

# ANNUAL REPORT 2015

# AUT







**Tāwhaitia te ara o te tika,  
te pono me te aroha;  
kia piki ki te taumata tiketike**

Follow the path of integrity,  
respect and compassion;  
scale the heights of achievement

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**Front cover:** Sir Paul Reeves Building from Mayoral Drive

*Image: Simon Devitt, Photographer*

**Inside cover:** This carving of Kahungunu, the eponymous ancestor of Ngāti Kahungunu, is the central figure of a tukutuku panel displayed in the Sir Paul Reeves Building. Gifted to AUT by the Māori people of Auckland in 1983, it is made of rimu taken from the demolished army buildings of Rangitoto and uses paua from the Far North and Far South of New Zealand. The carving is representative of scholarship and leadership and is surrounded by manaia denoting strengths of character for which Kahungunu was renowned. The pen and book are symbolic of learning and scholarship.

*Image: Graham Roberts, Strategy & Planning, AUT*





Interior level 4 Sir Paul Reeves building. Students meeting in Treehouse space.

*Image: Simon Devitt, Photographer*





# THE YEAR: 2015



## CHANCELLOR'S FOREWORD



Kia ora tātou and welcome to Auckland University of Technology's Annual Report 2015. It is again my pleasure to share with you the highlights of another year at this ever-changing, ever-growing university.

Two of AUT's outstanding achievements in 2015 were being recognised in the top three percent of world universities by international quality agency Quacquerelli Symonds (QS), and being named in the top four percent by Times Higher Education (THE). The QS result places AUT third of all worldwide universities under 20 years old, while THE ranked AUT 12th in the world for international outlook. These are superb outcomes that testify to the breadth and depth of the impact created by AUT. On behalf of Council, I wish to extend my congratulations to all staff for their part in these milestones; we anticipate more great things to come.

The continued growth at South Campus has long been a highlight and Council was pleased to approve the commencement of the next stage of development: the construction of MH Building, which will be completed in 2017. As well as providing capacity for 3,000 equivalent full-time students (EFTS) at South Campus, MH will offer plenty of space for hosting community and industry events, based on the highly successful model of the Sir Paul Reeves Building on City Campus. The commencement of such a large-scale project is yet further evidence of the value AUT places on the South Auckland region and its level of commitment to ensuring the region's growth and improved prosperity. As anticipated, the open and welcoming atmosphere of South Campus invites community involvement in education and research and is successfully attracting students who may not otherwise have been able to access higher education.

AUT's influence in Southeast Asia continued to increase with the commencement of two new significant partnerships: an educational memorandum of understanding with Viet Nam's Quang Ninh Province and the New Zealand –

Viet Nam Strategic Engagement Plan on Education. The Strategic Engagement Plan includes new agreements for AUT with Saigon University and the University of Social Sciences and Humanities. Minister Steven Joyce, who signed the Plan, noted that the partnerships "represent significant milestones in our education relationship with Viet Nam [that will] deepen the level of engagement between our two countries and enrich our students' learning". Prime Minister John Key attended the signing ceremony.

Several outstanding individuals were honoured for their achievements during the year. I pass on Council's congratulations to Tagaloatele Professor Peggy Fairbairn-Dunlop, who was made a Companion of the New Zealand Order of Merit for services to education and the Pacific community; Dr Huhana Hickey, who was made a Member of the New Zealand Order of Merit for services to people with disabilities; Professor Valery Feigin, who received the Royal Society of New Zealand's MacDiarmid Medal for his work on stroke prevention; Professor Stephen Henry, who received the New Zealand Innovators Supreme Award for his new cancer treatment; and Professor Nikola Kasabov, winner of the third Auckland University of Technology medal for his continued excellence in research, teaching and mentoring. These awards are richly deserved and are testament to the culture of excellence and devotion to service at AUT.

One of Council's major tasks for the year was the adoption of the new health and safety policy. The new policy describes a culture where health, safety and well-being are valued as fundamental components of the work environment, to the end that no-one comes to harm while visiting, studying or working at the University. This is an aspirational goal and one the University is determined to achieve. It is, moreover, a natural outworking of the University's core values of *tika*, *pono* and *aroha* and, I am proud to say, demonstrates the depth of AUT's commitment to its people.



Turning now to governance matters, the Education Amendment Act 2015 has significant implications for Council. The Act comes into effect in 2016 and will reduce the size of university councils to a maximum of 12, including at least one Māori member and four members appointed by the Minister for Tertiary Education, Skills and Employment. Council has long valued the diversity of perspectives brought by the current representative structure; such variety engenders robust debate that enriches our individual and collective contribution to the University. For this reason Council was determined to maintain a diverse membership despite the reduction in numbers, and held consultations with AUT staff and AuSM (the AUT students' association) in mid-2015 to determine the best structure to do so. As a result, from 2016 Council will include two elected staff members (one academic and one professional), one member of AuSM, and four other members appointed by Council, taking into account the ethnic and socio-economic diversity of AUT's communities and an appropriate gender balance. Alongside the ministerial appointees, Council and the University are confident this structure will ensure the interests of AUT's vital stakeholders are represented and that councillors will maintain the highest standards of academic freedom, autonomy and community service.

Once again, I express Council's appreciation for Vice-Chancellor Derek McCormack and the strategic leadership team. As this Annual Report outlines, we have much cause for celebration from the achievements of AUT over the past year. However, from my perspective as Chancellor, I am even more proud of the culture the senior leaders have created. I am proud of the way the University lives out its values; the expansion of South Campus, the Viet Nam partnerships and the health and safety policy are all founded on *tika, pono, aroha* and an unwavering commitment to excellence. The ensuing national and international recognition is well deserved.



**John Maasland**  
Chancellor







# THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

*As at 31 December 2015*

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 or co-opted from outside the University.

