



AUT

ANNUAL REPORT

2019

Te Pūrongo ā-Tau



Kōrihi atu taku manu tāwhiowhio ki te tini,
Ki te mano o Hākuturi
Aku manu honenga aku manu whitirua ki te kai ki te
inu i ngā wai o Horotiu
Whakatau iho rā ki te roro o te whare nanao atu ai ki
ngā here Pūrengi
Tēnā koutou, tēnā koutou, tēnā koutou katoa.

Ko te karanga nei o Te Pūrengi, he tono ki ngā
pononga o te kuranui kaimahi mai, pouako mai kia
whakamaua te pūrengi kia tere ai te waka ki ngā
mātāhauariki o te māramatanga.

Nā konā he whakaterere waka i ngā au o te wai e ora
ai ō tātou wawata e waipuketia ana i te Moana nui a
Kuranui, a Kuraroa, a Kurapāmaomao.

Nā ō tātou tīpuna i whakapūaho mai te arawai hei
whai, me te kārewa anō hoki i ā tātou rangatahi e
whanake haere ana i ngā tai o te ao huri nei,

Ko rātou anō e tohu ana i ngā hua o te kura matua,
e whakarere iho ana te kakau o te hoe e tetere nei
te waka o te kuranui, te waka o te kī, ki ngā pae o te
māramatanga.

Ko te wawata ia, he whakatinanatanga te pūrongo nei
hei whakaohoho i ō tātou hāpori, kia whakamaua Te
Pūrengi – e nanao atu ai te taura o tokotū, e hiki kakau
ai te hoe ki te whakaterere tōtika i te waka, kia waka eke
noa ai te koke ki tua o kitea.

My navigation bird cries out,
To the multitudes, to the forest guardians, to the
esteemed, to the gathered,
Come and feast, quench thy thirst in the waters of
Horotiu,
Come, rest on the balcony of my meeting house, grasp
tightly to the lashings of Te Pūrengi,
Welcome one and all.

The call of Te Pūrengi is a call to all staff and educators
alike to grasp the metaphorical rope of the mast, seek
out challenges, and venture into new waters.

May we explore the tides and currents that shape our
collective aspirations in the increasingly complex and
ever-changing tertiary education environment.

Informed by the courage of our tīpuna we navigate
these waters, buoyed by the transformational capacity
of our rangatahi,

Who remind us of the capability of education and the
opportunities that higher education, mātauranga, and te
reo Māori provide for all.

AUT hopes that this report will represent us and will
inspire us all, far and wide to whakamaua Te Pūrengi
– take hold of the rope of the mast, to navigate, to
uplift and support AUT in our quest for knowledge and
understanding.

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Governor Fitzroy Plaza

CHANCELLOR'S FOREWORD

Kia ora koutou. Welcome to the 2019 Annual Report of the Auckland University of Technology. I am pleased to introduce this report, and to reflect on a successful year for the University in a time of change and challenge for the tertiary sector.

I offer my congratulations to all staff for another outstanding performance in the Times Higher Education (THE) World University Rankings. AUT is now placed in the top 300 universities worldwide, which means that in fewer than 20 years, AUT has gained a place within the top 1% of institutions. AUT also placed 16th in the world in THE's inaugural University Impact rankings. These are truly remarkable achievements.

The international impact of AUT's research has proven a strong contributing factor to the recent climb in the rankings. It is therefore no surprise that this was reflected in the results of the most recent Performance-Based Research Fund (PBRF) quality evaluation round. AUT made significant strides from the previous 2012 round in all subject areas, and in a testament to their dedication and international influence, the number of A-rated researchers more than doubled (from 20 to 50).

Several of these kauri of the academic world were named professors emeriti in honour of their long-standing contribution to their disciplines and to the University. Congratulations are due to Professor Alan Bell (Language and Communication), Professor John Bitchener (Applied Linguistics), Professor Charles Crothers (Sociology), Professor Elaine Rush (Nutrition), and Professor Jeffrey Hunter (Mathematical Sciences). I thank them for their exemplary service and look forward to their continued association with AUT.

Along with the entire AUT community, I warmly congratulate Professor Dame Marilyn Waring, who was made a Dame Companion of the New Zealand Order of Merit in the 2020 New Year's Honours List, in recognition of her services to women and economics. We will celebrate this achievement fully in Annual Report 2020. The international impact of Dame Marilyn's work was underscored by the BBC, who named her on their 2019 list of the world's top 100 women of influence and inspiration.

The Royal Society Te Apārangi recognised the contribution of three outstanding researchers this year. On behalf of Council I congratulate Professor Edwina Pio, winner of the 2019 Te Rangi Hiroa Medal; Professor David Towns, who received the Charles Fleming Award for Environmental Achievement; and Professor Valery Feigin, who was elected as a Fellow of the Royal Society. I further congratulate Helen Dervan, winner of the 2019 Rex Mason prize for legal writing; and Professor Gail Pacheco, who received the University Medal for her outstanding contribution to applied econometric research, and leadership of AUT's New Zealand Work Research Institute.



I also wish to congratulate Max Gimblett, who received an honorary doctorate for his outstanding and sustained contribution to the arts. Mr Gimblett, an alumnus of the then-Seddon Memorial College, now has his work displayed in many major international collections, including the Museum of Modern Art and the Guggenheim Museum.

AUT has come a long way since Mr Gimblett's time as a student and it continues to grow and develop. During the year Council approved the University's next major building project. The A1 Building at North Campus will perform a similar function to the Sir Paul Reeves and Mana Hauora Buildings at City and South. It will provide a new focal point for the campus, with modern, flexible classrooms and an abundance of social and informal learning spaces.

The issues of student-centred learning and student welfare have received increased attention in 2019. The Education (Pastoral Care) Amendment Bill articulates the Government's expectations for institutions in caring for their students, and the draft Tertiary Education Strategy places learners firmly at the centre of education policy. I am pleased to see AUT has anticipated both these issues, and had already adopted leading policies and procedures, all of which are founded on the values of tika, pono and aroha. In regard to student welfare, the iRefer Guide was adopted early in 2019 and provides staff with a comprehensive and accessible summary of the different challenges students may face, signs that someone may require additional help, and the most appropriate responses.

Student-centred learning is central to AUT's vision of creating great graduates; *AUT Directions to 2025* and its companion document, the *Learning and Teaching Roadmap to 2025*, articulate the approach to creating learners who care, question and act, by offering engaged and relevant teaching and flexible qualifications, all underpinned by an ethos of community

service. The world faces many concerns as we move into the third decade of this millennium. The effects of climate change, and potential labour market disruption due to the rise of machine learning and artificial intelligence, are just two of the challenges faced by all humanity. I am confident that AUT's staff and graduates will be at the forefront of our collective response.

The Government's review of vocational education took place in 2019. Although focussed on the role and contribution of the institutes of technology and polytechnics (ITPs), the proposed reforms provide impetus for change across the entire tertiary system. I remain concerned at the potential for reduced regional or institutional autonomy under a centralised national bureaucracy and would oppose any extension of this model to the university sub-sector.

I conclude by thanking my fellow Council members for their dedication to the University, its students, and its legacy. Special mention is due to Acting President of the AUT Students' Association, Divya Kataria, and to former President Dharyin Colbert, and to retiring Council members Stephen Stehlin, Lyn Lim, Judith Thompson, Sophie Hayman and Dr Helen Gaeta. I am grateful for their thoughtful contributions over many years. I acknowledge the work of Vice-Chancellor Derek McCormack and the Strategic Leadership Team; Council is proud to watch the University flourish under their leadership. With AUT on the cusp of completing its second decade as a University, there is much to celebrate and much to look forward to.

Nā konā he whakatere waka i ngā au o te wai e ora ai ō tātou wawata e waipuketia ana i te Moana nui a Kuranui, a Kuraroa, a Kurapāmaomao.



John Maasland

Chancellor



THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

Front row (from left): Derek McCormack, Dr Helen Gaeta, Dr Andrea Vujnovich, Sophie Hayman, Lyn Lim, John Maasland

Second row: Stephen Stehlin, Judith Thompson, Janine Smith

Third row: Dr Patrick Alley, James Schofield

Absent: Divya Kataria, Geraint Martin, Sussan Turner

THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2019

The AUT Council is the University's governing body. AUT Council is empowered to establish committees, and delegate authority to committees or officers of the University. It is made up of elected staff and student representatives, and people appointed by the Minister or co-opted by the Council from outside the University.

CHANCELLOR

John Maasland MA, FIOD
Co-opted by Auckland University of Technology Council

PRO-CHANCELLOR

Sussan Turner
Appointed by the Minister of Education

SECRETARY TO COUNCIL

Dr Andrea Vujnovich LLB (Hons), MSc (Hons), PhD *Auckland*
Assistant Vice-Chancellor & General Counsel

COUNCIL ADMINISTRATOR

David Kara France BA, LLB
Solicitor

MEMBERS

Dr Patrick Alley MNZM, MBChB, FRACS, DipProfEthics
Co-opted by Auckland University of Technology Council

Divya Kataria
Appointed by the Auckland University of Technology Students' Association

Dr Helen Gaeta MSc, PhD. *Auckland*
Elected by the academic staff of the Auckland University of Technology

Sophie Hayman BA (Hons), PGDipArts, PGCE
Elected by the professional staff of Auckland University of Technology

Lyn Lim MNZM, LLB (Hons), CMInstD
Appointed by the Minister of Education

Derek McCormack MSc, DipTchg
Vice-Chancellor of Auckland University of Technology

James Schofield BCom, MSc (Econ), FCA
Co-opted by Auckland University of Technology Council

Janine Smith MNZM, BCom, MPhil (Hons)
Appointed by the Minister of Education

Stephen Stehlin BA
Co-opted by Auckland University of Technology Council

Judith Thompson BSocSc, MMgt
Appointed by the Minister of Education

SUPERNUMERARY MEMBER

Geraint Martin BA (Hons), MSc, MinstD, CHSM

VICE-CHANCELLOR'S REPORT

Ko te karanga nei o Te Pūrengi, he tono ki ngā pononga o te kuranui kaimahi mai, pouako mai kia whakamaui te pūrengi kia tere ai te waka ki ngā mātāhauariki o te māramatanga.

Once again, 2019 was a successful year for Auckland University of Technology, Te Wānanga Aronui o Tāmaki Makaurau. We met our enrolment and financial targets, improved our international rankings, and increased our level of Government funding. We received excellent feedback from our students and identified some areas where we can improve. We offered practical support to our South Campus students, including subsidised food and child-friendly study sessions. We introduced new arrangements to facilitate better teaching and learning, and are upgrading and modernising our infrastructure. We secured several significant research contracts, increased our PBRF funding, and celebrated with several colleagues who won prestigious awards. All of this contributes to our reputation for providing exceptional learning experiences for our students, equitable access and parity of outcomes, great graduates, and research that is making a difference in the world around us.

AUT was named in the world's top 300 universities by rankings agency THE, an improvement of up to 50 places since 2018. This represents a meteoric rise for AUT, moving 350 places in only four years. According to THE, we are now third in New Zealand, 51st equal in Asia-Pacific, and in the top 1% of world universities. Again, our highest scores were in international outlook (27th in the world), and citations (32nd), a measure of research impact. We are first in New Zealand and second in Australasia for these two categories. Our contribution to our country and the world was further recognised in THE's inaugural University Impact rankings, where AUT was named 16th in the world. These achievements reflect the dedication and excellence of our academic and professional staff; I trust my colleagues share my deep sense of pride in our collective accomplishment.

Another global education analyst, QS, rated AUT an overall five-star institution, awarding the maximum five stars in all categories, including Research, Innovation, Teaching, Employability, Internationalisation, Facilities, and Inclusiveness.

We achieved a five-star QS rating

Our results for Research and Innovation increased from three and two stars respectively at the previous assessment three years ago. AUT's sport science programme also received a five-star endorsement in the specialist subjects category.

This expanding international reputation serves the University well. We continue to attract more students and in 2019 achieved a 9% increase in the number of international students



studying pre-degree, degree, and postgraduate programmes, contributing to a 2% growth rate overall. We closed the year with more than 20,500 EFTS, our highest-ever number. Much of the growth for domestic students took place in the high priority health disciplines, and AUT negotiated additional Government funding for both 2019 and 2020 to cater for this demand.

CREATING EXCEPTIONAL LEARNING EXPERIENCES

Much of the focus for 2019 was on creating the right conditions for us to achieve our mission of great graduates. To this end, we produced the *Learning and Teaching Roadmap to 2025*, which translates the broad aims of *AUT Directions* into an action plan to guide decision-making across all areas of the University. Our students will have exceptional learning experiences shaped by:

Work and social connection through a deep association with work, communities and iwi;

Interdisciplinary collaboration, with learning opportunities that transcend disciplines and draw from intercultural knowledge; and

Authentic assessment reflecting the key tasks and decision-making priorities of their chosen field.

Ultimately, we aim for students to develop the attributes of a great graduate: curiosity, creativity, critical thinking and empathy, and to hold values that will lead them to care, to question, and to act.

Another aspect of the *Learning and Teaching Roadmap* was to clarify expectations and measures of success for our academic staff. To achieve the exceptional learning experiences described above, along with the related objectives to integrate teaching and research, and enhance student research, all academics are to be involved in teaching coursework, supervising research or project work, producing research or advanced professional practice outputs, and practising

academic citizenship both within and beyond AUT.

To support our staff as they improve their teaching practice, we held the inaugural Teaching and Learning Conference, which focussed on authentic assessment, and established the AUT Academy. The Academy is a university-wide initiative designed to enhance scholarship and demonstrate leadership in learning and teaching. The 28 founding members include academics who have already been recognised for their exemplary practice, as well as representatives from Estates and Student Services. The Academy's role is to work with senior leaders and other academic staff to improve teaching quality, policy, and practice across the University.

We celebrated with more than 3,500 bachelors graduates in 2019, of whom 93% had completed a work placement as part of their studies. Work-integrated learning is a longstanding feature of AUT's approach to education, ensuring our graduates enter the workforce with confidence, experience to draw from, and the skills and attributes to be a valued colleague. During their time at AUT, our students benefit from a vast range of opportunities to be of service to others along with gaining important work and leadership experience: 103 students completed the AUT Edge award in 2019, taking the total number of completions to 256; the almost 300 members of the Oceanian Leadership Network were mentors and role models for peers and secondary students in South Auckland; and another large group of students acted as ambassadors and guides at Orientation and AUT Live events. We are grateful for their participation, collegiality, and enthusiasm for the University.

93% of our bachelors graduates completed work-integrated learning

DISCOVERY AND APPLICATION OF KNOWLEDGE FOR WELLBEING AND PROSPERITY

AUT broke new ground in 2019, securing \$28.4 million in new research contracts, and posting a total external research income of \$17.1 million. Leading the charge in this, our most successful year to date, were University

We secured our highest-ever level of external research funding

VICE-CHANCELLOR'S REPORT (continued)

Medal-winning Professor Gail Pacheco (AUT Business School) and Associate Professor Andrew Lowe (School of Engineering, Computer and Mathematical Sciences). Between them, Professor Pacheco and Dr Lowe secured \$13 million for three projects through the Ministry of Business, Innovation and Enterprise's Endeavour Fund. Professor Pacheco received a further \$1.1 million from the Health Research Council for an investigation into ethnic differences in engagement with healthcare services, and Professor Valery Feigin (School of Public Health and Psychosocial Studies) secured \$1.2 million to continue his Auckland Regional Community Stroke Study into its fifth stage. In another notable success, Associate Professor Sarat Singamneni (School of Engineering, Computer and Mathematical Sciences) was awarded a \$1 million Marsden Fund grant to investigate introducing controlled variability into magnets, with potential benefits for electromagnetic systems.

The continued advancement of AUT's research programme was reflected in the results of the recent PBRF quality evaluation round. Since the previous evaluation in 2012, the number of funded portfolios has increased by 62%, from 451 to 729. In addition, the number of researchers in the A and B categories almost doubled, reflecting the lift in quality of research as well as quantity. AUT had the sector's third highest number of new and emerging (C(NE)-rated) researchers (132). Academics with a C(NE) rating are an immensely important indicator of the strength of our research programme, and our future. In total, we anticipate these results will translate into an increase of approximately \$5 million per year in PBRF funding.

AUT joined 45 national and international partners in the Blue Economy Cooperative Research Centre (CRC), a ten-year Australian research programme focussed on seafood production, renewable energy, and offshore engineering. Led by

We became a core partner in a multi-million dollar international research programme

the University of Tasmania, the Blue Economy is worth a total of \$AUD329 million and includes industry, Government and research partners. AUT is New Zealand's core research partner, along with New Zealand King

Salmon, Plant and Food Research and the Cawthron Institute. Professor Lindsey White (School of Science) is the co-leader of the CRC's seafood and marine products programme.

The Centre for Social Data Analytics continues to produce ground-breaking work that makes a genuine and positive difference in the lives of people here in New Zealand and overseas. Most recently, colleagues from the Centre presented

the findings of the Allegheny Homelessness Tool at Bloomberg's Data for Good Exchange event in New York. Social services agencies in Allegheny County have used the tool's predictive risk model to identify clients most at risk of harmful outcomes.

RESPONDING TO OUR PLACE IN THE WORLD

AUT and our Policy Observatory are partners with the Helen Clark Foundation, which was launched at AUT in 2019. The foundation is an independent, non-partisan think tank, based on the values of its patron, the Rt Hon Helen Clark. These include working towards a more sustainable, inclusive and peaceful society through public policy. The foundation's work to date includes The Christchurch Principles, guidelines on internet governance for the use of social media companies, civil society and governments when seeking to eliminate violent and extremist online content.

Now in their sixth year, the Woolf Fisher First-in-Family Scholarships continue to support student success. There were 19 recipients in 2019, all of whom come from families with no history of degree-level study, and with significant financial or cultural barriers to overcome in their pursuit of a higher education. Of the 70 awardees to date, 40 were still enrolled at AUT in 2019, 17 had graduated, and two had continued to postgraduate study. Congratulations to all the scholarship recipients; we are proud to witness your success.

We congratulate 17 graduates from the Woolf Fisher First-in-Family Scholarships

As mentioned in my introduction, AUT was placed 16th in the world on THE's new University Impact rankings. This ranking assesses the social impact of universities, against the United Nations' Sustainable Development Goals (SDGs). AUT was placed second in the world for its performance on Sustainable Cities and Communities (SDG 11), due to research in fields such as remote working, affordable housing, and investment in art and heritage. We were placed ninth for Gender Equality (SDG 5), in recognition of our proportion of female academics, work to increase the balance in traditionally male-dominated fields, and our policies designed to enable gender equality.

We signed two new agreements with some of China's most prestigious universities during the year, presenting some exciting opportunities for the future.

We signed two new agreements with highly rated Chinese universities

The AUT, Shanghai Jiao-Tong, Fudan, and Xinjiang University Tripartite Research Collaboration facilitates student exchanges, research visits and shared postgraduate supervision. There are several joint research projects underway, including investigations in chemotherapy and immunotherapy, rational design of antibodies, and a study of autism in different populations. Fudan and Shanghai Jiao-Tong Universities are respectively China's third- and fourth-highest ranked institutions, and both are members of Universitas 21, a global network of research-intensive universities.

AUT and the Shandong Academy of Sciences opened a joint research laboratory, focussed on technologies such as computer vision, artificial intelligence, and supercomputing. The two universities have also established the New Zealand-Shandong Innovation Forum, through which we will explore a wider array of shared research projects, and opportunities for joint postgraduate teaching and supervision.

BUILDING OUR POSITION AS NEW ZEALAND'S UNIVERSITY OF TECHNOLOGY

AUT Directions sets out our intention of working in a trans-disciplinary manner, and identifying overarching ideas to which the entire University can contribute. The first of these key themes, Health Futures, was launched in 2019 to tackle the environmental, social and economic drivers of current and emerging health concerns. We have made available \$20 million over the next five years to fund innovative approaches to

We provided \$20 million for a new pan-University research programme

address these concerns, drawing together knowledge and expertise from across AUT.

I join with the Chancellor and the entire University community

to congratulate several outstanding colleagues on their achievements in 2019. Professors Edwina Pio, David Towns and Valery Feigin were honoured by the Royal Society Te Apārangi. Professor Pio received the Te Rangi Hiroa Medal, Professor Towns was awarded the Charles Fleming Award for Environmental Achievement, and Professor Feigin was made a Fellow of the Society. His citation recognised that Professor Feigin's work had changed the worldwide understanding of stroke and traumatic brain injury, and has had significant implications for healthcare services, research planning and priority setting. Professor Dame Marilyn Waring continues to receive global acclaim for her work, with the BBC including her in its 2019 list of Top 100 Women of Influence and Inspiration

for her contribution to feminist economics. It was a pleasure to present Professor Gail Pacheco with the AUT University Medal. Professor Pacheco is internationally respected for her research, particularly her use of integrated data to inform social policy and wellbeing. She was recently appointed to the Productivity Commission and leads the New Zealand Work Research Institute at AUT. Professor Pacheco exemplifies AUT's intention to lead our sector in external impact.

BEING A PLACE WHERE PEOPLE LOVE TO WORK AND LEARN

This wide-ranging final theme covers many issues critical to AUT's vitality and long-term sustainability. Although we scored highly on Gender Equality under the University Impact rankings, we recognise the need for continued improvement. This year, we conducted our first gender pay gap analysis, which provided an excellent insight into the current situation, and some initial remedial actions. We have a range of initiatives already in place to reduce the pay gap, including structured recruitment interviews to reduce bias, faculty-based diversity task forces, gender-neutral job evaluation methodology, and mentoring and leadership training programmes. To add to these, we will track and report on progression and promotion outcomes, review our recruitment processes, introduce unconscious bias training, and continue to measure the gender pay gap in future years.

Once again, AUT posted a strong financial result. Our total revenue increased 6.5% from 2018, and was \$27.3 million ahead of budget for

We posted another strong financial result

the year. This was largely due to growth in student numbers, particularly for international students, where postgraduate enrolments have increased 36% since 2017. In total, our international student revenue increased 14% in 2019. This excellent result was coupled with a 6% increase in Student Achievement Component funding, and a 7.6% increase in research revenue. We attained all our financial covenants and gained Council's approval to commence our next major building project, the A1 development at North Campus. Our net surplus of \$17.3 million represents four percent of total revenue, a solid result that was 23% ahead of budget and comfortably within the standard expected for the tertiary sector.

VICE-CHANCELLOR'S REPORT (continued)

Our new City Campus building, Ngā Wai Hono, received the Ted McCoy Award for Educational Architecture at the New Zealand Architecture Awards. Congratulations to all who were involved

We received a major architectural award for Ngā Wai Hono

in the design and construction of this quality building. In addition, I acknowledge the Estates group and the Emergency Management and Business Continuity teams for their swift and effective response to the

City Campus fire in late 2018; we were able to contain the damage to two buildings, and be operational in time for the first semester.

AUT is an inclusive community, where all can feel safe, welcome, and valued. This was particularly evident in the weeks after the horrific Christchurch terror attack in March. I was deeply moved by the outpouring of aroha and support shown by our staff and students. Flowers piled up at the entrance to the AUT Masjid, and many signed the condolence books, visited the reflection spaces, and attended the vigils held on all three campuses. My thanks to staff in Student Services and Administration and the Emergency Management Team for enabling this compassionate response to an unspeakable tragedy.

