

ANNUAL REPORT
2010

MANU TĀWHIOWHIO >>

In many cultures the bird is a symbol of navigation. Manu Tāwhiowhio or 'bird satellite' stands proudly at the entrance to AUT University, symbolic of our role as navigator for our students, equipping them with the skills and values that will guide them toward successful careers.

WELCOME TO AUT UNIVERSITY

E ngā mana, e ngā reo, e ngā hau e whā
Tēnā koutou katoa.

Nau mai piki mai, haere mai ki Te Wānanga Aronui o
Tamaki Makau Rau.

Piki mai ki tēnei Whare Wānanga
Haere mai ki te whiriwhiri ngā kōrero ka hiki
tonu te mōhiotanga
Kia tutuki ai koe ki ngā whāinga o ngā whānau
me ngā iwi whānui o te ao.
Tēnā koutou katoa.

To the many communities of the world, greetings.

Welcome to AUT University.

Come to AUT to participate in discussion and higher
learning opportunities. Achieve your goals, those of your
family and those of the local and international community.

Tēnā koutou katoa.

TO FOSTER EXCELLENCE, EQUITY AND ETHICS
IN LEARNING, TEACHING, RESEARCH AND SCHOLARSHIP,
AND IN SO DOING SERVE OUR REGIONAL, NATIONAL
AND INTERNATIONAL COMMUNITIES.

TE WHAKATIPU TINO PŪKEKOTANGA, TAURITERITENGA
ME NGĀ MAHI TIKA O ROTO I TE AKOMANGA, WHAKAAKO,
RANGAHAU ME NGĀ POU MĀTAURANGA ME TE MEA HOKI
KA MANAAKITIA O TĀTAU ROHE, ME NGĀ HĀPORI O TE MOTU
ME ERA O TĀWAHI.

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THE COUNCIL OF THE AUCKLAND UNIVERSITY OF TECHNOLOGY

For the Year Ended 31 December 2010

Chancellor

The Rt Revd and The Hon Sir Paul Reeves
ONZ, GCMG, GCVO, QSO, KStJ, MA, LTh
Co-opted member

Pro-Chancellor

Jocelyn Martin LLB
Appointed by the Minister of Education

Secretary to Council

Dr Andrea Vujnovich
LLB (Hons), MSc (Hons), PhD *Auckland*
Legal Counsel and Director of Governance

Members

Uluomatootua Aiono BSc, MBA
Appointed by the Auckland University of Technology Council (after consultation with Pacific Island organisations and communities of New Zealand)

Dr Pat Alley MBChB, FRACS, Dip Prof Ethics
(after consultation with the Council of Trade Unions)

Dr Alan Cocker MA (Hons), PhD *Auckland*
Elected by the academic staff of the Auckland University of Technology

Filomena Davies BA (Hons), NZLSC, ALIANZA
Elected by the general staff of the Auckland University of Technology

Dr Henry Duncan BSc, MS, PhD *UCLA*, Dip Tchg
Appointed from the nominations of the Auckland University of Technology Academic Board

Philippa Dunphy BHSc, CFA
Co-opted member

Rangimarie Naida Glavish JP
Appointed by the Auckland University of Technology Council
(after consultation with, and from the nominations of, the local iwi)
(resigned 26 July 2010)

Lex Henry LLB
Appointed by the Minister of Education

John Hill BArch (Hons)
Appointed by the Minister of Education

Pauline Kingi CNZM, BA, LLB, LLM, Dip Crim
Appointed by the Auckland University of Technology Council (after consultation with, and from the nominations of, the Auckland District Māori Council)

John Maasland MA, FIOD
Appointed by the Auckland University of Technology Council
(after consultation with the Central Organisation of Employers)

Derek McCormack MSc, Dip Tchg
Vice-Chancellor of the Auckland University of Technology

Veronica Ng Lam BHSc (Podiatry)
Appointed by the Auckland Student Movement at Auckland University of Technology

John O'Hara MBIE
Appointed from the nominations of the Auckland University of Technology Alumni Association Inc (resigned 1 June 2010)

Paul Phillips BE, MBA
Co-opted member

Danielle Schofield
Appointed by the Auckland Student Movement at Auckland University of Technology

James Schofield BCom, MSc (Econ), FCA
Co-opted member

CHANCELLOR'S FOREWORD



The last few years have been challenging for universities, both here and abroad. Internationally, governments have adopted widely different approaches to tertiary funding in response to the global financial recession. The Australian Government introduced major spending initiatives to broaden access to higher education and support research and infrastructure developments, while the British government announced significant reductions in tuition subsidies and resulting fee increases. The New Zealand Government responded by significantly reducing strategic and capital funds, while only modestly increasing student-based funding for the universities. However, student demand continued to exceed the number of funded places and, for the first time in AUT's history, Council endorsed action to restrict enrolments in July 2010. This was necessary if the University was to remain within its mandated maximum number of places, and be considered for additional funding and student places in 2011.

In spite of the decision to restrict enrolments, total student enrolments at 18,952 EFTS were the highest in the University's history, up 5% from 2009. Continuing the trends of previous years, a greater proportion of our students (82%) studied at degree and postgraduate level. The University was also proactive about growing its international student cohort, with 4,384 students sourced from 93 countries in 2010.¹

AUT's research performance continued to develop despite considerable competition for research funds within the sector. The University signed external research contracts with a total value of more than \$16 million. The biggest contributor was the Health Research Council of New Zealand which awarded AUT researchers in excess of \$8 million in funding. AUT was also one of six research organisations selected by the Government to participate in a scheme to increase the transfer of technology and knowledge to business. This is testament to the capabilities of our academic staff and to AUT's growing research reputation. AUT continues to commercialise research discoveries and develop new technologies. Three of the 21 start-up companies hosted by AUT's Business Innovation Centre were in the post-incubation phase during 2010 and one graduate company, Enervate, is now based in Singapore, after receiving a \$0.5 million grant from the Singapore Economic Development Board.

The University continued to foster wider participation in education, often in collaboration with community partners. Our Manukau Campus

officially opened in March 2010 with more than 400 founding students. By the end of 2010, applications exceeded available places for 2011, an early indicator of the success of the Campus and its likely future economic and social contribution to the region. The first stage of development began at AUT-Millennium Campus as a result of substantial government, local council and private investor grants; this campus will be New Zealand's premier sports science research facility and training centre for high-performance athletes. Development of the WG Precinct on the City Campus has also begun and these new facilities are likely to transform the teaching and learning, research and scholarship experiences of current and future generations.

In 2010, we invited the extended AUT community to join us in celebrating the completion of our first decade as a university, acknowledging the significant contribution we are making to tertiary education for Auckland and New Zealand. In developing our new Strategic Plan 2011-2015, AUT's Council and Executive Management Team spent time reflecting on past and present achievements, and are now considering how these successes might shape the course of the University's future.

This Annual Report demonstrates that AUT University manages well and achieves its targets. We embrace change and our approach is to find new opportunities, rather than simply to defend established positions. I am impressed by the thoroughness of our consultation with the many communities of this diverse city. Perhaps it comes from being a young university, only ten years old, but I hope we can continue to be a nimble and adaptable organisation.

It is my pleasure to thank all the members of Council who give so willingly of their time and expertise to advise and guide the Vice-Chancellor and Executive Management Team. The constructive relationship we have is crucial to AUT University's development. I hope you will share the pride that I feel for AUT in the achievements recorded in this Annual Report.

A handwritten signature in dark ink, appearing to read 'Paul Reeves', with a stylized flourish at the end.

Sir Paul Reeves
Chancellor

¹ A larger number of source countries is reported here than in Key Facts and Figures which reports international students studying in Ministry-funded programmes only

OFFICERS OF THE AUCKLAND UNIVERSITY OF TECHNOLOGY

For the Year Ended 31 December 2010

Vice-Chancellor

Derek McCormack MSc, Dip Tchg

Deputy Vice-Chancellor

Professor Robert Allen BA (Econ), PhD *Edinburgh*

Pro Vice-Chancellors and Deans

Pro Vice-Chancellor (International)
Dean, Faculty of Applied Humanities

Professor Nigel Hemmington BSc (Hons), PhD *Surrey*,
FCIM, FICPD, FIH, Chartered Marketer

Dean, Faculty of Business and Law²

Professor Des Graydon BCom, CA
Dr Geoff Perry BA, MA, MPhil (Hons), PhD *Auckland*,
DipCom, PGDipSocSci (Dstn), Dip Tchg

Dean, Faculty of Design and
Creative Technologies

Desna Jury MEd (Hons), Dip Tchg, FDINZ, FRSA

Pro Vice-Chancellor (North Shore)
Dean, Faculty of Health and Environmental
Sciences

Professor Max Abbott BA, BSc, MA (Hons),
PhD *Canterbury*, DipClinPsych, TColDip (Dstn),
MNZCCP, MRSNZ

Pro Vice-Chancellor (Māori Advancement)
Pro Vice-Chancellor (Learning and Teaching)
and Dean, Te Ara Poutama (Faculty of Māori
Development)

Associate Professor Pare Keiha QSO, MBA,
MComLaw, MSc, PhD *Auckland*, FRSA, MInstD, MRSNZ

Pro Vice-Chancellor (Research)³

Professor Richard Bedford QSO, MA (Hons), PhD
Australian National University, FRSNZ

Pro Vice-Chancellor (Innovation and
Enterprise)⁴

Professor John Raine BE (Hons), PhD *Canterbury*,
CEng, FIMechE, FIPENZ, MSAE, MASPACI

Pro Vice-Chancellor

Professor Philip Sallis BA, PhD *City (UK)*, FNZCS,
MRSNZ, MACM, MIEEE

Pro Vice-Chancellor

Professor Ian Shirley MA (Hons), PhD *Massey*

General Managers

Corporate Services⁵
Finance and Estates
University Relations and Advancement

Richard Hall OBE, MNZM, MA
Judith McKay BA, BCom, CA, MInstD, MNZSCT
Vivien Bridgwater Dip Tchg

Legal Counsel

Dr Andrea Vujnovich LLB (Hons), MSc (Hons),
PhD *Auckland*

Internal Auditor

Alastair Burrows CFIIA, AIIA (NZ)

Bankers

ANZ National Bank Limited

Auditor

Audit New Zealand on behalf of the Auditor-General

² Following the death of Professor Des Graydon in April 2010, Dr Geoff Perry assumed this role in an acting capacity and was subsequently confirmed in the position in December 2010

³ Professor Richard Bedford was appointed as Pro Vice-Chancellor (Research) in April 2010. Professor Ian Shirley, who previously held the position of Pro Vice-Chancellor (Research and Development), retains the position of Pro Vice-Chancellor

⁴ Professor John Raine was appointed as Pro Vice-Chancellor (Innovation and Enterprise) in April 2010. Professor Philip Sallis, who previously held this position, retains the position of Pro Vice-Chancellor

⁵ John Williams, General Manager, Service and Operations left AUT in August 2010. Richard Hall was appointed as Acting General Manager, Services and Operations and was confirmed in the role of General Manager, Corporate Services in November 2010; this position replaces both General Manager, Services and Operations and Head of the Vice-Chancellor's Department

VICE-CHANCELLOR'S REPORT



2010 was a year of enormous achievement for AUT University. We celebrated our first decade as a university and had a highly successful first year at our Manukau Campus. We enrolled a record number of students, including the highest-ever proportion at degree and postgraduate level, and we achieved an unprecedented level of income, including the highest ever amount of research funding awarded. We also began work on our largest capital project to date, the WG Learning Precinct on the City Campus.

As we look to the next decade, we will continue our programme of significant change, particularly in relation to our research and student profiles. However, AUT's core qualities are unchanged. The University will remain outward looking; it will continue to recognise the transformative power of higher education for individuals and for the country; and it will retain its commitment to offering this opportunity to people from every New Zealand community. Significant challenges lie ahead however, including the need to: manage growth, within government enrolment restrictions; and retain a focus on access to higher education while Government places greater emphasis on student performance.

On a sadder note, many of AUT's community were affected by the passing of Professor Des Graydon, Dean of the Faculty of Business and Law, who died in April after a short illness. His 30 years of service to AUT left behind a legacy of strong leadership and innovative approaches to tertiary teaching and learning. Thousands of students and staff benefitted from his passion and stewardship and he left his mark on the University in numerous ways, not least through the development of the Business School building, which won numerous architectural awards for its innovative design.

EXCELLENCE IN EDUCATION

In 2010, the Minister for Tertiary Education, Hon Steven Joyce, introduced educational performance indicators for all tertiary institutions. The results will be monitored, made publicly available and used to determine up to five per cent of an organisation's student-based funding from 2012. Although AUT is broadly supportive of this initiative, we remain dissatisfied with some aspects of the monitoring system, which fail to account for the influence of wider contextual factors on overall results. For AUT, these include annual growth in EFTS, considerable changes to our mix of provision as we shift further towards higher education, and larger proportions of

Māori, Pasifika and part-time students than many of the other universities.

The University continued to develop the quality and relevance of our curriculum throughout 2010. In light of AUT's commitment to increasing provision at degree and postgraduate level, we discontinued or reduced EFTS allocations for several diploma and certificate programmes. In their place, we added three new Masters qualifications and a number of new majors for degree programmes.

AUT adopted the Learning and Teaching Enabled by Technology (LATENT) strategy in 2010, which embeds the use of flexible-learning activities throughout the University. The strategy was informed by excellent input from the Auckland Student Movement @ AUT (AuSM) on students' perceptions of learning technologies, and builds on the success of AUTonline, earlier upgrades to audio-visual and internet facilities, and enhanced wireless access across all campuses. The Centre for Learning and Teaching was established to encourage teaching excellence and enhance the use of innovative learning technologies across the University. During 2010, activities focussed on improving student retention and success, and developing the digital capabilities of staff. AUT's admission to the Apple University Consortium, which promotes digital creativity, provided funding for more than 20 staff and students from AUT to attend the Worldwide Developers' conference in San Francisco, and the DevWorld and CreateWorld conferences in Australia.

The University's Resources for Enhancing Learning and Teaching grants are designed to promote innovation across a particular programme or department. Four grants of \$25,000 each were awarded to faculties in 2010, along with smaller grants to a combined central unit (\$16,000) and to the School of Communications (\$5,000). The recipients have used the funding to implement a range of new initiatives, including e-portfolios for physiotherapy and product design students.

The 2010 Vice-Chancellor's Awards for Excellence in Teaching again recognised high calibre candidates; awards were made to staff from the School of Communication Studies; Te Ara Poutama; and Interprofessional Education within the Faculty of Health and Environmental Sciences. The awards reflect the diversity of good practice across AUT and remain a key vehicle for acknowledging the success of our academic staff.

RESEARCH AND DEVELOPMENT

2010 was the most successful year in AUT's history for generating research funding, with the University receiving over \$8.5 million from the Health Research Council of New Zealand (HRC) alone. Professor Valery Feigin received \$4.94 million for a five-year investigation into measuring and reducing the burden of stroke in New Zealand. Dr Scott Duncan was granted \$1.19 million over three years for a 'healthy homework' programme that provides physical activity and nutrition interventions for children. Professor Kathryn McPherson received \$0.73 million for a three-year study of recovery and adaptation experiences after disabling traumatic brain injuries, and a further \$147,000 for a feasibility study on chronic obstructive pulmonary disease. Professor Philip Schluter was granted \$0.73 million for a two-year investigation into the hearing status of Pasifika children. In addition to its main funding round, the HRC also awarded AUT a total of \$0.83 million for five Career Development Awards, including a post-doctoral fellowship and the Erihapeti Rehu-Murchie Research Fellowship in Māori Health. Dr Peter Skilling also received funding from the Marsden Fund's highly-contestable Fast Start grants. These awards signify the strengthening of AUT's research, particularly in health sciences.

AUT continued to develop our research partnerships in 2010. AUT academics worked with the Ministries of Health, Economic Development and Women's Affairs, as well as the Auckland Regional Transport Authority. AUT also brokered several significant partnerships with business and the international research community. A recent agreement with Telecom will advance our radioastronomy programme by providing access to Telecom's 30-metre Warkworth satellite dish. The dish will be converted into a modern radio telescope which, when combined with AUT's existing 12-metre radio telescope, will create a world-class research facility. The partnership saves AUT approximately \$25 - \$30 million in installation costs and the new facility will advance research and development in a range of disciplines, including physics, mathematics, mechanical and electrical engineering, high-performance computing and telecommunications. It will also enhance New Zealand's capability to co-host the Square Kilometre Array (radio telescope) with Australia, should that bid be successful, and allow AUT to participate in several prestigious global research, real-time data transfer, and observation networks.

Research commercialisation is an integral part of AUT University's research and business engagement strategy. Seven early-stage projects received grants from UniCom's Technology Jump Start and AUT's Commercialisation Funds to help determine market and technological feasibility. The University is currently developing a sustainable business model for the three Innovation and Enterprise business units: AUT Enterprises Limited (AUTEL), the Business Innovation Centre and the Centre for Innovative Leadership. Close cooperation, collaboration and resource-sharing networks were also established between the three units and the University Research Office.

CoLab's virtual reality suite (VRS) officially opened at AUT in May and includes a range of pioneering 3D development technologies. The associated 3D visualisation cluster provides information-sharing and collaboration opportunities for organisations interested in using the technology. Several postgraduate students and researchers are based at the VRS, working on diverse projects such as interactive marketing applications, driving simulators, and stroke rehabilitation aids.

ENGAGEMENT – INTERNATIONAL ADVANCEMENT

AUT's new International Strategic Plan 2011-2013 articulates the University's commitment to internationalisation in six key areas: international recognition; research and collaboration; internationalisation of the curriculum; campuses, services and faculties; international students; and student and staff mobility. These considerations will frame our approach to education and research, including developing new international partnerships and the recruitment of international students.

During 2010, AUT continued to expand our international profile by developing and consolidating strategic partnerships with a range of prestigious institutions, particularly in the Asia-Pacific region, but also more widely in Europe, the Middle East and South America. As Chair of Universities New Zealand, I led the universities' delegation at the Shanghai Expo 2010 Education Forum. During this visit, AUT strengthened ties with Chinese partners and established several new articulation agreements. A tripartite research agreement between AUT's Knowledge Engineering and Discovery Research Institute (KEDRI), Shanghai Jiao Tong University and Xinjiang University was finalised, and KEDRI also established a joint

research agreement with the Chinese Academy of Science Institute of Automation in Beijing. The resulting research into determining an individual's risk of brain disease will be funded by a \$300,000 grant from the Ministry of Research, Science and Technology.

AUT renewed memoranda of understanding (MOU) with Thailand's Chulalongkorn and Khon Kaen Universities, covering activities such as research collaboration and student/staff exchanges. An MOU was also signed with BINUS University, Indonesia which is likely to result in several new articulation agreements from 2011. Another agreement with Namseoul University will attract a number of South Korean students to AUT to study English language and hospitality.

The School of Computing and Mathematical Sciences began teaching programmes at Vietnam's University of Science, as part of a cross-credit agreement. The School of Applied Sciences and the Faculty of Business and Law have similar arrangements with other universities in China and Vietnam. The Middle East remains a significant growth area for AUT with ongoing curriculum development and delivery in Oman, the United Arab Emirates and Bahrain.

ENGAGEMENT – MĀORI ADVANCEMENT, PASIFIKA ADVANCEMENT AND COMMUNITY RELATIONSHIPS

AUT experienced record enrolments for Māori students at degree level and higher, up four percent from 2009. Māori students have performed strongly at AUT in recent years, ranking above the sub-sector median for Māori course completions according to TEC data. AUT focussed on expanding and supporting our Māori postgraduate cohort, through initiatives such as the Māori and Pacific Postgraduate Wānanga series, postgraduate writing retreats and extended Hāpai (graduate assistant) roles for postgraduate students.

The Māori staff network is dynamic and vibrant, and makes a significant contribution to the life and culture of AUT. As part of its aim to become the employer of choice for Māori, the University offers an integrated programme of academic support, succession planning and career development for both staff and students. The University continues to encourage all students and staff to improve their understanding of tikanga Māori and te reo Māori. To this end, we introduced a new Master of Arts specialisation in te reo Māori in 2010 which uses Smart Board

technology to teach students across several external sites. AUT also provides opportunities for international students to experience Māori culture and language, including the popular noho marae.

AUT also strives to improve Pasifika academic outcomes, and currently has the largest proportion of Pasifika students in the university sub-sector (12%). Although we have implemented a number of centrally- and faculty-based support initiatives, the University recognises that more needs to be done to improve the success of our Pasifika students.

AUT aims to create a critical mass of Pasifika postgraduate students, with a particular focus on doctoral candidates as a potential source of academic staff. The Pasifika Postgraduate Studentship programme was established in 2007 to support this goal; seven members have subsequently completed Masters degrees and one PhD candidate recently submitted her thesis. Pasifika students also have the opportunity to present their research to other advanced students from universities in New Zealand and the Pacific through the Building Research Capability in the Social Sciences (BRCSS) National Pacific Postgraduate Talanoa series. Further afield, 21 postgraduate students from the University of the South Pacific in the Cook Islands were awarded AUT qualifications in 2010.

AUT is committed to maintaining close relationships with our local communities. The University engages with its many stakeholders through established consultation networks, provides scholarships to increase access to higher education among target groups, and seeks to increase aspiration for, and success in, higher education through the Agents of Change and Rangatahi projects. Both programmes take a holistic approach to preparing students for higher education, incorporating role-models and encouraging family/whānau involvement. The Rangatahi project offers individual mentoring, academic support and employment opportunities to young Māori health science students, facilitating both short-term retention and long-term career success. In 2010, approximately 20 individuals participated in the programme. Agents of Change has a wider focus, with an interrelated series of programmes tailored to different students' needs, including: leadership and personal development training for prefects; practical and experiential learning opportunities for Year 10 boys; and career days and mediation

training for students with an interest in the justice system. AUT also worked with Special Olympics New Zealand to create a leadership development programme for elite disabled athletes. Students from more than 50 schools were involved in Agents of Change throughout 2010 and the response from both participants and their schools has been highly positive.

SUSTAINABILITY – STRATEGIC DEVELOPMENTS

The financial management and performance of the University in 2010 was excellent despite economic pressures on the university sector. AUT met all its financial covenants, some by a significant margin. Revenue increased by \$27 million; of this, \$24 million was student-related, reflecting growth in domestic and international enrolments, and \$3 million was from additional trading activities. The additional revenue was offset by an increase in salaries and support expenditure of \$13 million and a \$4 million increase in depreciation.

The net surplus of \$18 million was more than double the 2009 surplus of \$8 million and was 36% ahead of budget. The surplus will relieve some of the financial pressures expected in 2011, including the loss of approximately \$8 million of Government funding from the tripartite adjustment fund and several training contracts. AUT's commitment to funding the \$97 million WG Precinct over the next two years will require the University to remain fiscally prudent to ensure that all financial covenants continue to be met.

In 2010, AUT converted the final third of the Crown's \$25 million Suspensory Loan for the Manukau Campus into equity. Based on 2010 results, AUT will be eligible to apply for the early conversion of part of the \$50 million Suspensory Loan to advance research culture and capability.

Classes began at Manukau Campus on 1 March 2010, a historic day for both the University and Counties Manukau communities. Later that month, Prime Minister John Key officially opened the Manukau Campus at a ceremony attended by a number of dignitaries including five cabinet ministers, Hon Phil Goff and Mayor Len Brown. The event included a large-scale celebration to welcome the community to the Campus. A second phase of development has now commenced, extending teaching space, providing dedicated postgraduate areas and upgrading cafeteria and conference facilities.

The AUT-Millennium Ownership Trust received \$15 million in government funding for a new national training centre for high-performance athletes based at the AUT-Millennium Campus. This investment will contribute to the first phase of the Campus' capital development plan, which includes AUT laboratories and a postgraduate centre. The then North Shore City Council also allocated \$10 million towards a second 25-metre swimming pool. The facility's development and profile have surged ahead since the Trust was formed in 2009. This is evidenced by a number of private donations, including \$1.1 million received to date from philanthropist Owen Glenn with the potential for a further \$2.75 million.

A significant step in the evolution of the City Campus also began in 2010, with initial development work beginning on our largest-ever project: the WG Learning Precinct. The new building and its surrounds will connect the City Campus and link it to the CBD. It will utilise the latest technologies to offer inspiring learning and social spaces, reflecting AUT's transformative approach to education. Plans include new lecture theatres, television studios, an integrated performance capture theatre and a café. All lobbies and break-out spaces will be designed as collaborative social study areas catering for multiple methods of learning.

CONCLUSION

The 2010 accomplishments noted in this report are significant, if only representing a fraction of AUT's achievements since becoming a university in 2000. In the next ten years, I expect AUT will become one of New Zealand's two largest universities. It is also clear that AUT has the qualities and the potential to be amongst this country's leading teaching and research institutions. The challenge will be to remain outward looking and live up to our claim to be the university for the changing world. We embrace the challenge and look to the future with confidence.