## **Chancellor**

**John Maasland** MA, FIOD

Appointed by Auckland University of Technology Council  
(in consultation with BusinessNZ)

## **Pro-Chancellor**

**Lex Henry** LLB

Appointed by the Minister for Tertiary Education, Skills and Employment

## **Secretary to Council**

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

Assistant Vice-Chancellor (Corporate Development) and General Counsel

## **Members**

**Dr Pat Alley** MBChB, FRACS, Dip Prof Ethics

Appointed by Auckland University of Technology Council  
(after consultation with the Council of Trade Unions)

**Urshula Ansell**

Appointed by the Auckland Student Movement at Auckland University of Technology

**Sophie Hayman** BA (Hons), PgDipArts, PGCE

Elected by the professional staff of Auckland University of Technology

**Lyn Lim** LLB (Hons)

Appointed by the Minister for Tertiary Education, Skills and Employment

**Derek McCormack** MSc, Dip Tchg

Vice-Chancellor of Auckland University of Technology

**April Pokino**

Appointed by the Auckland Student Movement at Auckland University of Technology

**James Schofield** BCom, MSc (Econ), FCA

Co-opted member

**Stephen Stehlin** BA

Appointed by Auckland University of Technology Council  
(after consultation with Pacific Island organisations and communities of New Zealand)

**Judith Thompson** BSocSc, MMgt

Appointed by the Minister for Tertiary Education, Skills and Employment

**Sussan Turner**

Appointed by the Minister for Tertiary Education, Skills and Employment

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

Special Advisor to Council on Māori

**Left image:** The Council of Auckland University of Technology

Front row (from left): Lex Henry, John Maasland, Derek McCormack

Second row: Professor Pare Keiha (in attendance), Lyn Lim, Dr Pat Alley, Sussan Turner, James Schofield, Urshula Ansell

Third row: Sophie Hayman, Judith Thompson, April Pokino, Stephen Stehlin, Jocelyn Martin (Chair of Property Committee, in attendance)

Back: Dr Andrea Vujnovich

*Image: Nigel King, White Door Event Photography*

## VICE-CHANCELLOR'S REPORT

I am pleased to report that 2015 was another impressive year for AUT. Midway through our second decade, AUT became New Zealand's second largest university, and remains the fastest growing. The University continues to be recognised nationally and internationally for some outstanding achievements, many of which are detailed in this Annual Report. Over the past year, AUT has been ranked as New Zealand's most internationally-engaged university, several of our staff have received national awards, honours and appointments, and we continued to develop our campuses and facilities. There is a genuine and growing sense of momentum as the University builds towards its next phase of development.

The Strategic Plan 2012–2016 is nearing the end of its timespan and conversations have already begun that will shape the development of the next plan. Further consultation will take place as the plan develops through 2016. In the meantime however, it is clear that the University has made significant developmental leaps during the past four years and, as this report shows, there is considerable impetus for more.

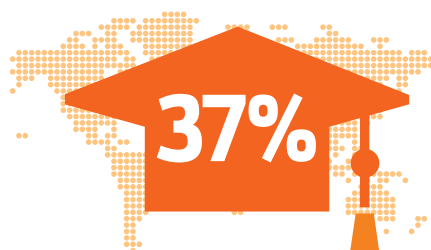
### LEARNING AND TEACHING

AUT continued to generate growth in student numbers, with total enrolments reaching 19,798 EFTS, an increase of almost seven percent since 2011. Moreover, enrolment data for the university sub-sector showed that over the past six years AUT has increased its market share in all the subjects it offers. Some of the strongest growth has been experienced at the advanced levels of study, which has meant that the University has exceeded two of its Strategic Plan goals a year ahead of schedule. Postgraduate enrolments grew from 12% in 2011 to 16% in 2015 and the number of doctoral students reached 787, well in advance of the targeted 750 by 2016. Such sustained growth testifies to the relevance of the curriculum and the quality of the student experience the University offers. AUT awarded more than 7,500 qualifications in 2015, including a record 13 Māori doctoral completions.



# 787

Doctoral students  
in 2015



Increase in international postgraduate  
enrolments since 2013

AUT and Massey University were the first universities to join the new Ako Aronui programme in 2015. Ako Aronui encourages academics to become better teachers through innovation, student-centred learning and continuous personal development. Participants are also able to apply for accreditation as a fellow or associate fellow of the United Kingdom (UK) Higher Education Academy. A total of 43 staff joined the programme during the year.

The Faculty of Design and Creative Technologies entered into a new partnership with Spark Ventures that will see students working to solve issues faced by industry, and Spark staff providing assistance with student projects. InterNZ, AUT's flagship American-based internship programme, has continued to grow. New host organisations that joined the programme in 2015 include the Metropolitan Museum of Art, the American Museum of Natural History, and consultancy firm rogenSi.



The University also introduced UniPrep, a summer programme at South Campus designed to support a successful transition to University through mentoring, academic preparation and family/whānau involvement. UniPrep was well received by participants and close to 85% chose to continue their studies with AUT in 2015.

## RESEARCH AND DEVELOPMENT

There were some outstanding research successes in 2015 and none more so than the Kode™ technology developed by Professor Stephen Henry. Kode™ is a coating that changes the appearance of cancer cells so the body's own immune system will reject them. This technology takes only weeks to work, has low toxicity, and has the potential to forever change the way cancer is treated. The technology was licenced to Agalimmune, a UK-based company, and human clinical trials are expected to begin in Europe in 2016.

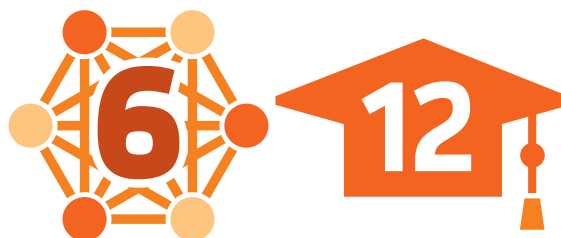
A team of neuroscientists from the Faculty of Health and Environmental Sciences are pioneering vast-scale research using mobile technology. The study, entitled Reducing the International Burden of Stroke Using Mobile Technology, has the potential to become the world's largest-ever health investigation and uses the Stroke Riskometer app developed by project leader Professor Valery Feigin. The project harnesses the unprecedented power of mobile technology to reach participants across the globe. It will create an international epidemiological evidence base that, it is hoped, can be used to reduce the personal heartbreak and financial impact of non-communicable diseases such as stroke, diabetes, dementia and heart disease.