CONCLUSION

As always, I wish to thank Chancellor John Maasland and the AUT Council for their continued contribution to AUT. We are privileged to have such a positive and engaged Council; the University is stronger for their involvement. I thank too the members of our Strategic Leadership Team for their dedication and insight, and for leading many of the outstanding achievements detailed in this Annual Report. During the year we farewelled Professor Geoff Perry from his role as Deputy Vice-Chancellor. Professor Perry leaves a rich legacy from his 27 years of service to AUT; he was instrumental in the development of the Faculty of Business, Economics and Law, South Campus, AUT Millennium, and our teaching and learning development programme. We were pleased to welcome his replacement, Professor Kathryn McPherson, back to AUT. Professor

McPherson brings with her a wealth of academic leadership experience; she was previously Professor of Rehabilitation in the Faculty of Health and Environmental Sciences, before spending several years as the chief executive of the Health Research Council of New Zealand. I also congratulate Professor Gayle Morris on her appointment as Pro Vice-Chancellor (Learning and Teaching), and thank her for her work to develop the *Learning and Teaching Roadmap to 2025*, and the Exceptional Learning Experiences framework.

I am grateful for the contribution of the AUT Students' Association, and especially that of the Acting President, Divya Kataria, and Vice-President Angelica Tovia. We appreciate their tireless advocacy and practical support for students.

Finally, and most importantly, I thank all AUT staff and students for their contribution to the University, our mission of great graduates, and for the myriad of ways they enact tika, pono and aroha each day. Together, we are creating a community we can be proud of, and making a lasting difference in our city, our country and our world.

Ko te wawata ia, he whakatinanatanga te pūrongo nei hei whakaohoho i ō tātou hāpori, kia whakamaua Te Pūrengi – e nanao atu ai te taura o tokotū, e hiki kakau ai te hoe ki te whakaterere tōtika i te waka, kia waka eke noa ai te koke ki tua o kitea.



Derek McCormack

Vice-Chancellor

2019 AUT EXCELLENCE AWARD WINNERS

UNIVERSITY MEDAL

Professor Gail Pacheco

School of Economics

In recognition of an outstanding contribution to applied econometric research, and leadership of the extensive development and advancement of the New Zealand Work Research Institute at AUT.

RESEARCH EXCELLENCE

Research Team: New Zealand Work Research Institute

Faculty of Business, Economics and Law

For interdisciplinary, enquiry-driven research with social impact.

Emerging Researcher: Dr Nada Signal

School of Clinical Sciences

For research in innovative rehabilitation clinical practice.

Postgraduate Research Supervision: Associate Professor

Ken Hyde

AUT Business School

For supervision of graduate research students in AUT Business School.

Research Impact: Professor Valery Feigin

School of Public Health and Psychosocial Studies

For ground-breaking research in stroke epidemiology and prevention.

Individual Research Excellence: Professor Richard Siegert

School of Public Health and Psychosocial Studies

For spearheading research in goal setting in rehabilitation and the measurement of meaningful outcomes for brain injury patients.

TEACHING EXCELLENCE

Jill Caldwell

School of Clinical Sciences

For managing the Musculoskeletal Physiotherapy app's integration into AUT's physiotherapy programme.

Dr Sabrina Chong

AUT Business School

For excellence in teaching leadership in Accounting in AUT Business School

School of Communication Studies Team

For leading the Bachelor of Communication Studies' innovative curriculum redevelopment.

Todd Stretton

School of Clinical Sciences

For delivering advanced technology-based clinical learning opportunities for physiotherapy students.

Sustainable Enterprise Teaching Team

AUT Business School

For excellence in teaching business students' skills to work in, as well as question, the current socio-economic system.

PROFESSIONAL EXCELLENCE

Andrea Cu

Faculty of Business, Economics and Law

For managing resource planning priorities for the Faculty of Business, Economics and Law.

Estates Emergency Response Team

Facilities Management

For mobilising the rapid clean-up and repair work after the major fire at AUT City Campus in December 2018, with minimal disruption to University operations.

Tammi Wilson Uluinayau

School of Clinical Sciences

For exceptional leadership in promoting Māori and Pacific student success.

Ji-yeon Wi

Strategy and Planning

For leadership in data analysis helping the AUT community unlock critical new information about the University's research, students and staff.

Joanne Wilkins

Student Services and Administration

For dedication to advancing student wellbeing and prosperity, and leadership of supportive frameworks.



OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

1 Derek McCormack 2 Professor Kath McPherson 3 Professor Kate Kearins 4 Professor Pare Keiha
5 Professor Guy Littlefair 6 Professor Max Abbott 7 Professor Nigel Hemmington 8 Professor Gayle Morris 9 Professor Desna Jury
10 Professor John Raine 11 Dr Rosanne Ellis 12 Walter Fraser 13 Dr Andrea Vujnovich 14 Lyle Williams 15 Jenny Bygrave
16 Joanna Scarbrough 17 Beth Bundy 18 Lester Khoo 19 Kim Tairi 20 Liz Gosling 21 Luke Patterson

OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2019

AUT is led by the Vice-Chancellor who appoints the senior officers employed by the University. The officers are responsible for providing the strategic direction for AUT and for ensuring that the University is well managed, its academic standards are maintained, and the various needs of the University's stakeholders are met.

VICE-CHANCELLOR

Derek McCormack MSc, DipTchg

DEPUTY VICE-CHANCELLOR

Professor Kathryn McPherson BA(Hons), PhD *Edinburgh*, RN, RM, DipHV

PRO VICE-CHANCELLORS AND DEANS

Pro Vice-Chancellor
Dean, Faculty of Business, Economics and Law

Professor Kate Kearins BEd, PGDip Mgmt, MA (Hons), MMS, PhD *Waikato*, DipTchg

Pro Vice-Chancellor (Māori Advancement) and Dean,
Faculty of Culture and Society and Te Ara Poutama
(Māori and Indigenous Development)

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

Pro Vice-Chancellor
Dean, Faculty of Design and Creative Technologies

Professor Guy Littlefair MSc, PhD *Nottingham Trent (UK)*, FIEAust, CPEng, EngExec, NER, APEC Engineer, IntPE(Aus), CMEngNZ, MDINZ, MRSNZ

Pro Vice-Chancellor
Dean, Faculty of Health and Environmental Sciences

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

Pro Vice-Chancellor (Research, Enterprise and
International)

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

Pro Vice-Chancellor (Learning and Teaching)

Professor Gayle Morris BA, GradDip, PGCertDigCollrng, MEd, PhD *Melbourne*

Pro Vice-Chancellor (Student Experience and Success)

Professor Desna Jury MEd (Hons), DipTchg, FDINZ, FRSA

Pro Vice-Chancellor in the Vice-Chancellor's office

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

Associate Pro Vice-Chancellor (Research Engagement
and Management)

Dr Rosanne Ellis MSc, PhD *Waikato*

ASSISTANT VICE-CHANCELLORS

AUT South
Pacific Advancement

Walter Fraser BA, PGDipCom

Corporate Development
General Counsel

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

Finance and Infrastructure
Chief Financial Officer

Lyle Williams BCom, CA, CPA Fellow

Strategy, Students and Marketing

Jenny Bygrave LLB, MEdAdmin (Hons)

GROUP DIRECTORS

Student Services and Administration

Joanna Scarbrough

International

Lester Khoo BA, LLB, GradDipBus, MMgt

People and Culture

Beth Bundy BA (Hons), MPA (Exec)

University Librarian

Kim Tairi BBus, MEd, GradDipTerEd, DipVET, AFALIA (CP), RLIANZA

Chief Information Officer

Liz Gosling BTec HND, MBA

Chief Marketing Officer

Luke Patterson MBA



WE HAVE

17 schools

- Art & Design
- Business
- Clinical Sciences
- Colab: Creative Technologies
- Communication Studies
- Economics
- Education
- Engineering, Computer & Mathematical Sciences
- Hospitality & Tourism
- Interprofessional Health Studies
- Language & Culture
- Law
- Public Health & Psychosocial Studies
- Science
- Social Sciences & Public Policy
- Sport & Recreation
- Te Ara Poutama – Māori & Indigenous Development

29,500
students

3,400
staff

3 campuses
across Auckland:

- Manukau
- Auckland CBD
- North Shore

3 specialist locations:

- AUT Millennium high performance sports centre
- Warkworth Radio Astronomical Observatory
- AUT Centre for Refugee Education

ABOUT AUT

AUT is one of New Zealand's largest universities. We have been a university since 2000, and a place of learning for 125 years.

WE OFFER EXCEPTIONAL LEARNING EXPERIENCES
TO DEVELOP OUTSTANDING GRADUATES



WORLD-RANKED SUBJECTS

TOP 30 SPORTS
TOP 100 ART & DESIGN
TOP 150 ACCOUNTING & FINANCE
TOP 200 BUSINESS & MANAGEMENT |
COMMUNICATION & MEDIA
TOP 300 ECONOMICS AND ECONOMETRICS
TOP 400 COMPUTER SCIENCE & INFORMATION SYSTEMS |
ELECTRICAL & ELECTRONIC ENGINEERING
TOP 500 MECHANICAL, AERONAUTICAL & MANUFACTURING
ENGINEERING

(QS World University Subject Rankings 2019)

1st
in New Zealand &
27th
in the world

for international outlook
(Times Higher Education)

1st & **32nd**
in New Zealand in the world
for global research impact
(Times Higher Education)

#16 WORLDWIDE
FOR **SOCIAL
IMPACT**
(Times Higher Education)

Students come from

141
countries

60⁺
research centres and
institutes with
world-class expertise

1,017
doctoral students

6,064
International students

94% of available domestic graduates
employed within 9 months of
completing study
(includes full-time and part-time work)

11% & **17%**
Māori students Pacific students

We foster new thinking, discovery and achievement

- AUT students are taught by expert academics who are active in advancing their fields.
- We have more than 60 research institutes and centres in diverse fields including: radio astronomy, artificial intelligence, tourism, data mining, geo-informatics, forensics, nutrition, financial forecasting, sports science, rehabilitation, epidemiology and biotechnology engineering.
- We collaborate with more than 5,000 industry, education and research partners worldwide.
- AUT alumni enter the workforce able to challenge routine thinking and provide innovative solutions to industry and society. They are outstanding graduates who are highly capable, enterprising and ready to contribute to a changing world.

We have a strong focus on students and graduates

- We want our students to be challenged, successful and engaged with the wider world. We encourage them to collaborate, experiment and experience working life beyond the classroom.
- We provide a transformational student experience.
- More than 90% of bachelors graduates complete a work placement or internship.
- We aim for all of our students to have an international experience.
- We contribute to the social and economic development of Auckland, New Zealand, and the wider world through our graduates, research and innovation, and our engagement with industry and communities.



AUT DIRECTIONS TO 2025

In *AUT Directions to 2025*, we outline our vision for the coming years.

OUR MISSION

GREAT GRADUATES

OUR VISION

To be a university known for the desirability of our contemporary education, built on our commitments to:

LEARNING & TEACHING

Creating exceptional learning experiences

RESEARCH

Discovery and application of knowledge for wellbeing and prosperity

ENGAGEMENT

Responding to our place in the world

DISTINCT CONTRIBUTION

Building our position as New Zealand's university of technology

VIBRANT COMMUNITY

Being a place where people love to work and learn

OUR CULTURE

OPEN-MINDED

We are open-minded, curious and questioning

COURAGEOUS

We think critically, listen carefully and speak courageously

COLLABORATIVE

We are welcoming, collegial, collaborative and respectful of others

PURPOSEFUL

We are achievement-oriented and dedicated to the success of our students and partners

OUR VALUES

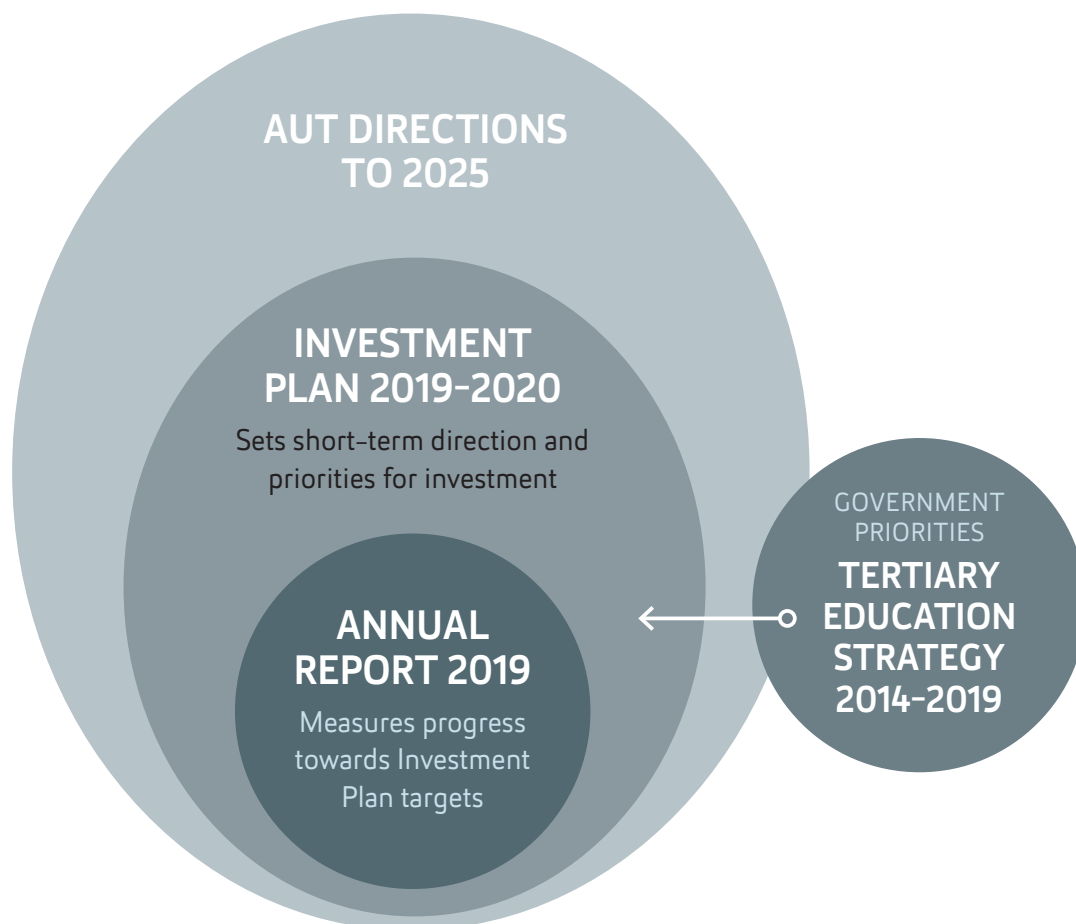
TIKA
Integrity

PONO
Respect

AROHA
Compassion

PLANNING AND MONITORING OUR PROGRESS

AUT Directions was adopted in 2017 and has one central mission: great graduates. To achieve this mission, we offer exceptional learning experiences, conduct research that makes a difference, engage with our communities, and celebrate a culture that is inclusive, vibrant and collegial. We want to increase the extent and impact of our relationships with industry, demonstrate technological excellence, and encourage innovation and entrepreneurship to flourish. Our *Investment Plan 2019-2020* reflects these aims.



THE FIVE THEMES OF **AUT DIRECTIONS** ARE:



KEY FACTS AND FIGURES

ALL EFTS ^{1,2}

	2019 Budget	2019 Actual	2018 Actual	2017 Actual
EFTS				
Domestic SAC-funded EFTS ³	16,032	16,241	16,131	15,888
International EFTS receiving SAC funding ⁴	438	356	359	339
Total SAC-funded EFTS	16,470	16,597	16,490	16,227
International EFTS	2,807	3,219	2,906	2,757
Other Domestic EFTS	265	239	267	287
Other International EFTS ⁵	313	326	313	303
Non EFTS ⁶	48	48	48	51
Total programme EFTS	19,903	20,429	20,024	19,625
AUT International House	107	102	109	91
Total EFTS	20,010	20,531	20,133	19,716
Total number of students		29,428	29,248	28,812

EFTS BY QUALIFICATION TYPE

	2019		2018		2017	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
SAC-FUNDED EFTS						
Postgraduate	2,589	16%	2,554	15%	2,390	15%
Bachelor degree and graduate programme	12,845	77%	12,680	77%	12,583	77%
Diploma and certificate	1,163	7%	1,256	8%	1,253	8%
Total SAC-funded EFTS	16,597	100%	16,490	100%	16,226	100%
INTERNATIONAL EFTS						
Postgraduate	1,417	44%	1,104	38%	985	36%
Bachelor degree and graduate programme	1,704	53%	1,672	58%	1,675	61%
Diploma and certificate	98	3%	130	4%	97	3%
Total International EFTS	3,219	100%	2,906	100%	2,757	100%

¹ Equivalent full-time students

² As of 2019, international postgraduate research students are no longer eligible for Student Achievement Component funding (unless enrolled in a doctorate). These are now counted as International students; 2017 and 2018 results have been updated to ensure a consistent presentation

³ SAC-funded refers to students eligible for Student Achievement Component funding

⁴ Includes International SAC-funded EFTS (German academic exchange students and diplomatic staff and family), International Research SAC-funded EFTS (On-shore international PhDs), and International Exchange (SAC-funded) EFTS

⁵ Other International EFTS refers to International students enrolled in programmes that are not eligible for SAC funding. This includes non-credit-bearing courses and revenue-generating activities

⁶ Non-EFTS refers to students who receive specific funds for enrolment in programmes that do not attract SAC funding

DOMESTIC SAC-FUNDED STUDENTS

	2019		2018		2017	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
STUDENTS BY ETHNICITY ⁷						
Asian	5,564	26%	5,530	25%	5,448	25%
Māori	2,403	11%	2,435	11%	2,375	11%
New Zealand European/Pākehā	8,504	39%	8,851	41%	8,808	41%
Pacific	3,710	17%	3,575	16%	3,415	16%
Other	1,489	7%	1,480	7%	1,492	7%
Non-declared	63	<1%	64	<1%	98	<1%

STUDENTS BY MODE OF STUDY

Full-time	15,195	70%	15,126	69%	14,886	69%
Part-time	6,538	30%	6,809	31%	6,750	31%

STUDENTS BY AGE

Under 25 years	14,845	68%	14,829	68%	14,641	68%
25-39 years	4,768	22%	4,827	22%	4,768	22%
40+ years	2,120	10%	2,279	10%	2,227	10%

STUDENTS BY GENDER

Female	13,487	62%	13,581	62%	13,266	61%
Male	8,203	38%	8,323	38%	8,352	39%
Gender diverse	43	<1%	31	<1%	18	<1%

INTERNATIONAL STUDENTS

International students were enrolled from 108 countries. The top ten are listed below.

	2019		2018
	Numbers	Percentage	Percentage
China	2,006	42%	46%
India	952	20%	14%
Vietnam	220	5%	5%
Saudi Arabia	133	3%	3%
South Korea	122	3%	2%
Hong Kong	99	2%	2%
Malaysia	79	2%	2%
Thailand	68	1%	1%
United States of America	62	1%	1%
Taiwan	58	1%	2%
Other (98 countries)	964	20%	22%
Total International students ⁸	4,763	100%	100%

⁷ Based on student headcount and primary self-selected ethnicity

⁸ This includes International students that are SAC-funded

QUALIFICATIONS AWARDED

	2019	2018	2017
Doctorates	121	128	112
Masters	872	839	769
Honours, Postgraduate Diplomas and Postgraduate Certificates	1,365	1,152	1,205
Degrees, Graduate Diplomas and Graduate Certificates	3,914	4,025	4,074
Diplomas	222	217	212
Certificates	537	821	1,070
Total qualifications awarded	7,031	7,182	7,442

STAFF

For the year ended 31 December 2019

	2019			2018		
	Academic	Admin	Total	Academic	Admin	Total
FACULTIES						
Business, Economics and Law	184	66	250	182	70	252
Culture and Society	164	65	229	182	73	255
Design and Creative Technologies	334	120	454	325	112	437
Health and Environmental Sciences	432	147	579	418	148	566
Te Ara Poutama	29	3	32	24	4	28
Total faculty FTE	1,143	401	1,544	1,131	407	1,538
Total central administration services FTE	46	852	898	46	840	886
TOTAL UNIVERSITY FTE	1,189	1,253	2,442	1,177	1,247	2,424

KEY FACTS BY FACULTY

EFTS	Business, Economics and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual	2019 Actual	2018 Actual	2019 Actual	2018 Actual	2019 Actual	2018 Actual	2019 Actual	2018 Actual
ENROLMENTS												
SAC-funded EFTS	3,085	3,235	2,669	2,615	4,435	4,466	5,408	5,158	92	50	908	966
International EFTS	1,200	1,076	513	501	1,113	992	372	311	1	0	20	26
Other EFTS	6	7	67	61	158	164	125	152	1	0	256	244
TOTAL PROGRAMME EFTS	4,291	4,318	3,249	3,177	5,706	5,622	5,905	5,621	94	50	1,184	1,236
Taught EFTS	4,436	4,520	3,243	3,140	6,005	5,981	6,208	5,854	448	426	89	103
RESEARCH AND COST OF SERVICE												
Student: academic staff ratio ⁹	24.1:1	24.8:1	21.3:1	18.5:1	18.0:1	18.4:1	14.4:1	14.0:1	15.4:1	17.7:1	17.4:1	17.2:1
MoE bulk-funded taught EFTS ¹⁰	4,397	4,476	3,140	3,041	5,790	5,762	5,970	5,604	430	410	19,816	19,396
RESEARCH												
Research outputs ¹¹	382	353	324	354	741	672	823	826	55	43	2,032	2,125
Research revenue	\$964,244	\$1,145,387	\$1,485,719	\$1,295,690	\$4,268,813	\$3,190,769	\$10,003,901	\$9,838,008	\$326,017	\$361,211	\$17,062,747	\$15,854,214
FINANCIAL \$000s												
Faculty costs ¹²	36,923	34,923	29,156	33,021	62,924	56,780	75,278	70,641	3,889	3,826	208,170	199,191
Administrative costs	39,461	38,709	31,740	29,060	71,321	66,087	66,504	58,110	4,374	3,605	214,701	196,833
Total costs	76,384	73,632	60,896	62,081	134,245	122,867	141,782	128,751	8,263	7,431	422,871	396,024
Less recoveries	661	878	2,632	2,691	5,330	5,643	6,510	7,382	288	398	14,886	15,026
NET COST OF SERVICE	75,723	72,754	58,264	59,390	128,915	117,224	135,272	121,369	7,975	7,033	407,985	380,998
Net cost of service per EFTS	\$17,222	\$16,254	\$18,555	\$19,530	\$22,265	\$20,344	\$22,659	\$21,658	\$18,547	\$17,154	\$20,589	\$19,643

⁹ For 2019, 12.0 FTE belonging to the Centre for Refugee Education (Faculty of Culture and Society) have been removed to provide a more accurate comparison of student:staff ratios across the faculties. In 2018, 12.1 FTE were removed

¹⁰ The University total includes 89 EFTS that were not attributed to the University faculties in 2019. For 2018, this was 103 EFTS

¹¹ Where there are multiple AUT authors in more than one faculty, an output is counted once per faculty

¹² From 2019, International and domestic servicing fees are included in Faculty costs. 2018 figures have been updated to conform to the new presentation

FINANCIAL REVIEW

For the year ended 31 December 2019

KEY FINANCIAL INDICATORS	University			Consolidated		
	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
OPERATIONS						
Total revenue	428,821	401,542	402,779	430,791	402,464	403,582
Total expenses before finance, depreciation, amortisation and impairment costs	354,984	327,413	332,218	355,954	328,130	332,595
Operating surplus before finance, depreciation, amortisation and impairment costs	73,837	74,129	70,561	74,837	74,334	70,987
Finance costs	3,560	5,716	5,250	3,560	5,716	5,250
Depreciation, amortisation and impairment costs	53,001	54,412	48,780	53,001	54,412	48,780
Share of associate and joint venture's surplus/(deficit)	-	-	-	(1,067)	(1,078)	628
NET SURPLUS	17,276	14,001	16,531	17,209	13,128	17,585
CASH FLOWS FROM OPERATIONS						
Operating cash receipts	447,784	410,883	403,910	448,882	413,222	404,475
Operating cash payments	353,749	341,277	335,076	354,036	343,430	335,494
NET CASH FLOWS FROM OPERATIONS	94,035	69,606	68,834	94,846	69,792	68,981
PROPERTY, PLANT & EQUIPMENT – NET BOOK VALUE	975,908	878,009	906,080	975,908	878,009	906,080
DEBT						
Bank borrowings – term	96,900	147,515	130,100	96,900	147,515	130,100
Finance leases – current	6,140	5,565	5,565	6,140	5,565	5,565
Finance leases – term	13,404	15,884	14,941	13,404	15,884	14,941
TOTAL DEBT	116,444	168,964	150,606	116,444	168,964	150,606
TOTAL EQUITY	771,356	654,054	673,178	804,397	678,278	697,654
OPERATING RATIOS						
Net surplus/revenue	4.0%	3.5%	4.1%	4.0%	3.3%	4.4%
Cash ratio	127%	120%	121%	127%	120%	121%
Interest cover ratio	5.85	3.45	4.15	5.83	3.30	4.35
Liquidity ratio	33%	22%	22%	34%	22%	23%
CAPITAL RATIOS						
Debt cover ratio	1.24	2.43	2.19	1.23	2.42	2.18
Debt/debt + equity	13%	21%	18%	13%	20%	18%
Debt/total revenue ratio	27%	42%	37%	27%	42%	37%

STATEMENT OF RESPONSIBILITY

For the year ended 31 December 2019

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

- the Council and management of the Auckland University of Technology accept responsibility for the preparation of these statements of service performance and financial statements and the judgements used therein; and
- the Council and management of the Auckland University of Technology accept responsibility 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
- the Council and management of the Auckland University of Technology are of the opinion that these statements of service performance and financial statements fairly reflect the financial position for the Auckland University of Technology and Group at 31 December 2019 and the results of the operations for the year ended 31 December 2019.