Derek McCormack
Vice-Chancellor

FINANCIAL REVIEW

For the Year Ended 31 December 2010

KEY FINANCIAL INDICATORS

Operations

Total revenue

Total expenses before finance costs

Surplus before finance costs

Finance costs

Interest on borrowings

Finance charges on finance leases

Total finance costs

Total expenses

Net surplus

Cash Flows

Operating cash receipts

Operating cash payments

Net cash flows

Property, plant & equipment – net book value

Debt

Bank borrowings

Finance leases – current

Finance leases – term

Total debt

Equity

Operating ratios

Net surplus/revenue

Cash ratio

Interest cover ratio

Capital ratios

Debt cover ratio

Debt/debt + equity

	University	
2010 Actual	2010 Budget	2009 Actual
\$000s	\$000s	\$000s
287,391	282,638	260,122
265,496	264,385	248,218
21,895	18,253	11,904
1,072	1,987	1,068
2,476	2,825	2,788
3,548	4,812	3,856
269,044	269,197	252,074
18,347	13,441	8,048
291,724	282,639	268,692
232,780	239,508	216,786
58,944	43,131	51,906
464,525	462,617	461,822
33,550	55,300	48,700
5,079	5,908	5,273
36,851	38,042	37,835
75,480	99,250	91,808
354,850	352,874	336,636
6.4%	4.8%	3.1%
125%	118%	124%
6.2	3.8	3.1
1.3	2.3	1.8
18%	22%	21%

KEY FACTS AND FIGURES

	2010 Budget	2010 Actual	2009 Actual	2008 Actual
MoE domestic EFTS	15,514	15,391	14,767	13,573
Other SAC-funded EFTS ⁶	57	98	66	52
MoE SAC-funded EFTS	15,571	15,489	14,833	13,625
International EFTS	2,260	2,445	2,257	2,295
Domestic + International EFTS	17,831	17,934	17,090	15,920
Contract EFTS	277	114	109	148
Community Education EFTS	208	675	575	336
Total programme EFTS	18,316	18,723	17,774	16,404
AUT International House EFTS	170	229	289	295
Total EFTS	18,486	18,952	18,063	16,699
Total number of students		27,141	26,002	24,484

DOMESTIC STUDENTS IN MINISTRY-FUNDED PROGRAMMES

	2010	2009	2008
Ethnicity⁷			
NZ European / Pakeha	42%	42%	43%
Māori	10%	10%	9%
Pasifika	12%	11%	10%
Asian	27%	27%	27%
Other	10%	10%	11%
Gender			
Female	61%	62%	62%
Male	39%	38%	38%
Age			
Under 25 years	62%	61%	61%
25 – 39 years	26%	26%	25%
40+ years	12%	13%	14%
Full-time / Part-time			
Full-time	66%	66%	63%
Part-time	34%	34%	37%

⁶ This includes International MoE Research EFTS and Onshore International PhD EFTS

⁷ The figures for ethnic breakdown of students total 101% due to rounding

EFTS BY FACULTIES

	2010 Budget	2010 Actual	2009 Actual	2008 Actual
Faculty of Applied Humanities	3,896	3,862	3,528	3,288
Faculty of Business and Law	4,763	4,971	4,722	4,361
Faculty of Design and Creative Technologies	4,300	4,360	4,274	3,903
Faculty of Health and Environmental Sciences	4,828	4,855	4,572	4,250
Te Ara Poutama	86	90	88	83
AUT International House	170	229	289	295
University programmes	443	585	590	519
Total	18,486	18,952	18,063	16,699

DOMESTIC EFTS

	2010 EFTS	2009 EFTS	2008 EFTS
Ministry-funded programmes			
Postgraduate	1,662	1,491	1,173
Undergraduate	11,034	10,118	8,650
Sub-degree	2,690	3,129	3,714
Not categorised	5	29	36
Total	15,391	14,767	13,573

INTERNATIONAL STUDENTS IN MINISTRY-FUNDED PROGRAMMES

International students were enrolled from 81 countries. The top ten are listed below.

	2010 Numbers	2010 Percentage	2009 Percentage
China	1,046	33%	33%
India	610	19%	21%
South Korea	252	8%	7%
Saudi Arabia	156	5%	4%
Vietnam	151	5%	4%
Russia	104	3%	3%
Malaysia	100	3%	3%
Taiwan	83	3%	3%
Hong Kong	58	2%	2%
Republic of Fiji	56	2%	2%
Other (71 countries)	538	17%	18%
Total international students in Ministry-funded programmes	3,154		

QUALIFICATIONS AWARDED

	2010	2009	2008
Doctorates	37	37	24
Masters	593	597	321
Honours, Postgraduate Diplomas and Postgraduate Certificates	810	777	368
Degrees, Graduate Diplomas and Graduate Certificates	3,378	4,126	3,327
Diplomas	849	1,413	1,166
Certificates	1,761	1,097	2,319
Total qualifications awarded	7,428	8,047	7,525

RESEARCH

	2010 Actual	2009 Actual	2008 Actual
Total research outputs	2,692	2,159	1,988
External research funding ⁸	\$11.1M	\$10.6M	\$8.1M
Performance-Based Research Fund (PBRF)	\$7.4M	\$6.4M	\$6.5M

PBRF funding reflects revenue earned as a result of the University's research performance in the reported year and includes the wash-up paid in a subsequent year. For 2010, PBRF monies are provisional and do not include the 2010 wash-up which is due to be paid in 2011. These figures therefore differ from those reported for Performance Measure 3.3 and the Notes to the Income Statement.

STAFFING

	2010 Actual	2009 Actual	2008 Actual
Student:Staff Ratio			
<i>Total EFTS/Total FTE Academic Staff</i>	19.9:1	18.8:1	16.8:1

8 External research funding represents the total amount of external research funding reported (as earned) in each year

STATEMENT OF MANAGEMENT RESPONSIBILITY

For the Year Ended 31 December 2010

In terms of the Education Act 1989 and the Crown Entities Act 2004 we certify that:

We have been responsible for the preparation of these statements of service performance and these financial statements for Auckland University of Technology and Group and the judgements used therein; and

We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance reporting and financial reporting; and

We are of the opinion that these statements of service performance and these financial statements fairly reflect the financial position for Auckland University of Technology and Group at 31 December 2010 and the results of the operations for the year ended 31 December 2010.



Sir Paul Reeves
Council Chairperson



Derek McCormack
Vice-Chancellor

28 March 2011

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and group's financial statements and statement of service performance for the year ended 31 December 2010

The Auditor-General is the auditor of Auckland University of Technology (the University) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the University and group on her behalf.

We have audited:

- the financial statements of the University and group on pages 55 to 106, that comprise the balance sheet as at 31 December 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 31 to 50.

OPINION

In our opinion:

- the financial statements of the University and group on pages 55 to 106:
 - 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; and
- the statement of service performance of the University and group on pages 31 to 50:
 - 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 28 March 2011. This is the date at which our opinion is expressed.

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

BASIS OF OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards and 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.

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.

In addition to the audit, we will perform an assignment for the provision of assurance on the performance based research fund external research income for the year ended 31 December 2010 which are compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the University or any of its subsidiaries.



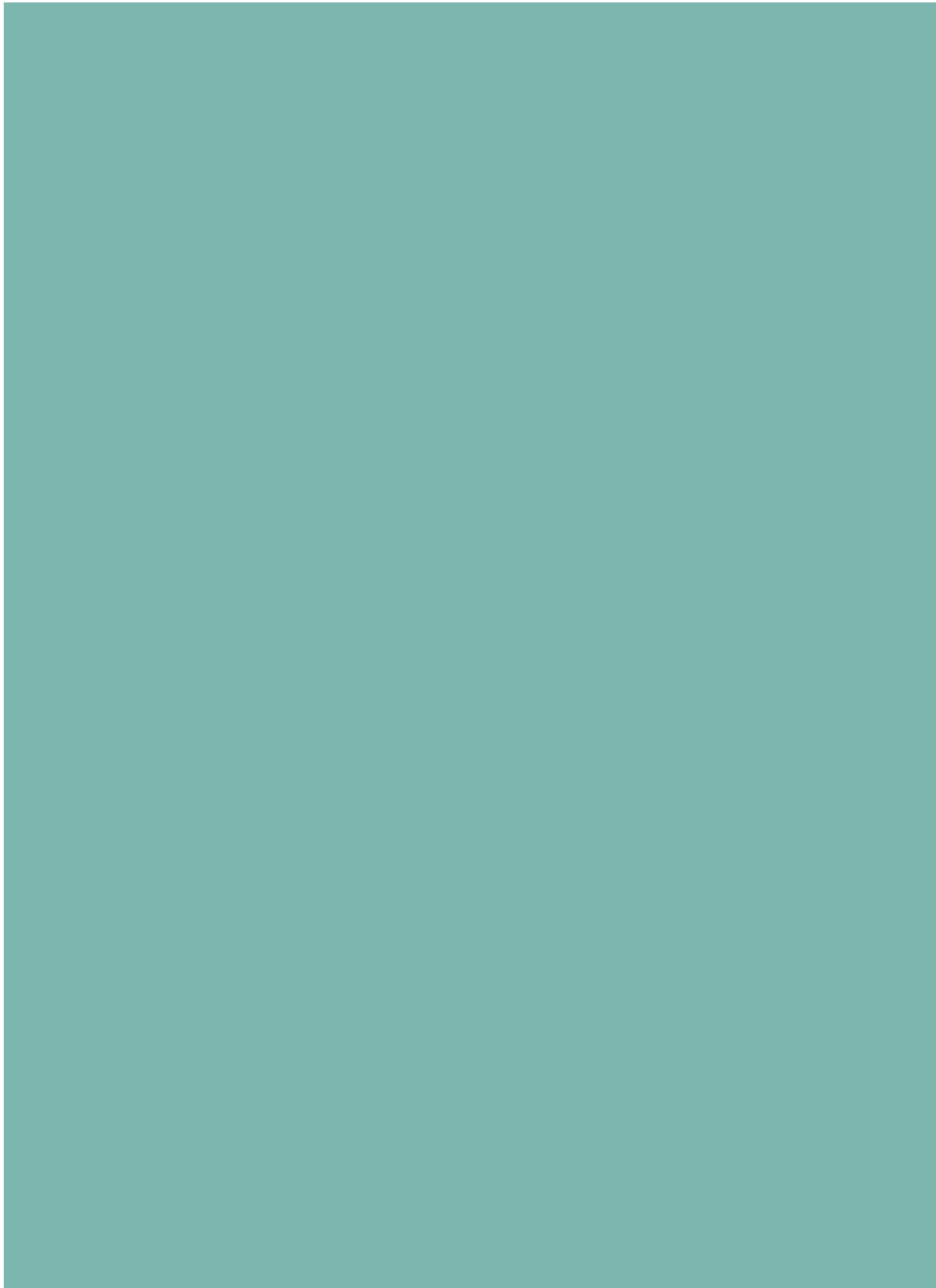
John Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the financial statements and statement of service performance of Auckland University of Technology (the University) and group for the year ended 31 December 2010 included on the University and group's website. The University and group's Council is responsible for the maintenance and integrity of the University and group's website. We have not been engaged to report on the integrity of the University and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 28 March 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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



REPORTS

FACULTY OF APPLIED HUMANITIES

Dean: **Professor Nigel Hemmington**

The Faculty of Applied Humanities offers a range of postgraduate, undergraduate and sub-degree qualifications with a focus on the humanities and the human services sectors, including education, hospitality and tourism, social sciences and languages. Areas of research strength include local government in New Zealand, web interaction patterns and Pacific studies. As well as traditional subjects such as psychology, the Faculty also offers specialised programmes in emerging or niche disciplines such as criminology, sign language and Deaf studies, and Steiner and Montessori education. All qualifications taught by the Faculty of Applied Humanities share the same emphasis on professionally-oriented learning that prepares graduates for success.

School of Education

Head of School: **Jay Reid** (to 4 October 2010)

Acting Head of School: **Dr Beverley Clark** (from 5 October 2010)

School of Hospitality and Tourism

Head of School: **Linda O'Neill**

School of Languages and Social Sciences

Head of School: **Dr Sharon Harvey**

Institute of Culture, Discourse and Communication

Director: **Professor Allan Bell**

Institute of Public Policy

Director: **David Wilson**

New Zealand Tourism Research Institute

Director: **Professor Simon Milne**

Deputy Dean:
Linda O'Neill

Associate Deans:
Sharon Harvey
Linda O'Neill
Jay Reid

Professors:
Allan Bell
John Bitchener
Charles Crothers
Peggy Fairbairn-Dunlop
Nigel Hemmington
Simon Milne
Mark Orams
Ian Shirley
Marilyn Waring

Associate Professors:
Andy Begg
Love Chile
Nesta Devine
Sharon Graham Davies
Michael Luck
Pat Strauss

KEY FACTS

	2010 Actual	2009 Actual
Enrolments		
Ministry-funded EFTS	3,237	2,952
International EFTS	462	463
Other EFTS	163	113
Total programme EFTS	3,862	3,528
Taught EFTS	3,816	3,483
MoE bulk-funded taught EFTS	3,464	3,220
Academic staff FTE	176	182
Student:Staff ratio	21.7:1	19.1:1
Research		
No. of research outputs	523	280
External research grants ⁹	\$833,571	\$956,704
Financial		
Faculty costs	\$000s 23,120	\$000s 23,449
Administrative costs	15,325	12,483
Total Costs	38,445	35,932
Less recoveries	2,029	2,720
Net cost of service	36,416	33,212
Net cost of service per EFTS ¹⁰	\$10,513	\$10,314

⁹ External research grants comprise the total amount of external research funding (exclusive of Performance-Based Research Fund monies) reported as earned by each faculty in each year

¹⁰ Net cost of service per EFTS is calculated using MoE bulk-funded taught EFTS

FACULTY OF BUSINESS AND LAW

Dean: **Professor Des Graydon** (until 9 April 2010)
Dr Geoff Perry (Acting from 11 April 2010)

The Faculty of Business and Law offers tuition in a comprehensive range of business disciplines. All programmes in the Faculty have a strong emphasis on applied learning and our academic staff provide innovative, research-led teaching that helps prepare graduates for the demands of professional business practice. The Faculty includes the fastest growing business school in New Zealand and has developed significant business research capability with over thirty professorial staff with expertise in a wide range of related disciplines.

School of Business

Associate Dean Postgraduate Students: **Dr Andy Godfrey**
 Director Undergraduate Programmes: **Associate Professor Keith Macky**
 Director Postgraduate Programmes: **Professor Bill Doolin**
 Director Centre for Business Interdisciplinary Studies: **Catherine Vile**
 Director Master of Business Administration: **Ken Lee**

Chairs of Disciplines

Accounting: **Professor Keith Hooper**
 Business Information Systems: **Professor Felix Tan**
 Economics: **Professor Tim Maloney**
 Finance: **Professor Alireza Tourani-Rad**
 International Business: **Professor Peter Enderwick**
 Management: **Professor Erling Rasmussen**
 Marketing: **Professor Roger Marshall**

School of Law

Dean: **Professor Ian Eagles**

Programme Directors

Undergraduate Programmes: **Mike French**
 Postgraduate Programmes in Law and Taxation: **Professor Louise Longdin**

New Zealand Work and Labour Market Institute

Director: **Professor Ray Markey**

Deputy Deans:
Geoff Perry
 (until 11 April 2010)
Jenny Bygrave
 (until 13 August 2010)
Roger Stokell (Acting)

Associate Deans:

Bill Doolin
Andy Godfrey
Kate Kearins
Keith Macky
Roger Stokell

Professors:

Trish Corner
Bill Doolin
Ian Eagles
Peter Enderwick
Keith Hooper
Ming-Hua Liu
Kate Kearins
Louise Longdin
Tim Maloney
Ray Markey
Roger Marshall
Deryl Northcott
Chris Ohms
Judith Pringle
Erling Rasmussen
Felix Tan
Alireza Tourani-Rad

Associate Professors:

Brett Collins
Margaret Craig-Lees
Bart Frijns
Sonjaya Gaur
Mark Glynn
Ahsan Habib
Coral Ingley
Felicity Lamm
Romie Littrell
Keith Macky
Simon Mowatt
Andrew Parsons
Edwina Pio
Peiming Wang
William Wang
Don Webber
Nevan Wright

Adjunct Professors:

Don Brash
Lee Parker
Arch Woodside

KEY FACTS

	2010 Actual	2009 Actual
Enrolments		
Ministry-funded EFTS	3,689	3,557
International EFTS	1,054	981
Other EFTS	228	184
Total programme EFTS	4,971	4,722
Taught EFTS	4,837	4,561
MoE bulk-funded taught EFTS	4,803	4,531
Academic staff FTE	177	170
Student:Staff ratio	27.3:1	26.8:1
Research		
No. of research outputs	603	386
External research grants ¹¹	\$163,444	\$116,372
Financial		
Faculty costs	\$000s 30,674	\$000s 27,882
Administrative costs	15,757	14,070
Total Costs	46,431	41,952
Less recoveries	308	188
Net cost of service	46,123	41,764
Net cost of service per EFTS ¹²	\$9,603	\$9,217

¹¹ As per footnote 9

¹² As per footnote 10

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Dean: **Desna Jury**

The Faculty of Design and Creative Technologies draws together a unique group of disciplines, including art, design, communications, computing, engineering, electrotechnology, information technology, computer sciences, mathematical modelling and statistics. Students develop strengths in these core areas while harnessing the possibilities provided by the convergence of new technologies and research; the faculty's graduates have the knowledge, capabilities and attitudes to contribute to wealth creation in the creative economy. Research is closely linked to industry needs and solves problems, stimulates development and leverages opportunities in the creative industries.

School of Art and Design
Head of School: **Ron Left**

School of Communication Studies
Head of School: **Dr Alan Cocker**

School of Computing and Mathematical Sciences
Head of School: **Professor Ajit Narayanan**

School of Engineering
Head of School: **Professor John Raine**

Creative Industries Research Institute
Director: **Professor Olaf Diegel**

Engineering Research and Innovation Cluster
Director: **Professor Thomas Neitzert**

Institute of Biomedical Technologies
Director: **Professor Ahmed Al-Jumaily**

Institute for Radio Astronomy and Space Research
Director: **Professor Sergei Gulyaev**

Knowledge Engineering and Discovery Research Institute
Director: **Professor Nikola Kasabov**

Interdisciplinary Unit
Director: **Associate Professor Charles Walker**

Associate Deans:
Olaf Diegel
Mark Jackson
Barry King

Professors:
Adnan Al-Anbuky
Ahmed Al-Jumaily
Olaf Diegel
Alvis Fong
Sergei Gulyaev
Jeffrey Hunter
Nikola Kasabov
Barry King
Stephen MacDonell
Ajit Narayanan
Thomas Neitzert
Krishnamachar Prasad
John Raine
Philip Sallis
Leong Yap
Albert (Wai) Yeap

Associate Professors:
Christopher Braddock
Jiling Cao
Zhan Chen
Paul Cowpertwait
Nancy de Freitas
Tina Engels-Schwarzpaul
Martin Hirst
Wayne Hope
Welby Ings
Mark Jackson
Frances Joseph
Sergiy Klymchuk
Tek Tjing Lie
Sigrid Norris
David Robie
Andy Thomson
John Tookey
Charles Walker
David Wilson

Adjunct Professors:
Elizabeth Grierson
Peter Thomassen

KEY FACTS

Enrolments

Ministry-funded EFTS
International EFTS
Other EFTS

Total programme EFTS

Taught EFTS

MoE bulk-funded taught EFTS

Academic staff FTE

Student:Staff ratio

Research

No. of research outputs

External research grants¹³

Financial

Faculty costs

Administrative costs

Total Costs

Less recoveries

Net cost of service

Net cost of service per EFTS¹⁴

2010 Actual	2009 Actual
3,671	3,691
617	533
72	50
4,360	4,274
4,777	4,718
4,642	4,605
235	250
20.3:1	18.9:1
574	913
\$2,235,911	\$2,155,480
\$000s	\$000s
36,139	36,480
23,371	19,224
59,510	55,704
112	600
59,398	55,104
\$12,796	\$11,966

¹³ As per footnote 9

¹⁴ As per footnote 10

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Dean: **Professor Max Abbott**

The Faculty of Health and Environmental Sciences is New Zealand's largest and most diverse health science education provider and is deeply involved in issues that affect the whole community. The Faculty prepares graduates to enter a wide variety of health, sport and recreation, and applied science professions. It also conducts research to advance scientific knowledge and professional practice in these areas and it provides postgraduate and continuing education for practitioners. In these and other ways, it seeks to enhance the health and wellbeing of New Zealanders and the environment in which they live.

School of Applied Sciences

Head of School: **Dr Roger Whiting** (to October 2010)
Dr Len Gillman (from November 2010)

School of Health Care Practice

Head of School: **Naumai Smith**

School of Public Health and Psychosocial Studies

Head of School: **Professor Janis Paterson**

School of Rehabilitation and Occupation Studies

Head of School: **Associate Professor Duncan Reid**

School of Sport and Recreation

Head of School: **Dr Henry Duncan**

Biotechnology Research Institute

Director: **Professor Stephen Henry**

Earth and Oceanic Sciences Research Institute

Director: **Associate Professor Steve O'Shea**

Health and Rehabilitation Research Centre

Director: **Professor Peter McNair**

Sports Performance Research Institute New Zealand

Director: **Professor John Cronin**

National Institute for Public Health and Mental Health Research

Directors: **Professor Max Abbott and Professor Janis Paterson**

National Institute for Stroke and Applied Neurosciences

Director: **Professor Valery Feigin**

KEY FACTS

Enrolments

Ministry-funded EFTS

International EFTS

Other EFTS

Total programme EFTS

Taught EFTS

MoE bulk-funded taught EFTS

Academic staff FTE

Student:Staff ratio

Research

No. of research outputs

External research grants¹⁵

Financial

Faculty costs

Administrative costs

Total Costs

Less recoveries

Net cost of service

Net cost of service per EFTS¹⁶

2010 Actual	2009 Actual
4,364	4,065
296	267
195	240
4,855	4,572
4,951	4,636
4,741	4,399
293	285
16.9:1	16.3:1
933	549
\$6,585,355	\$5,523,435
\$000s	\$000s
36,784	33,800
21,842	20,993
58,626	54,793
428	1,417
58,198	53,376
\$12,275	\$12,134

Associate Deans:

Geoff Dickson
Kate Haswell
Marion Jones
Susan Shaw

Professors:

Max Abbott
John Brooks
John Cronin
Valery Feigin
Stephen Henry
Will Hopkins
Patria Hume
Jane Koziol-McLain
Peter McNair
Kathryn McPherson
Janis Paterson
Keith Rome
Elaine Rush
Philip Schluter
Grant Schofield
David Seedhouse

Associate Professors:

Andrea Alfaro
Stephen Appel
Mark Boocock
Simeon Cairns
Geoff Dickson
Kate Diesfeld
Lynne Giddings
Wayne Hing
Clare Hocking
Marion Jones
Justin Keogh
Paula Kersten
Andrew Kilding
Antoinette McCallin
Steve O'Shea
Duncan Reid
Yang Shigang
John F. Smith
Liz Smythe
Denise Taylor
Keith Tudor
Alain Vandal
Denise Wilson
Owen Young

Adjunct Professors:

Clive Aspin
Paul Bennett
Rex Billington
Brian Broom
J.E. Lindsay Carter
Dawn Foreman
Ian Freckleton
Richard Gajdosik
Peter Greener
Frances Hughes
Gregory Kolt
Paul Laursen
Alain Lepage
Paul MacDonald
Theresa Madden
Michael McGuigan
Jan McMillen
William K. Mummary
Anne Passmore
John Raeburn
Brian Robinson
Johan Rosman
Jill Thistlewaite
Rex Thompson
Lynne Turner-Stokes
Rachel Volberg
Barry Wilson

¹⁵ As per footnote 9

¹⁶ As per footnote 10

TE ARA POUTAMA

Tumuaki:
Teorongonui **Josie Keelan**

Professors:
Tania Ka'ai
Paul Moon
John Moorfield

Associate Professor:
Pare Keiha

Dean: **Associate Professor Pare Keiha**

Te Ara Poutama, the Faculty of Māori Development, supports the development of students and their whānau, hapu and iwi and its research is significantly influenced by that commitment. Faculty staff research and teach in key aspects of Māori development, including business, policy, youth development, te reo Māori, digital technology and media. The Faculty takes an innovative approach to teaching and learning, using the latest technologies to create a range of electronic and mobile resources for teaching in te reo Māori. Based at Te Ara Poutama, Te Ipukarea: The National Māori Language Institute is developing a national and international reputation as a research-led community of scholars dedicated to language revitalisation.

Te Ipukarea: The National Māori Language Institute
Director: **Professor Tania Ka'ai**

KEY FACTS

Enrolments

Ministry-funded EFTS
International EFTS
Other EFTS

Total programme EFTS

Taught EFTS
MoE bulk-funded taught EFTS
Academic staff FTE
Student:Staff ratio

Research

No. of research outputs
External research grants¹⁷

Financial

Faculty costs
Administrative costs

Total Costs

Less recoveries
Net cost of service

Net cost of service per EFTS¹⁸

2010 Actual	2009 Actual
90	88
-	-
-	-
90	88
230	260
215	247
18	17
12.8:1	15.3:1
39	17
\$461,132	\$688,427
\$000s	\$000s
1,948	1,915
926	897
2,874	2,812
127	48
2,747	2,764
\$12,777	\$11,190

¹⁷ As per footnote 9

¹⁸ As per footnote 10

EQUAL OPPORTUNITIES

OVERVIEW

AUT continues to further equal opportunities through a number of established, successful initiatives. In 2010, the University celebrated its achievement of a number of key milestones that considerably enhanced equal opportunities for both staff and students. These include: the opening of the Manukau Campus, which will expand tertiary education provision within the South Auckland region which has high proportions of young Māori and Pasifika; record numbers of Māori and Pasifika students studying at degree level and above; and the implementation of a risk-management strategy to improve Māori and Pasifika student retention and success.