Stroke Riskometer™ app has been commercialised and will be translated into 18 languages

The faculty is also leading some of New Zealand's foremost research into safe relationships. Professor Jane Koziol-McLain received a Targeted Grant of \$2.4 million over five years from the Ministry of Business, Innovation and Employment for a project that uses a smartphone app to promote healthy relationships and prevent violence amongst secondary school students. Professor Denise Wilson received a \$0.6 million Marsden Grant for her research entitled Whanau violence: Indigenous women keeping safe in unsafe intimate relationships. This is the first full Marsden Grant awarded to an AUT researcher and is a significant milestone for the University.

AUT also celebrated the opening of NEULab, New Zealand's first advanced data science laboratory. The laboratory was established by Professor Nikola Kasabov and is part of the internationally renowned Knowledge Engineering and Discovery Research Institute. NEULab is an incubator for research and visualisation of complex data and is already being used in climate, seismic and brain studies.



International projects

Doctoral students  
using NEULab

Other research highlights for the year included two important international collaborations: the launch of the Cook Islands dictionary app and the establishment of the Te Ataata Residency programme. AUT's Te Ipukarea: The National Māori Language Institute created the dictionary app in collaboration with ta'unga (elders and repositories of knowledge), the University of the South Pacific (Cook Islands) and the Cook Islands Ministry of Education. The dictionary includes 17,000 headwords and is a crucial contribution to the revitalisation and maintenance of the Cook Islands languages. The Te Ataata Residency is a joint initiative between the Colab research institute and the Cultural Office of the French Embassy in New Zealand. It offers an opportunity for emerging French digital and new media artists to collaborate with creators and researchers here.

The Design for Health and Wellbeing Lab, led by Dr Stephen Reay, received top honours at the Best Design Awards. The world-first laboratory is based at Auckland City Hospital and is a collaboration between AUT and the Auckland District Health Board. It provides a space to develop and test design-led solutions to improve the healthcare experience for patients, families and staff. Current projects being trialled include child-friendly medical equipment and navigation guides to help patients know what to expect.

The Vice-Chancellor's External Engagement Project aims to build on such successes and enhance the University's connections with industry, government and community partners. AUT has a strong reputation for engagement and there is already a significant level of activity across the University, including collaborative research, student placements and internships, events, and shared use of facilities. Increasing these activities will support our objective to produce graduates who are ready to make a real difference in the world through the knowledge, skills and professionalism they gain during their time at AUT. The project has three main focus points, including enriching our students' experience of the world outside university, building our reputation as an expertise-based organisation, and enhancing our relevance to society. Work undertaken in 2015 has identified a set of actions to take, including improving communication and co-ordination across the University, expanding our expertise with regard to engagement, and building a positive academic culture which values staff who incorporate external engagement into their teaching and research. This project forms part of AUT's wider contribution to the Government's priority of delivering skills for industry.

## STAFF

This year the University celebrated some well-deserved national and global recognition received by AUT staff, including our first Royal Society of New Zealand medal, awarded to Professor Valery Feigin. Along with his supreme award, Professor Stephen Henry's KODE Biotech research institute won best innovation in health and science at the New Zealand Innovators Awards. Tagaloatele Professor Peggy Fairbairn-Dunlop and Dr Huhana Hickey were named in the 2015 New Zealand Royal Honours List. The International Society of Biomechanics in Sports named Professor Patria Hume as the winner of their most prestigious award for her work in translating biomechanics research into sports practice. Professor Richard Bedford was elected president of the Royal Society of New Zealand. Associate Professor Sharyn Graham Davies won the prestigious international Ruth Benedict Book Prize for her publication *Sex and Sexualities in Contemporary Indonesia: Sexual politics, diversity, representations and health*. Associate Professor Charles Walker was appointed as the creative director and curator for the New Zealand exhibition at the 2016 Venice Architecture Biennale, and Professor John Raine was appointed to the board of the new MedTech Centre of Research Excellence.

AUT also recognised high-achieving staff at the 2015 Excellence Awards. Professor Nikola Kasabov received the University Medal for his internationally acclaimed work in artificial intelligence and knowledge engineering. The ceremony included the inaugural Professional Excellence Awards, in recognition of the vital contributions made by AUT's professional staff. Professors Steve Pointing and Paul Moon also received special commendations for communicating science and scholarship in the public arena, and advancing discussion of current public issues. I pass on my warmest congratulations to all winners.





## 2015 EXCELLENCE AWARD WINNERS

### PROFESSIONAL EXCELLENCE:

Tim Davison (Strategy and Planning)

Sophie Hayman  
(Faculty of Design and Creative Technologies)

Agnes Naera (Faculty of Business and Law)

AUTonline/Blackboard team (Centre for Learning and Teaching)

External and Industry Relations team  
(Business and Community Relations and the School of Engineering, Computer and Mathematical Sciences)

Highly commended: Hospitality Services team (Estates)

### RESEARCH EXCELLENCE:

Professor Valery Feigin  
(National Institute for Stroke and Applied Neurosciences)

Dr Matt Brughelli  
(Sports Performance Research Institute New Zealand)

Jim Marbrook (School of Communication Studies)

Dr Barbara Breen (School of Applied Sciences)

New Zealand Tourism Research Institute  
(Faculty of Culture and Society)

### TEACHING EXCELLENCE:

Dr Katharine Jones  
(AUT Business School)

David Sinfield (School of Art and Design)

Chris Whittington  
(School of Engineering, Computer and Mathematical Sciences)

Knowledge, Enquiry and Communication team  
(Faculty of Health and Environmental Sciences)

Highly commended: Culture and Society paper team  
(Faculty of Culture and Society, Te Ara Poutama and the Centre for Learning and Teaching)

### SPECIAL COMMENDATIONS:

Professor Steve Pointing (Institute for Applied Ecology New Zealand) for communicating science and scholarship

Professor Paul Moon (Te Ara Poutama) for advancing discussion of current public issues

### UNIVERSITY MEDAL:

Professor Nikola Kasabov  
(Knowledge Engineering and Discovery Research Institute)

AUT introduced the early career development programme to support new staff to build their teaching skills, extend their research capability, and gain confidence in their professional and leadership roles. The programme is grounded in kaupapa Māori and Pacific learning philosophies and frameworks, and each participant is mentored by a senior academic.