John Maasland
Chancellor



Derek McCormack
Vice-Chancellor

6 April 2020

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and group's financial statements and performance information for the year ended 31 December 2019

The Auditor-General is the auditor of Auckland University of Technology (the University) and group. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the University and group on his behalf.

OPINION

We have audited:

- the financial statements of the University and group on pages 69 to 119, that comprise the statement of financial position as at 31 December 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the University and group, that comprises the statement of service performance on pages 30 to 57, the statement of the cost of outputs on page 59 and the key facts and figures on pages 22 to 25.

In our opinion:

- the financial statements of the University and group on pages 69 to 119:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2019; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and
- the performance information of the University and group on pages 30 to 57, 59 and 22 to 25:
 - presents fairly, in all material respects, the University and group's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2019; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 6 April 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the possible effects of COVID-19. In addition, we outline the responsibilities of the Council and our responsibilities relating to

the financial statements and performance information, we comment on other information, and we explain our independence.

COVID-19

Without modifying our opinion, we draw your attention to the disclosures in note 29 on page 117 which outline the possible effects to University and group as a result of the COVID-19 pandemic. It is difficult to determine the full effect of it on the University and group at this time.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE COUNCIL FOR THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Council is responsible on behalf of the University and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the University and group for preparing performance information that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that:

- the University budget information in the financial statements agreed to the Council approved budget;
- the consolidated budget information in the financial statements agreed to the budget compiled by the University; and
- the information agreed to the investment plan or Council approved budget, as applicable, for the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and performance information, including the disclosures, and whether the financial statements

and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and performance information of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 21, 26, 27, and 60 to 68, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the University and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have provided a report on the group's performance-based research fund –eligible external research income. This is 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.

Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

STATEMENT OF SERVICE PERFORMANCE

Te Tauākī o ngā Paetae

The following Statement of Service Performance contains information on the University's KPIs. It documents the services provided by AUT to meet stakeholder needs and to ensure the intent of *AUT Directions to 2025* is fulfilled.

For an overall view of the performance of the University, this section must be read in conjunction with the section entitled 'The Year: 2019'.

EDUCATIONAL PERFORMANCE INDICATORS

Educational performance indicators (EPIs) are among the range of measures the Government uses to monitor the performance and contribution of the tertiary sector. The EPIs include course completion, cohort-based qualification completion, retention from first to second year, and progression from pre-degree to degree-level programmes. The measures and targets represented below are taken from the EPI Commitments submitted alongside Investment Plan 2019–2020. The course completion targets are aspirational and were agreed with TEC as part of the sector-wide plan to achieve parity in performance and participation for Māori and Pacific students by 2022.

AUT's provisional 2019 results are presented below. The retention, course completion and participation statistics were taken from TEC's Ngā Kete data site on 25 February 2020 and reflect the data available on 31 December 2019. These results are likely to be understated due to the timing of the submission. Final 2019 results will be published in Annual Report 2020.

INDICATOR	Ethnicity	Funding status	Level of study	Target 2019	Provisional 2019	Actual 2018	Actual 2017
First-year retention	Non-Māori, Non-Pacific	All	7 (degree)	80.0%	81.9%	81.8%	80.6%
	Māori	All	7 (degree)	73.5%	73.8%	75.7%	72.3%
	Pacific	All	7 (degree)	72.0%	74.8%	69.2%	70.3%
Course completion	Non-Māori, Non-Pacific	SAC-eligible	All	87.0%	85.7%	86.8%	86.7%
	Māori	SAC-eligible	All	84.0%	80.7%	81.1%	82.0%
	Pacific	SAC-eligible	All	71.0%	67.6%	68.5%	69.2%
Participation	Māori	All	7 (degree)	11.4%	9.8%	10.0%	10.1%
	Pacific	All	7 (degree)	17.6%	17.6%	16.4%	16.0%
	Māori	All	8–10	7.0%	5.0%	5.0%	5.4%
	Pacific	All	8–10	10.3%	6.8%	7.2%	8.0%

INDICATOR	Target 2019	Actual 2019	Actual 2018	Actual 2017
External research income	\$19.3M	\$17.1M	\$15.9M	\$13.1M
International student EFTS	2,778	3,901	3,578	3,399

Even with only provisional data available, AUT has met its targets for first-year retention for all three ethnicity groups, and is on course to record strong increases for Pacific and non-Māori, non-Pacific students. We will use the analytics programme discussed elsewhere in this Annual Report to interrogate these results to ensure we can build on this success more broadly. Based on 2018 results (the most recent available), with a score of 75.7% AUT was fourth in the sector for Māori, and comfortably above the average of 71.4%. AUT was fifth for Pacific retention (69.2%) and below the sector average of 73.0%.

Course completion rates remain below target, although these were recognised as challenging from the outset and the experience of previous years suggests that we may anticipate small increases from 2018 by the time final results are available. In comparison with the rest of the sector, in 2018

AUT was fourth for Māori course completion, and above the average of 80.4%. For Pacific students, we were below the sector average (71.2%) and in seventh position.

We anticipate our participation statistics to increase as the year continues. The targets are set with reference to Auckland's demographic composition, and AUT's contribution to Māori and Pacific advancement. In comparison with the rest of the university sector, in 2018 AUT was below the average participation rates for Māori undergraduate students (10.0% compared with 10.8%), and almost doubled the participation rate for Pacific (16.4% compared with 8.6%). At postgraduate level, we were well ahead of the sector average for Pacific students (7.2% for AUT and 4.2% for the sector), and below that for Māori (5.0% compared with 6.6%).

THEME

1

CREATING EXCEPTIONAL
LEARNING EXPERIENCES

South Campus class

DELIVERING
COMPELLING
PROGRAMMES

Our programmes will be high quality, relevant and supported with effective learning and teaching services, offering students a rich educational experience on campus and in industry, community and field settings here and overseas.

GOING BEYOND
EDUCATED AND
EMPLOYABLE

We will challenge students to become inquiring and agile thinkers and communicators with a broad understanding of their world, looking at issues in ways that transcend disciplines. They will gain core and transferable skills with which to navigate the shifting opportunities of work and enterprise and contribute in all aspects of their lives.

DESIGNING
STUDENT-DIRECTED
LEARNING

Students will be able to explore and build programmes from both broad curricular and co-curricular options designed to enhance their sense of purpose and confidence, and their employability and enterprise skills. Students' options will include modes of delivery and engagement.

SUPPORTING
GREAT
TEACHING

Our teaching will be creative, interactive and responsive, characterised by its contemporary approaches, technologies and resources. Our teachers will be active in developing their teaching expertise, and be at the forefront of their disciplines as researchers, scholars and advanced professional practitioners.

HIGHLIGHTS

AUT ACADEMY

established with 28
founding members

EXCEPTIONAL LEARNING

Framework released

LEARNING & TEACHING

Roadmap to 2025
adopted

2019 GRADUATE SURVEY

93%

felt their work
placement was good
preparation for their
chosen industry

88%

felt their qualification had
conveyed the skills required
for their current job

PERFORMANCE MEASURES

Key performance indicator

1.1

✖ Not achieved

Increase the proportion of students who would recommend their programme of study

Target 2019	Actual 2019	Actual 2018	Actual 2017
82%	81%	82%	81%

This result is taken from the Annual Programme Survey conducted by AUT. The survey uses 16 five-point Likert scale items and two qualitative questions to gather student feedback on the programmes and services we offer. The response rate for this question was 21% (5,110 respondents out of a total population of 24,816) and the margin of error was 1.2%. The overall response rate for this survey was 21% (5,245 respondents from a population of 24,816). Although consistent with other online surveys, this result was lower than 2018.

The proportion of students who would recommend their programme of study fell slightly to 81% in 2019. While overall satisfaction with AUT remains high (89%), programme satisfaction is generally lower. The *Learning and Teaching Roadmap*, adopted in 2019, has a goal of lifting programme satisfaction to 90% by 2025 through more flexible learning approaches, enhanced use of learning technologies, and improved teaching quality. To this end, we introduced the Exceptional Learning Experiences framework in 2019, which guides programme leaders to incorporate critical concepts such as work and social connection, interdisciplinary collaboration, and authentic assessment into their programme of study. All our curricula will be assessed against this framework over the coming years.

The School of Communication Studies won a Vice-Chancellor's Award for Teaching Excellence for their redesign of the Bachelor of Communication Studies. The new programme is founded on mātauranga Māori and fosters adaptive and critical thinking, and storytelling capabilities through a range of media. Students master relevant technologies, and develop self-reflection skills and collaborative work practices. According to QS, AUT is ranked in the top 200 in the world for Communication and Media Studies.

Key performance indicator

1.2

✖ Not achieved

Increase the proportion of students who are satisfied with teaching quality

Target 2019	Actual 2019	Actual 2018	Actual 2017
85%	83%	84%	84%

This result is taken from the Annual Programme Survey conducted by AUT. The survey uses 16 five-point Likert scale items and two qualitative questions to gather student feedback on the programmes and services we offer. The response rate for this question was 21% (5,174 respondents out of a total population of 24,816) and the margin of error was 1.2%. The overall response rate for this survey was 21% (5,425 respondents out of a total population of 24,816). Although consistent with other online surveys, this result is lower than 2018.

The proportion of students satisfied with the quality of teaching fell slightly from the previous two years, after five years of slow but steady growth. AUT sets high standards for teaching quality and under the *Learning and Teaching Roadmap*, we aim for 90% of students to be satisfied with teaching quality by 2025. In addition to ongoing initiatives such as the Ako Aronui programme, in 2019 we held the inaugural Teaching and Learning Conference and established the AUT Academy. The Teaching and Learning Conference focussed on authentic assessment, which is one of the key pillars of our new exceptional learning experiences framework. The AUT Academy is a university-wide initiative designed to enhance our collective practice and increase research in learning and teaching, and demonstrate a commitment to leadership in the field. The 28 founding members include academics who have been recognised for their exemplary practice, along with representatives from Estates and Student Services.

The School of Hospitality and Tourism was awarded the United Nations Tourism World Organisation TedQual accreditation for the Bachelor of International Tourism Management. Among other criteria, this award recognises the quality of teaching on the programme and its relevance to industry needs. In another faculty-based initiative, the Faculty of Business, Economics and Law introduced professional development sessions designed to support new teachers and teaching assistants to improve their practice.

PERFORMANCE MEASURES (continued)

Key performance indicator

1.3

✓ **Achieved**

Percentage of bachelors graduates who completed work-integrated learning while studying

Target 2019	Actual 2019	Actual 2018	Actual 2017
>90%	93%	93%	93%

Work-integrated learning has been a defining feature of AUT's degree programmes for more than 20 years. It remains at the core of our philosophical approach to teaching and we established the WIL@AUT group as a way to improve our practice in this field. Members of WIL@AUT share best practice, current events and relevant research with the leaders of work-integrated learning programmes across the University. The 2019 Graduate Survey again confirmed the value of the work placement programme, with 93% of those respondents agreeing the placement had prepared or enhanced their capability to work in their chosen industry. More than a quarter (26%) had subsequently secured employment with the same organisation, and another 16% had been offered but refused a continuing role.

Key performance indicator

1.4

✗ **Not achieved**

Percentage of available graduates who are working full time

Target 2019	Actual 2019	Actual 2018	Actual 2017
>85%	84%	86%	85%

Results are taken from the annual Graduate Survey conducted by AUT, and refer to domestic graduates. AUT graduates from 2018 were invited to participate in the 2019 survey, which uses a variety of scales (ranging from yes/no questions to open-ended questions) to provide insight into their initial destinations upon completion of their qualification, and their experiences of transition into the workforce. The results either include each of the responses available to the participants, or combine response options into meaningful categories. Where response options have been combined, an explanation is included in the body of the report. In total, there were 2,233 responses from the 5,371 domestic graduates invited to participate in the 2019 survey, with an overall response rate of 42%. There were 1,628 responses to this particular question, leading to a response rate of 30% and a margin of error of 2%. This response rate is higher than other surveys conducted by AUT in 2019.

The proportion of available graduates in full-time employment fell two points to 84% in 2019, a result that is within the margin of error. It is central to our ethos to prepare our students for a rewarding and meaningful career. To this end we facilitate work-integrated learning, authentic assessment, and industry engagement in the classroom, supported by a comprehensive personal skills development programme run through the Employability and Careers Office. Employability Matters is a week-long series of presentations, workshops and panel discussions held each semester that focuses on employability skills and provides opportunities for students to meet with future employers. We also hold discipline-focussed careers fairs throughout the year, and a volunteering expo each semester, which encourages students to gain experience and personal skills while giving back to the community.

Clinical Manager
Dr Brenda Flood and
students in the AUT
Interprofessional
Health Clinic



DELIVERING COMPELLING PROGRAMMES


AUT's Interprofessional Health Clinic provides specialised services to the community, and a unique learning opportunity for health science students. The clinic emphasises a collaborative approach to patient care, which is shown to create better patient outcomes, reduce errors, lower costs, and improve customer service. With supervision from clinical experts, students host courses for clients with a range of health concerns, including Type 2 diabetes and Parkinson's disease, or in need of cardio-pulmonary rehabilitation or hydrotherapy. Each client receives an individualised care plan, designed by students from a range of disciplines, including nutrition, psychology, oral health, occupational therapy, physiotherapy, and nursing.

Kimberley Ouano, Phoebe
Williams, Danielle LeGallais and
Sonia Broderick, from the Sunday
Blessings team



GOING BEYOND EDUCATED AND EMPLOYABLE

Sunday Blessings was established by two AUT students to serve the local homeless community. Around 100 people receive a delicious meal every Sunday evening outside Auckland City Library. Students in the first-year Social Entrepreneurship paper, taught by Dr Smita Singh, support Sunday Blessings by building their website, cooking and serving food, and completing assignments where they analyse the operation and develop initiatives to expand it further. One such initiative implemented in 2019 was to involve the wider AUT community by an 'add a dollar' opportunity to any purchase at the AUT cafes.

A portrait of Professor Gail Pacheco, a woman with long dark hair, smiling and wearing a yellow cardigan over a black top. She is seated in front of a wooden wall with abstract art. The bottom of the image features a dark green diagonal overlay containing text.

PROFESSOR GAIL PACHECO

The New Zealand Institute for Economic Research (NZIER) describes Professor Gail Pacheco as conducting “applied econometric work to inform policy for a better New Zealand.” A leader in the use of linked administrative data to inform social policy, her contribution is sought after by Government, social services agencies, and corporate clients to improve the lives of ordinary New Zealanders. Her diverse portfolio of work includes research into the effects of the minimum wage, the prevalence of in-work poverty, ethnic differences in educational participation, and quantifying the gender pay gap and the size of the ‘motherhood penalty’ for New Zealand women. The Ministry for Women used her analysis to produce guidelines for employers to improve pay equity, and to inform their policy approaches. Her research into in-work poverty is being used by the Human Rights Commission, the Treasury, the Child Poverty Unit, the Ministry of Social Development, and MBIE to determine a cross-agency approach to poverty reduction. Her contribution is such that the NZIER presented her with their Economics Award in 2018, citing the “diversity, quantity and

quality” of her work, and her ability to communicate with a wide public audience. In 2019 she secured more than \$4 million in funding from the MBIE’s Endeavour Fund to explore the life pathways of New Zealand adults living with low literacy and numeracy skills. She gained a further \$1.1 million from the Health Research Council to investigate ethnic differences in uptake of healthcare services in early childhood.

In her role as leader of the New Zealand Work Research Institute, Professor Pacheco mentors postgraduate students as well as her colleagues. Her students describe her as inspirational and speak of her willingness to connect them with career and professional development opportunities, and her genuine interest in their work. As winner of the 2019 AUT University Medal, Professor Pacheco exemplifies our aim to engage with today’s pressing issues, and of using her skills and inspiring others to make a difference in our world.

THEME 2

DISCOVERY AND APPLICATION OF KNOWLEDGE FOR WELLBEING AND PROSPERITY



INTEGRATING TEACHING WITH RESEARCH

We will support our staff in their work of advancing knowledge and in growing the quality and value of this work, including its benefit to their teaching and students

CONTRIBUTING EXCELLENT RESEARCH

We will pursue excellence in innovative and relevant research from fundamental enquiry to applied research and creative practice

APPLYING OUR RESEARCH

Our research will increasingly be project- and mission-led in interdisciplinary teams. We will share our discoveries and developments in ways that allow them to be widely used, and will be active in research supporting industry, business and governments.

ADVANCING BY COLLABORATING

Our collaborations with external partners will enhance our research capability and capacity

ENHANCING STUDENT RESEARCH

Our research students will be active members of our academic community, contributing to our research programmes and teams. Opportunities for undergraduate students to be involved in research will be a feature of our educational experience

HIGHLIGHTS

1,017 \$28.4M

doctoral candidates
including

in **research contracts** signed
including

63 Māori

\$13M MBIE Endeavour Fund

45 Pacific

\$1M Marsden Fund

420 international

\$3M Health Research Council

DIGITAL DETOXING

Dr Lena Waizenegger's
team gained international
coverage for research on
digital detoxing

PERFORMANCE MEASURES

Key performance indicator

2.1

Increase the number of quality-assured outputs

✗ Not achieved

After several years of slow but steady growth, the number of research outputs fell from 2018 to 2019. This result goes against the broader trend of increasing research breadth and depth at AUT, as is borne out by our PBRF results. However, it is consistent with the pattern shown after the previous PBRF quality evaluation in 2012, where research outputs declined the following year, before returning to an upward trend.

Target 2019	Actual 2019	Actual 2018	Actual 2017
2,400	2,032	2,125	2,103

Key performance indicator

2.2

Increase the proportion of research-active academic staff

✗ Not achieved

The proportion of academic staff defined as research active declined in 2019. AUT's recently implemented Academic Expectations framework sets out clear expectations and standards for research, scholarship, and advanced professional practice across different levels of academic seniority. This framework will be used to develop annual plans for academic staff from 2020, and we will closely monitor the impact on the breadth and spread of research activity across the University. As part of this work, we implemented a voluntary enhanced leaving programme for staff who were not research active. Many staff members who accepted the offer completed their employment at AUT at the end of 2019. We anticipate being able to see some impact of this initiative from 2020 onwards, as we recruit new, research-active staff.

Target 2019	Actual 2019	Actual 2018	Actual 2017
74%	55%	59%	64%

Key performance indicator

2.3

Increase the value of new research contracts signed*

✓ Achieved

* This KPI measures the total value of all new contracts signed during the year. It reports the full value of all contracts signed during 2019, including several large multi-year contracts. The external research income reported in Note 2(iii) of the Financial Statements measures the actual income received from research during the year. This amounted to \$17.1 million in 2019. In addition, the 2017 figure stated in Investment Plan 2019-2020 was an average of the previous three years' results. The actual value of new research contracts signed in 2017 was \$18.6 million.

In terms of securing new research contracts, 2019 was AUT's most successful year to date. We signed a record \$28.4 million in new contracts, including more than \$13 million from the Ministry of Business, Innovation and Enterprise's Endeavour Fund, along with another \$3 million from the Health Research Council, and \$1 million from the Marsden Fund. A significant proportion of private sector funding arose from our established partnerships with the aquaculture industry, and we conducted research for a range of not-for-profit agencies including sports, cancer research and men's health organisations.

Target 2019	Actual 2019	Actual 2018	Actual 2017
\$20M	\$28.4M	\$15.9M	\$18.6M

PERFORMANCE MEASURES (continued)

Key performance indicator

2.4

✖ Not achieved

Increase the number of doctoral students

Although the number of doctoral candidates has grown 6% since 2017, we fell short of the target for the year. Our doctoral programme has more than doubled over the last decade, growing from 471 candidates in 2010 to over 1,000 in 2019.

There were 63 Māori and 45 Pacific doctoral candidates in 2019, of whom many have joined the Mai ki Aronui programme. Mai ki Aronui supports all Māori and Indigenous doctoral scholars to develop the necessary research and academic and community leadership skills, along with the interdisciplinary networks, to become outstanding researchers and leaders in their field. At their monthly meetings, the members discuss their work and experiences, learn from senior academic staff, and share their food and cultures.

Target 2019	Actual 2019	Actual 2018	Actual 2017
1,095	1,017	994	959

Key performance indicator

2.5

✔ Achieved

Increase the proportion of outputs with an international co-author

*Note this result has been restated from Investment Plan 2019–2020 due to a change in the figure reported by Incites, who provide the data for this KPI

Collaborating with international colleagues enhances AUT's research capability, reputation and capacity. The proportion of outputs with an international co-author has increased steadily over the past three years. As well as contributing to the development of our individual researchers and our overall research programme, such projects can help improve our position on international university rankings. We anticipate this growth will continue, following on from the research collaborations signed with Shanghai Jiao-Tong, Fudan, and Xinjiang Universities, and the Shandong Academy of Sciences in 2019.