When delivering equity initiatives, AUT prioritises Māori, Pasifika, and staff and students with a disability; these programmes are, in the main, supported by dedicated funding received from the Tertiary Education Commission (TEC). However, AUT's commitment to equal opportunities also extends beyond these groups; the University contributes substantial resources to equity initiatives which support other communities, including LGBT,¹⁹ women, new migrants and refugees. The university remains committed to being "a university of opportunity, continu[ing] to support and encourage communities and groups who have been traditionally under-represented in higher education".²⁰ AUT celebrates diversity across all its activities and seeks to be relevant to the diverse communities of Auckland and Aotearoa.

STUDENTS

Enrolment patterns show marked increases in the number of Māori and Pasifika students studying in undergraduate and postgraduate programmes (both up by 4% from 2009). In 2010, the University graduated 125 Māori and Pasifika postgraduate students including AUT's first doctoral candidate to complete a thesis in te reo Māori.

In 2010, the TEC released its Educational Performance Indicators for the university sub-sector. AUT's Māori students performed well with course completion rates (77%) slightly exceeding the sub-sector median (76%). AUT's Pasifika students reported a course completion rate of 65% which was slightly lower than the sub-sector median of 66%. Given that the University has the highest proportion of Pasifika students in the sub-sector, AUT's Pasifika course completion rate is promising. However, AUT will continue to make a concerted effort to improve Pasifika student course completion rates by building on current successful strategies and activities that support Pasifika student success.

AUT University surveys student satisfaction annually and high levels of satisfaction are historically recorded for Māori and Pasifika students. This trend continued in 2010 with 83% of Māori students and 82% of Pasifika students satisfied with AUT.²¹

In 2010, AUT has been investigating and implementing the Disability Code of Practice *Kia Orite – Achieving Equity*. Generally, AUT meets or partially meets many of the activities and best practice standards outlined in *Kia Orite*. Recognising the importance of a barrier-free environment, the University committed \$250,000 over five years to audit the physical environment, space and facilities, and make any required improvements to ensure accessibility. The University Library carried out a self-assessment based on *Kia Orite*; areas of improvement were identified and work is continuing to implement these improvements. In 2011, the University plans to adopt this model of self-assessment across all areas in line with the best practice standards of the Code of Practice.

STAFF

The University's commitment to equal employment opportunities is clearly articulated in its Strategic Plan 2007-2011. The University is dedicated to "equal opportunity employment, recognising the opportunity to be relevant to the diverse communities of 21st century Auckland."²² Building on the success of AUT's position as the 'university of choice' for Māori and Pasifika students, AUT will continue to target potential Māori and Pasifika staff and, where appropriate, adapt processes so that AUT becomes the 'employer of choice' for Māori and Pasifika.

Human Resources (HR) was reviewed in 2010 and one of the results was a restructure of the department to include Organisational Development (OD). The ability to influence organisational culture and development through an integrated HR and OD approach will give greater effect to equal employment opportunities. The University's recruitment process has been adapted to include more explicit references to Māori and Pasifika communities as well as the Treaty of Waitangi, and work continues to embed this discourse within the University's HR documentation. The Māori and Pasifika postgraduate teaching assistantship programmes continue to build capability amongst senior students and support the University's aim of building our staff profile from within our own student population. In 2010, the University also continued to fund a number of staff networks (Māori, Pasifika, Disability, LGBT, Asian and Women on Campus), which have been highly successful fora for staff celebrating their identity and culture, and which give effect to a sense of community for AUT University staff.

19 LGBT is an initialism used as a self-designation by what was formerly known as the "gay community". It refers collectively to lesbian, gay, bisexual and transgender people

20 AUT Strategic Plan 2007-2011, p.10

21 AUT Annual Programme Survey: Report on the Student Experience of Programmes at AUT in 2010, p. 21

22 AUT Strategic Plan 2007-2011, p.12

STUDENT SERVICES

AUT University seeks to provide a supportive, affirming and transformational education experience for our students. This requires a University-wide approach to student support, to ensure all students receive timely assistance as they progress from initial inquiry through to graduation. Although at an operational level, services to students were fundamentally unchanged in 2010, a number of directorates were reviewed and realigned to allow this focus on the 'complete student journey'. The new model encompasses student support, administration and retention initiatives. It also enables a more adaptable and flexible approach to student success and better supports the organisation's business needs; the student experience is placed at the core of AUT's activities, providing a seamless, integrated and coordinated support service to all students, from before application to after graduation.

Education is not an isolated activity; rather, external circumstances can seriously affect a student's learning experience. Recognising this, AUT takes a holistic approach to well-being, providing health, social and spiritual support services as well as educational support. Students at risk of withdrawal are identified by the Success and Retention group and offered personalised assistance, tailored to their individual circumstances. This case management approach ensures that all underlying needs are identified, thereby improving both academic and personal outcomes for students.

The establishment of Manukau Campus in 2010 required an innovative approach to student support provision; the University needed a service that would fulfil students' expectations while remaining cost-effective.

At Manukau, student advisors provided a range of general services, while students with more acute needs were referred to specialised services at Wellesley or North Shore Campuses. This approach was broadly successful in its first year; 71% of students rated the quality of the student advisory service as either excellent or very good. On-campus service provision is expected to expand as Manukau Campus grows.

A particular focus for 2010 was the provision of additional study space at Manukau and City campuses. The next stage of refurbishments at Manukau will provide dedicated postgraduate space; this will be available to students based at other campuses but resident in the area, as well as those studying at Manukau Campus. The new postgraduate centre on City Campus was opened in mid-2010 and has been well utilised. The new WG Precinct will provide a range of social and study spaces for all students to support a range of different learning styles.

The December graduation ceremonies remain a popular option for students and numbers attending continue to grow. Close to 3,800 students graduated during the two-day celebration, including twenty doctoral candidates.

Finally, the University wishes to acknowledge AuSM's significant contribution to AUT's vibrant and dynamic student experience; the University will work closely with the students' association through the transition to voluntary membership.

STATEMENT OF RESOURCES

LIBRARY

	2010	2009
Expenditure – \$000s		
Operating expenditure – excluding depreciation	5,345	5,229
Depreciation ²³	5,689	3,389
Total operating expenditure	11,034	8,618
Capital expenditure – information resources	4,799	4,538
Total Library expenditure	15,833	13,156
Percentage increase/(decrease) total library expenditure	20%	(1%)
Library operating expenditure as a percentage of total University expenditure	4.1%	3.4%
Total EFTS (MoE and International)	17,934	17,090
Total FTE (academic and administrative staff)	1,916	1,860
Total Library expenditure (\$) per EFTS and FTE	798	694
Total Library staff (FTE)	65.1	61.5
e-resources		
e-journal titles	105,462	80,565
e-book titles	57,295	48,240
e-Reserve items (AUTonline) ²⁴	3,047	–
Research repository items (ScholarlyCommons)	966	–
Print resources (titles)²⁵		
Books	207,406	–
Journals (Serials)	2,360	–
Multimedia (AV items)	17,308	–
Online access		
e-journal full-text downloads	1,928,639	1,405,945
e-book full-text downloads	33,514	–
e-Reserve full-text downloads	32,415	–
Research repository full-text downloads	578,090	–
Library Guides page views	592,277	–
Library website page views ²⁶	1,675,553	–
Loans		
Print and multimedia	335,537	328,244
Course reserve (high demand)	55,877	53,639
Interloan items supplied and received	10,508	11,472
Information services		
Information literacy workshops (participants)	14,583	14,439
Information literacy workshops (groups)	612	595
Research consultations	3,729	3,230
Library Help Desk enquiries	14,971	13,173
Turnstile counts (visits to Library)	1,517,197	1,399,359
Opening hours (per week)²⁷	86	86

²³ Most of the increase in depreciation from 2009 to 2010 is explained by an increase in the depreciation rate on databases in 2010 (from 10% to 20%), which resulted in additional depreciation of \$1.9 million

²⁴ The Library Report was reviewed in 2010 to better reflect trends in the virtual as well as physical Library and to better align with best practice reporting. Some information presented in the 2010 report was not previously collected and cannot be reported for 2009 (this is indicated with a dash)

²⁵ In the 2009 Annual Report, print resources were measured as volumes rather than titles. This metric provided a sense of the amount of physical space used for print resources; as the Library is increasing its online provision of resources, it is more accurate to reflect titles rather than volumes

²⁶ The new AUT Library website went live on 11 February 2010. Figures for 2010 relate to the remaining portion of the year

²⁷ Weekly opening hours increase to 98 hours for the last four weeks of each semester

INFORMATION TECHNOLOGY SERVICES

	2010	2009
Expenditure — \$000s		
Operating expenditure for Information Technology Services (ITS)	13,447	11,587
Operating expenditure for computer leases in other divisions	3,549	3,938
Total operating ITS expenditure for University	16,996	15,525
Capital expenditure	1,558	2,207
Total ITS expenditure	18,554	17,733
Percentage increase/(decrease) total ITS expenditure	5%	19%
ITS operating expenditure as a percentage of total University expenditure	6.3%	6.1%
ITS salaries/total ITS operating expenditure	36%	35%
Total ITS expenditure per EFTS (\$)	1,035	1,038
Total ITS staff (FTE)	85	71
Computers and student users		
Total number of computers (including laptops)	6,810	6,465
Percentage increase/(decrease) in number of computers	5.3%	6.6%
Number of computers in classrooms and open-access laboratories	4,586	4,276
Percentage increase/(decrease) in computers in classrooms and open-access laboratories	7.2%	8.6%
Number of student users (log-on authorisations)	31,450	26,640
Computer:student ratio	1:6.9	1:6.2
Computer facilities and support		
Available open-access laboratory hours	1,987,879	1,593,098
Percentage increase/(decrease) open-access hours ²⁸	24.8%	13.8%
Total number of open-access hours used ²⁹	623,139	649,269
Percentage open-access usage	31.3%	41%
Total helpdesk enquiries	75,077	51,375
Percentage increase/(decrease) helpdesk enquiries ³⁰	46%	(4.9%)
AUT website performance		
Number of web pages	5,249	4,873
Number of page views on AUT website	17.0M	18.8M

28 The increase in open-access hours for 2010 is the result of a new lab at Manukau Campus, increased opening hours during the exam period and some labs providing access for 24 hours a day/7 days a week

29 Utilisation of open-access hours decreased in 2010. This resulted from the implementation of a more accurate booking system which records usage by the minute, rather than in 30-minute blocks. There has also been an increase in the number of students working on their own laptops using AUT's wireless access

30 The increase in helpdesk enquiries for 2010 reflects greater efficiencies in the capture of calls logged using the new Service Desk toolset

LAND AND BUILDINGS

	2010		2009	
	Gross Area ha	Value \$'000s	Gross Area ha	Value \$'000s
LAND				
Crown owned land	16.9	39,203	16.9	34,925
AUT owned land				
City Campus	1.0	19,298	1.0	25,736
Manukau Campus	7.8	28,022	7.8	29,190
Total land	25.7	86,523	25.7	89,851

	2010		2009	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
BUILDINGS				
Crown owned buildings³¹				
City Campus	12,062	19,289	17,861	20,536
North Shore Campus	19,223	29,622	19,223	31,880
Total Crown owned buildings³²	31,285	48,911	37,084	52,416
AUT owned buildings				
City Campus				
Art and Design Building	9,266	22,053	9,266	21,814
Business Building	10,681	34,705	10,681	36,156
Dadley Building	2,975	2,296	2,975	2,271
Hotel and Restaurant Studies Building	7,887	27,096	7,887	28,273
Ngā Wai Ō Horotiu Marae	559	1,640	559	1,685
Science and Technology Building	10,012	22,869	10,012	21,834
Symonds Street Building	10,320	10,987	10,320	10,633
Te Ara Poutama and Hikuwai Buildings	7,896	15,714	7,896	15,335
Wellesley Learning Centre (Te Amorangi)	16,500	35,134	16,500	33,736
46 Wakefield Street	3,221	2,111	3,221	1,944
Other buildings	515	17,455	515	17,461
Site improvements and infrastructure	-	1,469	-	2,760
Work in progress	-	8,528	-	3,327
Total City Campus	79,832	202,057	79,832	197,229
North Shore Campus				
AA Building	3,320	2,135	3,320	2,168
AD Building Level 1 Extension	553	232	553	249
AF Lecture Theatre Complex	1,272	9,812	1,272	9,798
Akoranga Learning Centre	2,677	6,126	2,677	6,093
Akoranga Administration Building	1,129	2,741	1,129	2,642
Sport and Recreation Centre	5,930	9,481	5,930	8,604
Education Building ³³	817	2,762	-	-
Work in progress	-	238	-	560
Total North Shore Campus	15,698	33,527	14,881	30,114

AUT owned buildings (continued)

Manukau Campus

Manukau Campus buildings

Work in progress

Total Manukau Campus

Total AUT owned buildings³⁴

Total land and buildings

Contractual leases (various)³⁵

Mangere Refugee Centre

University total gross area

Less: Non leasable area

Net usable area

	2010		2009	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
Manukau Campus buildings	8,075	16,904	8,075	5,752
Work in progress	-	361	-	9,853
Total Manukau Campus	8,075	17,265	8,075	15,605
Total AUT owned buildings³⁴	103,605	252,849	102,788	242,948
Total land and buildings		388,283		385,215
Contractual leases (various) ³⁵	46,999		47,709	
Mangere Refugee Centre	1,312		1,312	
University total gross area	183,201		188,893	
Less: Non leasable area	31,030		30,599	
Net usable area	152,171		158,294	

Utilised as follows

Faculties

Faculty of Applied Humanities

Faculty of Business and Law

Faculty of Design and Creative Technologies

Faculty of Health and Environmental Sciences

Te Ara Poutama

AUT International House

Total faculties

Administration

Administration services

Carparks

Student accommodation

In development/vacant³⁸

TOTAL

	2010			2009		
	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS
Faculty of Applied Humanities	15,524	3,816	4.1	14,883	3,483	4.3
Faculty of Business and Law	10,511	4,837	2.2	10,222	4,561	2.2
Faculty of Design and Creative Technologies	34,445	4,777	7.2	33,385	4,718	7.1
Faculty of Health and Environmental Sciences	25,878	4,951	5.2	25,546	4,636	5.5
Te Ara Poutama	1,106	230	4.8	933	260	3.6
AUT International House	1,658	229	7.2	1,735	289	6.0
Total faculties	89,122	18,840³⁶		86,704	17,947³⁷	
Administration						
Administration services	35,596			36,515		
Carparks	9,387			9,387		
Student accommodation	15,759			16,180		
In development/vacant ³⁸	2,307			9,508		
TOTAL	152,171			158,294		

31 A comprehensive revaluation of all land and buildings was carried out by Seagar and Partners, Registered Valuers, as at 31 December 2010. The revaluation resulted in a net decrease in the value of land holdings and an increase in the net value of buildings. Refer to Note 16 of the Financial Statements

32 The reduction in gross area of Crown owned buildings in 2010 is due to the demolition of two buildings, WJ and WK, in preparation for WG Precinct construction

33 The new Education building was completed in 2010

34 The 2009 figure for total AUT owned buildings is \$2.9 million less than reported in the 2009 Annual Report. The 2009 figure included \$2.3 million for work in progress at the Warkworth Satellite Station which has since been classified as property, plant and equipment. The change in accounting policy relating to capitalisation of interest has decreased net book value in 2009 by \$634,000

35 Gross area of contractual leases decreased in 2010 due to the termination of leases at Osterley Way and Greenstone Place

36 The 2010 figure does not include 112 EFTS that are not assigned to any faculty

37 The 2009 figure does not include 116 EFTS that are not assigned to any faculty

38 The gross usable area in development or vacant decreased in 2010: space within buildings on Manukau Campus became operational in 2010 and previously vacant space in WJ and WK buildings was demolished in 2010 to begin development of the WG Precinct

STAFFING

For the Year Ended 31 December 2010

Faculties	2010			2009		
	Academic	Admin	Total	Academic	Admin	Total
Applied Humanities	176	62	238	182	59	241
Business and Law	177	52	229	170	51	221
Design and Creative Technologies	235	89	324	250	75	325
Health and Environmental Sciences	293	104	397	285	98	383
Te Ara Poutama	18	2	20	17	3	20
Total Faculty FTE	899	309	1,208	904	286	1,190

Central Administration Services

Vice-Chancellor's Office	3	8	11	-	26	26
Corporate Services ³⁹	-	170	170	-	-	-
Learning and Teaching	9	14	23	11	15	26
Māori Advancement	-	1	1	1	1	2
International	22	21	43	27	20	47
Innovation and Enterprise	-	10	10	-	-	-
Research and Development	5	75	80	4	80	84
Services and Operations	-	-	-	-	145	145
Finance and Estates	-	122	122	-	112	112
University Relations and Advancement	14	234	248	13	215	228
Total Central Admin Services FTE	53	655	708	56	614	670
Total University FTE	952	964	1,916	960	900	1,860

³⁹ Several central administration areas were restructured or realigned in 2010. Corporate Services was created, encompassing People and Organisation (previously named Human Resources), Information Technology Services and most of the functions of the Vice-Chancellor's Department. Services and Operations, which previously included Human Resources and Information Technology Services, was disestablished.

STATEMENT OF SERVICE PERFORMANCE

AUT University's Strategic Plan 2007-2011 outlines the University's strategic direction for a five year period. It includes high-level information on the organisation's purpose and role, as well as the nature and scope of its operations and its fit with the Government's long-term objectives. Five key themes guide the University's development – Excellence in Education, Research and Development, Engagement, Staff Development and Sustainability. From these, a set of associated objectives and Critical Success Factors define the impacts and outcomes the University strives for. Some are externally focussed while others relate to aspects of the University's operations. AUT's effectiveness is then measured by a series of key performance indicators (KPIs), as recorded in the AUT University Investment Plan 2008-2010. The following Statement of Service Performance contains information on the University's objectives, Critical Success Factors and KPIs in order to document the services provided by AUT to meet stakeholder needs and to ensure the intent of the Strategic Plan is fulfilled.

For an overall view of the performance of the University, the Statement of Service Performance Section must be read in conjunction with the Reports Section.

EXCELLENCE IN EDUCATION

Learning and Teaching

STRATEGIC THEME ► AUT University will provide excellent education that inspires students to reach their full potential.

CRITICAL SUCCESS FACTORS 1 AND 2

- To be the best place to learn
- To consolidate our higher education contribution

OBJECTIVES

- To ensure our graduates are knowledgeable, sought after and inspirational
- To enhance curriculum flexibility and increase student choice
- To encourage students to progress to, and be successful in, higher education programmes

One of AUT's key points of difference is the unique balance maintained between the broad critical thinking and analytical skills expected of all university graduates, and the specific professionally-oriented attributes and workplace experience needed once employed. AUT offers research-led, relevant and flexible qualifications that meet the needs of stakeholders and which ensure that our graduates are highly sought after. AUT has a pedagogical approach that is student-centred, interactive and capability building, as well as knowledge imparting. The University's academic portfolio was broadened in 2010 with the introduction of three new postgraduate qualifications, namely the Master of Performance and Media Arts, Master of Psychotherapy and Master of Sport and Exercise. New majors were also introduced in the Bachelors of Arts (International Studies), Business (Business Information Systems), Education (Primary Teaching and Engineering (Honours) (Biotronic Engineering), as well as in the Master of Arts (te reo Māori). In 2010, the first cohort of students majoring in Sales within the Bachelor of Business graduated. This major was introduced in consultation with industry in 2007. Organisations that had input into the development of the major included Porath Executive Search, Vodafone, ANZ, AMP and NZ Post.

The University reached its targets for successful completion rates for all groups of students except undergraduates who placed 2% below the 2010 lower threshold target of 85%. Sub-degree, Māori and Pasifika students all improved on their completion rates from 2009. The University continued to shift its student profile towards higher education. The 2010 targets for domestic, international and overall percentages of students studying in higher education programmes were exceeded. Between 2009 and 2010 there was a 4% increase to 82% in the number of students studying in higher education. AUT also reduced the number of its sub-degree programmes in 2010, which contributed in part to a higher proportion of sub-degree students progressing into higher level qualifications by 2010.

2010 saw the development of an Improvement Plan at AUT Library, based upon the results of the 2009 customer satisfaction survey. The Plan responded to key issues including noise control across all three Campus Libraries, and web navigability. The Library ran a series of client focus groups to deepen its understanding of client issues and perceptions of the Library website. Outcomes will inform the way the website continues to be developed.

The high calibre of AUT students was recognised through excellent results in a variety of national competitions this year. An AUT Masters graduate was awarded best emerging New Zealand filmmaker at the Documentary Edge awards in March. AUT's Advertising Creativity students won the TVNZ/AXIS Student Creative of the Year award at the 2010 AXIS Creative Awards. This was the third consecutive year that the prize has been won by AUT students. A recent AUT public relations graduate was awarded the Sally Logan-Milne Young Practitioner of the Year award by the Public Relations Institute of New Zealand. This was the seventh AUT graduate to win the award in eight years. AUT students also scored their fourth consecutive win in the national Students in Free Enterprise competition, representing New Zealand in Los Angeles in October.

PERFORMANCE MEASURES

1.1	To maintain or improve the successful completion rates of our students. ⁴⁰	<i>Key performance indicators</i>	Target 2010	Actual 2010	2009	2008
		University average	80%-85%	82%	82%	83%
		Sub-degree students	70%-75%	78%	76%	75%
		Undergraduate students	85%-90%	83%	83%	85%
		Postgraduate students	90%-95%	90%	90%	89%
		International students	80%-85%	84%	86%	85%
		Māori students	>77%	78%	77%	77%
		Pasifika students	>65%	69%	66%	67%
		Students with disability	>77%	79%	78%	79%

Substantially achieved

In 2010, AUT achieved all but one of its completion rate targets. The undergraduate student completion rate for 2010 was maintained at 83% although it fell below the targeted range for 2010. AUT is currently conducting a review of student completions; this will inform the development of existing processes for the early identification of at-risk students. Positively for 2010, AUT showed a marked improvement from 2009 in Pasifika completion rates, which were well above target.

1.2	To meet the needs of stakeholders in the Auckland region by achieving the student enrolment targets negotiated with the Tertiary Education Commission (TEC).	Despite a decision to restrict enrolments from Semester Two, AUT University experienced moderate growth in 2010. Total EFTS were 18,952, an increase of 5% from 2009. As part of the Investment Plan negotiations, AUT University secured Student Achievement Component (SAC) funding for approximately 15,120 domestic EFTS in 2010. However, growth was such that the University exceeded this figure by more than 350 domestic EFTS. AUT University continues to negotiate with the TEC for additional funding and will carefully monitor 2011 enrolments to ensure that EFTS remain balanced with available SAC funding.				
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Achieved

1.3	To meet the needs of stakeholders in the Counties Manukau region by increasing EFTS as per the Manukau Campus Academic Plan.	<i>Key performance indicator</i>	Target 2010	Actual 2010	2009	2008
		To achieve EFTS targets as stated in the Manukau Campus Academic Plan.	230	269	-	-

In 2009, the University negotiated an Academic Plan for AUT's new Manukau Campus with the Tertiary Education Commission. The agreed EFTS target of 230 was exceeded in 2010, with 269 EFTS on the Campus in its inaugural year. These included first-year students in health sciences, business, and sport and recreation degrees. In addition to the reported EFTS, some provision of other programmes, such as the National Diploma in Teaching (Early Childhood Education, Pasifika), also took place on the Campus in 2010.