## ENGAGEMENT WITH COMMUNITIES

The expansion of AUT South Campus continues. EFTS have almost doubled in the last three years, from 700 in 2012 to more than 1,300 in 2015. The new Mod Quad building has provided much-needed classroom, office and student space, along with AUT's first flexible laboratory. While the South Campus' primary role is that of an education hub for the South Auckland region, it is also a valuable gateway to further educational and employment opportunities in Auckland and the world. More than 1,000 new students from the key local board areas of Māngere-Ōtāhuhu, Manurewa, Ōtara-Papatoetoe and Papakura enrolled at AUT's three campuses in 2015, an overall increase of 20 percent since 2012.



# 20%

more new students from  
South and Southwest  
Auckland since 2012

The 12 recipients of the 2014 Woolf Fisher Trust First-in-Family Scholarships commenced their studies, with another 13 scholarships offered in 2015. The programme is grounded in the principles of community engagement and shared success. Recipients have regular contact with a student advisor during their first year of study, and in their second and third years act as mentors to students at secondary schools in lower socio-economic areas.

AUT has continued to build on the momentum generated by gaining the Rainbow Tick in 2014. More than 70 staff have subsequently attended Rainbow Tick workshops, increasing their knowledge of issues relating to sexuality and gender diversity. In a significant step forward, students, current staff and new applicants for roles at AUT can self-identify as gender diverse when providing personal information.



New Zealand's first and only  
university to have the Rainbow Tick

The plight of Syrian refugees has been well documented in international media in 2015, making the Refugee Education Conference particularly topical. Speakers, many of whom were from a refugee background, presented research into best practice and shared their personal experiences with the New Zealand education system. More than 200 delegates attended the conference, which was jointly hosted by AUT and the Ministry of Education.

### CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

AUT performed well financially in 2015, again achieving all its financial targets and covenants by a comfortable margin. Revenue increased by almost \$21 million and the University posted a net surplus of more than \$14 million.

The Academic Quality Agency for New Zealand Universities undertook its Cycle 5 academic audit of AUT in late 2015, focussed on all activities related to teaching, learning and student support. The auditors commented that "AUT is characterised by a philosophy which is widely understood by staff and is directly translated into practice. In particular, it is collegial, inclusive, focussed on providing opportunity and genuinely centred on teaching, learning and student engagement."

Two major international rankings agencies, THE and QS, acknowledged the quality of the scholarship taking place at AUT. For the first time, THE ranked AUT in the top four percent of world universities. THE further placed AUT twelfth in the world, and first in New Zealand, for international outlook based on metrics related to international staff, international co-authorship of research and international students. QS placed AUT within the top three percent, and third of all universities under the age of 20. QS's individual subject rankings also revealed some excellent results: Art and Design achieved a place in the top 50 of all universities worldwide, and first in New Zealand; Accounting and Finance was in the top 150; Business and Management in the top 200; and Computer Science and Information Systems in the top 300.

The University formalised three new agreements with Vietnamese partners. The memorandum of understanding with Quang Ninh Province positions AUT as a key training and consultancy partner, focussed on academic research and commercial collaboration in tourism and hospitality. The New Zealand – Viet Nam Strategic Engagement Plan on Education was signed by Steven Joyce, Minister for Tertiary Education, Skills and Employment, and included two further memoranda of understanding between AUT and Saigon University and the University of Social Sciences and Humanities.

These agreements covered the disciplines of education, language and culture, hospitality and tourism, and social policy. AUT's involvement with education in Viet Nam now spans more than 20 years.

# 6

## Partnerships with Vietnamese universities

As part of a wider effort to quantify some of AUT's contribution to the productivity, prosperity and vitality of the Auckland region, Business and Economic Research Limited (BERL) conducted an economic impact assessment. It estimated AUT's total contribution to the Auckland economy at more than \$580 million in gross domestic product and 4,292 full-time equivalent jobs. This included the effects of spending by international and out-of-region domestic students, and the spending and employment generated by the purchases made by the University, its staff and its suppliers. In percentage terms, this equated to 0.55 percent of the region's economy and 0.51 percent of employment in 2014. This is a significant contribution from one organisation, especially when AUT's wider economic influence is also considered, including its benefits to businesses, workforce development, and reducing the economic burden of ill-health.

AUT contributes:

**\$580**  
MILLION GDP

**4,292**  
JOBS  
to the Auckland economy



This influence will continue to grow in the coming years as the University prepares for the further expansion of the South Campus. The construction of the new MH Building commenced mid-year. This 11,200m<sup>2</sup> facility will provide classrooms, lecture theatres and postgraduate space, alongside areas for collaborative learning and events, following the successful model of the Sir Paul Reeves Building. MH Building is part of a \$400 million development programme that includes major developments at all three campuses over the next few years. Design work continued throughout the year on the planned Engineering, Technology and Design building at the City Campus and the A1 Building at the North Campus.

As part of the University's ongoing commitment to environmental sustainability, these new buildings will incorporate sustainable building practices. The energy efficiency measures in the MH Building alone are expected to save close to 720,000 kilowatt hours each year and were funded through \$0.5 million in Crown loans and grants from the Energy Efficiency and Conservation Authority. The Vice-Chancellor's Taskforce for Sustainability conducted University-wide stocktakes of sustainability content in the curricula and in research, providing useful baselines for measuring progress. The University is working to encourage further initiatives in teaching and research. The taskforce held two learning and teaching fora for staff and postgraduate students, and sustainability was made a consideration for funding from the Strategic Research Investment Fund. AUT also seeks practical ways to make Auckland a more sustainable city: travel plans for all three campuses are under review, and the City Campus now has its own beehive. The beehive helps address the shortage of bees in Auckland as well as providing research opportunities and supplying honey to the University's cafes.