Target 2019	Actual 2019	Actual 2018	Actual 2017
62%	64%	58%	57%

Professor Denise Wilson,
Taupua Waiora Research Centre



CONTRIBUTING EXCELLENT RESEARCH

A study led by Professor Denise Wilson (Ngāti Tahinga, Tainui), of the Taupua Waiora Research Centre, has the potential to change the way social services support and interact with Māori women in violent relationships. Wāhine reported feeling more vulnerable when asking for help than when remaining in the relationship. Negative interactions with agencies and social services, and a constant fear of their tamariki being taken into state care, meant that many wāhine remained in the relationship and instead used a range of resources and strategies to protect their children. The final report, E Tū Wāhine, E Tū Whānau, found these women were frequently stigmatised, and yet were intelligent and resourceful, and could be best supported by a strengthened cultural identity (for both wāhine and tāne), and meaningful healing pathways outside the existing system. It called for agencies and services to recognise and mitigate their potential to entrap wāhine and tamariki in unsafe relationships.

Professor Michael Luck,
School of Hospitality and Tourism



APPLYING OUR RESEARCH

Professor Michael Lück, School of Hospitality and Tourism, conducts leading research on the tourism industry and its impact on our environment. The popularity of wildlife tourism, including activities such as whale watching, swimming with dolphins, and visiting albatross colonies, has the potential to seriously harm these delicate and unique environments, and the animals they support. Professor Lück works with operators to provide meaningful information to their customers, helping to reduce the impact of their activities and to promote actions that will combat climate change.



PROFESSOR RICHARD SIEGERT

Professor Richard Siegert is an international leader in his field, a mentor for emerging researchers, and the founder of a new research stream in Pacific health and wellbeing. Professor Siegert's work focusses on measuring meaningful outcomes for people with traumatic brain injury, stroke, and other neurological conditions. This supports a move away from viewing these events in terms of disability and impairment, and towards engagement, participation, and community integration.

In recent years, he has been at the forefront of developing innovative self-management solutions for patients with a brain injury, received a Marsden Grant to study the link between depression and inflammation in Pacific youth, and secured Health Research Council funding to investigate mindfulness training for stroke survivors.

His research informs, and is informed by, his rehabilitation practice. He works closely with Auckland's ABI Rehabilitation service, has a role as a clinical psychologist for the Department of Corrections, and has spent time working in hospitals around the world. He works closely with the Burwood Academy of Independent Living in Christchurch, and the New Zealand Disability and Rehabilitation Research Alliance. He has served on committees including the International Neuropsychological Society and the International Society of Physical and Rehabilitation Medicine, and serves on the editorial board of the *Disability and Rehabilitation* and *Mindfulness* journals. Along with mentoring emerging researchers in his field, he supervised eight doctoral candidates during 2019. Professor Siegert was the deserving winner of the 2019 Vice-Chancellor's Award for Individual Academic Excellence.

THEME

RESPONDING TO OUR
PLACE IN THE WORLD

3



Students in the BA (Sign Language – English Interpreting) practice their skills

RESPECTING
TE TIRITI O
WAITANGI

We will partner with Māori to advance Mātauranga Māori and te reo and achieve the benefits a university can provide with and for Māori.

WORKING FOR
OUR CITY AND
COUNTRY

We will prioritise the needs of the people of Tāmaki Makaurau Auckland, and Aotearoa New Zealand, contributing to social, economic and environmental development. We will be active in our city, responding to its Māori heritage and identity, Pacific communities, and ethnic diversity, and playing our part in its development as a world centre.

SHARING OUR
KNOWLEDGE AT
HOME

Our staff members will contribute to public discussion on matters of general concern and interest in Aotearoa New Zealand and our region of the Pacific.

IMPROVING OUR
WORK THROUGH
INTERNATIONALISATION

Our international work will meet high standards, be mutually beneficial, and designed to increase our student and staff opportunities, teaching and research capability, and financial sustainability.

BEING A
RESPONSIBLE
GLOBAL CITIZEN

We will recognise and respond to our global responsibilities and opportunities guided by our commitment to the United Nations Sustainable Development Goals, and act on the understanding that all our graduates will be global as well as national citizens.

HIGHLIGHTS

TE KORAU

Māori business accelerator
launched in Hokianga

REVOLUTIONISING ENERGY AWARD

2019 NZI Sustainable Business
Network Awards

HELEN CLARK FOUNDATION

Partnership

24%

of all AUT students come
from lower socio-economic
backgrounds.*

At South Campus, it's

35%

* Defined as a score of 9 or 10 on the New Zealand Deprivation Index.

PERFORMANCE MEASURES

Key performance indicator

3.1

✗ Not achieved

Increase the number of Māori graduates from bachelors degrees

Target 2019	Actual 2019	Actual 2018	Actual 2017
340	291	306	326

The number of Māori bachelors graduates continued to decline in 2019, despite relatively static enrolments and course completion rates for students at this level. We have implemented a comprehensive analytics programme focussed on understanding the key drivers of student success, and this extension in the time taken to complete a degree is one of the areas under investigation. We will use these findings to tailor appropriate solutions, in addition to our regular support services.

These services include Ngā Rā Whakatarea, which is a transition programme for first-year Māori students, and He Korowai Mana Kē, a peer mentoring scheme where senior Māori students (Tāura Kaiwhatu) provide cultural, academic and social support for junior students (Pia Māori) through their first year. We support the greater use and fluency of Te Reo Māori at AUT through the Reo Ora programme, which includes Tōhi Toastmasters Club and Tupu Kupu. Tōhi Toastmasters is a bilingual group aimed at building confidence in leadership and public speaking. Tupu Kupu is a regular, informal session designed for anyone to practice their reo. The Industry Connections programme helps Māori students connect with Māori professionals in their chosen industry. Students build a network that can help them learn more about their intended career, and ensure they are prepared for future employment or work-integrated learning opportunities.

To encourage more rangatahi into higher education, we have partnerships with our surrounding iwi, including Ngāti Whātua o Ōrakei, Ngā Puhi, and Waikato-Tainui. Together with Ngāti Whātua, we host an annual university introduction programme for senior secondary students. We also offer 23 undergraduate scholarships to support rangatahi who experience financial hardship through their studies.

Key performance indicator

3.2

✓ Achieved

Increase the number of postgraduate students that are Māori

Target 2019	Actual 2019	Actual 2018	Actual 2017
335	365	336	317

The number of Māori postgraduate students continues to grow, up 15% since 2017. The majority of students (39%) are enrolled in health studies, followed closely by Education, Arts and Creative Arts (37%). Close to a sixth (13%) of students are enrolled in Science, Technology, Engineering or Mathematics programmes, showing strong growth from 8% in 2017.

Key performance indicator

3.3

✗ Not achieved

Increase the number of Pacific graduates from bachelors degrees

Target 2019	Actual 2019	Actual 2018	Actual 2017
400	383	332	369

Although the number of Pacific graduates increased considerably from the previous year, we still fell slightly short of target. As shown earlier, AUT has achieved the challenging targets for Pacific participation set with TEC, and has almost double the participation rate of the rest of the sector. We are working through an initial analytics programme to better understand the drivers of success for students. With the knowledge we have gained, we have implemented initiatives where students support their peers through weekly homework academies, exam and assignment preparation tutorials, and well-being activities and workshops. Our research has shown that socio-economic status is a strong predictive factor in a student's success, and have identified some practical ways we can support students for whom finances are a challenge. These include providing subsidised healthy food options at South Campus and child-friendly study sessions during school holidays. We will extend this programme in 2020 through the South Project, which includes a formal peer mentoring system for all first-year students, along with an extended analytics programme that will guide our curriculum and academic support decisions over the coming years.

PERFORMANCE MEASURES (continued)

Key performance indicator

3.4

✖ Not achieved

Increase the number of Pacific postgraduate students

Pacific postgraduate enrolments fell from 2018 to 2019. Despite this overall trend, the doctoral programme continues to grow steadily, up from 34 candidates in 2015 to 45 in 2019. There is a strong Pacific presence at South Campus, where 11% of doctoral candidates are of Pacific descent, most of whom are enrolled in the Doctor of Health Science.

AUT offers several scholarships to support postgraduate students in disciplines where Pacific peoples are traditionally under-represented. The 2019 recipients included a group of postgraduate students pursuing their studies in Science.

Target 2019	Actual 2019	Actual 2018	Actual 2017
435	379	395	394

Key performance indicator

3.5

✔ Achieved

Increase the proportion of international EFTS

The proportion of international EFTS continued its steady upward trend. The main growth areas for 2019 were bachelors degrees (an increase of 2% from 2018 to 1,637 EFTS in 2019), masters degrees (up 33% to 756 EFTS), and postgraduate diplomas (up 31% to 529 EFTS). Doctoral enrolments held steady at 295 EFTS, an increase of 1% from the previous year.

Target 2019	Actual 2019	Actual 2018	Actual 2017
17%	18%	17%	16%



WORKING FOR OUR CITY AND OUR COUNTRY

AUT's Centre for Refugee Education provides the on-arrival education programme for the 1,000 former refugees who come to New Zealand each year under the Government's quota scheme. The Centre provides early childhood, primary, secondary and adult education programmes. The curriculum focusses on orientating students to their new environment, building relationships with other refugees, and preparing for the challenges of entering a new society, all the while imparting English literacy, language and numeracy skills. Feedback from the students is consistently positive, and some who settle in Auckland choose to return to the Centre as interpreters and mentors for those who come later. The Centre's associated charity, the Auckland Refugee Families Trust, raises funds to reunite families who have been torn apart by violence in their home countries.



Dr Jeff Seadon, School of Engineering, Computer and Mathematical Sciences

IMPROVING OUR WORK THROUGH INTERNATIONALISATION

Dr Jeff Seadon (School of Engineering, Computer and Mathematical Sciences), is working with Pacific nations and the United Nations Environment Programme to minimise the impact of waste generated by tourism. Currently, the average tourist generates 7 kilograms of waste per day, in comparison to 2.5 kilograms generated by local people. Much of this waste is burnt, buried in illegal landfills or dumped. Approximately 80 percent ends up in the ocean, with potentially devastating effects on the ecosystem and the local population. Dr Seadon's research supports smaller nations to implement effective waste management strategies, efficient use of resources, and sustainable infrastructure.

A portrait of Professor Valery Feigin, a middle-aged man with a balding head and light skin. He is wearing a blue and white striped shirt under a dark blue textured blazer. He has a small green circular pin on his left lapel. The background is a plain, light-colored wall.

PROFESSOR VALERY FEIGIN

Professor Valery Feigin is helping to transform healthcare policy and practice around the world through his research into the epidemiology and prevention of stroke and other neurological disorders. His work on the Global Burden of Disease (GBD) Study, and the data gathered through his Stroke Riskometer™ app, provided evidence that neurological disorders are now the leading cause of disability, and the second leading cause of death, in the world. This new level of understanding of stroke epidemiology contributed to a change in the way stroke is classified in the World Health Organisation's International Classification of Diseases.

As Chairman of both the GBD's Stroke and Traumatic Brain Injury Panel, and the entire Neurology Section, Professor Feigin co-ordinates the work of more than 600 international experts. He holds 16 journal editorships with international medical journals, including acting as editor-in-chief for *Neuroepidemiology*, and was presented with the World Stroke Organisation's President's Award for his outstanding contribution to clinical stroke research in 2014.

He was made a Fellow of the Royal Society of New Zealand Te Apārangi in 2019, and received their MacDiarmid Medal in 2015. Professor Feigin leads AUT's National Institute for Stroke and Applied Neurosciences, which advances our knowledge of the prevention, impact, treatment and rehabilitation of a range of disorders, including stroke, traumatic brain injury, and neuromuscular conditions. Over the past five years, Professor Feigin has helped secure \$5.6 million in external research funding for AUT, including a recent \$1.2 million grant from the Health Research Council to continue the long-running Auckland Regional Community Stroke Study into its fifth stage. He continues to support emerging researchers in his field, supervising three doctoral candidates in 2019. The reach and impact of his work is such that Professor Feigin was the most cited scientist in New Zealand, and in the top 1% internationally, in 2019. The Vice-Chancellor was proud to present Professor Feigin with the 2019 Award for Excellence in Research Impact.

THEME

BUILDING OUR POSITION AS
NEW ZEALAND'S UNIVERSITY
OF TECHNOLOGY

4



Students from the Bachelor of Communication Studies at work in the digital media suite

INCREASING OUR STRENGTH IN APPLICATION AND INNOVATION

Throughout our curriculum of social sciences, humanities, life and physical sciences, engineering and information technology, and creative arts, we will pursue an emphasis on professional preparation, refining practice, the application of knowledge, and innovation

LEADING OUR SECTOR IN EXTERNAL IMPACT

We will aim to be the leading New Zealand university in the extent and impact of our interactions with industry, professions, and the employment and enterprise sectors.

DEMONSTRATING TECHNOLOGICAL EXCELLENCE

All aspects of our university and its interactions will be distinguished and enhanced by the utility and ease of our technology, digital, and design systems and solutions

APPLYING SHARED TECHNOLOGICAL THEMES

We will increasingly work across disciplines and develop key themes to be expressed in all of our work, such as design, digital and information science, wellbeing, enterprise, human interaction, and sustainable development.

HIGHLIGHTS

PROFESSOR EDWINA PIO

2019 Te Rangi Hiroa
Medal winner

PROFESSOR DAVE TOWNS

2019 Charles Fleming
Award for Environmental
Achievement

PROFESSOR VALERY FEIGIN

elected as a Fellow of
the Royal Society Te
Apārangi

PROFESSOR DAME MARILYN WARING

BBC List of World's Top 100
Women of Influence and
Inspiration

PERFORMANCE MEASURES

Key performance indicator

4.1

✗ Not achieved

Increase the number of disciplines included in the QS World University Rankings by Subject

QS ranked nine AUT subjects in 2019. Although this was down from the 2018 result, it still represents an outstanding achievement. This is particularly the case for Sports subjects, where AUT is named amongst the global elite at 30th in the world. Our other top-ranked subjects were Art and Design, Accounting and Finance, Business and Management Studies, Communication and Media Studies, Computer and Information Systems, Economics, Electrical Engineering, and Mechanical Engineering.

Other rankings agencies also recognise the quality of our programmes. Among other notable achievements, the Academic Ranking of World Universities (ARWU) placed AUT's Sport Science programme first in New Zealand and 46th in the world and Hospitality and Tourism in the world's top 75. In addition, THE ranked our Clinical, Pre-clinical and Health subjects first in New Zealand and in the global top 125. As has been discussed in this Annual Report, we continue our work to improve the learning experience and relevance of all our qualifications.

Target 2019	Actual 2019	Actual 2018	Actual 2017
13	9	13	11

Key performance indicator

4.2

✔ Achieved

Increase staff consultancy revenue

Revenue from staff consultancy activities increased strongly from the two previous years, and exceeded target for the year by \$0.25 million. While local consultancy activities provide a steady income stream, the Centre for Social Data Analytics (CSDA) continues to make the greatest contribution to our consultancy revenue through their work with social services agencies in Allegheny County, United States. During the year, the CSDA's predictive risk model was presented at the Bloomberg Data for Good Exchange event in New York.

Target 2019	Actual 2019	Actual 2018	Actual 2017
\$1.5M	\$1.75M	\$1.01M	\$1.3M

Key performance indicator

4.3

✔ Achieved

Contribute to the public debate

Number of media articles using AUT staff as expert voices or highlighting AUT research

Along with teaching and research, academic staff make an important contribution through their citizenship activities. This includes leading the public debate on matters of wider concern, and sharing their expertise through a range of professional, government and community forums. During 2019 there were more than 2,000 media articles that highlighted our research or sought expert opinions from our staff members, including Dr Jeff Seadon's expertise on waste minimisation both here and in the Pacific, Professor Sebastian Leuzinger's work on forests as a super-organism, and Professor Denise Wilson's ground-breaking study of family violence as experienced by Māori women. The findings of this study are expected to influence policy and practices for social services agencies across the country.

Target 2019	Actual 2019	Actual 2018	Actual 2017
>1,000	2,113	3,203	1,224



INCREASING OUR STRENGTH IN APPLICATION AND INNOVATION

The Physiotherapy team within the School of Clinical Sciences is leading the way with technology-enabled learning. Two outstanding teachers, Todd Stretton and Jill Caldwell, received Vice-Chancellor's Awards for Teaching Excellence for their innovative and engaging use of technology in the classroom. Mr Stretton creates 360° virtual environments for students to practice their skills and gain confidence when working as part of an inter-disciplinary health team. Ms Caldwell developed the Musculoskeletal Physiotherapy app, to help students learn different techniques and apply culturally responsive practices.

DEMONSTRATING TECHNOLOGICAL EXCELLENCE

Launched at the end of 2019, the AUT App provides quick access to the necessary resources and information students need to navigate university life. Built by an in-house development team (most of whom are recent graduates) along with Student Services and Administration, the app provides personalised class timetables and assessment results, interactive campus maps with GPS navigation, useful information such as support services and library hours, and opportunities for students to create their own pepeha and gain confidence in te reo Māori. Students also participate in the app's continued development by suggesting new features and voting for their preferred options. We will use the app for Orientation and Project South, a pastoral care programme for South Campus students, in 2020.

APPLYING SHARED TECHNOLOGICAL THEMES

AUT Health Futures is a new pan-University research initiative launched in 2019. The programme will strengthen AUT's contribution to a better future by focussing research, innovative and creative capability towards some serious challenges faced by New Zealanders and others around the world. We recognise that current health arrangements are already dispersed inequitably, and will be insufficient to meet future demands. While traditional health and clinical disciplines will clearly be involved, potential solutions and innovations will be drawn from across all disciplines. The University has committed \$20 million over the next five years to fund projects under the scheme, and all proposals must have an external partner, and provide applicable, actionable solutions. Health Futures is expected to be the first of several such schemes to be introduced over the coming years.

THEME

5

BEING A PLACE WHERE
PEOPLE LOVE TO WORK
AND LEARNDESIGNING
WORK THAT IS
PURPOSEFUL AND
REWARDING

We work together for a vibrant university community in which creativity is nurtured and achievement celebrated, and where everyone's experience of work is purposeful, enjoyable, fair and rewarding.

BEING AN
INCLUSIVE
COMMUNITY

We welcome people of all ethnicities, genders, sexual orientations, religious and political beliefs, socioeconomic situations, and accessibility needs, by improving equity and creating a sense of shared community and belonging where everyone is valued.

ACHIEVING OUR
GOALS THROUGH
EFFECTIVE
ADMINISTRATION

Our systems, procedures and accountability mechanisms will be designed to help us all achieve our shared goals effectively, with a high trust, light touch approach that challenges us to improve and supports the creativity and collegiality crucial for our work

MAKING GREAT
SPACES AND PLACES

We will provide students and staff with attractive, functional campuses and facilities and inspiring work and learning spaces

SUSTAINING
OUR FUTURE

We will learn from our students, prospective students and graduates the qualities of a desirable university education and consistently move towards developing them.

We will improve our university rankings, ratings and accreditations, and build our profile and standing for the benefit of our students, graduates and communities.

We will grow our enrolment to a sustainable level for a strong comprehensive, contemporary university in New Zealand.

We will secure our financial position with diversified revenue streams and effective spending.

HIGHLIGHTS

#1

in New Zealand for
**GLOBAL RESEARCH
IMPACT**
(Times Higher Education,
US News Global Universities Ranking)

#1

in New Zealand for
**INTERNATIONAL
OUTLOOK**
(Times Higher Education)

#1

in New Zealand for
HEALTH SUBJECTS
(Times Higher Education)

#1

**MILLENNIAL
UNIVERSITY**
in Australasia

TOP 30

WORLDWIDE
for **Sport**
(Times Higher Education)

#14

in the world
(Times Higher Education)

TOP 100

WORLDWIDE
for **Art & Design**
(Times Higher Education)

TOP 75

WORLDWIDE
for **Hospitality &
Leisure Management**
(Times Higher Education)

#16

WORLDWIDE
for **Social Impact**
(Times Higher Education)

PERFORMANCE MEASURES

Key performance indicator

5.1

Increase total EFTS

✔ Achieved

* 2019 Target EFTS in KPI 5.1 differ from the Budget EFTS presented in Key Facts and Figures. The target for this KPI was set in Investment Plan 2019-2020, and is based on the trajectory required to reach 25,000 EFTS by 2025. Budget EFTS are agreed annually, based on forecast revenue.

AUT continues to grow at a steady rate, towards our goal of 25,000 EFTS by 2025. Total EFTS have increased 4% since 2017, driven by strong gains in mainstream International EFTS (up 17% to 3,219), and steady growth in mainstream domestic students (up 2% to 16,241). While not the only measure of success, EFTS growth is a marker of our relevance, desirability and excellent reputation within the domestic and international education markets.

Target 2019	Actual 2019	Actual 2018	Actual 2017
20,320*	20,531	20,133	19,716

Key performance indicator

5.2

Increase the number of students at South Campus

✘ Not achieved

Although well below target for the year, South Campus has continued to grow steadily and continues to act as an important gateway to other programmes offered at City and North Campuses. The campus reflects the diverse nature of its surrounding area; 13% of students are Māori and 29% are of Pacific descent. In addition, 35% of students come from low socio-economic areas (a score of 9 or 10 on the New Zealand Deprivation Index), compared with 24% for AUT as a whole.

The 2019 University Experience Survey revealed that South Campus students are generally satisfied with AUT; close to nine in ten (87%) were satisfied with the facilities and environment, and 88% would recommend AUT to others. We continue to review our provision at South Campus and seek to introduce programmes that support the needs of the surrounding community and employers.

Target 2019	Actual 2019	Actual 2018	Actual 2017
2,600	2,267	2,234	1,911

Key performance indicator

5.3

Increase the proportion of students in postgraduate study

✔ Achieved

The relative size of our postgraduate cohort has been growing steadily for several years. The number of international postgraduate students grew 36% from 1,263 EFTS in 2017 to 1,712 in 2019, supported by nine percent growth in domestic EFTS.

Target 2019	Actual 2019	Actual 2018	Actual 2017
20%	20%	19%	18%

PERFORMANCE MEASURES (continued)

Key performance indicator

5.4

✓ Achieved

Increase staff engagement

The staff engagement survey is held on a biennial basis, with the next one due in 2020. With no survey this year, the University has concentrated on responding to the findings of the 2018 survey. These include further work to embed our values across the University, providing better support and training to prevent bullying and harassment, and improving management skills at all levels.

The Our Values in Action programme has been in place for several years, providing a framework for staff on ways to enact tika, pono and aroha in their daily work. In 2019 we re-designed the new staff orientation programme to include our values and behaviours, and held several workshops, open to all staff, focussed on building on our values.

The last staff engagement survey identified a need for clearer direction when faced with, or an observer of, bullying or harassing behaviour. Our new 'Respect in Action' programme is based on the concept of being SAFE: Speak up; Ask for support; Find options; Educate. Close to 850 staff attended a Respect in Action training session during the year, while others attended specialised workshops designed to respond to a specific concern.