Achieved

40 The completion rates are calculated using the MoE formula $[\text{Pass} \div (\text{Pass} + \text{Fail} + \text{Withdrawn})]$. From 2011, completion will be calculated using the TEC performance metric calculations

PERFORMANCE MEASURES (continued)

2.1	To increase the percentage of students studying in higher education programmes to at least 75% of all EFTS by 2012.	<i>Key performance indicators</i>	Target 2010	Actual 2010	2009	2008
		Overall ⁴¹	75%	82%	78%	73%
		Domestic ⁴²	75%	83%	79%	73%
		International ⁴³	80%	87%	83%	78%
		Achieved				
2.2	To increase the percentage of students progressing into higher level qualifications.	<i>Key performance indicator</i>	Target 2010	Actual 2010	2009	2008
		To increase the percentage of students progressing from sub-degree into higher level qualifications. ⁴⁴	>40%	61%	48%	42%
		<p>Achieved</p> <p>AUT has been reviewing the provision of sub-degree programmes as part of its commitment to increasing study at degree level and above. The 2010 progression rate of 61% is higher than previous years and is partly attributable to the discontinuation of six sub-degree level programmes that had lower than average historical rates of progression or completion.</p>				
2.3	To review the University's contribution within the network of tertiary education provision in Auckland region.	<p>AUT University expanded its contribution to Auckland's tertiary provision with the opening of the Manukau Campus in 2010. The founding students were enrolled in business, education and health sciences programmes and the offering will be extended in 2011 to include Computer and Information Science. Further contributions to the Auckland region will arise from the development of a new national training centre for high-performance athletes based at AUT's Millennium Campus. AUT also continued to develop its curriculum in 2010 with several new Masters degrees and a number of new majors within degree-level study.</p> <p>Achieved</p>				
2.4	To increase links to provide opportunities for students from other sub-sectors to progress into higher education.	<p>In 2010 AUT consolidated existing relationships with other tertiary organisations, and focussed on increasing links with other providers in the Counties Manukau region. Meetings were held with a number of tertiary organisations, including Te Wānanga o Aotearoa (TWOA), Manukau Institute of Technology (MIT), New Zealand Management Academies (NZMA) and New Zealand Career College (NZCC). Discussions regarding memoranda of understanding and subsequent articulation agreements have commenced with TWOA, NZCC and NZMA. However, in an era of strong demand for higher education and prescribed enrolment restrictions, AUT must achieve a careful balance between approving applications for students progressing from other providers, and those from qualified school-leavers.</p> <p>Achieved</p>				

⁴¹ Overall EFTS includes enrolment categories not considered in the Domestic and International calculations (for example, revenue generating activities). As such, Overall EFTS is not a weighted average of Domestic and International

⁴² Domestic EFTS comprise Domestic Ministry-funded EFTS (excluding Not Categorised EFTS)

⁴³ International EFTS comprise International Ministry-funded, International MoE Research and Onshore International PhD EFTS (excluding Not Categorised EFTS)

⁴⁴ Progression rates are the proportion of student enrolments in a programme from a single reporting year that progress in the same or a subsequent year to enrol in a higher-level programme. These figures exclude enrolments in non-progressing sub-degree programmes and include domestic (Ministry-funded) students only

RESEARCH AND DEVELOPMENT

STRATEGIC THEME ► AUT University will conduct excellent research, advancing knowledge and practice in its areas of expertise and supporting its higher education programmes.

CRITICAL SUCCESS FACTORS 2 AND 3

- **To consolidate our higher education contribution**
- **To enhance our research contribution**

OBJECTIVES

- **To increase research activity**
- **To enhance our research reputation**
- **To ensure research activity is sustainable**

Based on the solid foundations of its disciplinary research areas, AUT provides creative, innovative solutions to contemporary social and economic issues. In 2010, this was evidenced by additional funding from the Ministry of Health for extant research on problem-gambling behaviours and district health boards' responses to victims of family violence. AUT academics also worked with the United Nations Development Programme and AusAID to provide research and technical support in the areas of governance, leadership and gender equality training in the Pacific. Research teams also worked with the Ministries of Economic Development and Womens' Affairs, as well as the then Auckland Regional Transport Authority (now Auckland Transport).

Over the last few years, AUT has sought to build its research capabilities with a number of successful initiatives. These include: increasing the number of academic staff on terms and conditions conducive to conducting research; the Summer Research Assistant Awards, which provide employment opportunities for advanced students and research support for academic staff during the summer break; a research consultancy service to assist staff when applying for external funds; and preparations for the 2012 Performance-Based Research Fund (PBRF) quality evaluation round. AUT has also continued to attract established, high-quality research staff and students to the University. Two notable highlights for 2010 were the appointments of Professor Richard Bedford as the Pro Vice-Chancellor (Research), and Professor John Raine as Pro Vice-Chancellor (Innovation and Enterprise). The University's research and commercialisation programmes gained further momentum under their leadership.

Domestic postgraduate student numbers were up by 11% on the previous year; this is a pleasing result as AUT continues to build its research capacity in line with its strategic direction. As mentioned elsewhere in this report, AUT had an extremely successful year in terms of research funding generated. The high calibre of our health science researchers, in particular, was recognised by the HRC which awarded AUT contracts totalling more than \$8 million in 2010. This represents a significant achievement by the University and is testament to the quality of AUT's health research programme. The Faculty of Health and Environmental Sciences also led in research publishing activity, achieving the highest number of verified, quality assured research outputs per full-time equivalent in 2010.

The national and international reputation of our academic staff continued to flourish in 2010. Notable achievements included Dr Chellie Spiller's Fulbright New Zealand's Senior Scholar award which will allow her to spend time at Harvard University in 2011, investigating the creation of spiritual, social and economic well-being in Native American business and Māori business. Dr Kirsten Hanna, Institute of Public Policy, gained international media, professional and academic attention for her research into the use of child witnesses in New Zealand's criminal justice system. Her research was sponsored by the Law Foundation, and her findings were publicised through the international law resource LexisNexis and the London-based Child Rights Information Network. The Business Innovation Centre's chief executive officer, Jonathan Kirkpatrick, was re-elected as the chairperson of Incubators New Zealand. In these roles, he will continue to provide valuable insight, leadership and industry experience for emerging businesses in the Auckland region and around New Zealand.

The Vice-Chancellor's awards for research excellence celebrate these developing areas of strength. In 2010, Professor Kathryn McPherson received the Outstanding Researcher award, for her contribution to rehabilitation studies. The Outstanding Research Team award was given to the Institute for Radio Astronomy and Space Research, for their ground-breaking work to establish New Zealand's first research radio telescope. The Excellence as an Emerging Researcher award was jointly presented to Drs Helen Tregidga (Faculty of Business and Law) and Yun Sing Koh (Faculty of Design and Creative Technologies). Professor Simon Milne received the award for Excellence in Postgraduate Supervision.

PERFORMANCE MEASURES

- 3.1 To increase the proportion of academic staff on terms and conditions conducive to conducting research.
- Academic staff responded enthusiastically to the University's offer of a change to their terms of employment which would allow greater time for research. The offer consisted of an increase in salary and opportunities for sabbatical and research leave in return for a commensurate reduction in annual leave (to no fewer than four weeks) and an expectation that staff engage in research. The number of academic staff on the new conditions increased by 33% in 2010, from 457 FTE in 2009 to 606 FTE. 2010 was the final year the offer was made to staff.

Achieved

3.2	To graduate an increasing number of doctoral and research masters students each year. ⁴⁵	Key performance indicator	Target 2010	Actual 2010	2009	2008
		To increase the number of doctoral and research masters completions.	*	212	218	167

*This is a relative benchmark and no specific targets have been set for 2008 - 2010.

Not achieved

The number of doctoral and research masters completions declined slightly from 2009 to 2010, although this result still represents an overall increase of 27% since 2008. In part, this was due to a decrease in enrolments for research masters degrees in 2007 which has had an impact on the 2010 result. The University has adopted a strategic commitment to postgraduate education and research and will continue to invest in building postgraduate capabilities over the next few years.

3.3	To increase external research revenue to 10% of external revenue by 2012.	Key performance indicators	Target 2010	Actual 2010	2009	2008
		To increase external research revenue. ⁴⁶	\$21M	\$18.3M	\$17.3M	\$15.2M
		Annual external research revenue as a percentage of total external revenue.	8.1%	6.4%	6.7%	6.5%
		To increase the number of successful applications to contestable research funds each year.	120	110	124	98

Not achieved

Although the 2010 target was not achieved, AUT's external research revenue continues to increase, up 20% from 2008. The *Investment Plan 2008-2010* set ambitious targets for research revenue, recognising that AUT's continued development was closely tied to increased research capability. However, the prevailing economic conditions have affected many traditional sources of research funding; an increased number of organisations are now contending for a reduced funding pool. In response to this highly competitive environment, AUT has sought to improve the quality of funding applications, with support provided through the University Research Office. AUT's record achievements in the 2010 Health Research Council funding round are a testament to the success of this initiative.

⁴⁵ In the Investment Plan 2008-2010, this performance measure referred to increasing the proportion of doctoral and research masters students. In AUT's 2010 Variation to the Investment Plan, the KPI component relating to proportion was deleted; the performance measure has been reworded to reflect the remaining KPI based on number of completions

⁴⁶ Includes Performance-Based Research Fund (PBRF) funding. PBRF monies for 2010 are provisional. PBRF monies for 2009 and 2008 include the wash-ups received in those years for previous years

PERFORMANCE MEASURES (continued)

3.4	To increase the number of research outputs by 10% each year.	<i>Key performance indicator</i>	Target 2010	Actual 2010	2009	2008
		To increase the number of research outputs by 10% each year.	2,457	2,692	2,159	1,988
		Achieved				

ENGAGEMENT

International Advancement

STRATEGIC THEME ► AUT University will actively engage with the communities we serve and contribute to their social and economic development.

CRITICAL SUCCESS FACTOR 4

► **To enhance our international reputation**

OBJECTIVES

► **To strengthen and build strategic relationships and partnerships that advance education, research, and economic and social development**

A strong international presence is crucial to AUT's continued development; the University does not operate in isolation but is a powerful ally in the pursuit of knowledge, understanding and solutions to real world issues. AUT's international reputation is enhanced through relationships with other universities, research organisations and international education programmes. Mindful of our community responsibilities, AUT has chosen to focus its international activities on the Asia-Pacific region and, in 2010, AUT negotiated articulation agreements and memoranda of understanding with universities from the Republic of Korea, Thailand, Indonesia, and China. These agreements broaden the reach of AUT's international student recruitment.

The Asia-Pacific region also continued to be a focus for AUT's international research programme. The Institute of Public Policy received funding from the Pacific Islands Chief of Police to investigate AIDS knowledge amongst police officers in Papua New Guinea, Vanuatu, Fiji and Samoa. AUT worked with the local government to support the development of tertiary education in the Cook Islands, and is considering a partnership with the University of the South Pacific to expand its Rarotongan Campus. AUT also partnered with Victoria University of Wellington to co-host a major conference of academics and business leaders from the New Zealand China Trade Association on the next five years of development in China and the likely impacts for New Zealand.

AUT's joint venture with the Vietnamese Government's Ministry of Education and Training, known as Project 165, sponsors senior government officials to study at AUT for up to six months. The first Project 165 students enrolled in 2010 and the venture expanded with the signing of two new training contracts; one for English language training and the other for short courses for officials in marine environmental protection. AUT University's reputation has been growing in Vietnam, so it is significant that several Vietnamese government and NZAID scholarship holders chose AUT for doctoral study in 2010.

AUT continued its trend of rising international student enrolments; 3,154 international students from 81 countries enrolled in Ministry-funded programmes in 2010, compared with 3,000 in 2009. China, India and South Korea remained the main source countries, followed by Saudi Arabia and Vietnam.

PERFORMANCE MEASURES

4.1	To increase the percentage of international students studying in postgraduate programmes. ⁴⁷	Key performance indicator	Target 2010	Actual 2010	2009	2008
		Percentage of international students in postgraduate programmes (EFTS).	>20%	26%	23%	21%
		Achieved				
4.2	To expand international collaborative relationships that enhance the University's profile.	<p>AUT's international reputation was further strengthened throughout 2010. Under the leadership of Professor Nigel Hemmington, Pro Vice-Chancellor (International), AUT negotiated new articulation agreements and memoranda of understanding with BINUS University (Indonesia), Namseoul University (Republic of Korea) and Hue University (Vietnam). A new memorandum of understanding was signed with the University of Texas at Dallas and existing agreements were renewed with a number of institutions, including Chulalongkorn University (Thailand) and Universidad Catolica de Chile.</p> <p>AUT has also commenced negotiations with a number of other international organisations, including Petronas, Malaysia's national oil company. Under the proposed programme, Petronas would sponsor employees to study at AUT, in disciplines such as sustainability, commercial law and engineering. A research masters and PhD programme is under consideration with Colfuturo, the Colombian scholarship programme.</p> <p>Te Ara Poutama extended its very successful programmes in Māori language retention and revitalisation onto the international stage with the development of major collaborations with several indigenous peoples in North America and Europe.</p>				
		Achieved				

⁴⁷ International EFTS comprise International Ministry-funded, International MoE Research and Onshore International PhD EFTS (excluding Not Categorised EFTS)

EXCELLENCE IN EDUCATION

Curriculum Development

STRATEGIC THEME ► AUT University will provide excellent education that inspires students to reach their full potential.

CRITICAL SUCCESS FACTOR 5

► To sustain the quality and relevance of our curriculum

OBJECTIVES

- To build and broaden discipline strengths**
- To ensure that the learning experience is of high quality**

Teaching at AUT is led by the latest theoretical developments and grounded by genuine practical experience. This creates an applied curriculum that is relevant to the current marketplace, while reinforcing the enduring importance of discovery, curiosity and innovation. AUT's graduates are therefore well prepared for employment and able to make a smooth transition to the labour force. This is evidenced by the continued employer confidence in AUT's graduates; the 2010 AUT Graduate Destination Survey showed that 91% of graduates were in employment or further study six months after completing their degrees. This exceeds the target of 90%, and is an excellent result under the prevailing economic conditions.

Inspirational teaching is a vital component in a high-quality learning experience. AUT therefore encourages academic staff to improve their teaching skills as well as extending their research portfolios. The annual Vice-Chancellor's awards for excellence in teaching celebrate the exceptional standard of teaching across AUT University; the 2010 recipients were: Sue Raleigh, Faculty of Health and Environmental Sciences; Greg Treadwell and a joint award to Jane Berney, David Brown and Paul White, Faculty of Design and Creative Technologies; and a faculty-wide award to Te Ara Poutama. This award recognised the outstanding contribution of Te Ara Poutama's teaching staff, and their innovative use of new technologies to enhance students' learning.

In 2010, AUT made increasing use of its institutional data in order to strengthen its quality assurance processes for the learning experience. Faculty Boards continued to review student performance but made use of the new TEC performance metrics. Students' perspectives on their university experience were also monitored using the Annual Programme Survey. Overall levels of satisfaction with AUT were very high in 2010 with 83% indicating they would recommend AUT to others. A further 14% indicated a more neutral opinion and only 3% were not satisfied with their experience. This represents an encouraging result for the University and is consistent with 2009 results.

In addition to the co-operative education component of their degrees, AUT provides students with a wide range of opportunities to apply their skills. The AUT Venture Fund is now in its second year and continues to foster students' entrepreneurial abilities; the winner of the 2009 award now has an online clothing store and sponsored the New Zealand free diving championships in 2010. The winning ideas in 2010 were a postcard business, a violence-free horse training programme, and a website linking advertisers with private car owners. Network PR sponsored a competition for senior public relations and marketing students to design a campaign for a not-for-profit organisation. Artistic students had the opportunity to compete in the Creative Writing competition, which had both short story and song writing categories. The AD10 festival and AUT Rookie fashion show continue to celebrate the outstanding talent of AUT's final-year art and design students.

PERFORMANCE MEASURES

5.1	To maintain a minimum of 90% of our graduates in employment or further study six months after graduating.	Key performance indicator	Target 2010	Actual 2010	2009	2008
		To achieve a rate of 90% of University graduates in employment or further study six months after graduating.	>90%	91%	93%	*
		* Information not available for 2008.				
		Achieved				
5.2	To ensure processes in new programme development and programme review maintain formal stakeholder representation.	Professional bodies, industry stakeholders and community representatives are consulted on new programme or subject proposals. External academic and professional, community or industry stakeholders are also included as panel members on programme approval and review panels.				
		Achieved				
5.3	To ensure that each major discipline area has an industry advisory committee.	Each major discipline area has an industry advisory committee. AUT staff engaged with industry in a broad range of discipline areas in 2010 to ensure academic programmes remained relevant. Please refer to the Directory of Industry Advisory Committees within this Annual Report for a list of Committees and their respective Chairs.				
		Achieved				
5.4	To ensure each Research Institute has a development board whose membership includes external stakeholders.	AUT requires input from industry, community groups and other stakeholders to create its distinctive brand of applied research. External stakeholders are represented on the development boards of ten of AUT's thirteen research institutes. As indicated in the 2009 Annual Report, the role, function and contribution of AUT's research institutes are being progressively reviewed, with a view to maximising their effectiveness. Decisions on the structure of research institutes will be made over the next two years; until then, further expansion of stakeholder representation is unlikely.				
		Substantially achieved				

ENGAGEMENT

Māori Advancement

Pasifika Advancement

Community Relationships

STRATEGIC THEME ► AUT University will actively engage with the communities it serves and contribute to their social and economic development.

CRITICAL SUCCESS FACTOR 6

► To ensure that the staff and student profile better reflects the population we serve

OBJECTIVES

- To strengthen and build strategic relationships and partnerships that advance education, research, and economic and social development
- To honour the commitment to the Treaty of Waitangi by being the university of choice for Māori
- To encourage access and success in university education for students from the diverse communities within the Auckland Region

In 2010, AUT enhanced its relationships with mana whenua groups, iwi and Māori, Pasifika, Asian, industry and business communities. Particular attention was given to developing these relationships in South Auckland to ensure the success of the new Manukau Campus and consolidate AUT's position as a leading tertiary provider in Auckland.

The University is committed to encouraging access and success in university education for Auckland's diverse communities, particularly Māori and Pasifika. Enrolment patterns for Māori and Pasifika students have changed dramatically over the last few years with a notable increase in the proportions of both groups studying in higher education. Māori students in higher education now make up 82% of all Māori EFTS, up 10% from 2008 and exceeding the 2010 target. Similarly, the proportion of Pasifika EFTS in higher education has increased by 8% since 2008, up to 66% in 2010 and exceeding the 2010 target. This provides good evidence of AUT's success in building the aspiration for higher education in these historically under-represented groups.

AUT continued to be a 'university of choice' for Māori and Pasifika. Based on the TEC performance data released in 2010, AUT had the highest proportion of Pasifika students of all universities and was third equal for the proportion of Māori students, behind the University of Waikato and Massey University. AUT also aims to be an 'employer of choice' and has undertaken a number of initiatives to build a more representative staff profile. This long-term strategy includes initiatives to develop candidates internally such as the Māori and Pasifika Teaching Assistantship programme. Despite fierce competition for doctoral qualified staff, AUT made several key Māori academic appointments in 2010 including Associate Professor Denise Wilson in the Faculty of Health and Environmental Sciences and Drs Dean Mahuta and Rachel Ka'ai-Mahuta in Te Ara Poutama. A number of AUT's Pasifika staff were appointed to high profile roles in 2010, including Pauline Winter to the TEC Board of Commissioners and Dr Semisi James Prescott to the Board of the Families Commission.

For the first time in 2010, AUT delivered the Global Messenger Leadership Training programme for the New Zealand Special Olympics. The programme raises awareness of the Special Olympics and encourages potential athletes to participate, compete and network with business, schools and community groups in their region. The aim is to generate ongoing support for local Olympians and ties in with AUT's Agents of Change engagement strategy, particularly SHINE Disability, which builds leadership capacity for elite disabled athletes.

PERFORMANCE MEASURES

6.1.1 To ensure the University's domestic student profile better reflects the demographic mix of the region.	<i>Key performance indicators</i>	Regional Proportion ⁴⁸	Actual 2010⁴⁹	2009	2008
	Māori	9.2%	10%	10%	9%
	Pasifika	11.2%	12%	11%	10%
	European	52.3%	42%	42%	43%
	Asian	19.5%	27%	27%	27%
	Non Declared/Other	9.8%	10%	10%	11%

6.1.2 To ensure the University's staff profile better reflects the demographic mix of the region.	<i>Key performance indicators</i>	Regional Proportion ⁵⁰	Actual 2010	2009	2008
	Māori	9.2%	6%	6%	6%
	Pasifika	11.2%	4%	4%	5%
	European	52.3%	67%	62%	63%
	Asian	19.5%	15%	15%	14%
	Non Declared/Other	9.8%	8%	13%	12%

Partially achieved

The intent of this KPI was to improve the representation of students and staff from AUT's target populations, Māori and Pasifika, who are generally under-represented in tertiary education. Student participation rates of both groups now slightly exceed regional proportions and Pasifika students have been trending upwards for the last three years.

AUT seeks to increase the number of Māori and Pasifika employees, particularly within our academic staff. The University remains committed to this endeavour and acknowledges the challenges not only for AUT but for the tertiary sector generally; it is widely recognised that the market for Māori and Pasifika doctoral qualified staff is extremely competitive. AUT has launched a number of initiatives to grow its own Māori and Pasifika staff, including providing academic employment opportunities through the Māori and Pasifika Teaching Assistantship programme.

6.2 To ensure that course completion rates for students aged under 25 enrolled in qualifications at degree level and above are equal to or above the university sub-sector average.	<i>Key performance indicator</i>	Actual 2010	2009	2008
	AUT University	83%	83%	85%
	University sub-sector average ⁵¹	*	*	84%

* Information not available for 2009 or 2010 so the level of achievement cannot be measured.

The 2010 course completion rates for students aged under 25 who were enrolled in higher education programmes remained steady at 83%. This result is comparable to the last available sub-sector average.

⁴⁸ Regional ethnic proportions are based on 2006 Census results (Statistics New Zealand), and have been adjusted to capture the 15-64 age range. Statistics New Zealand ethnicity reporting allows people to claim more than one ethnicity, meaning the percentage totals usually add up to more than 100%. AUT student and staff data is reported using the individual's first self-selected ethnicity. Comparison of Statistics New Zealand and AUT data is indicative

⁴⁹ The 2010 figures for ethnic breakdown of students total 101% due to rounding

⁵⁰ As per footnote 48

⁵¹ The information for 2008 was provided by the March 2009 TEC Progress Monitoring Report (PMR). The PMR measures students under the age of 25 that have enrolled in degree and graduate diploma programmes only. From 2011, this calculation will be completed using the TEC educational performance metrics

PERFORMANCE MEASURES (continued)

6.3	To increase the proportions of Māori and Pasifika EFTS in higher education programmes.	Key performance indicators	Target 2010	Actual 2010	2009	2008
		To increase the percentage of Māori EFTS (as a proportion of total Māori EFTS) enrolled in higher education programmes.	75%	82%	78%	72%
		To increase the percentage of Pasifika EFTS (as a proportion of total Pasifika EFTS) enrolled in higher education programmes.	57%	66%	62%	58%
		Achieved				

6.4	To increase course completion rates for higher education qualifications amongst Māori and Pasifika students.	Key performance indicators	Target 2010	Actual 2010	2009	2008
		Māori	>73%	78%	79%	81%
		Pasifika	>70%	69%	67%	72%
		Partially achieved				
The 2010 course completion target for Māori students in higher education was achieved. While the course completion rate for Pasifika students in higher education increased by 2% to 69% in 2010, it was just below the target. AUT is currently conducting a review of student completions and will continue to refine its processes to support students at risk of non-completion.						

6.5	To increase the proportion of EFTS for domestic students aged under 25 enrolled in higher education qualifications.	Key performance indicator	Target 2010	Actual 2010	2009	2008
		Domestic under-25 students to comprise 70% or more of total domestic higher education EFTS.	70%	69%	69%	70%
		Not achieved				
The target of 70% or more of domestic student EFTS aged under 25 years enrolled in higher education qualifications was narrowly missed in 2010. However, the number of domestic EFTS aged under 25 increased by 9%, from 8,102 EFTS in 2009 to 8,811 EFTS in 2010. In part, failing to reach the target of 70% is due to AUT's success in building its postgraduate research provision, particularly at doctoral level, as these students are predominantly aged 25 years or over. The University continues its initiatives to recruit students aged under 25, including a first-year experience initiative to support students transitioning from secondary to tertiary study, scholarships for school leavers from historically under-represented groups and a host of innovative projects conducted in conjunction with Auckland's secondary schools which foster aspirations for degree-level study.						

PERFORMANCE MEASURES (continued)

6.6	To ensure that under-represented groups in the university sub-sector are reflected in the demographic mix of the Manukau Campus student population.	AUT University established its Manukau Campus in order to provide university-level education to communities which have previously been under-represented in tertiary education. The campus has been embraced by the region with Māori and Pasifika students being especially well-represented, accounting for 67% of students in 2010. While AUT expects this proportion to shift as the campus grows, it remains committed to providing a learning environment that is welcoming and supportive of Māori, Pasifika and other under-represented groups.
		Achieved

STAFF DEVELOPMENT

STRATEGIC THEME ► AUT University will attract, develop and retain excellent staff.

CRITICAL SUCCESS FACTOR 7

► To ensure our people are inspired by, and contribute to, the achievement of our mission

OBJECTIVES

- To ensure the University provides a challenging, stimulating and rewarding work environment for all staff**
- To promote the development of well-rounded careers for all staff**

AUT has undergone considerable evolution over the last ten years, in its profile, reputation, activities and staffing. An organisational review of Human Resources (HR) was undertaken in the latter half of 2010. The key goal of the review was to change the balance of activities from the routine and transactional to the transformational and strategic. Significant outcomes include increased focus on organisational development activities, including the merger of the Organisational and Development Group (ODG) with Human Resources to synergise resources for leadership and professional development. In 2010, 57 leaders or managers took part in the in-house Leadership and Management Enhancement Programme and 24 completed the six module course in 2010. Many more AUT staff took up the opportunity to develop their professional skills through the suite of programmes offered through the ODG. These programmes include personal and professional development courses such as career planning, project and time management and customer service, as well as courses on health and safety, AUT systems and processes and information technology.

