Our audit was completed on 11 March 2011. This 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 our responsibilities, and we explain our independence.

### Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University and group's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.

An audit also involves evaluating:

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

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

### **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 \$0.5m has been recognised as revenue and an amount of \$2.5m 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**

The Council is responsible for preparing financial statements and a statement of service performance that:

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

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

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

### **Responsibilities of the Auditor**

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

### **Independence**

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

We 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 and Technology
FTE	Full Time Equivalent
GPE	Grade Point Equivalent
HRC	Health Research Council
KPI	Key Performance Indicator
LSRI	Large Scale Research Institute
MANU-AO	Māori Academic Network across Universities in Aotearoa
MAPAS	Māori and Pacific Admission Scheme
MIT	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)
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

TASMAN SEA

SOUTH ISLAND

West  
Greymouth  
Hokitika  
Aoraki  
(Mount Cook)  
N3754  
Ashb  
Timar  
Waimate  
Oamaru  
Port Chalmers  
Dunedin  
Milton  
Balclutha  
Chaslands  
Mistake  
South West Cape  
Snares  
Islands  
Foveaux Strait  
Stewart Island  
Invercargill  
Gore  
Alexandra  
Queenstown  
Mount  
Aspiring  
5030  
Cape Providence

Auckland  
Islands  
(New Zealand)





The University of Auckland  
Private Bag 92019  
Auckland Mail Centre  
Auckland 1142  
New Zealand  
[www.auckland.ac.nz](http://www.auckland.ac.nz)