## FINAL THOUGHTS

We acknowledge and celebrate the University's achievements over the past year and use these milestones not as resting posts, but to spur us on to further heights of achievement. In particular, the contribution of AUT's South Campus has only just begun and we look forward to the opportunities the expansion of the campus will bring.

I again thank Chancellor John Maasland and the AUT Council for their wise leadership over the past year. I also acknowledge the important contribution of April Pokino and the Auckland Student Movement of AUT (AuSM); AUT is a better place because of them. Finally, I wish to thank all staff for their dedication and commitment to AUT, to our students and to our communities. We are justly proud of the many successes discussed in this report; we have shared in their attainment and we celebrate them together.



**Derek McCormack**  
Vice-Chancellor



Sustainable Enterprise major  
– finalist in the New Zealand  
Sustainable Business Network awards





Sir Paul Reeves building  
Image: Simon Devitt, Photographer

# OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

*As at 31 December 2015*

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, Dip Tchg

## **Deputy Vice-Chancellor**

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

## **Pro Vice-Chancellors and Deans**

Pro Vice-Chancellor (South Auckland)  
Dean, Faculty of Business and Law

**Professor Geoff Perry** BA, MA, MPhil (Hons), PhD *Auckland*,  
DipCom, PGDipSocSci (Dstn), Dip Tchg

Pro Vice-Chancellor (International)  
Dean, Faculty of Culture and Society

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

Pro Vice-Chancellor (Student Success)  
Dean, Faculty of Design and Creative Technologies

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

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

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

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

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

Pro Vice-Chancellor (Research and Innovation)

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

Pro Vice-Chancellor

**Professor Philip Sallis** BA, PhD *City (UK)*, DipGrad (Theol), FIITNZ,  
FSMC, MIEEE, MIAGS, MRSNZ, MIDNZ

Pro Vice-Chancellor

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

## **Assistant Vice-Chancellors**

Corporate Development; General Counsel  
Finance and Infrastructure; Chief Financial Officer  
Strategy, Students and Marketing

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

**Lyle Williams** BCom, CA

**Jenny Bygrave** LLB, MEdAdmin (Hons)

## **Group Directors**

Brand and Marketing Services  
Student Services and Administration  
People and Organisation

**Luke Patterson** MBA

**Joanna Scarbrough**

**John Woods** BA

## **Head of Pacific Advancement**

**Walter Fraser** BA, PGDipCom

## **Chief Information Officer**

**Liz Gosling** MBA (Human Resources Management)

## **Internal Auditor**

**Alastair Burrows** CFIIA, AIIA (NZ)

## **Auditor**

**Audit New Zealand on behalf of the Auditor-General**

## **Bankers**

**ANZ Bank New Zealand Limited** and **Westpac New Zealand Limited**

A photograph of the Auckland skyline, featuring the Sky Tower prominently in the center. In the foreground, a building with a large 'AUT' logo is visible. The image is split diagonally, with the top right portion being a solid blue color.

# AUT – THE UNIVERSITY FOR OUR CHANGING WORLD

## HERITAGE AND VALUES

Auckland University of Technology is New Zealand's most contemporary university. Established in 2000, AUT draws on a century-long heritage of service to the Auckland region. From its earliest days as a night school through to today's world-class university, AUT has long been a catalyst for individual, social and economic transformation through education, research, partnerships with businesses and community involvement. The University values the pursuit of excellence through creativity, curiosity and critical enquiry, and conducts its activities with *tika, pono* and *aroha* – integrity, respect and compassion. With this ethos, AUT is an increasingly powerful force for learning, creativity and discovery, promoting the well-being of people and their environments, both in New Zealand and beyond.

## AUT TODAY

Ranked in the top 500 global universities by international quality agency Quacquerelli Symonds, AUT is known for its research-led and professionally oriented curricula, and interdisciplinary approach to scholarship. The University has five faculties – Business and Law, Culture and Society, Design and Creative Technologies, Health and Environmental Sciences, and Te Ara Poutama – and teaches more than 250 courses of study to its nearly 29,000 students. The University is continuing to develop its research capabilities and is making strides towards its key research goals: creating a vibrant learning community, and extending the impact of its research through greater international esteem and application to current concerns faced by businesses, community groups, and industry. The University is recognised as a leader in the tertiary sector for its involvement with the community and success in extending educational opportunities beyond the traditional boundaries.