Finally, we developed the Managing @ AUT programme to improve leadership and management capabilities across the organisation. More than 200 managers (36%) from all levels attended the course in 2019, placing us well on track towards our aim for 100% of managers to have completed the programme within three years. Managing @ AUT covers a range of topics including AUT's social, financial and legislative environments, expectations of managers, and opportunities for personal and managerial development.

Target 2019	Actual 2019	Actual 2018	Actual 2017
*	*	78%	*



MAKING GREAT SPACES AND PLACES

AUT's newest building won top honours at the New Zealand Architecture Awards. Ngā Wai Hono received the 2019 Ted McCoy Award for Educational Architecture. The jury commended the way the building joins together several disparate parts of the campus and functions as a hands-on learning and research environment for students in the School of Engineering, Computer and Mathematical Sciences. Ngā Wai Hono is also a highly efficient building, with design features that maximise the use of natural light and control fluctuating temperatures.



DESIGNING WORK THAT IS PURPOSEFUL AND REWARDING

Our first analysis of AUT's gender pay gap took place in 2019. We found that our median gap was 9.5%, and the average gap was 12.7%. This was largely due to occupational segregation; although women represent 59% of all employees across the University, they make up two-thirds (64%) of staff in the lowest paid quartile (including customer service and lower-level administration), and only 46% of staff in the highest (including managerial and professorial roles). We will introduce a range of initiatives to mitigate this gap, including unconscious bias training, tracking and reporting of progression and promotion outcomes, and reviewing our recruitment processes.



REPORTS

Ko Ngā Pūrongo

STATEMENT OF THE COST OF OUTPUTS

The University's activities contribute to three broad classes of outputs. These outputs are learning and teaching, research and scholarship, and engagement with communities. The following table outlines the cost of providing these outputs.

	University		
	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
OUTPUTS			
Learning and teaching	302,401	288,071	286,795
Research and scholarship	67,744	62,276	60,337
Engagement with communities	41,400	37,194	39,116
TOTAL COST OF OUTPUTS	411,545	387,541	386,248

COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2019

AUT seeks student input on the student services levy through the AUT Students' Association (AUTSA). The consultation process included a question and answer session with the Vice-Chancellor, Group Director Student Services & Administration, AUTSA President and Chief Financial Officer. The session was shared live on social media. In addition, the Group Director (Student Services and Administration) met with the President and General Manager of AUTSA to discuss the types of services to be delivered and the apportionment of levy funding. The Compulsory Student Services Fee (CSSF) was set at \$646.00 (GST inclusive) per full-time student for 2019 and may be borrowed against a student loan. The fee is used to fund key services that assist student success, retention and overall wellbeing while enrolled at AUT. It is compulsory for all students except those on exchange or studying by distance.

STUDENT ADVISORY COMMITTEE

AUT's formal partnership with AUTSA is through the Student Advisory Committee, which also provides oversight and guidance on the allocation of the CSSF. The membership consists of equal numbers of representatives from AUT and AUTSA. The committee is responsible for ensuring the best value for students and promoting student engagement with learning and with AUT. The following report outlines the investment in service provision in 2019.

AUTSA SERVICE LEVEL AGREEMENT

ADVOCACY AND LEGAL ADVICE

AUTSA provides AUT students with independent and confidential support, advice and advocacy services. This includes assistance for legal matters, disciplinary action, harassment, complaints, employment and tenant rights, grade appeals, and general information and translation of AUT rules and policies. All university-related issues are resolved or escalated to a higher level to be heard and resolved.

CLUBS AND SOCIETIES

AUTSA offers a range of student-run social, sustainability, religious, academic and cultural clubs through which students can meet new people, participate in events, and get involved in campus life.

MEDIA

AUTSA supports the production and dissemination of information by students for students through Debate magazine and online media.

EMPLOYMENT INFORMATION

AUTSA provides students with employment information and funding for Student Job Search (SJS). SJS is an employment agency targeted at finding employment for students.

AUT SERVICES

CAREERS ADVICE AND GUIDANCE

AUT offers career counselling, employability development services and job search support to prospective and current AUT students. AUT's career specialists provide advice and support students to make informed decisions about their career path and study programme, internship opportunities and to improve their employability. AUT also delivers the AUT Edge Award and Beyond AUT, which formally acknowledges students' involvement in volunteering, leadership and employability activities.

COUNSELLING AND PASTORAL CARE

AUT has a range of pastoral, mental health and counselling services to facilitate our diverse students' integration into university life and provide on-going personal, spiritual, psychological and emotional support. The University offers specialised services to students with an impairment or disability, or who are Māori, Pacific, Chinese, international, refugees, new migrants, elite athletes, or part of the Rainbow community. Staff include professionals with psychosocial qualifications.

The University also operates a comprehensive orientation and transition programme, and an early intervention service to promote the success and retention of our students.

FINANCIAL SUPPORT AND ADVICE

AUT offers students information and advice to help manage their money, including assistance with StudyLink issues, budgeting, and banking. In addition, the University has a fund to assist students experiencing financial hardship.

HEALTH SERVICES

The health centres at City and North Campuses offer integrated general practice medical, nursing, and wellbeing services to support students' overall health and wellbeing. The Centres are part of the Auckland Primary Health Organisation. Routine consultations are free for domestic students who register with one of the centres as their primary health care organisation. At North Campus, the Student Medical Centre, counselling and mental health services are delivered at NorthMed, a purpose-built integrated health clinic near the campus.

For students based at South Campus, the University offers a nurse and mental health services, as well as access to funded doctor consultations with four local medical practitioners.

CHILDCARE SERVICES

AUT hosts two childcare facilities – one at AUT City Campus (run by AUT) and an independently-run crèche at North Campus. Both centres provide excellent facilities and services, including school holiday programmes. AUT also provide comfortable and private rooms for breastfeeding at all three main campuses.

SPORT, RECREATION AND CULTURAL SERVICES

AUT delivers a range of recreational and competitive sport events and activities. Each campus has a fitness centre offering quality fitness equipment, group classes and personalised exercise programmes, and access to sport and exercise services.

The University also offers a wide range of cultural events and diversity-related activities to promote diversity and inclusion on campus, as well as to support student engagement.

	\$000s				
	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus/ (deficit)
AUTSA SERVICE LEVEL AGREEMENT					
Advocacy and legal advice	306	-	306	306	-
Advocacy	-	-	-	122	(122)
Legal advice – tenancy	-	-	-	184	(184)
Clubs and societies	134	-	134	133	1
Grants	-	-	-	11	(11)
Activities	-	-	-	122	(122)
Media	320	-	320	320	-
Print media – Debate magazine	-	-	-	173	(173)
Online	-	-	-	147	(147)
Employment information	15	-	15	15	-
Student Job Search	-	-	-	15	(15)
Sports, recreation and cultural services	411	-	411	395	16
AUTSA O Week	-	-	-	145	(145)
Recreational activities and events	-	-	-	80	(80)
Student on-campus events	-	-	-	170	(170)
Financial support and advice	-	-	-	17	(17)
Foodie Godmother	-	-	-	17	(17)
TOTAL AUTSA SERVICE LEVEL AGREEMENT	1,186	-	1,186	1,186	-
AUT SERVICES					
Careers information, advice, and guidance	1,297	-	1,297	1,317	(20)
Employability lab and support	1,297	-	1,297	1,317	(20)
Counselling and pastoral care	5,545	496	6,041	6,126	(85)
Mental health and counselling services	1,143	14	1,157	1,175	(18)
Disability services	718	464	1,182	1,193	(11)
Student advisory pastoral support	893	-	893	907	(14)
Student wellbeing	1,291	-	1,291	1,311	(20)
Student conduct and support	293	-	293	297	(4)
Maori student pastoral care	513	18	531	538	(7)
Pacific student pastoral care	392	-	392	398	(6)
Orientation and transition	302	-	302	307	(5)
Financial support and advice	459	-	459	466	(7)
Financial information and advice	182	-	182	185	(3)
Financial hardship subsidy	277	-	277	281	(4)
Health services	825	761	1,586	1,599	(13)
Medical health centres	825	761	1,586	1,599	(13)
Childcare services	216	735	951	954	(3)
Childcare subsidy	144	-	144	146	(2)
Childcare centre	72	735	807	808	(1)
Sports, recreation and cultural services	971	825	1,796	1,811	(15)
Competitive sports	221	49	270	273	(3)
Gyms and recreation	592	776	1,368	1,377	(9)
Diversity and cultural engagement	158	-	158	161	(3)
TOTAL AUT STUDENT SERVICES	9,313	2,817	12,130	12,273	(143)
TOTAL	10,499	2,817	13,316	13,459	(143)

The administration of Compulsory Student Services Fees is integrated within the University's normal operations. All income and expenditure associated with the provision of student services is separately accounted for in the University's accounting system.



AN INCLUSIVE COMMUNITY

AUT Directions to 2025 describes our commitment to being an inclusive community.

We welcome people of all ethnicities, genders, sexual orientations, religious and political beliefs, socioeconomic situations, and accessibility needs, by improving equity and creating a sense of shared community and belonging where everyone is valued.

We seek to enact tika, pono and aroha through a diverse and inclusive culture, and where every member of our community has the support necessary for their success. This includes providing equal employment and educational opportunities, celebrating diverse cultures and backgrounds, and promoting the wellbeing and mana of all our staff and students.

EQUAL OPPORTUNITIES

The University has identified several groups who are under-represented at AUT, amongst both staff and students. For students, these include Māori and Pacific peoples, learners with disabilities, and those from refugee backgrounds. We also provide specialised support for students from the Rainbow community. As described previously, we have successfully removed many of the barriers for Māori and Pacific peoples to enrol at AUT; 10% of AUT students are Māori, and 18% are of Pacific descent. However, there remains a significant gap in achievement for these two groups.

Over the last few years, AUT has embarked on a comprehensive analytics programme to deepen our understanding of the drivers of success. We found socio-economic status to be a significant predictive factor, and a disproportionate number of Māori and Pacific students experience some degree of economic disadvantage. As a result, we have identified a range of practical steps we can take to better support our students, particularly at South Campus which has a high proportion of students from lower socio-economic backgrounds. These include subsidised healthy food options, and child-friendly study groups during holiday periods. Positive relationships with peers and staff members were another important contributor to students' success, and we will pilot a new engagement and connection project at South Campus in 2020. We continue our analytics work and will use this evidence base as the foundation for future initiatives.

As described earlier in this report, AUT has implemented a range of support services specifically for Māori and Pacific students. These include the Tōhi Toastmasters Club and Tupu Kupu, a weekly conversation club for students and staff who wish to improve their reo. He Korowai Mana Kē and Ngā Ra Whakatarea are designed to support the success of undergraduate Māori students, particularly in the first year of their degree, while the wānanga series is designed to support Māori postgraduate students. The University provides scholarships for postgraduate students in areas where Pacific peoples are traditionally under-represented. In 2019, this included a group of doctoral candidates pursuing scientific studies in the Cook Islands.

The Out@AUT student network supports students from the Rainbow community, with more than 250 members across all three campuses. AUT employs a Rainbow Community Coordinator to provide specialist support and advice for students, and we are strong supporters of the local Pride events. Students have the option to identify as Gender diverse in their university records, and we provide gender neutral bathroom facilities on all three campuses. We were New Zealand's first university to achieve Rainbow Tick certification, and have retained this for five years to date.

AUT offers a comprehensive support service for students with disabilities. In addition, all new campus developments are built to meet the gold standard set by advocacy group Be.Accessible, and we recently achieved their full organisational accreditation. This accreditation is based on four criteria: employment practices; accessible experiences for students, staff and visitors; accessible communications; and organisational strategy. Our Employability Lab also has a partnership with Workbridge to assist students with disabilities into meaningful employment.

AUT offers scholarships to support students from refugee backgrounds into higher education. One such scholarship was voluntarily established by a group of AUT students and staff, who wrote a cookbook featuring traditional recipes and the stories of students and alumni who have a refugee or migrant background. All proceeds from the book, *Tastes of Home*, are used to fund the scholarship.

For staff, the University has a long-term strategy to increase the number of Māori and Pacific academic staff, along with the number of Māori, Pacific, and female staff in senior positions. The Early Career Academic programme was introduced in 2015 and offers up to six permanent, full-time research-active lecturer positions per year to Māori and Pacific doctoral graduates. Successful applicants join the network of others in the programme, are mentored through the process of developing their teaching skills and establishing

a publication record, and receive guidance on their professional development from a member of the Senior Leadership Team. Another four staff were appointed in 2019 (three Māori and one Pacific), taking the total number in the programme to 20.

The number of Māori, Pacific, and female staff in leadership positions has remained on a steady upward trajectory for the last few years. More than 130 women are now in leadership roles, including 84 academic staff (up from 77 in 2018). The number of Māori and Pacific senior staff also increased, reaching 27 in 2019, up from 24 the previous year.

AUT researchers, including University Medal-winner Professor Gail Pacheco, have been at the forefront of work on determining the size and complexity of the gender pay gap in New Zealand. On completion of the first analysis of AUT's own pay gap, we found that the median gap was 9.5%, and the average was 12.7%. As AUT has strict equal pay policies and procedures in place, this gap is largely due to the phenomenon known as occupational segregation; female staff members tend to be over-represented in lower-paid roles, and less well represented at the highest levels. We have a range of initiatives intended to address this issue, including training to identify unconscious bias and a review of recruitment processes. We have commenced tracking the results of applications for promotion (for academic staff) and progression (for allied staff). Promotion and progression applications have a high standard for acceptance, and in 2019, the success rate for female allied staff applying for progression was 100%, along with 80% for female academic staff. The success rate for Māori and Pacific staff applying for either progression or promotion was 100%.





BEING A RESPONSIBLE GLOBAL CITIZEN

AUT, along with many others, is making the world a better place. The depth and effectiveness of our commitment was confirmed in the inaugural THE University Impact Rankings, where AUT placed 16th in the world. This ranking assesses the social impact of universities against the UN Sustainable Development Goals, and considers the effect of our research, the quality of our teaching on sustainability, and our use of sustainability- and wellbeing-focussed practices across the organisation. We placed second for Sustainable Cities and Communities (Goal 11), based on our research into issues such as affordable housing, investment in arts and heritage, and remote working practices. AUT is ninth for Gender Equality (Goal 5), in recognition of the contribution of our female academic staff, our equality-focussed policies, and our outreach to female students in the traditionally male-dominated disciplines of science, technology, engineering, and mathematics.



Through our South Campus, we continue to address inequalities and seek to foster economic growth in one of New Zealand's most diverse regions. As is described earlier in this Annual Report, South Campus attracts a high proportion of students from low socio-economic backgrounds, and our range of

support services, university preparation courses, and social networks are designed to help students overcome the often formidable barriers they must face in pursuit of higher education. As well as investing in South Auckland, the campus acts as an important gateway to educational opportunities across AUT's other campuses.



The Living Laboratories project exemplifies the local and global impact of AUT's research. In partnership with Ngāti Whātua Ōrākei, a multi-disciplinary team from AUT are integrating ecological science with mātauranga Māori to restore native bush at Pourewa Creek. This initiative adapts the Nature-Based Solutions (NBS) framework to New Zealand's unique biodiversity and cultural context, and contributes to the Government's One Billion Trees programme. Led by Associate Professor Hannah Buckley (School of Science), the team have established soil and water profiles, and collected baseline data on existing flora and fauna. We are planting more than 12,000 trees in experimental plots, which over time will help determine optimal planting regimes for trees such as tōtara, rimu, matai, tawa, and maire. The project was part of an NBS Compendium presented at the UN Climate Action Summit in New York in September.



We continue to improve biodiversity on our own land, planting more than 600 native trees, plants and shrubs across our three campuses during the year. As part of a class project students planted 20 fruit trees, and vegetable and herb gardens at North Campus, and we established another 25 plants that will provide a winter food supply for the local bee population. There are currently four beehives located at North campus.



AUT won the Revolutionising Energy category at the Sustainable Business Network's annual awards for our work in reducing energy consumption and costs, and CO2 emissions. The award citation described the "impressive progress" we have made towards our goal of halving emissions by 2025. This included a range of energy efficient measures including conversions to LED lighting, installing energy-efficient window film and water-cooled chillers, and using technology to manage our buildings more efficiently. Moreover, our electric inter-campus shuttle bus has 80% fewer emissions per trip than a diesel bus. Through these initiatives and others, we reduced our CO2 emissions by 181 tonnes between 2016 and May 2019, and are using the cost savings to fund more energy efficiency projects. The A1 building, currently under development at North Campus, will follow the low-emissions model of Mana Hauora at South Campus.



We aim to halve the amount of waste going to landfill by 2025 and in 2019 introduced an organic waste collection in a City Campus administration building. We anticipate that this initiative will divert approximately eight tonnes of organic waste from landfill each year. A commercial company composts the organic waste from City Campus, including from our cafes and restaurants, and the new compost hub at North Campus allows us to create and use our own compost on site.



Staff and students enthusiastically participated in our first Green Impact challenge. In this pilot year, ten staff teams from across the University competed to implement small but significant sustainability initiatives within their own areas, and identify opportunities for larger-scale changes. Their work was audited by a group of students, who received training and accreditation from the International Society for Sustainability Professionals.

Finally, AUT and the University of Auckland jointly hosted the New Zealand Sustainable Development Goals Summit in September. More than 400 delegates attended the summit, hearing from key national and international speakers including Prime Minister Jacinda Ardern, Rt Hon Helen Clark, Dr Daniel Hikuroa (University of Auckland), Fale Andrew Lesa (Asia Development Bank Aotearoa), and Dewy Sacayan (Generation Zero).





Associate Professor Barbara Bollard
on a research trip to Antarctica

SUPPORTING GREAT TEACHING AND EXCELLENT RESEARCH

This section looks at two key enablers of AUT's mission: information technology and the AUT Library.

INFORMATION TECHNOLOGY

A robust, secure and fit-for-purpose virtual infrastructure underpins all that we do. It enables exceptional learning experiences that prepare our learners for the changing technologies they will encounter during their working lives. It allows our staff to collaborate with local and international colleagues, increasing the depth and impact of their research. It creates an efficient and effective way for students and staff to interact with the University, improving the experience for all our stakeholders.

More than 12,000 students are now using the AUT App, which we launched in late 2019. The app includes personalised class timetables, assessment results, and interactive campus maps, along with useful information such as support services and Library hours. To ensure the project is student directed, students can use the app to suggest and vote for new features to be included in future updates. Students can also use the app to connect with Tua, AUT's student chatbot, for any questions they have regarding university life.

Protecting our information security requires constant vigilance on the part of AUT's Information and Communication Technology (ICT) Services. We introduced two-factor authentication during the year to ensure the privacy and protection of our institutional data, research, and intellectual property. The two-factor approach also protects our financial security by guarding against theft and damages. In addition, ICT Services held a university-wide cyber security campaign. The campaign included advice on maintaining personal security as well as the University's, and included briefings for senior leaders along with communications and events for all staff and students.

To improve the efficiency of our administration, ICT Services automated several processes within our student management system and upgraded our remote desktop imaging service. These initiatives will speed the processing of student enrolments, and reduce workload at the start of each Semester. We have also commenced investigations into an upgrade or replacement of two key systems, which perform research management and learning management functions.



AUT LIBRARY

The Library contributes to *AUT Directions* by supporting our research communities, encouraging the sharing of knowledge, enhancing the research skills of our staff and students, and fostering student success.

We added another two peer-reviewed journals to Tuwhera, our open-access research site, in 2019, taking the total number to ten. Along with the journals, Tuwhera hosts the Pacific Journalism monographs, and Hospitality Insights for a Sustainable Industry, an accessible summary of the latest research for the use of industry representatives, practitioners, and the public. The monographs and research summaries are edited and managed by AUT's academic staff, with support from discipline-led advisory groups.

We expanded and enhanced Course Resources, which is a platform for lecturers to share readings and media and online resources with their students, and redesigned the Library website to improve the user experience.

This year, we continued our work with faculties to embed key skills such as information literacy and academic writing into the curricula. In addition to a drop-in academic writing service, general workshops, online examples and videos, we collaborate with teaching staff to create in-class sessions for a

specific paper or programme. This approach allows Library and Learning Support staff to reach a wider range of students, some of whom may not have previously sought assistance, and to provide a more targeted service. We also held more than 5,000 personal consultations on research and information literacy, and redeveloped the AUT Copyright app.

As well as strengthening the capabilities of other staff members, Library staff are also committed to their own development. This has involved professional development in a range of topics including biculturalism, copyright and open access technologies, the Green Impact challenge and sustainability issues, metrics and measures of performance, and user-experience methodologies.

MAKING GREAT SPACES AND PLACES

AUT Directions states that we will provide attractive and functional campuses, and create inspiring work and learning environments. We took some important steps towards this aim in 2019, with approval for a large-scale development at North Campus, steady progress on a student accommodation building, and closures of older facilities at City Campus.

After several years of planning, Council approved funding for the A1 Building at North Campus. The new building will provide modern learning spaces, staff accommodation, social and collaborative learning spaces, and a new student hub and café. It will link through to the Library, and provide a much-needed central focus point for the campus. A1 is expected to be ready for occupation in 2022.

Construction continues on a student accommodation building at City Campus, in time for occupation in 2021. The building will accommodate 700 additional students along with campus recreation facilities and some staff offices. This will allow us to continue attracting more international students, in line with our *AUT Directions* goals.

Also at City Campus, we were able to take advantage of additional space created by Ngā Wai Hono, and close three floors in the WD and the WW buildings. This reflects the University's desire to provide more modern, fit-for-purpose learning environments for both students and staff. It also reduces the significant maintenance costs associated with these older, sub-standard facilities. Our building projects have a high focus on sustainability, which leads to significant energy savings. More modern building management systems, occupancy sensors, automated processes and fit-for-purpose learning environments contribute to a significant reduction in the University's carbon footprint.

AUT had a total land area of 29.8 hectares and 243,237m² in buildings in 2019. The land area remains the same as in 2018, while the buildings have increased from 234,250m², due to the inclusion of several floors in the WO building. These are all dedicated to carparks and were not previously included in calculations of our total space. The combined net book value of all land and buildings owned by the University is \$914 million.