The Centre for Learning and Teaching (CfLAT) was established in January to support the University's goal to be the best place to learn. The Centre provides support for academic staff in teaching and learning development and promotes excellence and innovation in teaching practice using blended learning approaches. 2010 activities focussed on improving student retention and success and developing the digital capabilities of academic staff. Both the CfLAT and the ODG are supported by the University's ongoing investment of 1.5% of gross salaries for staff development.

Significant gains were also made in developing the research capabilities of staff. In 2010, 149 academic staff took up employment conditions conducive to conducting research, joining 457 staff who had previously joined the scheme. The launch of the AUT Summer Research Assistantship Awards was hugely popular with 40 academic staff taking on postgraduate students as research assistants over the summer break. Academic staff close to completing their doctoral qualifications were eligible to apply for Doctoral Study Awards which released them from teaching and administrative duties for up to six months. This year there were 15 successful staff recipients.

A number of staff were recognised with prestigious awards in 2010. Professor John Moorfield was made a Companion to the Queen's Service Order for his services to Māori language education and Richard Hall, General Manager, Corporate Services, became an Additional Member of the New Zealand Order of Merit for services to the New Zealand Defence Force. Professor Richard Bedford, Pro Vice-Chancellor (Research) was awarded the Dame Joan Metge medal by the Royal Society of New Zealand for his research into migration in the Asia-Pacific region. Associate Dean Jay Reid, Faculty of Applied Humanities, received a University of Oxford fellowship, while Dr Jun Lu and Associate Professor Frances Joseph received Royal Society travel grants.

The University continues to maintain a high standard of health and safety for its staff. In 2010, AUT provided a range of courses to raise knowledge of health and safety issues for staff and management. Risk assessments were undertaken for a number of core activities and health and safety performance was reported to senior management using a suite of leading indicators. Faculties and departments now hold quarterly health and safety meetings and in 2010 introduced programmes to reward and recognise outstanding staff contributions to health and safety. An independent audit of the University's health and safety systems was carried out for the Accident Compensation Corporation (ACC) Workplace Safety Management Practices Programme and AUT was successful in achieving tertiary level.

PERFORMANCE MEASURES

7.1	To develop staff capability and achieve consistently high levels of staff satisfaction.	<i>Key performance indicators</i>		Actual 2010	2009	2008
			Target 2010			
		To maintain a staff development budget equivalent to 1.5% of gross salaries.	1.5%	1.5%	1.5%	1.5%
		To ensure the average turnover of staff is maintained within the following ranges: 4-6% for academic staff; 10-14% for administrative staff.				
		• Academic staff	4%-6%	4.3%	6.0%	5.4%
		• Administrative staff	10%-14%	6.7%	9.1%	10.3%
		Partially achieved				
		In 2010, academic staff turnover was within the target range (4.3%). Allied staff had lower turnover at 6.7% than the target range (10-14%) although this was unsurprising given the recessionary employment market.				

SUSTAINABILITY

STRATEGIC THEME ► AUT University will ensure its sustainability through good management and strong performance and reputation.

CRITICAL SUCCESS FACTORS 8, 9 AND 10

- To improve the physical infrastructure of the campus
- To be a high performing organisation
- To ensure financial viability

OBJECTIVES

- To ensure financial sustainability
- To enhance the effectiveness and efficiency of the University's operations
- To be a good steward of the University's assets

AUT University is building for the future; from strategic partnerships and new capital developments to growth-management measures and financial structures, AUT is implementing the physical and systemic infrastructure required to remain at the forefront of educational innovation. The partnership with Millennium Institute of Sport and Health (MISH) continued to bring dividends to both parties; substantial Government, council and private investor grants in 2010 will allow the first stage of development at the AUT-Millennium Campus to begin. These are crucial steps towards the creation of a world-class sports science research facility and training centre for high-performance athletes.

Manukau Campus was AUT's major strategic development in 2010. The University aims to develop the Campus from its current capacity of over 400 EFTS to 5,000 EFTS by 2020. Reaching this total will ensure the long-term viability of the Campus and fulfil the aspirations of the Counties Manukau community. AUT undertook several major capital projects in 2010: the first two stages of development at Manukau Campus, turning an abandoned set of office buildings into a modern, vibrant university campus; the new Education building on North Shore Campus; and the commencement of work on WG Precinct, AUT's largest capital project to date. Through these developments, AUT will establish a legacy of excellent design, based on sustainable principles and incorporating efficient practices, recognising that these buildings will have a significant effect on their surroundings long into the future. The buildings facilitate AUT's innovative approach to teaching and learning; all support social interaction between students, have flexible furnishings to accommodate a range of learning styles and are equipped with the latest technologies. New buildings are designed to operate efficiently, minimising energy requirements and waste creation. AUT is also implementing these sustainability strategies in existing buildings through planned maintenance and minor capital works.

Strong enrolment demand continued throughout 2010, despite external restrictions imposed by the TEC on domestic student funding. This highlighted the need for a more robust admissions management system, for the University to continue meeting its joint objectives of excellence and opportunity. From 2011, all applications to undergraduate and sub-degree programmes will be centralised through the University Admissions Office (UAO), providing a clear, University-wide view of admissions, improved reporting and monitoring, and a single point of contact with applicants.

AUT is seeking to diversify revenue streams, decreasing its traditional reliance on Government funding and increasing income through research, internationalisation activities and other alternative sources. The aggressive building programme is also designed to reduce the University's reliance on leased space, particularly in the central city; options for funding future capital development may include public-private partnerships with local iwi, joint ventures and philanthropic sponsorship.

Revenue per academic FTE increased by 11%, from \$270,960 in 2009 to \$301,881 in 2010 surpassing the target of \$273,080. Equity per EFTS also increased from 2009 despite continued growth in EFTS. In 2010, AUT continued to maintain an effective balance between academic and administrative costs.

PERFORMANCE MEASURES

- 8.1 To develop and implement a ten year capital development plan.

Key performance indicators

Capital Development Programme (\$000s)	Budget 2010	Actual 2010	Actual 2009	Actual 2008
WG Precinct	7,000	7,294	1,182	1,294
Early Childhood – North Shore Campus	3,200	2,945	413	62
Science and Technology Building – carpark redevelopment	-	134	2,395	55
Other major capital works	-	-	20,010	8,474
Total major capital works	10,200	10,373	24,000	9,885
Minor capital works	3,226	1,748	3,080	1,368
Library	5,000	4,732	4,829	5,903
Information and Communication Technology	1,844	2,441	2,839	344
Other	4,637	2,954	1,731	2,208
Total excluding Manukau	24,907	22,248	36,479	19,708
Manukau – see KPI 8.2	1,840	3,366	3,237	42,517
Total	26,747	25,614	39,716	62,225

The Capital Asset Management Plan 2010 – 2020 (CAMP) is derived from and supports the strategic direction of the University and ensures a positive legacy for AUT's stakeholders, both present and future generations. In 2010, AUT updated its CAMP; major changes included the development of Manukau Campus to build its capacity to 5,000 EFTS by 2020, University Library and Information and Communication Technology plans. Following a high-level audit of the facilities-related asset management plan in October, the CAMP will be strengthened in line with the audit recommendations.

By December 2010, AUT's capital expenditure totalled \$25.6 million or 96% of the budgeted total. The majority of the variances to budget were due to timing, with construction and acquisitions budgeted in 2010 but completed in the 2010-11 summer break. The additional expenditure on ICT was due to the installation of Wi-Fi in the student hostels and the purchase of previously leased equipment.

Achieved

- 8.2 To develop and implement the Manukau Campus development plan.

Key performance indicators (\$000s)

	Budget 2010	Actual 2010	Actual 2009	Actual 2008
Manukau Campus land	-	-	-	29,190
Manukau Campus buildings	1,200	2,938	3,227	13,327
Minor capital works	200	185	-	-
Library	-	68	-	-
Information and Communication Technology	164	69	7	-
Other	276	106	3	-
Total Manukau	1,840	3,366	3,237	42,517

Achieved

Above budget expenditure on buildings was due to the refurbishment of MC and MD buildings which were completed in 2010 but budgeted in 2009.

PERFORMANCE MEASURES (continued)

9.1	To ensure that the University is operating effectively and efficiently.	<i>Key performance indicators</i>	Target 2010	Actual 2010	2009	2008
		To increase revenue per academic FTE.	\$273,080*	\$301,881	\$270,960	\$238,504
		To increase equity per EFTS.	**	\$18,724	\$18,673	\$19,692
		To maintain an effective balance between academic and administrative costs:				
		• Ratio of academic to administrative staff	1:0.9	1:1.0	1:0.9	1:0.9
		• Ratio of students to academic staff. ⁵²	19.4:1*	19.9:1	18.8:1	16.8:1

* This is a budget target as no formal target was negotiated with the TEC

** No specific target was set for 2010

Achieved

AUT maintained an effective balance between academic and administrative costs in 2010. The ratio of academic to administrative staff reflects greater administrative support of academic staff. Strong growth in EFTS since 2008 (up 13%) has led to a higher ratio of students to academic staff than the 2010 target. For 2010 in particular, this figure is distorted by a larger than budgeted number of Community EFTS (up 101% since 2008).

10.1	To meet appropriate financial ratios.	<i>Key performance indicator</i>	Target 2010	Actual 2010	2009	2008
		Ratio 1: Minimum surplus/external revenue %.	2.4%*	6.4%	3.2%	2.1%

* This target was formally negotiated with the TEC through the \$50 million Suspensory Loan negotiation process

Achieved

⁵² Total student EFTS/total FTE academic staff

DIRECTORY OF INDUSTRY ADVISORY COMMITTEES

INDUSTRY ADVISORY COMMITTEES

Following is a list of the Industry Advisory Committees and their respective Chairs.

FACULTY OF APPLIED HUMANITIES

Centre for Refugee Education	Abdirizak Abdi , MoE, Auckland Regional Office
Education – Career	Gabrielle Riley , Electricians ITO
Education – Early Childhood	Rosemary Searle , Auckland Kindergarten Association
Education – Pasifika Early Childhood	Dr Mere Kepa , Community
Education – Postgraduate	Dr Vicki Carpenter , The University of Auckland
Education – Primary	Paul Engles , St Mary's School
Education – Secondary	Sonia Joyce , Orewa College
Education – Tertiary	Helen Sword , The University of Auckland Jens Hansen , Independent Education Researcher
Hospitality and Tourism	David Comery , Waipuna Hotel and Conference Centre
International Languages	Caroline Lassiter , Auckland City Council (now Auckland Council)
Language Education	Dr Sue Gray , The University of Auckland
Social Sciences	Dr Oksana Opara , AUT University

FACULTY OF BUSINESS AND LAW

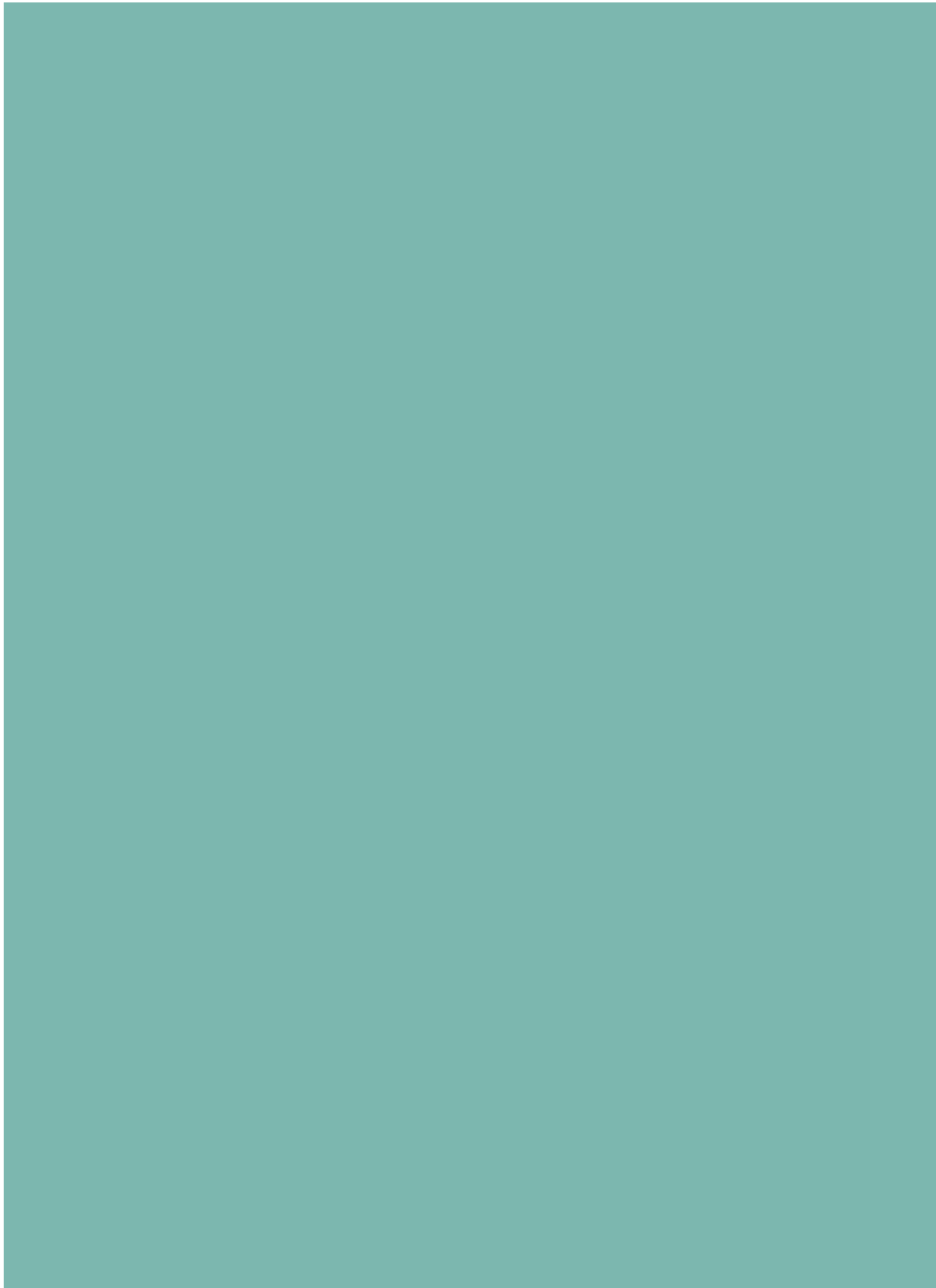
Dean's Advisory Board	Mark Porath , Porath Executive Search
MBA Advisory Committee	Frank Olsson , Chairman of Auckland Chamber Orchestra
Programmes Advisory Committee	Terry Patterson , IAS New Zealand

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Communication Studies	Dallas Gurney , Newstalk ZB
Computer and Information Science	Jan Hilder , IPAAX New Zealand
Construction Management	Dan Ashby , Hawkins Construction (NZ) Ltd
Electrical and Electronic Engineering	Tim Otley , TruTest Ltd
Fashion Technology	Peter Meadowcraft , Global Textiles Ltd
Graphic Design	Kerenza Smith , Designsmith Ltd
Mathematical Science	Row Robinson , Mercury Energy
Mechanical and Production Engineering	Rotating Chairs
Spatial Design	Mark Kirby , AUT University
Visual Arts	Ron Brownson , New Zealand and Pacific Art, Auckland City Art Gallery

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Adult and Child Psychotherapy	Pauline Andrews , Psychotherapist, Private Practice
Applied Mental Health	John Cavanagh , Social Development Manager, Ministry of Social Development
Applied Sciences	Karen De Lacy , Business Manager, Auckland Laboratory
Dance	Dagmar Simon , Dance Teacher
Medical Laboratory Science	Colleen Behr , New Zealand Blood Service
Midwifery	Anne Yates , Director of Midwifery, Auckland District Health Board
Nursing	Anne Fitisemanu , Auckland District Health Board
Occupational Therapy	Kim Henneker , Hawke's Bay District Health Board
Oral Health	Pip Zammit , Northland Dental Services
Paramedic and Emergency Specialities	Major Brendon Wood , Ministry of Civil Defence and Emergency Management
Physiotherapy	Darren Knight , ACC Auckland Branch
Podiatry	Michele Garrett , Podiatrists Board of New Zealand
Postgraduate Psychology	Associate Professor Douglas Boer , University of Waikato
Sport and Recreation	Mike Lacey , YMCA North Shore



FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 31 December 2010

		University			Consolidated	
		2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
	Note					
REVENUE						
Government operational funding	2	138,709	137,137	131,909	138,709	131,909
Student tuition fees	3	112,849	110,213	96,169	112,849	96,169
Research grants	4	9,215	10,624	8,366	9,270	8,371
Other income	5	26,618	24,664	23,678	26,961	24,343
TOTAL REVENUE		287,391	282,638	260,122	287,789	260,792
EXPENSES						
Personnel costs	6	168,268	167,928	161,372	168,268	161,372
Supplies and other costs	7	64,906	66,571	58,782	65,150	59,450
Depreciation, amortisation and impairment	8	32,322	29,886	28,064	32,322	28,064
Total expenses before finance costs		265,496	264,385	248,218	265,740	248,886
Operating surplus before finance costs		21,895	18,253	11,904	22,049	11,906
Finance costs	9	3,548	4,812	3,856	3,548	3,856
Operating surplus		18,347	13,441	8,048	18,501	8,050
Share of associate's surplus	14	-	-	-	45	21
Share of jointly-controlled entity's surplus/(deficit)	15	-	-	-	2,266	(145)
NET SURPLUS		18,347	13,441	8,048	20,812	7,926

The accompanying notes form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

		University			Consolidated	
		2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
	Note					
NET SURPLUS		18,347	13,441	8,048	20,812	7,926
OTHER COMPREHENSIVE INCOME						
Net gain/(loss) on available-for-sale financial assets	26	(4)	(24)	(24)	(4)	(24)
Net gain/(loss) on cash flow hedges	26	(371)	244	244	(371)	244
Net gain/(loss) on land and buildings revaluation	26	242	1,922	-	242	-
Total other comprehensive income		(133)	2,142	220	(133)	220
TOTAL COMPREHENSIVE INCOME		18,214	15,583	8,268	20,679	8,146

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

As at 31 December 2010

		University			Consolidated	
		2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and cash equivalents	10	3,706	80	817	4,662	1,870
Short-term investments		129	-	-	129	-
Trade and other receivables	11	23,474	5,688	7,553	23,550	7,584
Inventories		204	171	160	204	160
Prepayments		1,771	1,059	1,794	1,771	1,796
Derivative financial instruments	23	14	-	-	14	-
Total current assets		29,298	6,998	10,324	30,330	11,410
NON-CURRENT ASSETS						
Available-for-sale financial assets	12	157	185	161	157	161
Investment in subsidiaries	13	100	100	100	-	-
Investment in associate	14	417	417	417	535	508
Investment in jointly-controlled entity	15	18,300	18,845	10,800	20,421	10,655
Property, plant and equipment	16	464,525	462,617	461,822	464,525	461,822
Intangible assets	17	3,442	4,650	4,649	3,442	4,649
Derivative financial instruments	23	-	-	228	-	228
Total non-current assets		486,941	486,814	478,177	489,080	478,023
TOTAL ASSETS		516,239	493,812	488,501	519,410	489,433
CURRENT LIABILITIES						
Trade and other payables	18	26,185	14,115	21,064	26,156	21,261
Income in advance	19	42,778	17,552	24,532	42,778	24,532
Employee entitlements	20	13,565	7,348	11,496	13,565	11,496
Provisions	21	82	158	288	82	288
Finance lease borrowings	22	5,079	5,908	5,273	5,079	5,273
Derivative financial instruments	23	176	-	15	176	15
Total current liabilities		87,865	45,081	62,668	87,836	62,865
NON-CURRENT LIABILITIES						
Borrowings	24	33,550	55,300	48,700	33,550	48,700
Employee entitlements	20	2,214	1,736	2,046	2,214	2,046
Provisions	21	706	528	381	706	381
Finance lease borrowings	22	36,851	38,042	37,835	36,851	37,835
Derivative financial instruments	23	203	251	235	203	235
Total Non-Current Liabilities		73,524	95,857	89,197	73,524	89,197
TOTAL LIABILITIES		161,389	140,938	151,865	161,360	152,062
EQUITY						
General equity	25	237,841	234,262	219,494	241,041	220,229
Revaluation reserves	26	117,009	118,612	117,142	117,009	117,142
Total equity		354,850	352,874	336,636	358,050	337,371
TOTAL LIABILITIES AND EQUITY		516,239	493,812	488,501	519,410	489,433

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	University			Consolidated	
	2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	336,636	337,291	328,841	337,371	329,698
Adjustment to prior year's opening equity (Note 39)	-	-	(473)	-	(473)
COMPREHENSIVE INCOME					
Net Surplus	18,347	13,441	8,048	20,812	7,926
Other Comprehensive Income	(133)	2,142	220	(133)	220
Total Comprehensive income	18,214	15,583	8,268	20,679	8,146
TOTAL EQUITY AT THE END OF THE YEAR	354,850	352,874	336,636	358,050	337,371

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

		University		Consolidated		
		2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
	Note					
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Government grants		140,072	130,922	130,787	140,072	130,787
Receipts from student tuition fees		112,162	109,522	98,453	112,162	98,453
Receipts from service-provided activities		24,270	27,979	25,604	24,270	25,604
Interest received		373	–	6	389	30
Dividend received		22	–	88	22	88
Receipts from other revenue		13,292	14,216	9,868	13,619	10,528
Payments to employees		(166,031)	(167,198)	(156,915)	(166,031)	(156,915)
Payments to suppliers		(63,201)	(67,302)	(56,014)	(63,618)	(56,679)
Interest paid		(3,548)	(5,008)	(3,856)	(3,548)	(3,856)
Net GST received/(paid) ⁵³		1,533	–	3,885	1,512	3,905
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	58,944	43,131	51,906	58,849	51,945
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		50	–	64	50	64
Purchases of property, plant and equipment		(25,614)	(26,747)	(39,716)	(25,614)	(39,716)
Purchases of intangible assets		(1,430)	(2,203)	(752)	(1,430)	(752)
Placement of short-term investments		(129)	–	–	(129)	–
Acquisition of investments		(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(34,623)	(36,450)	(47,904)	(34,623)	(47,904)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from/(repayment of) borrowings		(15,150)	(5,745)	2,500	(15,150)	2,500
Repayment of finance lease borrowings		(6,282)	(1,150)	(6,398)	(6,282)	(6,398)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(21,432)	(6,895)	(3,898)	(21,432)	(3,898)
Net increase/(decrease) in cash and cash equivalents		2,889	(214)	104	2,794	143
Cash and cash equivalents at beginning of the year		817	294	713	1,868	1,727
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		3,706	80	817	4,662	1,870

The accompanying notes form part of these Financial Statements.

53 The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. The Financial Statements include separate Financial Statements for Auckland University of Technology (the University) as an individual entity and the consolidated entity consisting of the University, its subsidiaries, and interest in an associate and a jointly-controlled entity (the Group).

(a) Basis of preparation

Reporting entity

Auckland University of Technology is a university under the Auckland University of Technology (Establishment) Order 1999 and is domiciled in New Zealand. The primary objective of the University is to provide tertiary education services for the benefit of the community rather than making a financial return. For the purposes of financial reporting, the University and its subsidiaries are considered to be public benefit entities.

The Financial Statements of the University and the Group are for the year ended 31 December 2010. The Financial Statements are authorised for issue by Auckland University of Technology Council on 28 March 2011.

Statement of compliance

The Financial Statements of the University and the Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, as referred to in section 203 of the Education Act 1989.

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand. 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.

New or revised Standards and Interpretations that have been approved but are not yet effective have not been adopted by the University and the Group for the reporting period ended 31 December 2010. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact on these Financial Statements.

Measurement base

The Financial Statements have been prepared on an accruals basis and are based on the historical cost convention as modified by the revaluation of certain assets and liabilities as identified in the summary of significant accounting policies. These include the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

Functional and presentation currency

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars, unless otherwise stated. The functional currency of the University and its subsidiaries is New Zealand dollars.

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous year, except for the following:

Borrowing costs

During the financial year, the University and the Group changed its accounting policy for the treatment of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In previous periods, the University and the Group had capitalised such costs as part of the cost of the asset until all substantial activities necessary to prepare the qualifying asset for its intended use were complete.

The University and the Group have now decided to expense the borrowing costs, rather than capitalise them, in accordance with the amendment to NZ IAS 23 Borrowing Costs (revised 2007) which permits public benefit entities to defer the application of NZ IAS 23 (revised 2007).

Management believes that the new policy is preferable because it results in a more transparent treatment of borrowing costs and is consistent with the industry practice of public benefit entities, making the University and the Group's Financial Statements more comparable.

The impact of the change of accounting policy has been retrospectively applied in accordance with NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The effect of this change is disclosed in Note 39.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and are relevant to the University and the Group, are:

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004) and will be applied for the first time in the University and the Group's 31 December 2011 financial statements. The revised standard:
 - i) Removes the previous disclosure concessions applied by the University for arms-length transactions between the University and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the University and entities controlled or significantly influenced by the Crown.
 - ii) Clarifies that related party transactions include commitments with related parties.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 31 December 2013. The University and the Group have not yet assessed the impact of the new standard and expects it will not be early adopted.