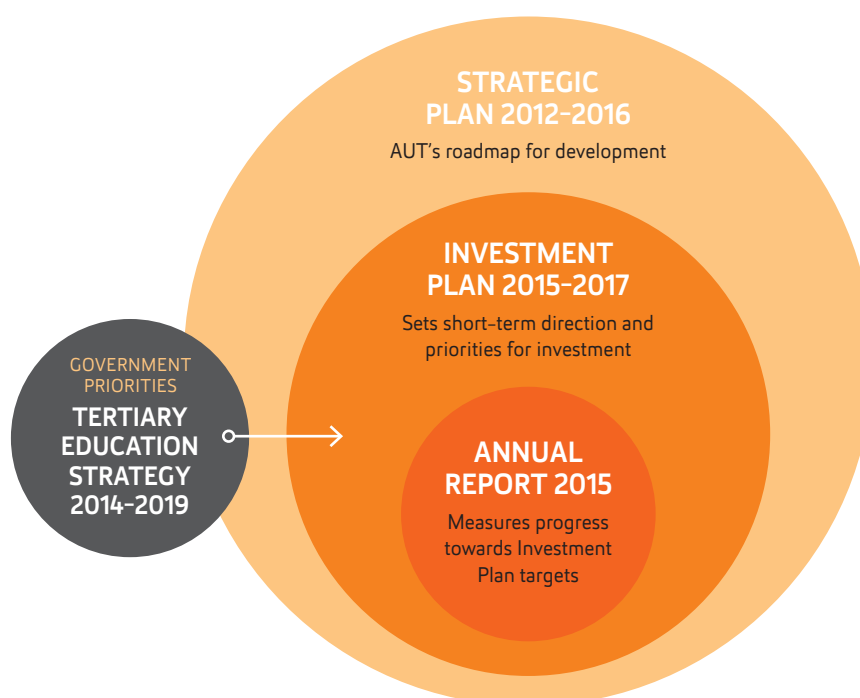
## CAMPUSES

Each of AUT's campuses has a distinct character, reflective of its surrounding environment and mix of students and programmes. In the heart of Auckland's CBD, AUT City Campus teaches over 19,500 distinct students studying a range of disciplines including but not limited to design, engineering, business, Māori development, hospitality, languages and communications. With more than 7,200 distinct students, AUT North Campus is the home of health and applied sciences and education. The adjunct AUT Millennium is a specialist sports sciences facility conducting leading research on enhancing the performance of elite athletes. AUT South Campus was established in 2010 and is the University's largest venture to date. Enrolments grew to more than 2,400 distinct students in 2015, in line with the ambitious growth plans for the campus. Several health science disciplines are now headquartered at South Campus, alongside undergraduate and postgraduate programmes in education, business, computer science and communications design. The campus itself offers new opportunities for the development of innovative curricula structured to be responsive to the needs of the region's business, industry, school and community groups.



## STRATEGIC DIRECTION

The content and focus of this Annual Report reflect the University's vision as presented in the Strategic Plan 2012–2016, and then articulated alongside key Government priorities in the Investment Plan 2015–2017, as shown below.



The *Strategic Plan 2012–2016* celebrates the University as a collegial, inclusive and diverse institution, engaged with issues of national and international importance. It identifies the University's core activities as learning and teaching, research and development, contributions of staff, engagement with communities, and continuous development and capacity building, and lists a series of development objectives and levers for change for each. While grounded in the existing Strategic Plan, the Investment Plan 2015–2017 also points to the future with a greater focus on measuring the impact of AUT's core activities.

### AUT'S IMPACTS<sup>1</sup> AND THE ASSOCIATED CORE ACTIVITIES ARE:

EXCELLENT SCHOLARS AND SOUGHT-AFTER GRADUATES	Learning and teaching
RESEARCH THAT INSPIRES CURIOSITY, ADVANCES KNOWLEDGE AND BENEFITS COMMUNITIES	Research and scholarship Engagement with communities
WIDER PARTICIPATION AND SUCCESS IN EDUCATION	Learning and teaching Contributions of staff Engagement with communities
EDUCATED CITIZENS IGNITING CHANGE IN THEIR COMMUNITIES	Learning and teaching Contributions of staff Engagement with communities
A STRONGER REPUTATION FOR AUT	Research and scholarship Contributions of staff Continuous development and capacity building

Within the Statement of Service Performance there is a particular emphasis on identifying the value added by AUT in key focus areas, including graduate employment, South Auckland, and for Māori and Pacific peoples. Consultation for the next strategic plan commenced in 2015 and will continue in 2016, seeking input from staff, students and key stakeholders.

The Strategic Plan also presents the Outcomes Framework, illustrating the process by which the University's resources, processes and activities influence the University's outputs, and in turn create impacts which ultimately contribute to New Zealand's economic, socio-cultural and environmental development.

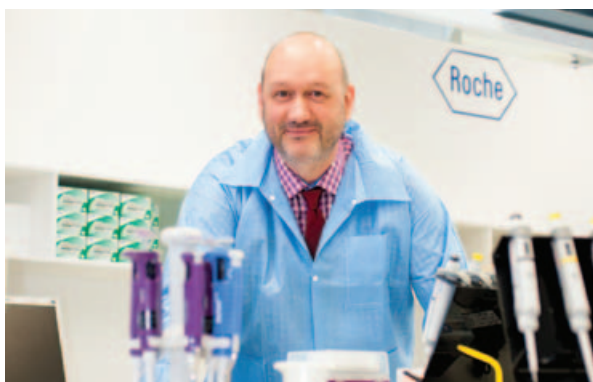
<sup>1</sup> For an explanation of why these impacts were chosen, refer to *Auckland University of Technology Investment Plan 2015–2017*

## AUCKLAND UNIVERSITY OF TECHNOLOGY'S OUTCOMES FRAMEWORK



THIS IS AUT: RESPONSIVE, CONTEMPORARY AND ENGAGED. THE UNIVERSITY FOR OUR CHANGING WORLD.

# MAKING A DIFFERENCE



## ROCHE DIAGNOSTICS LAB

The Roche Diagnostics Lab exemplifies AUT's commitment to establishing industry partnerships where the benefits extend beyond those directly involved. Roche Diagnostics supply the lab with their latest medical equipment, allowing undergraduate and postgraduate students access to the latest scientific developments in chemistry, molecular diagnostics, immunology and haematology. In return, Roche Diagnostics use the lab to conduct leading research in the development of new molecular tests for the detection of pathogens.



## NEULAB

NeuLab is New Zealand's first advanced data science neurocomputing laboratory. Led by Professor Nikola Kasabov and the Knowledge Engineering and Discovery Research Institute, NeuLab is the only facility dedicated to research into the uses of 'big data', data sets that are too large or complex for traditional data processing applications. NeuLab offers AUT-owned advanced generic data analysis techniques, and acts as an incubator for new big data research projects. The International Data Corporation argues that big data is the next essential business capability and a foundation of an intelligent economy. NeuLab's work provides an insight into the future.



## WOOLF FISHER TRUST FIRST-IN-FAMILY SCHOLAR: NIKORA PRICE

AUT and Woolf Fisher Trust have joined forces to help more young people gain a university education. The Woolf Fisher First in Family Scholarships fund up to three years of study at AUT for students who are the first member of their family to attend university. Nikora Price of Whangarei is one of the 12 inaugural recipients. Nikora is interested in film and has enrolled in the Bachelor of Communication Studies. He cites the scholarship as the main reason he decided to attend university. These scholarships give students like Nikora the opportunity to pursue career paths that may not otherwise have been available to them.