Architects rendering
of the new A1 building



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2019

		University			Consolidated		
	Note	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
REVENUE							
Government grants	2	184,175	172,910	170,218	184,175	172,910	170,218
Student-derived revenue	2	193,928	179,287	180,397	193,928	179,287	180,397
Research revenue	2	17,062	13,699	15,854	17,062	13,699	15,854
Other revenue	2	33,656	35,646	36,310	35,626	36,568	37,113
Total revenue		428,821	401,542	402,779	430,791	402,464	403,582
EXPENSES							
Personnel costs	3	247,878	237,832	239,092	247,878	237,832	239,092
Supplies and other costs	4	107,106	89,581	93,126	108,076	90,298	93,503
Depreciation, amortisation and impairment	11, 12	53,001	54,412	48,780	53,001	54,412	48,780
Total expenses before finance costs		407,985	381,825	380,998	408,955	382,542	381,375
Operating surplus before finance costs		20,836	19,717	21,781	21,836	19,922	22,207
Finance costs	5	3,560	5,716	5,250	3,560	5,716	5,250
Operating surplus		17,276	14,001	16,531	18,276	14,206	16,957
Share of associate and joint venture’s surplus/ (deficit)	10	-	-	-	(1,067)	(1,078)	628
NET SURPLUS		17,276	14,001	16,531	17,209	13,128	17,585

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2019

	Note	University			Consolidated		
		2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
Net surplus		17,276	14,001	16,531	17,209	13,128	17,585
OTHER COMPREHENSIVE REVENUE AND EXPENSE							
Items that may be reclassified subsequently to surplus/(deficit)							
Net gain/(loss) on other financial assets at fair value through other comprehensive revenue and expense	20	-	-	(1)	485	-	(654)
Reclassification to surplus/(deficit) on derecognition of other financial assets	20	-	-	40	-	-	40
Net gain/(loss) on cash flow hedges	20	(719)	-	(564)	(719)	-	(564)
Item that will not be reclassified to surplus/(deficit)							
Net gain on asset revaluations	20	81,621	-	30,298	81,621	-	30,298
Share of other comprehensive revenue of joint venture	10, 20	-	-	-	8,147	-	-
Total other comprehensive revenue and expense		80,902	-	29,773	89,534	-	29,120
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		98,178	14,001	46,304	106,743	13,128	46,705

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

As at 31 December 2019		University			Consolidated		
		2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
Note							
CURRENT ASSETS							
Cash and cash equivalents	6	679	9,486	705	3,335	11,717	2,850
Receivables	7	40,329	46,546	58,291	40,731	46,626	58,355
Other financial assets	8	10,906	-	-	11,706	600	500
Inventories		132	108	135	132	108	135
Prepayments		5,992	2,305	2,887	5,998	2,305	2,896
Derivative financial instruments	18	-	-	102	-	-	102
Total current assets		58,038	58,445	62,120	61,902	61,356	64,838
NON-CURRENT ASSETS							
Investment in subsidiaries	9	1,675	100	1,675	-	-	-
Investments accounted for using the equity method	10	23,528	23,528	23,528	52,599	43,380	45,519
Other financial assets	8	91	192	191	3,064	2,498	2,117
Property, plant and equipment	11	975,908	878,009	906,080	975,908	878,009	906,080
Intangible assets	12	8,971	15,445	15,939	8,971	15,445	15,939
Total non-current assets		1,010,173	917,274	947,413	1,040,542	939,332	969,655
TOTAL ASSETS		1,068,211	975,719	1,009,533	1,102,444	1,000,688	1,034,493
CURRENT LIABILITIES							
Payables	13	54,481	50,426	61,907	55,516	51,171	62,391
Deferred revenue	14	92,668	76,758	94,235	92,825	76,758	94,235
Employee entitlements	15	16,105	12,682	15,570	16,105	12,682	15,570
Provisions	16	-	34	42	-	34	42
Finance lease borrowings	17	6,140	5,565	5,565	6,140	5,565	5,565
Derivative financial instruments	18	492	101	124	492	101	124
Total current liabilities		169,886	145,566	177,443	171,078	146,311	177,927
NON-CURRENT LIABILITIES							
Borrowings	19	96,900	147,515	130,100	96,900	147,515	130,100
Employee entitlements	15	11,584	9,002	9,832	11,584	9,002	9,832
Provisions	16	3,639	2,727	2,978	3,639	2,727	2,978
Finance lease borrowings	17	13,404	15,884	14,941	13,404	15,884	14,941
Derivative financial instruments	18	1,442	971	1,061	1,442	971	1,061
Total non-current liabilities		126,969	176,099	158,912	126,969	176,099	158,912
TOTAL LIABILITIES		296,855	321,665	336,355	298,047	322,410	336,839
EQUITY							
General equity	20	379,101	371,889	361,825	403,372	395,962	386,163
Revaluation reserves	20	392,255	282,165	311,353	401,025	282,316	311,491
Total equity		771,356	654,054	673,178	804,397	678,278	697,654
TOTAL LIABILITIES and EQUITY		1,068,211	975,719	1,009,533	1,102,444	1,000,688	1,034,493

Explanations of major variances against budget are provided in Note 31. The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	University			Consolidated		
		2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
Total equity at the beginning of the year		673,178	640,053	625,299	697,654	665,150	648,941
COMPREHENSIVE REVENUE							
Net surplus		17,276	14,001	16,531	17,209	13,128	17,585
Other comprehensive revenue		80,902	-	29,773	89,534	-	29,120
Total comprehensive revenue		98,178	14,001	46,304	106,743	13,128	46,705
OTHER EQUITY MOVEMENTS							
Equity interest transferred to subsidiary		-	-	1,575	-	-	1,575
Share of joint venture's net asset changes	10	-	-	-	-	-	433
Total other equity movements		-	-	1,575	-	-	2,008
TOTAL EQUITY AT THE END OF THE YEAR		771,356	654,054	673,178	804,397	678,278	697,654

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

		University		Consolidated			
	Note	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from government grants		184,175	172,802	170,218	184,175	172,802	170,218
Receipts from student-derived revenue		211,371	186,287	182,472	211,371	186,287	182,472
Receipts from service activities		43,107	38,797	38,367	43,929	40,371	38,820
Interest received		36	203	201	61	229	202
Dividend received		11	–	13	11	–	13
Receipts from other revenue		9,084	10,065	9,953	9,335	10,834	10,076
Payments to employees		(245,294)	(246,045)	(243,071)	(245,294)	(246,045)	(243,071)
Payments to suppliers		(104,851)	(89,923)	(86,755)	(105,126)	(92,076)	(87,173)
Interest paid		(3,560)	(5,309)	(5,250)	(3,560)	(5,309)	(5,250)
Net GST received/(paid)		(44)	2,729	2,686	(56)	2,699	2,674
NET CASH FLOW FROM OPERATING ACTIVITIES		94,035	69,606	68,834	94,846	69,792	68,981
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of property, plant and equipment		85	–	7,340	85	–	7,340
Purchases of property, plant and equipment		(40,612)	(54,463)	(55,515)	(40,612)	(54,463)	(55,515)
Purchases of intangible assets		(2,844)	(5,737)	(1,657)	(2,844)	(5,737)	(1,657)
Receipt on maturity/(placement) of short-term investments		(10,906)	–	–	(11,206)	–	303
NET CASH FLOW FROM INVESTING ACTIVITIES		(54,277)	(60,200)	(49,832)	(54,577)	(60,200)	(49,529)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from/(repayment of) borrowings		(33,200)	(8,209)	(11,450)	(33,200)	(8,209)	(11,450)
Proceeds from/(repayment of) finance lease		(6,584)	(1,057)	(7,148)	(6,584)	(1,057)	(7,148)
NET CASH FLOW FROM FINANCING ACTIVITIES		(39,784)	(9,266)	(18,598)	(39,784)	(9,266)	(18,598)
Net increase/(decrease) in cash and cash equivalents		(26)	140	404	485	326	854
Cash and cash equivalents at beginning of the year		705	9,346	301	2,850	11,391	1,996
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	679	9,486	705	3,335	11,717	2,850

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2019

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
NET SURPLUS FROM OPERATIONS	17,276	16,531	17,209	17,585
ADJUSTMENTS FOR ITEMS NOT INVOLVING CASH				
Depreciation, amortisation and impairment	53,001	48,780	53,001	48,780
Increase/(decrease) in employee entitlements – term portion	1,752	83	1,752	83
Increase/(decrease) in reinstatement provision	619	557	619	557
Net (gain)/loss on foreign currency translation	(405)	(190)	(405)	(190)
Net (gain)/loss on foreign exchange derivatives	131	(118)	131	(118)
Net (gain)/loss on financial assets	100	–	(293)	(212)
Other non-cash items	4,323	5,723	4,323	5,723
Share of associate and joint venture's (surplus)/deficit	–	–	1,067	(628)
TOTAL ITEMS NOT INVOLVING CASH	59,521	54,835	60,195	53,995
MOVEMENTS IN WORKING CAPITAL				
(Increase)/decrease in receivables	17,962	(13,939)	17,503	(13,914)
(Increase)/decrease in prepayments	(3,105)	1,087	(3,105)	1,080
(Increase)/decrease in inventories	3	53	3	53
Increase/(decrease) in payables	3,327	6,787	3,990	6,702
Increase/(decrease) in deferred revenue	(1,567)	13,983	(1,567)	13,983
Increase/(decrease) in current employee entitlements	535	(7,443)	535	(7,443)
TOTAL MOVEMENTS IN WORKING CAPITAL	17,155	528	17,359	461
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING ACTIVITIES				
Net (gain)/loss on disposal of property, plant and equipment	83	(3,060)	83	(3,060)
TOTAL ITEMS CLASSIFIED AS INVESTING ACTIVITIES	83	(3,060)	83	(3,060)
NET CASH FLOWS FROM OPERATING ACTIVITIES	94,035	68,834	94,846	68,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

NOTE 1

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. The Financial Statements comprise Financial Statements for Auckland University of Technology (the University) as an individual entity, and for the consolidated entity consisting of the University, its subsidiaries, interest in associate and joint venture interests (the Consolidated Group).

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 relevant legislation governing the University's operations includes the Crown Entities Act 2004 and the Education Act 1989. The primary objective of the University is to provide tertiary education and research services for the benefit of the community rather than making a financial return. For the purposes of financial reporting, the University and the Consolidated Group are considered to be Public Benefit Entities (PBE).

The Financial Statements of the University and the Consolidated Group for the year ended 31 December 2019 were authorised for issue by the Council of Auckland University of Technology on 6 April 2020.

BASIS OF PREPARATION

The Financial Statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The Financial Statements of the University and the Consolidated 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, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Financial Statements have been prepared to comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) for a Tier 1 entity.

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 significant accounting policies. These include the revaluation of financial assets and liabilities (including derivative instruments) at fair value through other comprehensive revenue and expense 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.

Standards issued and not yet effective and not early adopted

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

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

The main changes compared to PBE IPSAS 29 that are relevant to the University are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

The University and the Consolidated Group intend to adopt PBE IPSAS 41 for the 31 December 2022 financial year. The University and the Consolidated Group have not yet assessed in detail the impact of the new standard.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The University and the Consolidated Group do not intend to early adopt the amendment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The University and the Consolidated Group have not yet determined how application of PBE FRS 48 will affect its statement of service performance.

NOTE 1

STATEMENT OF ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the University, its subsidiaries, interest in an associate and joint venture interests. The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the Consolidated Group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the University obtains control of the entity and ceases when the University loses control of the entity.

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 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 surplus or deficit.

Goods and Services Tax (GST)

Auckland University of Technology is a GST-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 receivables and payables, 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 receivables or payables in the Statement of Financial Position.

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.

Income tax

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.

Budget figures

The University budget figures are those approved by the Council of the Auckland University of Technology before the beginning of each financial year. The consolidated group budget figures have been compiled from the Council-approved University Budget figures and the budgets of each subsidiary. They have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council in preparing these Financial Statements.

Critical accounting estimates and assumptions

In preparing these Financial Statements, the University and the Consolidated 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 of 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:

- Other financial assets – see note 8
- Revaluation of land and buildings – see note 11
- Depreciation and amortisation – see note 11 and note 12
- Long service leave and retirement leave – see note 15
- Research and study leave – see note 15
- Reinstatement provision – see note 16

Critical judgements in applying accounting policies

The University has made the following critical judgements in applying accounting policies:

- Research revenue recognition – see note 2
- Crown-owned land and buildings – see note 11
- Research and study leave – see note 15

NOTE 2

REVENUE

2(i) GOVERNMENT GRANTS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Student Achievement Component (SAC) Funding	158,591	149,510	158,591	149,510
Performance Based Research Funding (PBRF) – Note (a)	19,908	15,203	19,908	15,203
Mangere Refugee Centre	2,209	2,158	2,209	2,158
Tertiary students with disabilities	464	455	464	455
Māori and Pacific Peoples	1,266	1,221	1,266	1,221
Early childhood education centre – Note (b)	431	428	431	428
Other Government funding (excl. research contracts)	1,306	1,243	1,306	1,243
TOTAL GOVERNMENT GRANTS	184,175	170,218	184,175	170,218

Fees-free funding previously reported as Government grants has been reclassified to student-derived revenue in Note 2 (ii) to conform with the current year's presentation of funding, where fees-free is considered part of tuition fees.

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Provisional PBRF received	19,910	15,217	19,910	15,217
Prior year PBRF final wash-up	(2)	(14)	(2)	(14)
TOTAL PBRF	19,908	15,203	19,908	15,203

NOTE (a): PBRF

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
NOTE (b): Early childhood education centre				
Revenue				
Early childhood education funding	431	428	431	428
Other revenue *	304	310	304	310
Total revenue	735	738	735	738
Expenditure				
Operating expenses	712	722	712	722
Total expenditure	712	722	712	722
NET SURPLUS	23	16	23	16

*Other revenue represents early childhood education fees received from parents and is reflected as part of the trading revenue in Note 2(iv).

NOTE 2

REVENUE (continued)

2(ii) STUDENT-DERIVED REVENUE

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Domestic student tuition fees	69,137	66,557	69,137	66,557
Fees-free funding	20,156	20,652	20,156	20,652
International student tuition fees	92,893	81,602	92,893	81,602
Compulsory student service fees	10,498	10,428	10,498	10,428
Other student-related fees	1,244	1,158	1,244	1,158
TOTAL STUDENT-DERIVED REVENUE	193,928	180,397	193,928	180,397

2(iii) RESEARCH REVENUE

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Research revenue received	17,210	15,821	17,210	15,821
Movement in research revenue carried forward	(148)	33	(148)	33
TOTAL RESEARCH REVENUE	17,062	15,854	17,062	15,854

2(iv) OTHER REVENUE

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Trading revenue	18,082	18,387	18,082	18,387
Student accommodation revenue	5,719	5,641	5,719	5,641
Interest revenue	36	201	62	222
Dividend revenue	11	13	11	13
Net gain on foreign exchange derivatives	-	118	-	118
Net foreign exchange gains	405	190	403	190
Gain on disposal of property plant and equipment	-	3,060	-	3,060
Other operating revenue	9,369	8,643	11,315	9,425
Donations received	34	57	34	57
TOTAL OTHER REVENUE	33,656	36,310	35,626	37,113

NOTE 2

REVENUE (continued)

ACCOUNTING POLICY

Revenue is measured at fair value. The University recognises revenue from individual categories of transactions as follows:

Student Achievement Component (SAC) funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange in nature and thus recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

Fees-free funding

Fees-free funding from TEC is considered to be non-exchange in nature and is recognised as revenue when the course withdrawal date for an eligible student has passed. The University has presented funding received for fees-free as part of tuition fees. This is on the basis that receipts from the TEC are for payment on behalf of the student as specified in the relevant funding mechanism.

Domestic student tuition fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange in nature. Revenue is thus recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees

International student tuition fees are treated as exchange transactions, and 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.

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion

is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

Donations, bequests, and pledges

Donations and bequests are recognised as revenue when the right to receive the fund or asset has been established, unless there is an obligation in substance to return the funds if conditions of the donation or bequest are not met. If there is such an obligation, they are initially recorded as revenue in advance when received and recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

Trading revenue

Trading revenue includes revenue from the sales of goods and services, which is recognised when the product is sold to the customer, or the service provided.

Student accommodation services

Revenue from the provision of student accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used as a proportion of the total accommodation days contracted for with the individual.

Interest and dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment. Dividends are recognised when the right to receive payment has been established.

NOTE 2

REVENUE (continued)

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Research revenue

The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In making its judgement, the University considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a general research funding pool.
- Nature of the funder.
- Specificity of the research brief or contract.

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

NOTE 3

PERSONNEL COSTS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
ACADEMIC				
Salaries and wages	128,114	124,607	128,114	124,607
Defined contribution plan employer contributions	3,479	3,381	3,479	3,381
Movement in employee entitlements	1,915	(105)	1,915	(105)
Other staff-related costs	6,000	6,210	6,000	6,210
	139,508	134,093	139,508	134,093
ADMINISTRATION				
Salaries and wages	98,236	95,821	98,236	95,821
Defined contribution plan employer contributions	2,675	2,606	2,675	2,606
Movement in employee entitlements	(37)	(135)	(37)	(135)
Other staff-related costs	7,496	6,707	7,496	6,707
	108,370	104,999	108,370	104,999
TOTAL PERSONNEL COSTS	247,878	239,092	247,878	239,092

ACCOUNTING POLICY

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver and two of the National Provident Fund (NPF) Superannuation schemes, namely the Lump Sum National Scheme and the Pension National Scheme, are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit 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, employer contributions to the GSF scheme are accounted for as a defined contribution scheme.

NOTE 4

SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Faculty costs	38,239	33,285	38,239	33,285
Occupancy/property costs	16,590	15,657	16,590	15,657
Operating lease costs – buildings	9,584	9,707	9,584	9,707
Operating lease costs – equipment	1,117	699	1,117	699
Administration expenses	20,125	17,741	20,125	17,741
Fees to principal auditor:				
Financial Statements audit (*)	218	196	233	211
Performance Based Research Fund audit	20	11	20	11
Provision for impairment of receivables:				
Change in provision for impairment of receivables	768	(51)	768	(51)
Uncollectible receivables written off	674	311	674	311
Councillors' fees (Note 22)	245	245	245	245
Net loss on foreign exchange derivatives	131	–	131	–
Net foreign exchange losses	–	–	–	–
Loss on disposal of property plant and equipment	83	–	83	–
Other operating costs	19,312	15,325	20,267	15,687
TOTAL SUPPLIES AND OTHER COSTS	107,106	93,126	108,076	93,503

*Includes audit fees of \$10,570 (2018: \$10,570) for Auckland University of Technology Foundation paid on its behalf by Auckland University of Technology.

Operating lease commitments as lessee

Auckland University of Technology leases property, plant and equipment in the normal course of its business. Most of these leases have a non-cancellable term of 36 months. The commitments for future aggregate minimum lease payments, in relation to non-cancellable operating leases contracted at the balance date but not recognised as liabilities, are as follows:

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Not later than one year	5,764	6,237	5,764	6,237
Later than one year and not later than five years	16,716	21,816	16,716	21,816
Later than five years	–	1,823	–	1,823
TOTAL NON-CANCELLABLE OPERATING LEASES	22,480	29,876	22,480	29,876

The University leases 24,800 square metres (2018: 25,103 square metres) of office space in Auckland for teaching, research and administrative purposes. Most of these leases can be renewed at the University's option, with rents set by reference to current market rates for items of equivalent age and condition.

Other contractual commitments

AUT has an agreement with Pramoja Investments Limited (operating as Cedar Investments NZ Limited). Under the terms of the agreement, Cedar Investments NZ Limited purchased a parcel of land on the corner of Wakefield Street and Mayoral Drive and has begun the construction of a student accommodation facility, three additional floors of leasable

educational support spaces, a gym & recreational centre and retail space. Upon completion of the facility, the Development Agreement requires the University to enter into an operating lease for the educational, retail and recreational spaces for a term of 15 years with a right of renewal for a further 15 years.

NOTE 4

SUPPLIES AND OTHER COSTS (continued)

The operating lease commitments figures relating to this non-cancellable lease have not been included in the table above on the basis that the lease has yet to be finalised and executed by either party meaning there is insufficient financial information available to reliably calculate the lease commitments at year-end.

ACCOUNTING POLICY

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

NOTE 5

FINANCE COSTS

Interest on bank borrowings

Interest on finance leases

TOTAL FINANCE COSTS

University		Consolidated	
2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
2,538	4,203	2,538	4,203
1,022	1,047	1,022	1,047
3,560	5,250	3,560	5,250

ACCOUNTING POLICY

Borrowing costs are expensed in the financial year in which they are incurred.

NOTE 6

CASH AND CASH EQUIVALENTS

Cash at bank and on hand

TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS

University		Consolidated	
2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
679	705	3,335	2,850
679	705	3,335	2,850

The carrying value of cash at bank and short-term deposits with maturity dates of three months or less approximates their fair value.

The weighted average effective interest rate for cash and cash equivalents was 1.07% (2018: 0.67%).

Financial assets recognised in a non-exchange transaction that are subject to restrictions

The cash and cash equivalents balance of the Consolidated Group includes an amount of \$1.79 million (2018: \$1.52 million) that relates to unspent funds received that are subject to restrictions. These unspent funds relate to donations and

bequests received by the Auckland University of Technology Foundation. The restrictions generally specify how the funds are required to be used for specified purposes as outlined by donors.

ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position.

NOTE 7

RECEIVABLES

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Trade receivables	1,984	4,147	2,489	4,210
Less: provision for impairment	(763)	(820)	(763)	(820)
	1,221	3,327	1,726	3,390
Student fee receivables	38,709	52,492	38,709	52,492
Less: provision for impairment	(1,055)	(230)	(1,055)	(230)
	37,654	52,262	37,654	52,262
Other receivables	507	275	507	276
Accrued revenue	732	648	732	648
Tertiary Education Commission	-	1,727	-	1,727
Related parties	215	52	112	52
TOTAL RECEIVABLES	40,329	58,291	40,731	58,355

Student fee receivables are non-interest bearing and are generally paid in full by the course start date. Therefore, their carrying value approximates their fair value.

Trade receivables and other receivables are non-interest bearing and are generally settled on 30-day terms. Therefore, the carrying value of other receivables approximates their fair value.

Movements in the provision for uncollectability of trade receivables and student receivables are as follows:

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
TRADE RECEIVABLES				
Opening provisions	820	776	820	776
Provisions made/ (reversed) during the year	101	108	101	108
Trade receivables written-off during the year	(158)	(64)	(158)	(64)
CLOSING PROVISIONS FOR IMPAIRMENT OF TRADE RECEIVABLES	763	820	763	820

STUDENT FEE RECEIVABLES

Opening provisions	230	325	230	325
Provisions made/ (reversed) during the year	1,341	152	1,341	152
Student fee receivables written-off during the year	(516)	(247)	(516)	(247)
CLOSING PROVISIONS FOR IMPAIRMENT OF STUDENT FEE RECEIVABLES	1,055	230	1,055	230

NOTE 7

RECEIVABLES (continued)

The ageing profile of trade receivables and student receivables at the balance date is as follows:

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
TRADE RECEIVABLES						
2019 – Under 30 days	557	–	557	699	–	699
31 – 60 days	676	(120)	556	848	(120)	728
61 – 90 days	259	(151)	108	325	(151)	174
Over 90 days	492	(492)	–	617	(492)	125
Total trade receivables	1,984	(763)	1,221	2,489	(763)	1,726
2018 – Under 30 days	2,646	–	2,646	2,687	–	2,687
31 – 60 days	442	–	442	448	–	448
61 – 90 days	210	(123)	87	213	(123)	90
Over 90 days	849	(697)	152	862	(697)	165
Total trade receivables	4,147	(820)	3,327	4,210	(820)	3,390
STUDENT FEE RECEIVABLES						
2019 – Under 30 days	36,843	–	36,843	36,843	–	36,843
31 – 60 days	271	(38)	233	271	(38)	233
61 – 90 days	116	(17)	99	116	(17)	99
Over 90 days	1,479	(1,000)	479	1,479	(1,000)	479
Total student fee receivables	38,709	(1,055)	37,654	38,709	(1,055)	37,654
2018 – Under 30 days	50,891	–	50,891	50,891	–	50,891
31 – 60 days	147	(5)	142	147	(5)	142
61 – 90 days	105	(4)	101	105	(4)	101
Over 90 days	1,349	(221)	1,128	1,349	(221)	1,128
Total student fee receivables	52,492	(230)	52,262	52,492	(230)	52,262

All receivables greater than 30 days in age are considered to be past due. There are no provisions for impairment of other receivables and no amounts are overdue.