(b) Basis of consolidation

The consolidated Financial Statements include the University and its subsidiaries, associate and joint venture interests.

Subsidiaries

Subsidiaries are all those entities over which the University has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the University. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Investments in subsidiaries are carried at cost in the parent entity financial statements.

Associates

Associates are entities over which the University has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in material associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Joint Ventures

The University has an interest in a joint venture which is a jointly-controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The University recognises its interest in the joint venture using the equity method of consolidation.

Under the equity method, the investment in the jointly-controlled entity is carried at cost in the parent entity financial statements. In the consolidated financial statements, the investment is initially recognised at cost and subsequently adjusted for changes in the University's share of net assets of the joint venture, less any impairment in the value of investment. The University's share of the results of the joint venture is recognised in the Income Statement.

The financial statements of the joint venture are prepared for the same reporting period as the University. Adjustments are made where necessary to bring the accounting policies in line with those of the University.

(c) Revenue recognition

Revenue comprises the fair value of the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Government grants are recognised as revenue on entitlement.

Student tuition fees are recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research grants which will provide reciprocal benefits to the research funding provider are recognised based on the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided. Liabilities are recognised in the Balance Sheet as a future obligation to complete the research in respect of the grants which are unearned at the balance date. Research grants which provide no reciprocal benefits to the research funding provider are recognised as income when the grants are received.

Subsidies, donations and bequests are recognised as income when the right to receive the fund or asset has been established.

Revenue from the sale of goods is recognised when the goods have been delivered and the significant risks and rewards of ownership have been transferred to the customer and can be measured reliably.

Revenue from rendering a service is recognised upon the delivery of the service.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment has been established.

(d) Property, plant and equipment

Each class of property, plant and equipment is valued at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings

Crown-owned land and buildings that are used by the University are included as part of the University's property, plant and equipment. The University has sole and unrestricted use of these land and buildings and has assumed ownership of these assets by means of a lease from the Ministry of Education for a period of 99 years from 1 November 1994.

Following initial recognition at cost, all land and buildings, whether owned by the Crown or purchased and built out of the University's reserves are shown at fair value. Revaluation of land and buildings is carried out at least every three years by independent valuers to ensure that the carrying amount of these assets does not differ materially from its fair value at the balance date.

Any revaluation surplus arising on revaluation is credited to the asset revaluation reserve included in the equity section of the Balance Sheet. Decreases that offset previous increases of the same asset class are charged against the asset revaluation reserve directly in equity; all other decreases are charged to the Income Statement.

Library collection

The library collection is valued at historical cost less accumulated depreciation and, where applicable, any impairment losses.

Work in progress

Work in progress is valued on the basis of expenditure incurred up to balance date and is not depreciated. Financing costs have not been capitalised during the construction of assets. The total cost of a project is transferred to the relevant asset class on completion and then depreciated.

Depreciation

All property, plant and equipment other than land, works of art and work in progress are depreciated using the straight-line method (except for motor vehicles, which uses the diminishing value method) to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 - 60 years
Library collection	5 - 10 years
Plant and equipment	10 - 20 years
Specialty electronics	6 years
Furniture and fittings	5 years
Leasehold improvements	5 years
Motor vehicles	5 years
Office equipment	5 years
Computers and electronic equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date. Any changes are accounted for prospectively as a change in accounting estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note (f)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

(e) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives, being three years.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of identifiable and unique software controlled by the University, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, being three years.

Programme development

Costs incurred on development of new academic programmes are capitalised to the extent that such costs are expected to be recovered. Capital costs are amortised from the commencement of a particular programme on a straight-line basis over the period of their expected benefit, being three years.

Intellectual property

Intellectual property is valued at cost of acquisition and is amortised on a straight-line basis over the period of its expected benefits, being five years.

(f) Impairment

Financial assets

At each Balance Sheet date the University assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Income Statement.

Non-financial assets

Non-financial assets that have an indefinite useful life or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Non-financial assets that have a finite useful life are subject to amortisation or depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Any impairment losses are recognised in the Income Statement.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(h) Short-term investments

Short-term deposits with financial institutions that have maturities of greater than three months, but less than one year are classified as short-term investments and are included within investing activities in the Statement of Cash Flows. Interest on short-term investments is recognised on an accruals basis over the life of the investment.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables.

(j) Inventories

Inventories available for resale are valued at the lower of cost and net realisable value, with adjustment for slow moving and obsolete inventories. Cost is determined on a first-in first-out basis. All consumables are charged directly to expenditure. No inventories are pledged as security for liabilities at the balance date.

(k) Investments and other financial assets

The University classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. The University determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the University.

The policy of the University is to designate a financial asset at fair value through profit and loss if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the Balance Sheet date. Derivatives that are not designated as hedges are categorised as financial assets held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the University provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the University intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the University commits to purchase or sell the asset. All investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value or at cost in cases where the fair value cannot be reliably measured. Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Income Statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale revaluation reserve.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the University establishes fair value by using appropriate valuation techniques. These include reference to the fair value of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstance. Where the fair value cannot be reliably determined the investments are measured at cost.

The University assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

(l) Leases

Finance leases

Leases where the University assumes substantially all the risks and rewards of ownership are classified as finance leases, whether or not title is eventually transferred.

Finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor, net of finance charges, is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the Income Statement as finance costs.

Capitalised leased assets are depreciated over the estimated useful life of the asset or the lease term, whichever is shorter.

For a lease of land and buildings in which the minimum lease payments cannot be allocated reliably between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

(m) Foreign currency translation

Transactions in foreign currencies are translated to New Zealand dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on translation are recognised in the Income Statement.

(n) Derivative financial instruments and hedge accounting

The University uses derivative financial instruments, such as interest rate swaps and forward foreign exchange contracts to hedge its interest rate risks and foreign currency risks respectively. In accordance with its treasury policy, the University does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of interest rate swaps and forward foreign exchange contracts are determined by reference to market values for similar instruments.

For the purposes of hedge accounting, all the University's hedging instruments are designated as cash flow hedges. A cash flow hedge is defined as that which mitigates the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, firm commitment, or highly probable forecast transaction, which could affect profit or loss. A cash flow hedge protects against the risk caused by variable prices, costs, rates or terms, which cause uncertainty in the future.

The University documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The University also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in Other Comprehensive Income within the Statement of Comprehensive Income and the ineffective portion is recognised immediately in the Income Statement.

The gain or loss accumulated in equity is recognised in the Income Statement when the hedged cash flows are settled.

Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the Income Statement.

(o) Goods and Services Tax (GST)

Auckland University of Technology is a registered 'person' as defined by the Goods and Services Act 1985. The Financial Statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable, which are stated GST inclusive. When GST is not recoverable on input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of the accounts receivable or accounts payable in the Balance Sheet.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(p) Taxation

The University and its subsidiaries are exempt from the payment of income tax as they are treated by the Inland Revenue Department as charitable organisations for the purposes of the Income Tax Act. Accordingly, no provision for income tax has been made.

(q) Budget figures

The budget figures are those approved by the Auckland University of Technology Council before the beginning of each financial year. They have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Auckland University of Technology Council for the preparation of the Financial Statements.

(r) Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Employee Entitlements

Employee entitlements to salaries and wages, annual leave, sick leave, long service leave, retirement leave and other similar benefits are recognised in the Income Statement when they accrue to employees. Employee entitlements to be settled within twelve months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows.

Annual leave

Liabilities for annual leave are measured at the amount of unused entitlement accumulated at balance date at relevant current rates of pay.

Sick leave

Liabilities for sick leave are measured at the amounts of unused entitlement accumulated at balance date that the University anticipates employees will use in future periods.

Long service leave and retirement leave

Liability for long service leave and retirement leave are calculated on an actuarial basis and are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows. A discount rate of 5.82% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for bond with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and two of the National Provident Fund (NPF) Superannuation schemes, namely the Lump Sum National scheme and Pension National scheme, are accounted for as defined contribution schemes and are recognised as an expense in the Income Statement as incurred.

Defined benefit schemes

The University belongs to the Government Superannuation Fund (GSF) scheme, which is a defined benefit scheme managed by the Government Superannuation Fund Authority. The University has no underwriting responsibilities, as any shortfall is met by the Government. As such, the GSF scheme is accounted for as a defined contribution scheme.

(t) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains or losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

(u) Borrowing costs

The University and the Group have elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

(v) Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the Income Statement.

(w) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are:

General funds

General funds comprise "General Equity" and "Suspensory Loans from the Crown" with equity conversion features.

Revaluation reserves

Revaluation reserves comprise "Asset Revaluation Reserve" - which relates to the revaluation of land and buildings to fair value; "Available-for-sale Revaluation Reserve" - which relates to the revaluation of marketable equity securities to fair value; and "Cash Flow Hedge Reserve" - which relates to the gain or loss on the hedging instrument that is determined to be an effective cash flow hedge and the change in the fair value of the hedging instrument through Other Comprehensive Income.

(x) Critical accounting estimates and assumptions

In preparing these Financial Statements, the University and the Group have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revaluation of land and buildings

Note 16 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings. The University relies on the services of independent valuers to assess the carrying values of land and buildings.

Long service leave and retirement leave

Note 20 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave and retirement leave liabilities. Assumptions made include discount rates, salary inflation and the number of staff that will reach the point of entitlement.

Reinstatement provision

Note 21 represents the University's estimated liability to reinstate leased buildings to their original state at the expiry of the lease term.

Depreciation and amortisation

At each balance sheet date, the University reviews the useful lives and residual values of its property, plant and equipment, and intangible assets. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment, and intangible assets requires the University to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the University, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable or amortisable amount of an asset, therefore impacting on the depreciation or amortisation expense recognised in the Income Statements, and carrying amount of the asset in the Balance Sheet. The carrying amounts of property, plant and equipment are disclosed in Note 16 and intangible assets in Note 17.

Changes to accounting estimates on depreciation charges

The University and the Group have revised the estimated useful lives of certain Library collections with effect from 1 January 2010. Based on the information gained from operations, management believes that certain Library collections, such as electronic resources and print serials, will only have estimated useful lives of five years for depreciation purposes. The original estimated useful lives were ten years.

The revisions were accounted for prospectively as a change in accounting estimates and, as a result, the depreciation charges for the financial year ended 31 December 2010 have been increased by \$1.94 million.

(y) Critical judgements in applying accounting policies

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2010:

Crown-owned land and buildings

Property in the legal name of the Crown that is occupied by the University is recognised as an asset in the Balance Sheet. The University considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred. Accordingly it would be misleading to exclude these assets from the Financial Statements. The University has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 November 1994.

Suspensory loans with equity conversion features

The University received various suspensory loans from the Crown in 2008, whereby the loans convert to equity when the conversion conditions of the loan agreement are satisfied. As the University is committed to meeting the equity conversion conditions, it considers the suspensory loans are in substance equity contributions from the Crown and therefore recognises the amounts received directly in the Statement of Changes in Equity. Further information about the suspensory loans is disclosed in Note 37.

Research Leave

Academic staff are entitled to research leave in certain circumstances. The substance of this leave is that it is leave from teaching duties to undertake research activity with staff continuing to earn their salary and other employee entitlements. The University is of the view that research leave is not the type of leave contemplated in NZ IAS 19 Employee Benefits. Accordingly, a liability has not been recognised for such leave.

NOTE 2: GOVERNMENT OPERATIONAL FUNDING

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Student Achievement Component (SAC)	103,725	96,994	103,725	96,994
Tertiary Education Organisational Capability (TEOC)	12,618	11,466	12,618	11,466
Performance-Based Research Funding (PBRF) – Note (A)	7,145	6,774	7,145	6,774
Tripartite funding – salaries	6,963	7,331	6,963	7,331
Priorities for Focus	1,581	1,962	1,581	1,962
Encouraging and Supporting Innovation (ESI)	1,335	1,431	1,335	1,431
Mangere Refugee Centre	1,530	1,456	1,530	1,456
Tertiary students with disabilities	432	412	432	412
Māori and Pacific Peoples	657	618	657	618
TOPS/ETSA	761	990	761	990
Early childhood education – Note (B)	430	428	430	428
Other Government funding (excl. research contracts)	1,532	2,047	1,532	2,047
TOTAL GOVERNMENT OPERATIONAL FUNDING	138,709	131,909	138,709	131,909

There are no unfulfilled conditions nor other contingencies attached to government grants recognised as income.

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Note (A): PBRF Income				
Provisional PBRF funding received	7,386	6,662	7,386	6,662
Prior year PBRF final wash-up	(241)	112	(241)	112
Total PBRF income	7,145	6,774	7,145	6,774
Note (B): Early Childhood Education				
INCOME				
Early childhood education bulk funding	419	409	419	409
Support grant for provisionally-registered teachers	11	19	11	19
Total early childhood education funding received	430	428	430	428
Other income*	190	217	190	217
Total income	620	645	620	645
EXPENDITURE				
Operating expenses	(694)	(652)	(694)	(652)
Support grant expenses	(9)	(23)	(9)	(23)
Total expenditure	(703)	(675)	(703)	(675)
NET DEFICIT	(83)	(30)	(83)	(30)
Value of support grants received	11	19	11	19
Amount spent on supporting provisionally-registered teachers	9	23	9	23
Support grants were applied to:				
Teaching resources and equipment	1	7	1	7
Training, coaching and support	8	16	8	16
TOTAL	9	23	9	23
Number of support grants received	37	50	37	50

* Other income represents early childhood education fees received from parents, which have been reflected as part of the trading income in Note 5.

NOTE 3: STUDENT TUITION FEES

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Domestic fees	67,758	57,494	67,758	57,494
International fees	45,091	38,675	45,091	38,675
TOTAL STUDENT TUITION FEES	112,849	96,169	112,849	96,169

NOTE 4: RESEARCH GRANTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Research grants received	11,139	10,567	11,194	10,572
Research grants carried forward	(1,924)	(2,201)	(1,924)	(2,201)
TOTAL RESEARCH GRANTS	9,215	8,366	9,270	8,371

Research grants carried forward represent the incomplete portion of research grants received as at year end.

NOTE 5: OTHER INCOME

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Trading income	12,835	12,375	12,835	12,375
Accommodation income	4,376	4,284	4,376	4,284
Interest income	373	6	388	31
Income from available-for-sale financial assets	4	55	4	55
Income from investment in associate	18	33	-	-
Donation received	29	72	29	72
Gain on disposal of property, plant & equipment	-	2	-	2
Gain on derivative financial instruments	14	-	14	-
Other operating income	8,969	6,851	9,315	7,524
TOTAL OTHER INCOME	26,618	23,678	26,961	24,343

NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Academic:				
Salaries and wages	95,177	90,110	95,177	90,110
Defined contribution plan employer contributions	466	373	466	373
Employee entitlements	796	1,257	796	1,257
Other staff-related costs	4,927	6,511	4,927	6,511
	101,366	98,251	101,366	98,251
Administration:				
Salaries and wages	62,317	58,100	62,317	58,100
Defined contribution plan employer contributions	305	239	305	239
Employee entitlements	459	1,032	459	1,032
Other staff-related costs	3,821	3,750	3,821	3,750
	66,902	63,121	66,902	63,121
TOTAL PERSONNEL COSTS	168,268	161,372	168,268	161,372

Employer contributions to defined contribution plans include contributions to KiwiSaver, the National Provident Fund Superannuation schemes and the Government Superannuation Fund scheme.

NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Consumables / faculty costs	23,264	18,800	23,264	18,800
Occupancy / property costs	9,851	8,790	9,851	8,790
Operating lease costs – buildings	8,087	8,394	8,087	8,394
Operating lease costs – equipment	942	1,154	942	1,154
Administration expenses	7,859	7,558	7,859	7,563
Fees to principal auditor:				
Financial statements audit (Note A)	149	144	158	149
Performance-Based Research Fund audit	8	8	8	8
Provision for bad debts:				
Change in provision for doubtful debts	560	113	560	113
Bad debts written off	445	229	445	229
Council fees (Note 28)	110	110	110	110
Loss on disposal of property, plant and equipment	17	–	17	–
Loss on foreign currency translation	54	107	54	107
Loss on derivative financial instruments	–	15	–	15
Other operating costs	13,560	13,360	13,795	14,018
TOTAL SUPPLIES AND OTHER COSTS	64,906	58,782	65,150	59,450

Note (A) – Includes audit fees of \$9,040 (2009: \$7,950) for Auckland University of Technology Foundation paid on behalf by Auckland University of Technology.

NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Depreciation (Note 16)	26,913	24,626	26,913	24,626
Amortisation (Note 17)	2,568	1,522	2,568	1,522
Impairment (Note 16 & 17)	2,841	1,916	2,841	1,916
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	32,322	28,064	32,322	28,064

NOTE 9: FINANCE COSTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Interest on borrowings	1,072	1,068	1,072	1,068
Finance charges on finance leases	2,476	2,788	2,476	2,788
TOTAL FINANCE COSTS	3,548	3,856	3,548	3,856

NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Cash-at-bank and in hand	2,995	804	3,951	938
Short-term bank deposits	711	13	711	932
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	3,706	817	4,662	1,870

Short-term bank deposits are made for varying periods of time, from one day to three months depending on immediate cash requirements, and earn interest at the respective short-term deposit rates. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$956,000 (2009: \$827,000).

The weighted average effective interest rate for cash and cash equivalents was 3.20% (2009: 3.08%).

NOTE 11: TRADE AND OTHER RECEIVABLES

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Trade debtors	3,275	2,319	3,351	2,319
Less provision for impairment of trade debtors	(601)	(525)	(601)	(525)
	2,674	1,794	2,750	1,794
Student debtors	19,957	3,139	19,957	3,139
Less provision for impairment of student debtors	(745)	(261)	(745)	(261)
	19,212	2,878	19,212	2,878
Related parties (Note 27)	11	416	6	416
Accrued revenue	1,141	908	1,141	925
Tertiary Education Commission	-	1,122	-	1,122
Other debtors	436	435	441	449
TOTAL TRADE AND OTHER RECEIVABLES	23,474	7,553	23,550	7,584

Trade debtors and student debtors are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

Movements in the provision for impairment of trade debtors and student debtors are as follows:

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Trade debtors:				
Opening provisions	525	287	525	287
Additional provisions made during the year	311	361	311	361
Release of provisions during the year	-	(82)	-	(82)
Amount of provisions utilised during the year	(235)	(41)	(235)	(41)
Closing provisions for impairment of trade debtors	601	525	601	525
Student debtors:				
Opening provisions	261	386	261	386
Additional provisions made during the year	694	187	694	187
Release of provisions during the year	-	(124)	-	(124)
Amount of provisions utilised during the year	(210)	(188)	(210)	(188)
Closing provisions for impairment of student debtors	745	261	745	261

NOTE 11: TRADE AND OTHER RECEIVABLES (continued)

The ageing profile of trade debtors and student debtors at the reporting date is as follows:

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Trade debtors:						
2010 – Under 30 days	2,052	-	2,052	2,128	-	2,128
31 – 60 days	408	-	408	408	-	408
61 – 90 days	257	(43)	214	257	(43)	214
Over 90 days	558	(558)	-	558	(558)	-
Total trade debtors	3,275	(601)	2,674	3,351	(601)	2,750
2009 – Under 30 days	1,223	-	1,223	1,223	-	1,223
31 – 60 days	583	(176)	407	583	(176)	407
61 – 90 days	268	(140)	128	268	(140)	128
Over 90 days	245	(209)	36	245	(209)	36
Total trade debtors	2,319	(525)	1,794	2,319	(525)	1,794
Student debtors:						
2010 – Under 30 days	18,419	-	18,419	18,419	-	18,419
31 – 60 days	102	-	102	102	-	102
61 – 90 days	117	-	117	117	-	117
Over 90 days	1,319	(745)	574	1,319	(745)	574
Total student debtors	19,957	(745)	19,212	19,957	(745)	19,212
2009 – Under 30 days	1,718	-	1,718	1,718	-	1,718
31 – 60 days	225	-	225	225	-	225
61 – 90 days	44	-	44	44	-	44
Over 90 days	1,152	(261)	891	1,152	(261)	891
Total student debtors	3,139	(261)	2,878	3,139	(261)	2,878

NOTE 12: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Listed securities (at fair value):				
Independent News & Media Plc	4	8	4	8
	4	8	4	8
Unlisted securities (at cost, less impairment):				
New Zealand Vice-Chancellors' Committee	100	100	100	100
Polytechnics International New Zealand Limited	33	33	33	33
New Zealand Tertiary Education Consortium Limited	20	20	20	20
	153	153	153	153
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	157	161	157	161

Listed securities

The fair values of listed securities are determined by reference to published current bid price quotations in an active market.

Unlisted securities

Unlisted securities are carried at cost less any impairment, as the fair value of unlisted securities cannot be reliably determined using a standardised valuation technique as well as there being no active market for such securities.

NOTE 13: INVESTMENT IN SUBSIDIARIES

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2010	2009
Auckland University of Technology Foundation	New Zealand	Promote academic excellence at Auckland University of Technology by charitable means.	100%	100%
AUT Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%
			University	
			2010 Actual \$000s	2009 Actual \$000s
Investment in subsidiaries:				
Auckland University of Technology Foundation			–	–
AUT Enterprises Limited			100	100
TOTAL INVESTMENT IN SUBSIDIARIES			100	100

NOTE 14: INVESTMENT IN ASSOCIATE

Investments in associate is accounted for in the Financial Statements using the equity method of accounting. Information relating to the associate is set out below:

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2010	2009
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium.	20%	20%

LCo NEW ZEALAND LIMITED

LCo New Zealand Limited is an unlisted company which has the same reporting date as Auckland University of Technology. There is no published price quotation to determine the fair value of this investment.

The investment in the associate is carried at cost in Auckland University of Technology's Balance Sheet.

	University	
	2010 Actual \$000s	2009 Actual \$000s
Investment in associate:		
LCo New Zealand Limited	417	417
TOTAL INVESTMENT IN ASSOCIATE	417	417

There were no impairment losses relating to the investment in the associate and no capital commitments nor other commitments relating to the associate.

Auckland University of Technology's share of the result of the LCo New Zealand Limited is as follows:

	Consolidated	
	2010 Actual \$000s	2009 Actual \$000s
Share of associate's balance sheet:		
Assets	586	741
Liabilities	(51)	(233)
Net assets	535	508
Share of associate's revenue and profit:		
Revenue	289	283
Net surplus	45	21
Movement in carrying amount of Investment in associate:		
Balance at the beginning of the year	508	520
Share of associate's net surplus	45	21
Dividend received	(18)	(33)
Carrying amount at the end of the year	535	508

NOTE 15: INVESTMENT IN JOINTLY-CONTROLLED ENTITY

Auckland University of Technology has a 50% interest in AUT/Millennium Ownership Trust, a jointly-controlled entity established by Auckland University of Technology and The North Shore Bays Community Fitness Centre Trust, to promote community fitness and well-being and to support elite sport.

AUT/Millennium Ownership Trust has the same reporting date as Auckland University of Technology.

The investment in the jointly-controlled entity is carried at cost in Auckland University of Technology's Balance Sheet.

	University	
	2010 Actual \$000s	2009 Actual \$000s
Investment in jointly-controlled entity:		
AUT/Millennium Ownership Trust	18,300	10,800
TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY	18,300	10,800

	Consolidated	
	2010 Actual \$000s	2009 Actual \$000s
Share of jointly-controlled entity's balance sheet:		
Assets	20,169	14,285
Liabilities	(91)	(244)
Net assets	20,078	14,041
Share of jointly-controlled entity's revenue and profit:		
Revenue	821	32
Net surplus/(deficit)	2,266	(145)
Movement in carrying amount of Investment in jointly-controlled entity:		
Balance at the beginning of the year	10,655	-
Capital contribution – cash	7,500	7,500
Non-cash capital contribution – land	-	3,300
Share of jointly-controlled entity's net surplus/(deficit)	2,266	(145)
Carrying amount at the end of the year	20,421	10,655

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

In 2010, a full revaluation of land and buildings has been completed as required every three years by AUT Accounting Policy (Note 1(d)). The revaluation of land and buildings was performed by Seagars and Partners, Registered Valuers, at 31 December 2010 to a fair value of \$379,261,000 using the depreciated replacement cost method. Details of the revaluation movements are as follows:

	Net Book Value (before) Revaluation \$000s	Revaluation Increment/ (decrement) \$000s	Accumulated Depreciation Eliminated \$000s	Net Revaluation Movements \$000s	Net Book Value (after Revaluation) \$000s
UNIVERSITY/CONSOLIDATED					
AUT-owned land	25,736	(6,438)	-	(6,438)	19,298
AUT-owned land (Manukau Campus)	29,190	(1,168)	-	(1,168)	28,022
	54,926	(7,606)	-	(7,606)	47,320
AUT-owned buildings	220,348	(15,364)	(21,783)	6,419	226,767
AUT-owned buildings (Manukau Campus)	17,772	(1,443)	(683)	(760)	17,012
	238,120	(16,807)	(22,466)	5,659	243,779
Crown-owned land	34,925	4,277	-	4,277	39,202
Crown-owned buildings	51,048	(6,192)	(4,104)	(2,088)	48,960
TOTAL	379,019	(26,328)	(26,570)	242	379,261

Non-cash transactions

During the year, the University acquired \$5.1 million of computers and electronic equipment under a finance lease (2009: \$3.2 million).