## NATIONAL INSTITUTE FOR STROKE AND APPLIED NEUROSCIENCES

At AUT's North Campus, Professor Valery Feigin and the National Institute for Stroke and Applied Neurosciences (NISAN) team research ways to reduce the burden of neurological disorders. Their Stroke Riskometer app helps users assess and control their stroke risk factors, and is being used as the platform for NISAN's global study on non-communicable diseases. Professor Feigin estimates that, if used as part of an educational campaign, the Stroke Riskometer can realistically aim to reduce the number of strokes in New Zealand by 200-300 every year, as well as helping people to avoid diabetes and heart disease.





### HEALTH AND WELLBEING LAB

The Design for Health and Wellbeing Lab is a collaboration between AUT's School of Art and Design and Auckland District Health Board. Together, they apply design-led solutions to create a better experience for patients, visitors and staff. The lab also provides postgraduate students with invaluable real-world design experience working with hospital users. Projects have included an anaesthetic bottle clip that both prevents leaks and indicates usage, and Sprout, a child-friendly IV drip pole.



### HUMAN POTENTIAL CENTRE

Neuroscientific research is beginning to reveal the scale of importance of physical activity for maintaining a healthy brain. Under the directorship of Professor Grant Schofield, the Human Potential Centre (HPC) is researching the efficacy of health promotion efforts in the workplace, from both an individual and a business perspective. In partnership with Sovereign, the HPC created the Sovereign Wellbeing Index, and has consulted with Vitality Works, Sanitarium's workplace health arm.



### TEXTILE AND DESIGN LAB

The Textile and Design Lab (TDL) is a unique research and development centre, supporting design and innovation in new fashion and textile technologies. The TDL is a hub for engagement with the fashion industry and is used for research, prototyping, sampling and small-scale production. Regular users include students, designers, commercial businesses and research organisations. The lab can also be used for training and education; high-profile retail organisations such as Farmers and The Warehouse have held training courses at the TDL. The TDL is part of the Faculty of Design and Creative Technology's Labs Network.



### SCI21

Sci21's vision is to entertain, inform and inspire interest in the science of tomorrow. Sponsored by AUT's School of Applied Sciences, Sci21 brings research conducted by southern hemisphere scientists to the global stage through a series of entertaining, engaging webcasts. Topics of discussion reflect New Zealand's National Science Challenges, as well as other critical areas that will affect the world of tomorrow. To date, leading scientists have discussed human health and nutrition, climate change, the natural environment, urbanisation and natural disasters, among other topics.

# KEY FACTS AND FIGURES

## ALL EFTS<sup>2</sup>

EFTS	2015 Budget	2015 Actual	2014 Actual	2013 Actual
Domestic SAC-funded EFTS <sup>3</sup>	16,093	15,991	15,671	15,399
International EFTS receiving SAC funding <sup>4</sup>	231	305	264	234
<b>Total SAC-funded EFTS</b>	16,324	16,296	15,935	15,633
International EFTS	2,632	2,759	2,660	2,599
Other Domestic EFTS	169	183	170	173
Other International EFTS	635	408	632	502
Non EFTS	52	47	52	39
<b>Total programme EFTS</b>	19,812	19,693	19,449	18,946
AUT International House	133	105	133	232
<b>Total EFTS</b>	19,945	19,798	19,582	19,178
<b>Total number of students</b>		28,628	28,314	27,299

## EFTS BY QUALIFICATION TYPE

	2015		2014		2013	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
<b>SAC-funded EFTS</b>						
Postgraduate	2,258	14%	2,051	13%	1,843	12%
Bachelor degree and graduate programme	12,618	77%	12,656	79%	12,234	78%
Diploma and certificate	1,420	9%	1,228	8%	1,556	10%
<b>Total SAC-funded EFTS</b>	16,296	100%	15,935	100%	15,633	100%
<b>International EFTS</b>						
Postgraduate	845	31%	678	25%	622	24%
Bachelor degree and graduate programme	1,749	63%	1,850	70%	1,805	69%
Diploma and certificate	165	6%	132	5%	172	7%
<b>Total International EFTS</b>	2,759	100%	2,660	100%	2,599	100%

<sup>2</sup> Equivalent full-time students

<sup>3</sup> SAC-funded refers to students eligible for Student Achievement Component funding

<sup>4</sup> Includes International SAC-funded EFTS (French and German postgraduate students and diplomatic staff and family), International Research SAC-funded EFTS (on-shore international doctorates and international postgraduate research MoE), and International Exchange (SAC-funded) EFTS

## DOMESTIC SAC-FUNDED STUDENTS

	2015		2014		2013	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
<b>Students by ethnicity<sup>5</sup></b>						
Asian	5,203	24%	5,104	24%	5,094	24%
Māori	2,289	11%	2,136	10%	2,100	10%
New Zealand European/Pākehā	9,157	43%	9,110	44%	9,033	43%
Pacific	2,954	14%	2,816	13%	2,710	13%
Other	1,633	8%	1,630	8%	1,791	9%
Non-declared	184	<1%	196	1%	188	1%
<b>Students by mode of study</b>						
Full-time	14,928	70%	14,606	70%	14,200	68%
Part-time	6,492	30%	6,386	30%	6,716	32%
<b>Students by age</b>						
Under 25 years	14,447	68%	13,913	66%	13,659	65%
25–39 years	4,781	22%	4,816	23%	4,974	24%
40+ years	2,192	10%	2,263	11%	2,283	11%
<b>Students by gender</b>						
Female	13,027	61%	12,758	61%	12,632	60%
Male	8,393	39%	8,234	39%	8,284	40%
Gender diverse <sup>6</sup>	0	0%	–	–	–	–

## INTERNATIONAL STUDENTS

International students were enrolled from 88 countries. The top ten are listed below.