Due to the large number of student fee receivables, the impairment assessment is performed on a collective basis, based on an analysis of past collection history and debt write-offs.

ACCOUNTING POLICY

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 on-going 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 payment.

NOTE 8

OTHER FINANCIAL ASSETS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
CURRENT PORTION				
Term deposits with maturities greater than 3 months	10,906	–	11,706	500
	10,906	–	11,706	500
NON-CURRENT PORTION				
Unlisted shares (at cost, less impairment)	91	191	91	191
Unlisted shares held by subsidiaries	–	–	2,973	1,926
	91	191	3,064	2,117
TOTAL OTHER FINANCIAL ASSETS	10,997	191	14,770	2,617

UNLISTED SHARES

Unlisted shares held by the University are carried at cost less any impairment as either the fair value of unlisted shares cannot be reliably determined using a standardised valuation technique or due to cost not being materially different to fair value. There is currently no intention to dispose of these investments.

Unlisted shares held by subsidiaries are carried at fair value. The fair value of these shares is determined based on the most recent price of the equity investment. Adjustments are made to the most recent price of investment when there is evidence of events subsequent to that investment that have affected the value of the company.

IMPAIRMENT

There are no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

ACCOUNTING POLICY

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

TERM DEPOSITS

Term deposits are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance.

EQUITY INVESTMENTS

Equity investments are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred from equity to the surplus or deficit.

Impairment losses on equity investments recognised in the surplus or deficit are not reversed through the surplus or deficit.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably determined using a standardised valuation technique are carried at cost less impairment.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Unlisted equity investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted equity, there can be no assurance that a determination of fair value for an unlisted equity will be obtainable in the market, or that there will be a market for the unlisted equity.

NOTE 9

INVESTMENT IN SUBSIDIARIES

Name of entity	Country of incorporation/ operation	Nature of business	Ownership interest	
			2019	2018
Auckland University of Technology Foundation	New Zealand	To receive donations and endowments that are used to promote and support academic excellence at the University	100%	100%
AUT Ventures Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

University

2019 Actual \$000s	2018 Actual \$000s
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INVESTMENT IN SUBSIDIARIES

Auckland University of Technology Foundation	-	-
AUT Ventures Limited	1,675	1,675
TOTAL INVESTMENT IN SUBSIDIARIES	1,675	1,675

All subsidiaries have a balance date of 31 December.

ACCOUNTING POLICY

The University consolidates in the consolidated financial statements those entities it controls. Control exists where the University is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity.

Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the University. Investments in subsidiaries are measured at cost in the University's financial statements.

NOTE 10**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Investment in associate	5,000	5,000	8,986	9,149
Investment in joint venture	18,528	18,528	43,613	36,370
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	23,528	23,528	52,599	45,519

INVESTMENT IN ASSOCIATE

The University has a 15% (2018: 15%) interest in an associate, Waterfront Theatre Limited, which develops, owns and manages the ASB Waterfront Theatre. Waterfront Theatre Limited is domiciled and operates in New Zealand. The consolidated group's interest in Waterfront Theatre Limited is measured using the equity method of accounting in the consolidated financial statements, reflecting the significant influence the University has with a representative on the Board of Directors of Waterfront Theatre Limited.

**Summarised financial information of the Consolidated Group's
investment in Waterfront Theatre Limited:**

	Consolidated	
	2019 Actual \$000s	2018 Actual \$000s
Current assets	280	124
Non-current assets	31,729	32,928
Current liabilities	(476)	(433)
Non-current liabilities	-	-
Net assets	31,533	32,619
Share of associate's net assets	4,730	4,893
Revenue	435	431
Net surplus/(deficit)	(1,084)	(171)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	(1,084)	(171)
Share of associate's net surplus/(deficit)	(163)	(26)

**RECONCILIATION OF CARRYING AMOUNT OF
INVESTMENT IN ASSOCIATE:**

Balance at the beginning of the year	9,149	9,175
Share of associate's net surplus/(deficit)	(163)	(26)
CARRYING AMOUNT AT THE END OF THE YEAR	8,986	9,149

The associate had no contingent liabilities or capital commitments as at 31 December 2019 (2018: Nil).

NOTE 10

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

INVESTMENT IN JOINT VENTURE

The University has a 50% (2018: 50%) interest in AUT/Millennium Ownership Trust, a joint venture established by the University 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 is domiciled and operates in New Zealand.

Summarised financial information of the Consolidated Group's investment in AUT/Millennium Ownership Trust:

	Consolidated	
	2019 Actual \$000s	2018 Actual \$000s
Current assets	2,471	2,254
Non-current assets	86,612	72,143
Current liabilities	(1,150)	(949)
Non-current liabilities	(372)	(372)
Net assets	87,561	73,076
Share of joint venture's net assets	43,781	36,538
Revenue	9,774	12,528
Net surplus/(deficit)	(1,808)	1,308
Other comprehensive revenue and expense	16,293	-
Total comprehensive revenue and expense	14,485	1,308
Share of joint venture's net surplus/(deficit)	(904)	654
Share of joint venture's other comprehensive revenue/(expense)	8,147	-
RECONCILIATION OF CARRYING AMOUNT OF INVESTMENT IN JOINT VENTURE:		
Balance at the beginning of the year	36,370	35,283
Share of joint venture's net surplus/(deficit)	(904)	654
Share of joint venture's other comprehensive revenue/(expense)	8,147	-
Share of joint venture's net asset changes	-	433
CARRYING AMOUNT AT THE END OF THE YEAR	43,613	36,370

The joint venture had no contingent liabilities or capital commitments as at 31 December 2019 (2018: Nil).

NOTE 10

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

ACCOUNTING POLICY

Associate

An associate is an entity over which the University has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investment in associate is measured at cost in the University's financial statements. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investment in joint ventures is measured at cost in the University's financial statements. Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

Equity method of accounting in consolidated financial statements

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the consolidated group's share of the change in net assets of the entity after the date of acquisition. The consolidated group's share of the surplus or deficit is recognised in the consolidated group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the consolidated financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the consolidated group discontinues recognising its share of further deficits. After the consolidated group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the consolidated group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the consolidated group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

NOTE 11

PROPERTY, PLANT & EQUIPMENT

2019 – University / Consolidated

	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2019	Additions / reclassifications	Revaluation movements	Disposals	Balance at 31 Dec 2019	Balance at 1 Jan 2019	Depreciation	Disposals/ eliminated on revaluation	Impairment losses / reclassifications	Balance at 31 Dec 2019
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
AUT-OWNED ASSETS										
Land	119,731	56,039	8,850	-	184,620	-	-	-	-	119,731
Buildings	561,251	29,680	18,259	-	609,190	30,263	17,231	(49,745)	2,251	530,988
Library collection	69,079	4,531	-	-	73,610	57,646	7,991	-	-	11,433
Computers and electronic equipment	24,895	2,269	-	(100)	27,064	24,119	1,410	(100)	-	776
Furniture and fittings	21,153	(515)	-	(562)	20,076	16,467	1,302	(561)	-	4,686
Leasehold improvements	25,337	819	-	-	26,156	19,686	2,357	-	-	5,651
Motor vehicles	959	88	-	(69)	978	683	66	(54)	-	276
Office equipment	2,509	-	-	(21)	2,488	2,495	8	(21)	-	14
Plant and equipment	56,715	3,699	-	(1,668)	58,746	33,499	5,859	(1,513)	225	23,216
Specialty electronics	2,544	-	-	-	2,544	2,140	129	-	-	404
Works of art	427	-	-	-	427	-	-	-	-	427
WIP – buildings	8,466	8,325	-	-	16,791	-	-	-	-	8,466
WIP – others	4,263	3,785	-	-	8,048	-	-	-	-	4,263
TOTAL AUT-OWNED ASSETS	897,329	108,720	27,109	(2,420)	1,030,738	186,998	36,353	(51,994)	2,476	710,331
CROWN-OWNED LAND AND BUILDINGS										
Land	135,557	(56,039)	3,390	-	82,908	-	-	-	-	135,557
Buildings	46,697	(25,722)	(78)	-	20,897	2,302	1,404	(1,455)	(2,251)	44,395
TOTAL CROWN-OWNED LAND & BUILDINGS	182,254	(81,761)	3,312	-	103,805	2,302	1,404	(1,455)	(2,251)	179,952
ASSETS UNDER FINANCE LEASES										
Computers and electronic equipment	14,497	5,623	-	(6,061)	14,059	8,265	4,649	(6,061)	-	6,232
Buildings	32,505	-	-	-	32,505	22,940	1,573	-	-	9,565
TOTAL ASSETS UNDER FINANCE LEASES	47,002	5,623	-	(6,061)	46,564	31,205	6,222	(6,061)	-	15,797
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,126,585	32,582	30,421	(8,481)	1,181,107	220,505	43,979	(59,510)	225	906,080
										975,908

NOTE 11
PROPERTY, PLANT & EQUIPMENT (continued)

2020-2018 – University / Consolidated							
	Balance at 1 Jan 2018	Additions / reclassifications	Revaluation movements	Disposals	Balance at 31 Dec 2018	Balance at 1 Jan 2018	Balance at 31 Dec 2018
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
AUT-OWNED ASSETS							
Land	109,990	-	9,741	-	119,731	109,990	119,731
Buildings	443,243	119,599	-	(1,591)	561,251	426,596	530,988
Library collection	63,236	5,843	-	-	69,079	13,164	11,433
Computers and electronic equipment	24,962	155	-	(222)	24,895	1,997	776
Furniture and fittings	20,702	2,810	-	(2,359)	21,153	3,513	4,686
Leasehold improvements	25,101	335	-	(99)	25,337	7,565	5,651
Motor vehicles	1,057	-	-	(98)	959	383	276
Office equipment	2,536	(4)	-	(23)	2,509	27	14
Plant and equipment	49,968	7,010	-	(263)	56,715	21,821	23,216
Specialty electronics	2,546	-	-	(2)	2,544	534	404
Works of art	410	17	-	-	427	410	427
WIP – buildings	105,724	(97,258)	-	-	8,466	105,724	8,466
WIP – others	3,480	783	-	-	4,263	3,480	4,263
TOTAL AUT-OWNED ASSETS	852,955	39,290	9,741	(4,657)	897,329	695,204	710,331
CROWN-OWNED LAND AND BUILDINGS							
Land	115,000	-	20,557	-	135,557	115,000	135,557
Buildings	48,471	-	-	(1,774)	46,697	45,546	44,395
TOTAL CROWN-OWNED LAND & BUILDINGS	163,471	-	20,557	(1,774)	182,254	160,546	179,952
ASSETS UNDER FINANCE LEASES							
Computers and electronic equipment	15,808	3,243	-	(4,554)	14,497	8,401	6,232
Buildings	32,505	-	-	-	32,505	11,137	9,565
TOTAL ASSETS UNDER FINANCE LEASES	48,313	3,243	-	(4,554)	47,002	19,538	15,797
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,064,739	42,533	30,298	(10,985)	1,126,585	875,288	906,080

NOTE 11

PROPERTY, PLANT & EQUIPMENT (continued)

Assets under Finance leases

Note 17 provides further information about assets under finance leases.

Non-cash transactions

During the year the University acquired \$5.6 million of computers and electronic equipment under finance leases (2018: \$3.2 million).

Crown-owned land and buildings

On 23 July 2019, the Crown transferred legal ownership of the land and buildings on AUT North Campus to the University. A condition has been attached to the title of the land stating that

if the land is sold within five years from the date of transfer, the University shall pay 20% of the net proceeds to the Crown.

Restrictions on title

Under the Education Act 1989, the University is required to obtain consent from the Ministry of Education to dispose of land and buildings. For plant and equipment, there is an asset disposal limit formula, which provides a limit up to which a Tertiary Education Institution may dispose of plant and equipment without seeking the approval from the Ministry of Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

CAPITAL COMMITMENTS

The amount of contractual commitments for the acquisition of property, plant and equipment are as follows:

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
CAPITAL COMMITMENTS				
Buildings	5,075	3,183	5,075	3,183
Plant and equipment	1,311	139	1,311	139
TOTAL CAPITAL COMMITMENTS	6,386	3,322	6,386	3,322

ACCOUNTING POLICY

Property, plant, and equipment consists of eleven asset classes: land, buildings, library collection, computers and electronic equipment, furniture and fittings, leasehold improvements, motor vehicles, office equipment, plant and equipment, speciality electronics and works of art.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluations

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 an independent Registered Valuer to ensure that their carrying amounts do not differ materially from fair values. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values at the balance date. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

NOTE 11

PROPERTY, PLANT & EQUIPMENT (continued)

Depreciation

Property, plant and equipment is depreciated using the straight-line method (except for motor vehicles, which uses the diminishing value method) to allocate cost or revalued amount to residual value over their estimated useful lives, as follows:

Buildings	20 – 50 years straight-line
Library collection	4 – 5 years straight-line
Plant and equipment	5 – 20 years straight-line
Specialty electronics	6 years straight-line
Furniture and fittings	5 years straight-line
Leasehold improvements	5 years straight-line
Office equipment	5 years straight-line
Computers and electronic equipment	3 years straight-line
Motor vehicles	20% diminishing value

Land, works of art, and work in progress are not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general equity.

Work in progress

Work in progress is valued on the basis of expenditure incurred up to balance date. 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 is then depreciated.

Impairment of property, plant, and equipment

Property, plant, and equipment assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating the fair value of land and buildings

Revaluation of land and buildings

The University relies on the services of an independent Registered Valuer to assess the carrying values of land and buildings. In 2019, a full revaluation of land and buildings was completed as required every three years by AUT's Accounting Policy. The revaluation of land and buildings was performed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2019, to a fair value of \$898 million.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the unencumbered land value for campus land where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

All buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

NOTE 11

PROPERTY, PLANT & EQUIPMENT (continued)

Details of the land and buildings revaluation movements are as follows:

University/Consolidated	Net book value (before revaluation) \$000s	Revaluation movements \$000s	Accumulated depreciation eliminated \$000s	Net revaluation movements \$000s	Net book value (after revaluation) \$000s
AUT-owned land	175,770	8,850	–	8,850	184,620
AUT-owned buildings	541,186	18,259	49,745	68,004	609,190
Crown-owned land	79,518	3,390	–	3,390	82,908
Crown-owned buildings	19,520	(78)	1,455	1,377	20,897
TOTAL	815,994	30,421	51,200	81,621	897,615

Depreciation and amortisation

At each balance date, the University reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment 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 amount of an asset, therefore impacting on the depreciation recognised in the surplus or deficit, and on the carrying amount of the asset in the Statement of Financial Position.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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 Statement of Financial Position. The University considers that 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 thirty -three years from 1 November 1994 at nil rent, with rights of renewal for two further periods of thirty-three years each.

NOTE 12

INTANGIBLE ASSETS

2019 – University / Consolidated

	Cost				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2019 \$000s	Additions / reclassifications \$000s	Disposals \$000s	Balance at 31 Dec 2019 \$000s	Balance at 1 Jan 2019 \$000s	Amortisation \$000s	Disposals \$000s	Impairment losses \$000s	Balance at 31 Dec 2019 \$000s	Balance at 1 Jan 2019 \$000s
INTANGIBLE ASSETS										
Software	46,423	(461)	(138)	45,824	31,926	8,577	(138)	-	14,497	5,459
Programme development	795	140	-	935	302	220	-	-	493	413
WIP – software	949	2,150	-	3,099	-	-	-	-	949	3,099
TOTAL INTANGIBLE ASSETS	48,167	1,829	(138)	49,858	32,228	8,797	(138)	-	15,939	8,971

2018 – University / Consolidated

	Cost				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2018 \$000s	Additions / reclassifications \$000s	Disposals \$000s	Balance at 31 Dec 2018 \$000s	Balance at 1 Jan 2018 \$000s	Amortisation \$000s	Disposals \$000s	Impairment losses \$000s	Balance at 1 Jan 2018 \$000s	Balance at 31 Dec 2018 \$000s
INTANGIBLE ASSETS										
Software	43,719	2,723	(19)	46,423	25,243	6,701	(18)	-	18,476	14,497
Programme development	455	420	(80)	795	287	95	(80)	-	168	493
WIP – software	2,596	(1,647)	-	949	-	-	-	-	2,596	949
TOTAL INTANGIBLE ASSETS	46,770	1,496	(99)	48,167	25,530	6,796	(98)	-	21,240	15,939

NOTE 12

INTANGIBLE ASSETS (continued)

ACCOUNTING POLICY

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and to bring the software to use. 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 to seven 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 benefits, being three years.

Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details refer to the policy for impairment of property, plant, and equipment in Note 11. The same approach applies to the impairment of intangible assets.

NOTE 13

PAYABLES

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
PAYABLES UNDER EXCHANGE TRANSACTIONS				
Trade payables	4,300	19,931	4,351	19,955
Creditors accruals	26,728	19,387	27,733	19,855
Sundry creditors	4,014	6,376	4,014	6,376
PAYABLES UNDER NON-EXCHANGE TRANSACTIONS				
GST payable	9,939	9,983	9,918	9,975
Withholding tax payable	6,527	6,230	6,527	6,230
Tertiary Education Commission	2,973	–	2,973	–
TOTAL PAYABLES	54,481	61,907	55,516	62,391

ACCOUNTING POLICY

Payables are recorded at their face value.

NOTE 14

DEFERRED REVENUE

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Tuition fees received in advance	82,410	84,275	82,410	84,275
Research revenue received in advance	6,213	6,137	6,213	6,137
Other revenue received in advance	4,045	3,823	4,202	3,823
TOTAL DEFERRED REVENUE	92,668	94,235	92,825	94,235

ACCOUNTING POLICY

Deferred revenue from tuition fees includes both liabilities recognised for domestic student fees received for which the course withdrawal date has not yet passed and for international student fees, which is based on the percentage completion of the course.

Deferred revenue from research contracts includes both liabilities recognised for research funding with unsatisfied conditions (non-exchange contracts) and liabilities for exchange research funding received in excess of costs incurred to date on the required research.

NOTE 15

EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Annual leave	13,358	13,535	13,358	13,535
Sick leave	785	667	785	667
Other employee entitlements	1,962	1,368	1,962	1,368
Total employee entitlements – current	16,105	15,570	16,105	15,570
Long service leave	1,602	1,475	1,602	1,475
Retirement leave	1,561	1,466	1,561	1,466
Research and study leave	8,421	6,891	8,421	6,891
Total employee entitlements – non-current	11,584	9,832	11,584	9,832
TOTAL EMPLOYEE ENTITLEMENTS	27,689	25,402	27,689	25,402

NOTE 15

EMPLOYEE ENTITLEMENTS (continued)

ACCOUNTING POLICY

Short-term employee entitlements

Employee benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, sick leave and other employee entitlements.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, such as long service leave, retirement leave, and Research and Study leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Long service leave and retirement leave

The present values 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 1.65% (2018: 2.38%) and the salary inflation factor of 3.0 % (2018: 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.

Research and study leave

The University accrues the liability for research and study leave based on the following estimates and assumptions:

- Probability of eligible academic staff entitled to research and study leave in future period.
- Historical experience on the uptake of research and study leave by eligible academic staff.

Any changes in these estimates and assumptions will affect the carrying amount of the liability.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Research and study leave

Some academic staff are entitled to guaranteed research and study leave in certain circumstances. The substance of this leave is to enable staff to take leave from teaching duties in order to undertake research activity, whilst continuing to earn their salary and other employee entitlements. The University is of the view that guaranteed research and study leave is the value of the future benefit that academic staff have earned in return for their service in the current and prior periods. Accordingly, a liability has been recognised for such leave.

NOTE 16

PROVISIONS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
REINSTATEMENT PROVISION FOR LEASED BUILDINGS				
Opening balance	3,020	2,463	3,020	2,463
Provision made/(reversed) during the year	619	557	619	557
CLOSING BALANCE	3,639	3,020	3,639	3,020
COMPRISING				
Current	-	42	-	42
Non-current	3,639	2,978	3,639	2,978
TOTAL PROVISIONS	3,639	3,020	3,639	3,020

The reinstatement provision represents the University's estimated liability to reinstate leased buildings to their original state at the expiry of the lease terms.

ACCOUNTING POLICY

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.

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 surplus or deficit.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The reinstatement provision is calculated on the net present value of the estimated liability at lease expiry using a discount rate of 1.65% (2018: 2.38%).

NOTE 17

FINANCE LEASE BORROWINGS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Not later than one year	6,982	6,516	6,982	6,516
Later than one year and not later than five years	14,620	14,036	14,620	14,036
Later than five years	235	3,060	235	3,060
Total minimum lease payments	21,837	23,612	21,837	23,612
Future finance charges	(2,293)	(3,106)	(2,293)	(3,106)
PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS	19,544	20,506	19,544	20,506
PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS PAYABLE				
Not later than one year	6,140	5,565	6,140	5,565
Later than one year and not later than five years	13,170	11,991	13,170	11,991
Later than five years	234	2,950	234	2,950
TOTAL PRESENT VALUE OF MINIMUM LEASE PAYMENTS	19,544	20,506	19,544	20,506
COMPRISING				
Current	6,140	5,565	6,140	5,565
Non-current	13,404	14,941	13,404	14,941
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS	19,544	20,506	19,544	20,506

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 11.

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

The University leases approximately 14,082 square metres (2018: 14,082 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 11,486 computers and items of electronic equipment for teaching, research and administrative purposes (2018: 8,252).

ACCOUNTING POLICY

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 or 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 Statement of Financial Position 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 surplus or deficit 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.

NOTE 18

DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
CURRENT ASSET PORTION				
Forward foreign exchange contract – Non-hedges	-	102	-	102
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSET	-	102	-	102
CURRENT LIABILITY PORTION				
Forward foreign exchange contract – Non-hedges	30	-	30	-
Interest rate swap – cash flow hedges	462	124	462	124
Total current liability portion	492	124	492	124
NON-CURRENT LIABILITY PORTION				
Interest rate swap – Cash flow hedges	1,442	1,061	1,442	1,061
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	1,934	1,185	1,934	1,185

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 the outstanding interest rate swap contracts totalled \$109.5 million (2018: \$102 million). The fixed interest rates of interest rate swaps vary from 1.56% to 3.25%.

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$4.4 million (2018: \$3.2 million). The foreign currency principal amounts were US\$2.9 million (2018: US\$2.2 million).

ACCOUNTING POLICY

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 surplus or deficit. A cash flow hedge protects against the risk caused by variable prices, costs, rates or terms which cause uncertainty in the future.

NOTE 18

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 on-going 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 Revenue and Expense, within the Statement of Other Comprehensive Revenue and Expense and the ineffective portion is recognised immediately in the surplus or deficit as part of the finance costs.

The gain or loss accumulated in equity is recognised in the surplus or deficit 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 surplus or deficit.

NOTE 19

BORROWINGS

On 29 September 2015, Auckland University of Technology entered into two separate revolving advances facility agreements (and the accompanying negative pledge deeds): one with the ANZ Bank New Zealand Limited and one with Westpac New Zealand Limited. These facilities have a final maturity date of 31 January 2020.