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2010 – University/Consolidated	Cost/Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value		
	Balance at 1,Jan 2010	Additions/ (reclass- ification)	Revaluation increment/ (decrement)	Disposals	Balance at 31,Dec 2010	Balance at 1,Jan 2010	Depreciation	Disposals/ eliminated on revaluation	Impairment losses	Balance at 31,Dec 2010	Balance at 1,Jan 2010
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
AUT-owned assets:											
Land	25,736	-	(6,438)	-	19,298	-	-	-	-	25,736	19,298
Land – Manukau Campus	29,190	-	(1,168)	-	28,022	-	-	-	-	29,190	28,022
Buildings	237,558	4,610	(15,364)	(37)	226,767	14,861	6,922	(21,783)	-	222,697	226,767
Buildings – Manukau Campus	6,805	11,650	(1,443)	-	17,012	180	503	(683)	-	6,625	17,012
Library collection	44,073	4,799	-	-	48,872	22,545	5,660	-	-	21,528	20,667
Computers and electronic equipment	15,234	2,539	-	(1,072)	16,701	12,389	1,865	(1,007)	8	2,845	3,446
Furniture and fittings	12,533	1,082	-	(53)	13,562	10,393	1,044	(49)	5	2,140	2,169
Leasehold improvements	11,592	1,627	-	-	13,219	10,458	879	-	-	1,134	1,882
Motor vehicles	604	41	-	-	645	335	61	-	-	269	249
Office equipment	4,796	105	-	(7)	4,894	4,274	283	(8)	12	522	333
Plant and equipment	17,032	4,978	-	(577)	21,433	10,204	1,271	(567)	514	6,828	10,011
Specialty electronics	1,835	-	-	(16)	1,819	1,059	307	(17)	-	776	470
Works of art	309	-	-	-	309	-	-	-	-	309	309
WIP – buildings	4,593	5,680	-	-	10,273	816	-	(816)	1,507	3,777	8,766
WIP – Manukau Campus buildings	9,849	(9,596)	-	-	253	-	-	-	-	9,849	253
WIP – others	2,576	(1,901)	-	-	675	-	-	-	-	2,576	675
TOTAL AUT-OWNED ASSETS	424,315	25,614	(24,413)	(1,762)	423,754	87,514	18,795	(24,930)	2,046	336,801	340,329
Crown-owned land and buildings:											
Land	34,925	-	4,277	-	39,202	-	-	-	-	34,925	39,202
Buildings	55,152	-	(6,192)	-	48,960	2,736	1,368	(4,104)	-	52,416	48,960
TOTAL CROWN-OWNED LAND & BUILDINGS	90,077	-	(1,915)	-	88,162	2,736	1,368	(4,104)	-	87,341	88,162
Assets under finance leases:											
Computers and electronic equipment	18,456	5,104	-	(3,160)	20,400	12,238	4,745	(3,160)	-	6,218	6,577
Buildings	43,242	-	-	-	43,242	11,780	2,005	-	-	31,462	29,457
TOTAL ASSETS UNDER FINANCE LEASES	61,698	5,104	-	(3,160)	63,642	24,018	6,750	(3,160)	-	37,680	36,034
TOTAL PROPERTY, PLANT & EQUIPMENT	576,090	30,718	(26,328)	(4,922)	575,558	114,268	26,913	(32,194)	2,046	461,822	464,525

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2009 – University/Consolidated	Cost/Revaluation			Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1,Jan 2009 \$000s	Additions/ (reclassification) \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31,Dec 2009 \$000s	Balance at 1,Jan 2009 \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31,Dec 2009 \$000s
AUT-owned assets:									
Land	26,050	2,970	-	(3,284)	25,736	-	-	-	25,736
Land – Manukau Campus	29,190	-	-	-	29,190	-	-	-	29,190
Buildings	212,673	24,885	-	-	237,558	6,802	8,048	11	222,697
Buildings – Manukau Campus	-	6,805	-	-	6,805	-	180	-	6,625
Library collection	39,244	4,829	-	-	44,073	19,168	3,377	-	21,528
Computers and electronic equipment	12,416	2,925	-	(107)	15,234	11,246	1,218	6	2,845
Furniture and fittings	11,517	1,085	-	(69)	12,533	9,196	1,217	11	2,140
Leasehold improvements	11,327	265	-	-	11,592	10,011	447	-	1,134
Motor vehicles	587	17	-	-	604	270	65	-	269
Office equipment	4,692	122	-	(18)	4,796	3,919	368	3	522
Plant and equipment	14,634	2,588	-	(190)	17,032	9,354	1,026	2	6,828
Specialty electronics	1,414	421	-	-	1,835	769	290	-	776
Works of art	309	-	-	-	309	-	-	-	309
WIP – buildings	8,468	(3,875)	-	-	4,593	-	-	816	3,777
WIP – Manukau Campus buildings	13,326	(3,477)	-	-	9,849	-	-	-	9,849
WIP – others	2,420	156	-	-	2,576	-	-	-	2,576
TOTAL AUT-OWNED ASSETS	388,267	39,716	-	(3,668)	424,315	70,735	16,236	849	336,801
Crown-owned land and buildings:									
Land	34,925	-	-	-	34,925	-	-	-	34,925
Buildings	55,152	-	-	-	55,152	1,368	1,368	-	52,416
TOTAL CROWN-OWNED LAND & BUILDINGS	90,077	-	-	-	90,077	1,368	1,368	-	87,341
Assets under finance leases:									
Computers and electronic equipment	20,491	3,253	-	(5,288)	18,456	12,508	5,018	-	6,218
Buildings	43,242	-	-	-	43,242	9,776	2,004	-	31,462
TOTAL ASSETS UNDER FINANCE LEASES	63,733	3,253	-	(5,288)	61,698	22,284	7,022	-	37,680
TOTAL PROPERTY, PLANT & EQUIPMENT	542,077	42,969	-	(8,956)	576,090	94,387	24,626	849	461,822

NOTE 17: INTANGIBLE ASSETS

2010 – University/Consolidated

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2010 \$000s	Additions/ (reclassification) \$000s	Revaluation increment/ (decrement) \$000s	Disposals/ revaluation adjustments \$000s	Balance at 31 Dec 2010 \$000s	Balance at 1 Jan 2010 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2010 \$000s
Intangible assets:										
Intellectual property	50	-	-	-	50	50	-	-	-	-
Software	11,370	1,818	-	(40)	13,148	9,019	2,040	(41)	133	11,151
Programme development	2,948	91	-	-	3,039	2,024	528	-	487	3,039
WIP – software	1,283	337	-	-	1,620	-	-	-	175	1,445
WIP – programme development	816	(816)	-	-	-	725	-	(725)	-	91
TOTAL INTANGIBLE ASSETS	16,467	1,430	-	(40)	17,857	11,818	2,568	(766)	795	14,415

2009 – University/Consolidated

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2009 \$000s	Additions/ (reclassification) \$000s	Revaluation increment/ (decrement) \$000s	Disposals/ revaluation adjustments \$000s	Balance at 31 Dec 2009 \$000s	Balance at 1 Jan 2009 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2009 \$000s
Intangible assets:										
Intellectual property	50	-	-	-	50	50	-	-	-	-
Software	9,433	1,937	-	-	11,370	7,520	1,369	-	130	9,019
Programme development	2,007	941	-	-	2,948	1,659	153	-	212	2,024
WIP – software	2,189	(906)	-	-	1,283	-	-	-	-	-
WIP – programme development	2,036	(1,220)	-	-	816	-	-	-	725	725
TOTAL INTANGIBLE ASSETS	15,715	752	-	-	16,467	9,229	1,522	-	1,067	11,818

NOTE 18: TRADE AND OTHER PAYABLES

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Trade creditors	3,168	2,139	3,168	2,139
Creditors accruals	12,448	9,568	12,567	9,773
Sundry creditors	3,392	2,425	3,349	2,522
GST payable	4,937	3,404	4,940	3,419
Withholding tax payable	1,668	3,408	1,668	3,408
Related party (Note 27)	331	120	223	-
Tertiary Education Commission	241	-	241	-
TOTAL TRADE AND OTHER PAYABLES	26,185	21,064	26,156	21,261

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

NOTE 19: INCOME IN ADVANCE

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Students fees in advance	31,314	15,667	31,314	15,667
Trust funds	2	18	2	18
Research funding received in advance	8,657	5,466	8,657	5,466
Other income in advance	2,805	3,381	2,805	3,381
TOTAL INCOME IN ADVANCE	42,778	24,532	42,778	24,532

NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Annual leave	9,184	8,076	9,184	8,076
Accrued salary payments	1,806	1,141	1,806	1,141
Sick leave	440	462	440	462
Other employee entitlements	2,135	1,817	2,135	1,817
Total employee entitlements – current	13,565	11,496	13,565	11,496
Long service leave	757	672	757	672
Retirement leave	1,457	1,374	1,457	1,374
Total employee entitlements – non-current	2,214	2,046	2,214	2,046
TOTAL EMPLOYEE ENTITLEMENTS	15,779	13,542	15,779	13,542

The present value of the long service leave and retirement leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate of 5.82% and the salary inflation factor of 3.0%. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate, the University considered the interest rates on New Zealand government bonds with terms to maturity similar to those of the estimated future cash outflows. The inflation factor has been based on the expected long-term increase in remuneration for employees.

NOTE 21: PROVISIONS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Reinstatement provision for leased buildings:				
Opening balance	669	686	669	686
Provision made during the year	119	58	119	58
Provision used during the year	–	(75)	–	(75)
CLOSING BALANCE	788	669	788	669
Comprising:				
Current	82	288	82	288
Non-current	706	381	706	381
TOTAL PROVISIONS	788	669	788	669

The reinstatement provision represents the University's estimated liability to reinstate leased buildings to their original state at the expiry of the lease term. The provision is calculated on the net present value of the estimated liability at lease expiry.

NOTE 22: FINANCE LEASES BORROWINGS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Not later than one year	7,324	7,764	7,324	7,764
Later than one year and not later than five years	17,977	17,513	17,977	17,513
Later than five years	36,641	40,388	36,641	40,388
Total minimum finance leases payments	61,942	65,665	61,942	65,665
Future finance charges	(20,012)	(22,557)	(20,012)	(22,557)
Total present value of minimum finance leases payments	41,930	43,108	41,930	43,108
Present value of minimum finance leases:				
Not later than one year	5,079	5,273	5,079	5,273
Later than one year and not later than five years	9,989	9,055	9,989	9,055
Later than five years	26,862	28,780	26,862	28,780
Total minimum finance leases borrowings	41,930	43,108	41,930	43,108
Comprising:				
Current	5,079	5,273	5,079	5,273
Non-current	36,851	37,835	36,851	37,835
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASES BORROWINGS	41,930	43,108	41,930	43,108

Auckland University of Technology has entered into finance leases for various properties, computers and electronic equipment. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 16.

The finance leases can be renewed at Auckland University of Technology's option, with rents set by reference to current market rates for items of equivalent age and condition. Auckland University of Technology does have the option to purchase the asset at the end of the lease term. There are no restrictions placed on Auckland University of Technology by any of the finance leasing arrangements.

Auckland University of Technology leases approximately 18,332 square metres (2009: 18,332 square metres) of accommodation properties in Auckland to provide residential accommodation for students.

Auckland University of Technology leases 6,411 computers and electronic equipment for teaching, research and administrative purposes (2009: 6,378 computers and electronic equipment).

NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2010 Actual \$'000s	2009 Actual \$'000s	2010 Actual \$'000s	2009 Actual \$'000s
Current asset portion				
Forward Foreign Exchange Contract – Non-hedges	14	-	14	-
Non-current asset portion				
Interest rate swap – Cash flow hedges	-	228	-	228
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS	14	228	14	228
Current liability portion				
Interest rate swap – Cash flow hedges	(176)	-	(176)	-
Forward Foreign Exchange Contract – Non-hedges	-	(15)	-	(15)
Non-current liability portion				
Interest rate swap – Cash flow hedges	(203)	(235)	(203)	(235)
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	(379)	(250)	(379)	(250)

Fair value

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

The fair values of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices.

Notional principal amount

Interest rate swaps

The notional principal amounts of interest rate swap contracts as at 31 December 2010 totalled \$19.0 million (2009: \$19.0 million). At 31 December 2010, the fixed interest rates of interest rate swaps vary from 4.46% to 6.98% (2009: 4.46% to 6.98%).

Forward foreign exchange contracts

The notional principal amounts of forward foreign exchange contracts in New Zealand dollars totalled \$0.41 million (2009: \$1.27 million). The foreign currency principal amounts were Australian dollars \$0.33 million (2009: United States dollars \$0.9 million).

NOTE 24: BORROWINGS

Auckland University of Technology has a multi-facility agreement (and the accompanying negative pledge deed) with the ANZ National Bank Limited. The facility is for \$70 million (2009: \$70 million) expiring 3 January 2012. At 31 December 2010, \$33.55 million (2009: \$48.7 million) had been drawn down on this facility.

Auckland University of Technology uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 4.28% (2009: 3.12%).

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Opening balance	48,700	46,200	48,700	46,200
Net borrowings/(repayments)	(15,150)	2,500	(15,150)	2,500
CLOSING BALANCE	33,550	48,700	33,550	48,700

Fair value

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

NOTE 25: GENERAL EQUITY

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Equity:				
Balance at the beginning of the year	149,161	123,925	149,896	124,782
Adjustment to prior year's opening equity (Note 39)	–	(473)	–	(473)
Net surplus for the year	18,347	8,048	20,812	7,926
Transfers from suspensory loans	20,333	16,667	20,333	16,667
Transfers from assets revaluation reserve	–	994	–	994
Balance at the end of the year	187,841	149,161	191,041	149,896
Suspensory Loans:				
Balance at the beginning of the year	70,333	87,000	70,333	87,000
Convert to equity (Note 37)	(20,333)	(16,667)	(20,333)	(16,667)
Balance at the end of the year	50,000	70,333	50,000	70,333
TOTAL GENERAL EQUITY	237,841	219,494	241,041	220,229

In 2010, Auckland University of Technology received two equity conversion confirmation notices as detailed in Note 37 reflecting the commitment and delivery of the key performance measures required by the Crown to the ongoing treatment of suspensory loans as equity.

NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Assets revaluation reserve:				
Balance at the beginning of the year	117,182	118,176	117,182	118,176
Transfer to general equity on disposal of land	-	(994)	-	(994)
Changes due to revaluation of:				
Crown-owned land	4,277	-	4,277	-
Crown-owned buildings	(2,088)	-	(2,088)	-
AUT-owned land	(7,606)	-	(7,606)	-
AUT-owned buildings	5,659	-	5,659	-
Balance at the end of the year	117,424	117,182	117,424	117,182
Available-for-sale revaluation reserve:				
Balance at the beginning of the year	(33)	(9)	(33)	(9)
Net fair value gains/(losses) in the year	(4)	(24)	(4)	(24)
Balance at the end of the year	(37)	(33)	(37)	(33)
Cash flow hedge reserve:				
Balance at the beginning of the year	(7)	(251)	(7)	(251)
Net fair value gains/(losses) in the year	(371)	244	(371)	244
Balance at the end of the year	(378)	(7)	(378)	(7)
TOTAL REVALUATION RESERVES	117,009	117,142	117,009	117,142

NOTE 27: RELATED PARTY TRANSACTIONS

Crown/Government

The government influences the role of Auckland University of Technology as well as being a major source of revenue. Auckland University of Technology enters into transactions with government departments and Crown agencies. These are separately disclosed elsewhere in the Financial Statements.

Subsidiaries, Associate and Jointly-controlled Entity

Auckland University of Technology is the ultimate parent of the group. The group contains the subsidiaries, associate and jointly-controlled entity as disclosed in the Financial Statements. During the year, the following transactions were carried out with related parties:

	2010 Actual \$000s	2009 Actual \$000s
SUBSIDIARY COMPANIES		
Auckland University of Technology Foundation		
Donation received on behalf	1	1
Grants and scholarships received on behalf	20	39
Grants and scholarships received from subsidiary	5	35
Creditor payment on behalf	1	13
Accounts receivable	5	-
Accounts payable	-	5
AUT Enterprises Limited		
Operating revenue received on behalf	70	225
Development Fund paid to Subsidiary	188	-
Operating expenses paid on behalf	185	105
Management services provided to Subsidiary	80	-
Accounts payable	108	115
ASSOCIATE COMPANY		
LCo New Zealand Limited		
Purchase of services	311	524
Accounts payable	223	-
JOINTLY-CONTROLLED ENTITY		
AUT/Millennium Ownership Trust		
Capital contribution – cash	7,500	7,500
Non-cash capital contribution – land	-	3,300
Operating expenses paid on behalf	10	-
Accounts receivable	6	416

All related party transactions are on market terms and conditions.

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

Key management personnel

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Salaries and other short-term employee entitlements	3,762	3,384	3,762	3,384
Post-employment entitlements	-	31	-	31
Termination benefits	-	64	-	64
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	3,762	3,479	3,762	3,479

Key management personnel include the Chancellor, Vice-Chancellor, Members of Council, and other senior management personnel reporting directly to the Vice-Chancellor.

There are close family members of key management personnel employed by the University. The terms and conditions of those arrangements are no more favourable than the University would have adopted if there were no such relationship.

The Vice-Chancellor is a Trustee of AUT/Millennium Ownership Trust (a jointly-controlled entity of the University). His fees in relation to this position are paid directly to the University.

Councillors

During the year, the following Councillors were members of organisations that have entered into transactions with Auckland University of Technology as part of its normal operations.

	Purchases actual \$000s	Sales actual \$000s	Accounts payable actual \$000s	Accounts receivable actual \$000s
2010				
P Dunphy				
New Zealand Post (Director)	277	16	22	-
Accident Compensation Corporation (Director)	802	75	-	9
L Henry				
Cranleigh Merchant Bank (Chairman)	10	-	-	-
Trans Tasman Business Circle (Deputy Chairman)	43	-	-	-
Medtech Limited (Director)	14	-	-	-
N Glavish				
Health & Disability Commission (Chairman)	1	-	-	-
Auckland District Health Board (General Manager)	1,073	60	-	-
J Maasland				
APN News & Media (Director)	9	-	2	-
J Martin				
Minter Ellison Rudd Watts (Consultant)	122	-	-	-
2009				
P Dunphy				
New Zealand Post (Director)	409	14	3	-
Accident Compensation Corporation (Board Member)	717	578	-	47
L Henry				
Medtech Limited (Director)	6	-	-	-
J Maasland				
APN News & Media (Director)	13	-	-	-
J Martin				
Minter Ellison Rudd Watts (Partner)	24	-	-	-

All transactions were made on normal commercial terms and conditions. Outstanding balances at year-end are unsecured and interest free. No provision has been required, nor any expense recognised for impairment of accounts receivable from related parties (2009: \$nil).

NOTE 28: COUNCILLORS' FEES

The following fees were earned by members of Auckland University of Technology Council during the year.

Council Member	2010 Actual \$000s	2009 Actual \$000s
U Aiono	7	5
P Alley	1	-
A Cocker	5	6
D Craig	-	4
F Davies	7	6
A D'Cruz	-	7
H Duncan	6	6
P Dunphy	2	4
N Glavish	1	2
L Henry*	8	5
J Hill	7	6
P Kingi	5	3
J Law	-	3
J Maasland	3	3
J Martin	7	5
V Ng Lam	7	6
J O'Hara	3	5
P Phillips	6	4
P Reeves	25	25
D Schofield	6	-
J Schofield	4	5
TOTAL COUNCILLORS' FEES	110	110

* L Henry is a Trustee of AUT/Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2009: \$8,661) in relation to that position.

NOTE 29: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Net surplus from operations	18,347	8,048	20,812	7,926
Adjustments for items not involving cash				
Depreciation, amortisation and impairment	32,322	28,064	32,322	28,064
Increase/(decrease) in employee entitlements – term portion	168	310	168	310
Increase/(decrease) in reinstatement provision	119	(17)	119	(17)
(Gain)/loss on foreign currency translation	54	107	54	107
(Gain)/loss on derivative financial instruments – non-hedged	(14)	15	(14)	15
Share of associate's net surplus	–	–	(45)	(21)
Share of jointly-controlled entity's net (surplus)/deficit	–	–	(2,266)	145
Total items not involving cash	32,649	28,479	30,338	28,603
Movements in working capital				
(Increase)/decrease in trade and other receivables	(15,921)	(1,865)	(15,946)	(2,114)
(Increase)/decrease in prepayments	23	(735)	23	(737)
(Increase)/decrease in inventories	(44)	11	(44)	11
Increase/(decrease) in trade and other payables	5,121	6,949	4,879	7,204
Increase/(decrease) in income in advance	18,246	6,980	18,246	6,980
Increase/(decrease) in current employee entitlements	2,069	4,148	2,069	4,148
Total movements in working capital	9,494	15,488	9,227	15,492
Increase/(decrease) in capital accruals	(1,563)	(107)	(1,545)	(74)
(Gain)/loss on disposal of property, plant and equipment	17	(2)	17	(2)
Add/(less) items classified as investing activities	(1,546)	(109)	(1,528)	(76)
NET CASH FLOW FROM OPERATING ACTIVITIES	58,944	51,906	58,849	51,945

NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment (Note A)	75,541	2,168	75,541	2,168
Balance of committed capital contribution to AUT/Millennium Ownership Trust	–	7,500	–	7,500
TOTAL CAPITAL COMMITMENTS	75,541	9,668	75,541	9,668

Note (A) – In November 2010, the University entered into a Construction Contract for \$74.5 million with Fletcher Construction Company Limited as part of the construction of a 20,000 square metre Precinct on the City Campus.

NOTE 31: OPERATING LEASES COMMITMENTS – AS LESSEE

Commitments for future aggregate minimum lease payments, in relation to non-cancellable operating leases contracted at the reporting date but not recognised as liabilities are as follows:

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Not later than one year	5,911	6,555	5,911	6,555
Later than one year and not later than five years	15,603	18,584	15,603	18,584
Later than five years	1,167	2,839	1,167	2,839
TOTAL NON-CANCELLABLE OPERATING LEASES	22,681	27,978	22,681	27,978

Auckland University of Technology leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. Auckland University of Technology does have the option to purchase the asset at the end of the lease term.

Auckland University of Technology leases 26,431 square metres (2009: 27,064 square metres) of office space in Auckland for teaching, research, and administrative purposes. The majority of these leases can be renewed at Auckland University of Technology's option, with rents set by reference to current market rates for items of equivalent age and condition.

NOTE 32: FINANCIAL INSTRUMENT

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	3,706	817	4,662	1,870
Short-term investments	129	-	129	-
Trade and other receivables	23,474	7,553	23,550	7,584
Investments carried at cost	153	153	153	153
TOTAL LOANS AND RECEIVABLES	27,462	8,523	28,494	9,607
Fair value through other comprehensive income				
Listed securities	4	8	4	8
Derivatives designated as cash flow hedges				
Interest rate swap	-	228	-	228
Derivatives not designated as hedges				
Forward foreign exchange contracts	14	-	14	-
FINANCIAL LIABILITIES				
Derivatives designated as cash flow hedges				
Interest rate swap	379	235	379	235
Derivatives not designated as hedges				
Forward foreign exchange contracts	-	15	-	15
Financial liabilities measured at amortised costs				
Trade and other payables	26,185	21,064	26,156	21,261
Borrowings	33,550	48,700	33,550	48,700
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COSTS	59,735	69,764	59,706	69,961

NOTE 32: FINANCIAL INSTRUMENT (continued)

Fair value hierarchy disclosures

For those instruments recognised at fair value on the Balance Sheet, fair values are determined according to the following hierarchy:

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the Balance Sheet:

	Total \$000s	Valuation Technique		
		Quoted market price \$000s	Observable inputs \$000s	Significant non-observable input \$000s
University 2010				
Financial assets				
Interest rate swap – cash flow hedges	–	–	–	–
Forward foreign exchange contracts – non-hedged	14	–	14	–
Listed securities	4	4	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	379	–	379	–
Forward foreign exchange contracts – non-hedged	–	–	–	–
Consolidated 2010				
Financial assets				
Interest rate swap – cash flow hedges	–	–	–	–
Forward foreign exchange contracts – non-hedged	14	–	14	–
Listed securities	4	4	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	379	–	379	–
Forward foreign exchange contracts – non-hedged	–	–	–	–
University 2009				
Financial assets				
Interest rate swap – cash flow hedges	228	–	228	–
Forward foreign exchange contracts – non-hedged	–	–	–	–
Listed securities	8	8	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	235	–	235	–
Forward foreign exchange contracts – non-hedged	15	–	15	–
Consolidated 2009				
Financial assets				
Interest rate swap – cash flow hedges	228	–	228	–
Forward foreign exchange contracts – non-hedged	–	–	–	–
Listed securities	8	8	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	235	–	235	–
Forward foreign exchange contracts – non-hedged	15	–	15	–

NOTE 33: FINANCIAL INSTRUMENT RISKS

Auckland University of Technology's activities expose it to a variety of financial risks including market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The University's Treasury Management Policy and overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University. The University uses derivative financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures.