As at 31 December 2019, the University has revolving advances facilities for a total amount of \$213 million (2018: \$203 million), and \$97 million (2018: \$130 million) had been drawn down on these facilities. The University has complied with all the covenants under these facilities during the financial year.

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Opening balance	130,100	141,550	130,100	141,550
Net borrowings / (repayments)	(33,200)	(11,450)	(33,200)	(11,450)
CLOSING BALANCE	96,900	130,100	96,900	130,100
COMPRISING				
Current	-	-	-	-
Non-current	96,900	130,100	96,900	130,100
TOTAL BORROWINGS	96,900	130,100	96,900	130,100

The University 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 2.61% (2018: 2.75%).

On 4 December 2019, the University entered into three separate revolving advances facility agreements (and the accompanying negative pledge deeds) with the following banks.

Name of Bank	Facility Limit	Final Maturity Date
ANZ Bank New Zealand Limited	\$55 million	31 January 2025
Industrial and Commercial Bank of China (New Zealand) Limited	\$55 million	31 January 2027
Westpac New Zealand Limited	\$110 million	31 January 2025

NOTE 19

BORROWINGS (continued)

These facilities have been established in accordance with the conditions of the Consent to Borrow granted by the Secretary for Education, under Section 192 (4)(d) and (7) of the Education Act 1989. These are unsecured facilities with a negative pledge arrangement that imposes certain covenants on the University.

FAIR VALUE

The carrying amounts of borrowings approximate their fair value as interest rates on floating rate debt resetting to the market rate every three months and the impact of discounting is not significant.

ACCOUNTING POLICY

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

Subsequent to initial recognition, 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 surplus or deficit when the liabilities are derecognised and through the amortisation process.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

NOTE 20

EQUITY

GENERAL EQUITY

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
GENERAL RESERVE				
Balance at the beginning of the year	355,340	337,343	379,678	360,194
Net surplus for the year	17,276	16,531	17,209	17,585
Transfer from assets revaluation reserve on disposal of property	-	585	-	585
Transfer from/ (to) research reinvestment reserve	(470)	(694)	(470)	(694)
Equity interest transferred to subsidiary	-	1,575	-	1,575
Share of joint venture's net asset changes	-	-	-	433
Balance at the end of the year	372,146	355,340	396,417	379,678
RESEARCH REINVESTMENT RESERVE				
Balance at the beginning of the year	6,485	5,791	6,485	5,791
Transfer (to)/ from general equity	470	694	470	694
Balance at the end of the year	6,955	6,485	6,955	6,485
TOTAL GENERAL EQUITY	379,101	361,825	403,372	386,163

NOTE 20

EQUITY (continued)

REVALUATION RESERVES

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
ASSET REVALUATION RESERVE				
Land revaluation reserve				
Balance at the beginning of the year	155,236	125,932	155,236	125,932
Net revaluation movement in the year				
Crown-owned land	3,390	20,557	3,390	20,557
AUT-owned land	8,850	9,741	8,850	9,741
Transfers to general equity on disposal of property	-	(994)	-	(994)
Balance at the end of the year	167,476	155,236	167,476	155,236
BUILDINGS REVALUATION RESERVE				
Balance at the beginning of the year	157,302	156,893	157,302	156,893
Net revaluation movement in the year				
Crown-owned buildings	1,377	-	1,377	-
AUT-owned buildings	68,004	-	68,004	-
Transfers to general equity on disposal of property	-	409	-	409
Balance at the end of the year	226,683	157,302	226,683	157,302
Balance at the end of the year	394,159	312,538	394,159	312,538
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE				
Balance at the beginning of the year	-	(39)	138	752
Net fair value gains/(losses) in the year	-	(1)	485	(654)
Reclassification to surplus/(deficit) on derecognition of other financial asset	-	40	-	40
Balance at the end of the year	-	-	623	138
CASH FLOW HEDGE RESERVE				
Balance at the beginning of the year	(1,185)	(621)	(1,185)	(621)
Net fair value gains/(losses) in the year	(719)	(564)	(719)	(564)
Balance at the end of the year	(1,904)	(1,185)	(1,904)	(1,185)
SHARE OF JOINT VENTURE'S ASSET REVALUATION RESERVE				
Balance at the beginning of the year	-	-	-	-
Net revaluation movement in the year	-	-	8,147	-
Balance at the end of the year	-	-	8,147	-
TOTAL REVALUATION RESERVES	392,255	311,353	401,025	311,491
TOTAL EQUITY	771,356	673,178	804,397	697,654

NOTE 20

EQUITY (continued)

ACCOUNTING POLICY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

General equity

- General reserve
- Research reinvestment reserve

Revaluation reserve

- Asset revaluation reserve
- Fair value through other comprehensive revenue and expense reserve
- Cash flow hedge reserve

Research reinvestment reserve

Research reinvestment reserve is a component of general equity which has been created by the University. The use of these funds is restricted to research activities.

Asset revaluation reserve

This reserve relates to the revaluation of land and buildings to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change of other financial assets classified as fair value through other comprehensive revenue and expense.

Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flows hedges.

NOTE 21

RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that the University would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with tertiary education institutions and undertaken on the normal terms and conditions for such transactions.

KEY MANAGEMENT PERSONNEL COMPENSATION

	University		Consolidated	
	2019 Actual	2018 Actual	2019 Actual	2018 Actual
COUNCILLORS				
Remuneration (\$000s)	245	245	245	245
Full-time equivalent members	12	12	12	12
STRATEGIC LEADERSHIP TEAM, INCLUDING THE VICE-CHANCELLOR				
Remuneration (\$000s)	6,199	5,674	6,199	5,674
Full-time equivalent members	19	18	19	18
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION (\$000s)	6,444	5,919	6,444	5,919
TOTAL FULL-TIME EQUIVALENT MEMBERS	31	30	31	30

The Vice-Chancellor and Dean of the Faculty of Health and Environmental Sciences are Trustees of AUT/Millennium Ownership Trust. Their fees in relation to those positions are paid directly to the University.

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

NOTE 22

COUNCILLORS' FEES

The following fees were paid to members of the Council of Auckland University of Technology:

	University	
	2019 Actual \$000s	2018 Actual \$000s
COUNCIL MEMBER		
P Alley	20	20
D Colbert (Appointed 4 May 2018, term expired 8 August 2019)	15	15
H Gaeta	20	20
S Hayman	20	20
L Henry* (Term expired 31 January 2018)	-	5
D Kataria (Appointed 8 August 2019)	5	-
L Lim	20	20
J Maasland (Chancellor)	40	40
D McCormack (Vice-Chancellor)	-	-
J Schofield	20	20
J Smith (Appointed 10 April 2018)	20	15
S Stehlin	20	20
J Thompson	20	20
N Tupp (Appointed 18 February 2018, term expired 3 May 2018)	-	5
S Turner (Pro-Chancellor)	25	25
TOTAL COUNCILLORS' FEES	245	245

*L Henry is a Trustee of AUT / Millennium Ownership Trust and received fees of \$10,000 (2018: \$10,000) in relation to that position.

The Vice-Chancellor is not entitled to the Council fees.

No Council members received compensation or other benefits in relation to cessation (2018: nil).

NOTE 23**FINANCIAL INSTRUMENTS****FINANCIAL INSTRUMENTS CATEGORIES**

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

FINANCIAL ASSETS**LOANS AND RECEIVABLES**

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Cash and cash equivalents	679	705	3,335	2,850
Receivables	40,329	58,291	40,731	58,355
Other financial assets – term deposits	10,906	–	11,706	500
TOTAL LOANS AND RECEIVABLES	51,914	58,996	55,772	61,705

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE**Other financial assets**

Unlisted shares held by subsidiaries	–	–	2,973	1,926
TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE	–	–	2,973	1,926

FINANCIAL ASSETS CARRIED AT COST**Other financial assets**

Unlisted shares	91	191	91	191
TOTAL FINANCIAL ASSETS CARRIED AT COST	91	191	91	191

DERIVATIVES NOT DESIGNATED AS HEDGES

Forward foreign exchange contracts	–	102	–	102
TOTAL DERIVATIVES NOT DESIGNATED AS HEDGES	–	102	–	102

FINANCIAL LIABILITIES**DERIVATIVES NOT DESIGNATED AS HEDGES**

Forward foreign exchange contracts	30	–	30	–
TOTAL DERIVATIVES NOT DESIGNATED AS HEDGES	30	–	30	–

DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

Interest rate swap	1,904	1,185	1,904	1,185
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	1,904	1,185	1,904	1,185

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Payables	35,042	45,694	36,098	46,186
Borrowings	96,900	130,100	96,900	130,100
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	131,942	175,794	132,998	176,286

NOTE 23

FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price – financial instruments with quoted prices for identical instruments in active markets.
- 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.

- 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 in the Statement of Financial Position:

	Valuation Technique			
	Total \$000s	Quoted market price \$000s	Observable inputs \$000s	Significant non- observable input \$000s
UNIVERSITY 2019				
Financial assets				
Forward foreign exchange contracts – Non-hedges	-	-	-	-
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	30	-	30	-
Interest rate swap – Cash flow hedges	1,904	-	1,904	-
CONSOLIDATED 2019				
Financial assets				
Unlisted shares held by Subsidiaries	2,973	-	2,973	-
Forward foreign exchange contracts – Non-hedges	-	-	-	-
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	30	-	30	-
Interest rate swap – Cash flow hedges	1,904	-	1,904	-
UNIVERSITY 2018				
Financial assets				
Forward foreign exchange contracts – Non-hedges	102	-	102	-
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	-	-	-	-
Interest rate swap – Cash flow hedges	1,185	-	1,185	-
CONSOLIDATED 2018				
Financial assets				
Unlisted shares held by Subsidiaries	1,926	-	1,926	-
Forward foreign exchange contracts – Non-hedges	102	-	102	-
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	-	-	-	-
Interest rate swap – Cash flow hedges	1,185	-	1,185	-

NOTE 24

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.

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.

The University 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.

The University 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 the University borrowed at fixed rates directly. Under the interest rate swaps, the University 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 exposure. 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 Statement of Financial Position either as financial assets at fair value through other comprehensive revenue and expense, or financial assets at fair value through surplus or deficit.

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 surplus or deficit or total equity. It has therefore not been included in the sensitivity analysis.

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 or Moody's long term credit rating of A or above.

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

NOTE 24**FINANCIAL INSTRUMENT RISKS (continued)**

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

	University		Consolidated	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
Cash and cash equivalents	679	705	3,335	2,850
Other financial asset – term deposits	10,906	–	11,706	500
Receivables	40,329	58,291	40,731	58,355
TOTAL CREDIT RISK	51,914	58,996	55,772	61,705

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	
	2019 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s	2018 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents				
AA–	679	705	3,335	2,850
TOTAL CASH AND CASH EQUIVALENTS	679	705	3,335	2,850
Other financial asset – term deposits				
AA–	10,906	–	11,706	500
TOTAL SHORT-TERM INVESTMENTS	10,906	–	11,706	500

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

NOTE 24**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 revolving advance facility agreements (and the accompanying negative pledge deed) with the banks as disclosed in Note 19.

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 are 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 2019					
Payables	35,042	35,042	35,042	-	-
Net settled derivative liabilities	1,934	1,934	492	1,442	-
Finance leases	19,544	21,837	6,982	14,620	235
Borrowings	96,900	112,105	2,971	52,707	56,427
TOTAL	153,420	170,918	45,487	68,769	56,662

CONSOLIDATED 2019

Payables	36,098	36,098	36,098	-	-
Net settled derivative liabilities	1,934	1,934	492	1,442	-
Finance leases	19,544	21,837	6,982	14,620	235
Borrowings	96,900	112,105	2,971	52,707	56,427
TOTAL	154,476	171,974	46,543	68,769	56,662

UNIVERSITY 2018

Payables	45,694	45,694	45,694	-	-
Net settled derivative liabilities	1,185	1,185	124	1,061	-
Finance leases	20,506	23,612	6,516	14,036	3,060
Borrowings	130,100	134,359	3,692	130,667	-
TOTAL	197,485	204,850	56,026	145,764	3,060

CONSOLIDATED 2018

Payables	46,186	46,186	46,186	-	-
Net settled derivative liabilities	1,185	1,185	124	1,061	-
Finance leases	20,506	23,612	6,516	14,036	3,060
Borrowings	130,100	134,359	3,692	130,667	-
TOTAL	197,977	205,342	56,518	145,764	3,060

NOTE 24**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 2019					
Cash and cash equivalents	679	679	679	-	-
Receivables	40,329	40,329	40,329	-	-
Other financial assets	10,906	10,906	10,906	-	-
Net settled derivative assets	-	-	-	-	-
TOTAL	51,914	51,914	51,914	-	-
CONSOLIDATED 2019					
Cash and cash equivalents	3,335	3,335	3,335	-	-
Receivables	40,731	40,731	40,731	-	-
Other financial assets	11,706	11,706	11,706	-	-
Net settled derivative assets	-	-	-	-	-
TOTAL	55,772	55,772	55,772	-	-
UNIVERSITY 2018					
Cash and cash equivalents	705	705	705	-	-
Receivables	58,291	58,291	58,291	-	-
Other financial assets	-	-	-	-	-
Net settled derivative assets	102	102	102	-	-
TOTAL	59,098	59,098	59,098	-	-
CONSOLIDATED 2018					
Cash and cash equivalents	2,850	2,850	2,850	-	-
Receivables	58,355	58,355	58,355	-	-
Other financial assets	500	500	500	-	-
Net settled derivative assets	102	102	102	-	-
TOTAL	61,807	61,807	61,807	-	-

NOTE 24**FINANCIAL INSTRUMENT RISKS (continued)****SENSITIVITY ANALYSIS**

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding general reserve) for reasonably possible market movements, with all other variables held constant, based on the financial instrument exposures at balance date.

2019	University				Consolidated			
	+100 bps		-100 bps		+100bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	7	-	(7)	-	33	-	(33)	-
Other financial assets	109	-	(109)	-	117	-	(117)	-
Financial liabilities								
Interest rate swaps	-	272	-	(272)	-	272	-	(272)
Borrowings	(249)	-	249	-	(249)	-	249	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	(133)	272	133	(272)	(99)	272	99	(272)

2019	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(30)	-	36	-	(30)	-	36	-
Receivables	(3)	-	4	-	(3)	-	4	-
Financial liabilities								
Payables	58	-	(71)	-	58	-	(71)	-
Forward foreign exchange contracts	(399)	-	487	-	(399)	-	487	-
TOTAL SENSITIVITY TO CURRENCY RISK	(374)	-	456	-	(374)	-	456	-

NOTE 24**FINANCIAL INSTRUMENT RISKS (continued)**

	University				Consolidated			
	+100 bps		-100 bps		+100bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
2018								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	7	-	(7)	-	29	-	(29)	-
Other financial assets	-	-	-	-	5	-	(5)	-
Financial liabilities								
Interest rate swaps	-	249	-	(249)	-	249	-	(249)
Borrowings	(151)	-	151	-	(151)	-	151	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	(144)	249	144	(249)	(117)	249	117	(249)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
2018								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(12)	-	15	-	(12)	-	15	-
Receivables	(49)	-	60	-	(49)	-	60	-
Financial liabilities								
Payables	194	-	(237)	-	194	-	(237)	-
Forward foreign exchange contracts	(298)	-	364	-	(298)	-	364	-
TOTAL SENSITIVITY TO CURRENCY RISK	(165)	-	202	-	(165)	-	202	-

EXPLANATION OF INTEREST RATE RISK SENSITIVITY

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%. The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2018: -100bps/+100bps).

NOTE 24**FINANCIAL INSTRUMENT RISKS (continued)****EXPLANATION OF CURRENCY RISK SENSITIVITY**

The currency sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate. The sensitivity for foreign exchange derivatives has been calculated using a derivative valuation model based on movement in foreign exchange rates of -10%/+10% (2018: -10%/+10%).

EXPLANATION OF EQUITY PRICE RISK SENSITIVITY

The sensitivity for listed shares has been calculated based on a -10%/+10% (2018: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

NOTE 25**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 result of managing revenue, 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, whilst remaining a going concern.

NOTE 26**SEGMENTAL INFORMATION**

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

NOTE 27**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 foreign governments', immigration or visitors' permits policies. 22% (2018: 20%) of total revenue is derived from International student fees.

NOTE 28**CONTINGENCIES****CONTINGENT ASSETS**

There are no contingent assets as at 31 December 2019 (2018: Nil).

CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019 (2018: Nil).

NOTE 29

EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) pandemic and two weeks later the New Zealand Government declared a State of National Emergency. The country is at Alert Level 4, and in lockdown. As a result, economic uncertainties have arisen which are likely to negatively affect our operations and services.

The Crown have guaranteed that funding will continue at the agreed 2020 level, for both Investment Plan and fees-free funding, regardless of the pandemic's effects on enrolments and educational performance indicator results. While there is some degree of certainty for this crucial income stream, we have identified several other possible effects on the University that cannot be quantified at this stage. These are described below.

- **Student fees and charges.** There is potential for the loss of both current and prospective domestic and international students as a result of the disruption and pressures created by COVID-19. Flexible, accessible study options support a timely return to study for our learners and may help mitigate the financial impact on the University. AUT will adopt a sequential, block-mode teaching model for the remainder of 2020. We expect that this approach will allow a faster return to teaching and learning once the initial lockdown period is complete, and a more seamless resumption of on-campus teaching once the crisis is averted.
- **Other income.** There are significant potential implications for other income sources. This is particularly the case for research revenue, including that received from Government, as the delivery of research will be affected by the current situation. Other affected sources include student accommodation, and some trading and other operating revenue.

- **Direct costs.** The University will face a range of additional costs as a result of the lockdown, including staff costs due to employing all staff on full wages, as required by the Crown. There are also costs associated with the shifts to exclusively on-line teaching delivery, and to intensive teaching blocks. Equity issues present another challenge; AUT must support our students for whom online delivery may be difficult, often due to lack of access to devices or data. Although AUT's approach has yet to be determined, we anticipate an impact from costs such as the repayment of student-related fees as a result of withdrawals.
- **Business operations.** The impact on ongoing business operations is likely to be significant in both the short- and medium-to-long term. We expect our non-teaching functions, such as conferences, catering and accommodation to be most affected.
- **Non-financial reporting.** We anticipate that our progress towards many of the indicators reported in the Statement of Service Performance will be affected in 2020. This is particularly the case for indicators relating to research and consultancy income, graduate outcomes, student numbers, and equity measures.
- **Borrowings, including potential breach of covenants.** Following a period of strong financial performance, AUT is well placed to manage the financial uncertainty that Covid-19 has created for all tertiary institutions. During this period of uncertainty AUT is considering the likelihood and consequential impact of the pandemic on all aspects of its financial performance targets including those related to our borrowing contracts with the TEC and our banking partners.

At this time it is difficult to determine the full effect of the COVID-19 pandemic, and there could be other matters that affect the University.

NOTE 30

COMPARATIVE YEAR FINANCIAL STATEMENTS

Certain comparative figures in the prior year have been reclassified to conform with this year's presentation.

NOTE 31

EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against the consolidated group budget are as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Government grants

Government grants were \$11.3 million above budget. This was mainly due to an additional in-year rebaseline of SAC funding of \$4.7 million, the 2018 SAC funding washup of \$1.9 million (due to higher enrolments in that year) and an additional \$4.3 million of PBRF funding earned from the 2018 PBRF Quality Evaluation audit.

Student-derived revenue

Student-derived revenue was \$14.6 million above budget due to strong enrolments in the year. Domestic EFTS exceeded budget by 183 EFTS, while International EFTS were 338 higher than budgeted.

Research revenue

Research grants recognised in 2019 were \$3.4 million above budget driven by higher external research revenue being generated.

Personnel costs

Personnel costs were \$10 million above budget driven by the higher staffing required to support the additional students enrolled in 2019 and additional staffing to deliver the increased external research income. This includes \$2.6 million for the uptake of the Voluntary Enhanced Leaving Programme (VELP), and \$1.5 million of other staff reorganisational costs incurred during the year.

Supplies and other costs

Supplies and other costs were \$17.8 million above facilities budget due to higher student support costs, higher external research activity, and additional costs. This includes the \$1.9 million reclassification of library database licences from capital expenditure to operating expenditure. Licences are only available for a set period, and do not secure permanent access.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment were \$1.4 million below budget. This was mainly due to delays in the purchase of plant and equipment, and in the delivery of software projects.

Finance costs

Finance costs were \$2.2 million below budget, mainly due to lower interest rates, improved operating cashflow, and delayed capital expenditure.

Cash and cash equivalents

Cash and cash equivalents were \$8.4 million below budget. This was mainly due to the reclassification of a term deposit with maturity greater than three months, for an amount of \$10.9 million, to other financial assets.

Receivables

Receivables were \$5.8 million below budget mainly due to the timing of receipts compared to budget.

Other financial assets

Other financial assets were \$11.1 million above budget mainly due to the reclassification of a term deposit with maturity greater than three months, to the value of \$10.9 million, from short-term bank deposits.

Prepayments

Prepayments were \$3.7 million above budget mainly due to the reclassification of library database licences from capital costs.

Investments accounted for using the equity method

Investments accounted for using the equity method were \$9.2 million above budget, mainly due to the share of the joint venture's asset revaluation reserve in 2019.

Property, plant and equipment

Property, plant and equipment was \$97.9 million above budget. This was mainly due to unbudgeted increases in the revaluation of land and buildings in 2019 (\$81.6 million), and land in 2018 (\$30.3 million).

Intangible assets

Intangible assets were \$6.5 million below budget, mainly due to the delayed investment in software-related capital expenditure projects during the year.

NOTE 31

EXPLANATION OF VARIANCES AGAINST BUDGET (continued)

Payables

Payables were \$4.3 million above budget, mainly due to an increase in the accrual of capital expenditure related to work-in-progress at year-end.

Deferred revenue

Deferred revenue was \$16.1 million above budget, mainly due to the timing of student fee invoices compared to budget.

Employee entitlements

Total employee entitlements were \$27.6 million, which was \$6.0 million above budget. This was mainly due to a higher provision for research and study leave, and the accrual of other employee entitlements, compared to budget.

Finance lease borrowings

The total finance lease borrowings were \$19.5 million. This was \$1.9 million below budget, mainly due to lower finance lease borrowings for computers and electronic equipment.

Bank borrowings

Bank borrowings were \$50.6 million below budget at year-end. This was mainly due to higher-than-budgeted cash flow from operating activities and lower capital expenditure.

Revaluation reserves

Revaluation reserves were \$118.7 million above budget. This was mainly due to unbudgeted increases in the revaluation of land and buildings in 2019 (\$81.6 million), and land in 2018 (\$30.3 million).

STATEMENT OF CASH FLOWS

Operating activities

Cash flows from operating activities are significantly higher than budget. This is mainly due to the following factors:

- Additional unbudgeted revenues (noted above), partially offset by higher operating expenditure.
- One-off receipts from the TEC as part of the Government's fees-free scheme. These will need to be refunded in 2020.
- The one-off impact of delayed invoicing of international student fees.

Investing activities

Cash flows from investing activities are lower than budget. This reflects deferred capital expenditure on software and the A1 development.

Financing activities

Cash flows from financing activities are higher than budget, reflecting the repayment of bank borrowings and finance leases.







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