Financial risk management is carried out under the Treasury Management Policy approved by the Council of the University. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Council-approved Treasury Management Policy does not allow any transactions that are speculative in nature to be entered into.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the University's financial instruments will fluctuate due to changes in market interest rates. Auckland University of Technology is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities.

Auckland University of Technology is risk averse and seeks to minimise exposure arising from its treasury activities. It does not undertake unnecessary investment or borrowing activity, nor is it speculative in the activity it undertakes.

Auckland University of Technology manages its interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swapping them into fixed rates that are generally lower than those available if Auckland University of Technology borrowed at fixed rates directly. Under the interest rate swaps, Auckland University of Technology agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Auckland University of Technology has transactional currency exposures. Such exposure arises from the purchase of goods and services in currencies other than the local currency.

It is the University's Treasury Management Policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward foreign exchange contracts or supplier guaranteed New Zealand Dollar purchase price contracts to hedge the foreign currency risk exposure.

Price risk

Auckland University of Technology is exposed to equity securities price risk. This arises from investments held by the University and classified in the Balance Sheet either as available-for-sale financial assets or at fair value through profit or loss.

The University does not manage the price risk arising from investments in equity securities. The price risk for the equity securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Credit risk

Credit risk is the risk that a third party will default on its obligations to the University, thereby causing the University to incur a loss. The University's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The University only invests funds with entities that have a Standard and Poor's credit rating of at least 'A-2' for short-term and 'A' for long-term investments.

The University has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

The maximum credit exposure for each class of financial instrument is as follows:

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
Cash and cash equivalents	3,706	817	4,662	1,870
Short-term investments	129	-	129	-
Trade and other receivables	23,474	7,553	23,550	7,584
TOTAL CREDIT RISK	27,309	8,370	28,341	9,454

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	University		Consolidated	
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2009 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents:				
AA	3,706	817	4,662	1,870
Total cash and cash equivalents	3,706	817	4,662	1,870
Short-term investments:				
AA	129	-	129	-
Total short-term investments	129	-	129	-
Derivative financial instrument assets:				
AA	14	228	14	228
Total derivative financial instrument assets	14	228	14	228

Trade and other receivables mainly arise from the University's operating functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. The University is not exposed to any material concentrations of credit risk. Trade and other receivable balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities.

The University manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. To provide flexibility in the management of the University's liquidity, the University has established a multi-facility agreement (and the accompanying negative pledge deed) with the ANZ National Bank Limited (for details refer to Note 24).

Contractual maturity analysis of financial liabilities

The table below analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2010					
Trade and other payables	26,185	26,185	26,185	-	-
Net settled derivative liabilities	379	379	176	203	-
Finance leases	41,930	61,942	7,324	17,977	36,641
Borrowings	33,550	34,982	1,422	33,560	-
TOTAL	102,044	123,488	35,107	51,740	36,641
CONSOLIDATED 2010					
Trade and other payables	26,156	26,156	26,156	-	-
Net settled derivative liabilities	379	379	176	203	-
Finance leases	41,930	61,942	7,324	17,977	36,641
Borrowings	33,550	34,982	1,422	33,560	-
TOTAL	102,015	123,459	35,078	51,740	36,641
UNIVERSITY 2009					
Trade and other payables	21,064	21,064	21,064	-	-
Net settled derivative liabilities	250	250	15	235	-
Finance leases	43,108	65,665	7,764	17,513	40,388
Borrowings	48,700	51,731	1,524	50,207	-
TOTAL	113,122	138,710	30,367	67,955	40,388
CONSOLIDATED 2009					
Trade and other payables	21,261	21,261	21,261	-	-
Net settled derivative liabilities	250	250	15	235	-
Finance leases	43,108	65,665	7,764	17,513	40,388
Borrowings	48,700	51,731	1,524	50,207	-
TOTAL	113,319	138,907	30,564	67,955	40,388

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)*Contractual maturity analysis of financial assets*

The table below analyses the University's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2010					
Cash and cash equivalents	3,706	3,706	3,706	-	-
Short-term investments	129	129	129	-	-
Trade and other receivables	23,474	23,474	23,474	-	-
Net settled derivative assets	14	14	14	-	-
TOTAL	27,323	27,323	27,323	-	-
CONSOLIDATED 2010					
Cash and cash equivalents	4,662	4,662	4,662	-	-
Short-term investments	129	129	129	-	-
Trade and other receivables	23,550	23,550	23,550	-	-
Net settled derivative assets	14	14	14	-	-
TOTAL	28,355	28,355	28,355	-	-
UNIVERSITY 2009					
Cash and cash equivalents	817	817	817	-	-
Short-term investments	-	-	-	-	-
Trade and other receivables	7,553	7,553	7,553	-	-
Net settled derivative assets	228	228	-	228	-
TOTAL	8,598	8,598	8,370	228	-
CONSOLIDATED 2009					
Cash and cash equivalents	1,870	1,870	1,870	-	-
Short-term investments	-	-	-	-	-
Trade and other receivables	7,584	7,584	7,584	-	-
Net settled derivative assets	228	228	-	228	-
TOTAL	9,682	9,682	9,454	228	-

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained surplus) impact for reasonably possible market movements in interest rates, with all other variables held constant, based on the University's financial instrument exposures at balance date.

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2010								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	37	-	(37)	-	47	-	(47)	-
Short-term investments	1	-	(1)	-	1	-	(1)	-
Interest rate swaps	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swaps	-	47	-	(47)	-	47	-	(47)
Borrowings	(146)	-	146	-	(146)	-	146	-
Total sensitivity to interest rate risk	(108)	47	108	(47)	(98)	47	98	(47)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2010								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(169)	-	611	-	(169)	-	611	-
Forward foreign exchange contracts	(39)	-	46	-	(39)	-	46	-
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-	-	-
Total sensitivity to currency risk	(208)	-	657	-	(208)	-	657	-
EQUITY PRICE RISK								
Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
Total sensitivity to equity price risk	-	1	-	(1)	-	1	-	(1)

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2009								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	8	-	(8)	-	19	-	(19)	-
Short-term investments	-	-	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swaps	-	12	-	(12)	-	12	-	(12)
Borrowings	(437)	-	437	-	(437)	-	437	-
Total sensitivity to interest rate risk	(429)	12	429	(12)	(418)	12	418	(12)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2009								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(16)	-	66	-	(16)	-	66	-
Forward foreign exchange contracts	-	-	-	-	-	-	-	-
Financial liabilities								
Trade and other payables	24	-	(30)	-	24	-	(30)	-
Forward foreign exchange contracts	(114)	-	142	-	(114)	-	142	-
Total sensitivity to currency risk	(106)	-	178	-	(106)	-	178	-
EQUITY PRICE RISK								
Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
Total sensitivity to equity price risk	-	1	-	(1)	-	1	-	(1)

NOTE 34: CAPITAL MANAGEMENT

The University's capital is its equity, which comprises retained surpluses and reserves. Equity is represented by net assets. The University manages its revenue, expenses, assets, liabilities, and general financial dealings prudently. The University's equity is largely managed as a by-product of managing income, expenses, assets and liabilities.

The objective of managing the University's equity is to ensure the University effectively achieves the goals and objectives for which it has been established, while remaining a going concern.

NOTE 35: SEGMENTAL INFORMATION

Auckland University of Technology operates predominantly in one industry, tertiary education, and in one geographical area, Auckland, New Zealand.

NOTE 36: EXCEPTIONAL RISKS OF OPERATING

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, International student revenue could be affected by a significant change to New Zealand's or a foreign government's immigration or visitors' permits policy. 16% (2009: 15%) of total revenue is derived from International student fees.

NOTE 37: CONTINGENCIES

Contingent assets

The University and the Group have no contingent assets.

NOTE 37: CONTINGENCIES (continued)

Contingent liabilities

Suspensory Loans from Crown

In 2008, the University received three suspensory loans from the Crown to the value of \$50 million, \$25 million and \$12 million. These loans were recognised as contingent liabilities. These suspensory loans have been recognised as the Crown's equity injection within general equity until the option to convert expires at 30 November 2013, 30 June 2010 and 30 June 2014 respectively. In the event of the University not achieving the required performance targets or objectives set under the terms and conditions of the suspensory loan agreements, the loans are repayable to the Crown.

During the financial year, \$20.33 million (2009: \$16.67 million) has been converted to equity following the University meeting the conversion conditions noted below. The balances of suspensory loans that are still subject to achieving the required performance targets or objectives are as follows:

	University		Consolidated	
	2010 Actual \$'000s	2009 Actual \$'000s	2010 Actual \$'000s	2009 Actual \$'000s
\$50 million Suspensory Loan				
Balance at the beginning of the year	50,000	50,000	50,000	50,000
Convert to equity	-	-	-	-
Balance at the end of the year	50,000	50,000	50,000	50,000
\$25 million Suspensory Loan				
Balance at the beginning of the year	8,333	25,000	8,333	25,000
Convert to equity (see note below)	(8,333)	(16,667)	(8,333)	(16,667)
Balance at the end of the year	-	8,333	-	8,333
\$12 million Suspensory Loan				
Balance at the beginning of the year	12,000	12,000	12,000	12,000
Convert to equity (see note below)	(12,000)	-	(12,000)	-
Balance at the end of the year	-	12,000	-	12,000
TOTAL SUSPENSORY LOANS	50,000	70,333	50,000	70,333

\$25 million Suspensory Loan

During the financial year, the University received the Equity Conversion Confirmation Notice dated 8 April 2010 from the Crown. This confirmed that the University had met the conversion condition 6.1.2 under the suspensory loan agreement and the suspensory loan amount of \$8.33 million had been converted into equity from that date.

In 2009, the University received the earlier Equity Conversion Confirmation Notices from the Crown as follows:

- Equity Conversion Confirmation Notice dated 30 June 2009, confirmed that the University had met the conversion conditions 6.1.1 under the suspensory loan agreement and the suspensory loan amount of \$8.33 million had been converted into equity from that date.
- Equity Conversion Confirmation Notice dated 21 July 2009, confirmed that the University had met the conversion conditions 6.1.3 under the suspensory loan agreement and the suspensory loan amount of \$8.33 million had been converted into equity from that date.

\$12 million Suspensory Loan

During the financial year, the University received the Equity Conversion Confirmation Notice dated 16 July 2010 from the Crown. This confirmed that the University had met the conversion conditions 9.4.1 and 9.4.2 under the suspensory loan agreement and the suspensory loan amount of \$12 million had been converted into equity from that date.

\$50 million Suspensory Loan

The University is committed to meeting the remaining performance targets or objectives of the suspensory loan and considers it unlikely any part of the loan will be required to be repaid.

NOTE 38: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget information are as follows:

Income Statement

Government operational funding

Government operational funding was \$1.6 million ahead of budget. This comprised \$0.6 million additional tri-partite funding, \$0.6 million additional Priorities for Focus funding and \$0.4 million additional training contracts than budgeted.

Student tuition fees

Student tuition fees were \$2.6 million ahead of budget, due mainly to the enrolment of 193 additional International students.

Research grants

Net research grants for the year were \$9.2 million which was \$1.4 million below the budgeted \$10.6 million. Actual research grants received during the year were \$11.1 million which was \$0.6 million above budget. Of the grants received, \$1.9 million was deferred, being the research uncompleted at year-end.

Personnel costs

Actual personnel costs at \$168.3 million were within 0.2% of budget \$167.9 million.

Depreciation, amortisation and impairment

Depreciation was \$2.3 million ahead of budget primarily due to increased Library depreciation (\$1.9 million). The depreciation rate on electronic databases was increased to 20% from 10%.

Finance costs

Savings in interest costs of \$1.3 million were driven by reduced cost of funds and improved cash-flows.

Balance Sheet

Trade debtors and other receivables

Trade debtors and other receivables were \$17.8 million above budget. This was mainly due to a \$17 million increase in student debtors, with students being invoiced early for the 2011 enrolment year.

Property, plant and equipment

Property, plant and equipment (PPE) was \$1.9 million above budget. This was mainly due to an increase in audio visual and other non-computer electronic equipment being purchased instead of leased.

Intangible assets

Intangible assets were \$1.2 million below budget. \$0.7 million of programme development capitalised costs were impaired in 2010.

Trade and other payables

Trade and other payables were \$12 million above budget but only \$5 million higher than 2009. The significant increase on 2009 was in creditors and accruals.

Income in advance

Income in advance was \$25 million above budget but only \$18 million higher than 2009. This significant increase was \$17 million in student fees paid in advance for tuition in 2011 (refer "Trade debtors and other receivables" above).

Employee entitlements

Employee entitlements were \$6.7 million above budget but only \$2 million above the 2009 actual total. The increase on 2009 mainly comprised \$1.1 million additional annual leave and \$0.7 million salary accrual.

Bank borrowings

Bank borrowings were \$22 million below the budget of \$55.3 million at year end. This reflects higher cash receipts from student numbers, improved collection of 2010 student debt, higher than budget surpluses, and lower than expected capital expenditure.

Finance lease borrowings

Finance lease borrowings were \$2.1 million less than the budget of \$44 million. Due to the requirement set by the Secretary of Education that the capitalised value of leased computer and electronic equipment should not exceed \$8.4 million at any time, a higher proportion of new equipment was purchased than in previous years (refer "Property, plant and equipment" above).

Statement of Cash Flows

The explanation for "Bank borrowings" above explains the Cash Flow variances.

NOTE 39: CHANGES IN ACCOUNTING POLICIES

The adjusted comparative financial statements, reflecting the retrospective application of the new accounting policy as relates to borrowing costs are as follows:

INCOME STATEMENT (EXTRACTS) FOR THE YEAR ENDED 31 DECEMBER 2009

	University		
	Balance as reported under previous policy \$000s	Effect of accounting policy change \$000s	Adjusted balance under new policy \$000s
Total Revenue	260,122	-	260,122
Total expenses before finance costs	(248,218)	-	(248,218)
Operating surplus before finance costs	11,904	-	11,904
Finance costs	(3,674)	(182)	(3,856)
Operating surplus	8,230	(182)	8,048
NET SURPLUS	8,230	(182)	8,048

CONSOLIDATED INCOME STATEMENT (EXTRACTS) FOR THE YEAR ENDED 31 DECEMBER 2009

	Consolidated		
	Balance as reported under previous policy \$000s	Effect of accounting policy change \$000s	Adjusted balance under new policy \$000s
Total Revenue	260,792	-	260,792
Total expenses before finance costs	(248,886)	-	(248,886)
Operating surplus before finance costs	11,906	-	11,906
Finance costs	(3,674)	(182)	(3,856)
Operating surplus	8,232	(182)	8,050
Share of associate's surplus	21	-	21
Share of jointly-controlled entity's deficit	(145)	-	(145)
NET SURPLUS	8,108	(182)	7,926

NOTE 39: CHANGES IN ACCOUNTING POLICIES (continued)

BALANCE SHEET (EXTRACTS) AS AT 31 DECEMBER 2009

	University		
	Balance as reported under previous policy \$000s	Effect of accounting policy change \$000s	Adjusted balance under new policy \$000s
Total current assets	10,324	-	10,324
NON-CURRENT ASSETS			
Property, plant and equipment (Note A)	462,004	(182)	461,822
Total non-current assets	478,359	(182)	478,177
TOTAL ASSETS	488,683	(182)	488,501
Total current liabilities	62,668	-	62,668
Total non-current liabilities	89,197	-	89,197
TOTAL LIABILITIES	151,865	-	151,865
EQUITY			
Retained surplus (Note A)	219,676	(182)	219,494
Total equity	336,818	(182)	336,636
TOTAL LIABILITIES AND EQUITY	488,683	(182)	488,501

CONSOLIDATED BALANCE SHEET (EXTRACTS) AS AT 31 DECEMBER 2009

	Consolidated		
	Balance as reported under previous policy \$000s	Effect of accounting policy change \$000s	Adjusted balance under new policy \$000s
Total current assets	11,410	-	11,410
NON-CURRENT ASSETS			
Property, plant and equipment (Note A)	462,004	(182)	461,822
Total non-current assets	478,205	(182)	478,023
TOTAL ASSETS	489,615	(182)	489,433
Total current liabilities	62,865	-	62,865
Total non-current liabilities	89,197	-	89,197
TOTAL LIABILITIES	152,062	-	152,062
EQUITY			
Retained surplus (Note A)	220,441	(182)	220,229
Total equity	337,553	(182)	337,371
TOTAL LIABILITIES AND EQUITY	489,615	(182)	489,433

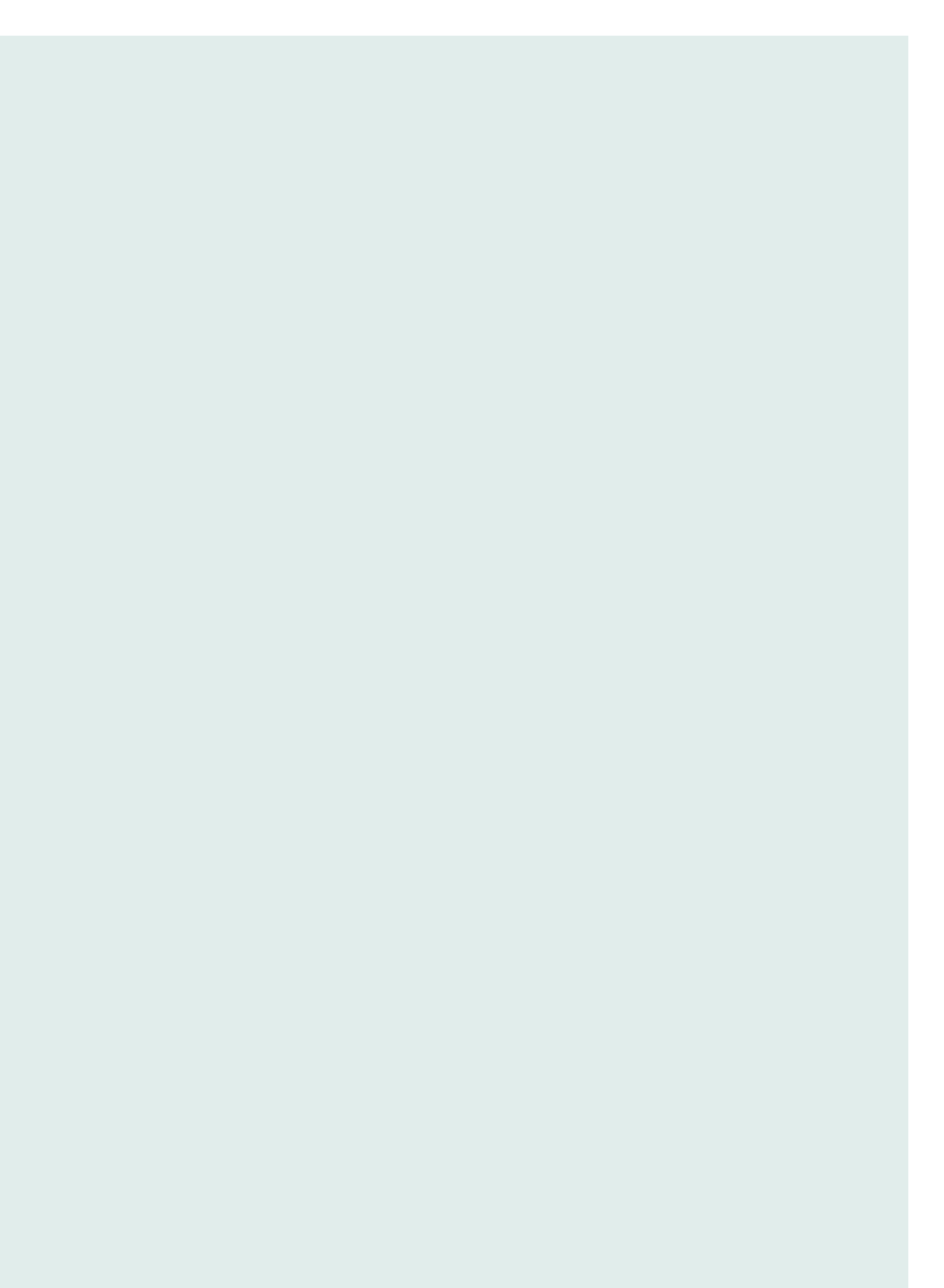
Note (A) – The balance of the Property, Plant and Equipment, and Retained Surplus as reported under previous policy have been revised to reflect the adjustments to the opening equity in respect of \$473,000 borrowing costs capitalised in prior years.

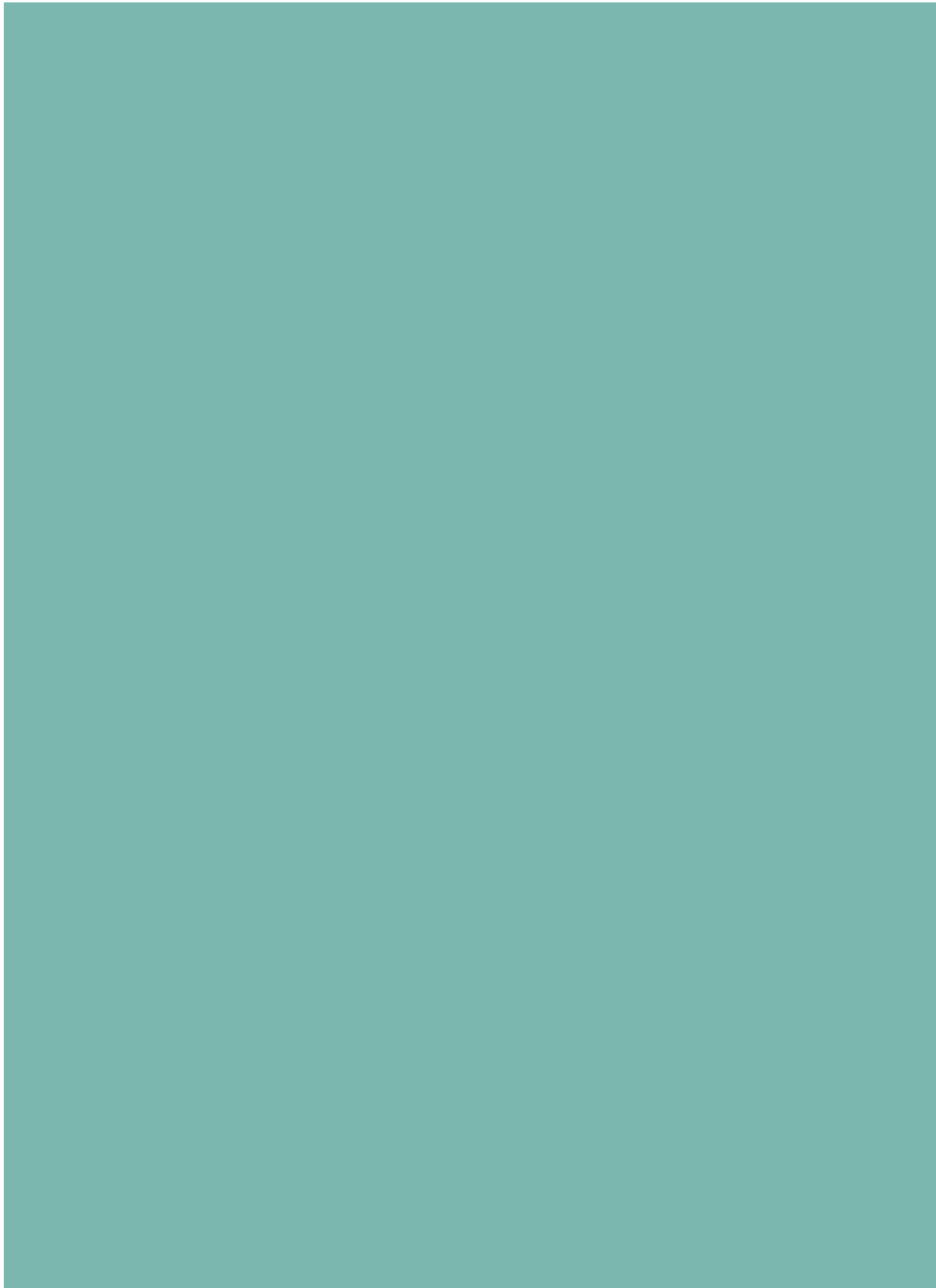
NOTE 40: EVENTS AFTER THE REPORTING PERIOD

On 21 February 2011, AUT Council approved the University to enter into a sale and purchase agreement to acquire a parcel of land located at 15-19 Apollo Drive, Rosedale, North Shore, of approximately 13,005 m², being a subdivision of Lot 1 DP163177 as contained in Certificate of Title NA98B/732 for \$4.55 million. Settlement will likely occur in April 2011, with funds being provided from the ANZ line of credit.

NOTE 41: COMPARATIVE FIGURES

Certain comparative figures in the prior year have been reclassified to conform with this year's presentation. As reflected in Note 39, the effect of accounting policy changes has also resulted in changes to 2009 comparative figures.







AUT UNIVERSITY MARCH 2011
Director of Planning
Private Bag 92006, Auckland 1142
City Campus, 55 Wellesley Street East
Auckland, New Zealand

TEL: 09-921-9999
FAX: 09-921-9983
www.aut.ac.nz