	2015		2014
	Numbers	Percentage	Percentage
China	1,902	48%	48%
India	458	11%	10%
Saudi Arabia	195	5%	5%
Vietnam	194	5%	5%
South Korea	147	4%	4%
Hong Kong	76	2%	2%
Malaysia	74	2%	2%
Taiwan	73	2%	2%
Indonesia	57	1%	1%
Russia	52	1%	2%
Other (78 countries)	748	19%	19%
<b>Total International students<sup>7</sup></b>	<b>3,976</b>	<b>100%</b>	<b>100%</b>

<sup>5</sup> Based on students' primary self-selected ethnicity

<sup>6</sup> Gender diverse is a new option for students from 2015

<sup>7</sup> This includes International students that are SAC-funded



## QUALIFICATIONS AWARDED

	2015	2014	2013
Doctorates	80	87	70
Masters	653	657	634
Honours, Postgraduate Diplomas and Postgraduate Certificates	972	871	822
Degrees, Graduate Diplomas and Graduate Certificates	4,156	4,158	4,002
Diplomas	274	425	463
Certificates	1,455	1,435	1,337
<b>Total qualifications awarded</b>	<b>7,590</b>	<b>7,633</b>	<b>7,328</b>



NZ Aid scholarship recipients

## KEY FACTS BY FACULTY

EFTS Enrolments	Business and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual
SAC-funded EFTS	3,428	3,299	2,889	3,084	4,251	4,052	4,940	4,842	76	50	712	608
International EFTS	1,197	1,173	475	451	811	752	264	271	1	1	11	12
Other EFTS	57	272	52	59	217	223	167	158	-	-	145	142
<b>Total programme EFTS</b>	<b>4,682</b>	<b>4,744</b>	<b>3,416</b>	<b>3,594</b>	<b>5,279</b>	<b>5,027</b>	<b>5,371</b>	<b>5,271</b>	<b>77</b>	<b>51</b>	<b>868</b>	<b>762</b>
Taught EFTS <sup>8</sup>	4,960	4,738	3,287	3,596	5,577	5,417	5,538	5,418	295	279	36	2

## RESEARCH AND COST OF SERVICE

Student:academic staff ratio<sup>9</sup>

MoE bulk-funded taught EFTS<sup>10</sup>

### Research

Research outputs<sup>11</sup>

External grants

### Financial \$000s

Faculty costs

Administrative costs

### Total costs

Less recoveries

### Net cost of service

Net cost of service per EFTS

	Business and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama	
	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual	2015 Actual	2014 Actual
Student:academic staff ratio <sup>9</sup>	28.8:1	26.9:1	17.4:1	18.9:1	18.4:1	19.2:1	13.9:1	14.9:1	12.3:1	12.1:1
MoE bulk-funded taught EFTS <sup>10</sup>	4,896	4,576	3,188	3,381	5,313	5,145	5,334	5,222	289	269
<b>Research</b>										
Research outputs <sup>11</sup>	337	284	344	209	645	467	575	639	27	18
External grants	\$447,497	\$272,965	\$147,364	\$115,970	\$2,157,378	\$2,049,626	\$7,389,410	\$7,859,705	\$118,658	\$2,682
<b>Financial \$000s</b>										
Faculty costs	33,848	31,193	29,038	25,539	52,627	39,600	60,357	39,362	3,004	2,605
Administrative costs	26,030	21,562	22,268	17,639	42,014	35,164	37,412	29,311	1,851	1,334
<b>Total costs</b>	<b>59,878</b>	<b>52,755</b>	<b>51,306</b>	<b>43,178</b>	<b>94,641</b>	<b>74,764</b>	<b>97,769</b>	<b>68,673</b>	<b>4,855</b>	<b>3,939</b>
Less recoveries	1,793	278	5,015	2,823	5,221	265	6,295	153	210	138
<b>Net cost of service</b>	<b>58,085</b>	<b>52,477</b>	<b>46,291</b>	<b>40,355</b>	<b>89,420</b>	<b>74,499</b>	<b>91,474</b>	<b>68,520</b>	<b>4,645</b>	<b>3,801</b>
Net cost of service per EFTS	\$11,864	\$11,468	\$14,520	\$11,936	\$16,830	\$14,480	\$17,149	\$13,121	\$16,073	\$14,131

8 Annual Report 2014 incorrectly included 133 AUT International House EFTS. 2014 results have been restated accordingly

9 2014 figures have been restated to include all Taught EFTS for each faculty

10 These figures do not include 35 EFTS that were not attributed to any faculty. Of these, 34 were from the UniPrep programme

11 In line with the University's strategic direction, these results now include only those outputs that are both verified and quality assured, whereas all verified outputs were reported in previous Annual Reports. 2014 results have been restated accordingly. Where there are multiple AUT authors in more than one faculty, an output is counted once per faculty. The University total of distinct, verified and quality-assured research outputs is reported in KPI 2.1



## STAFF

For the year ended 31 December 2015

Faculties	2015			2014		
	Academic	Admin	Total	Academic	Admin	Total
Business and Law	172	70	242	176	73	249
Culture and Society	189	79	268	190	75	265
Design and Creative Technologies	303	118	421	282	106	388
Health and Environmental Sciences	398	131	529	363	123	486
Te Ara Poutama	24	3	27	23	3	26
<b>Total faculty FTE</b>	<b>1,086</b>	<b>401</b>	<b>1,487</b>	<b>1,034</b>	<b>380</b>	<b>1,414</b>
<b>Total central administration services FTE</b>	<b>49</b>	<b>813</b>	<b>862</b>	<b>49</b>	<b>741</b>	<b>790</b>
<b>Total University FTE</b>	<b>1,135</b>	<b>1,214</b>	<b>2,349</b>	<b>1,083</b>	<b>1,121</b>	<b>2,204</b>



Staff and students celebrate Pink Shirt Day



# FINANCIAL REVIEW

For the year ended 31 December 2015

## KEY FINANCIAL INDICATORS

### Operations

#### Total revenue

#### Total expenses before finance costs

#### Surplus before finance costs

#### Finance costs

Interest on borrowings

Finance charges on finance leases

#### Total finance costs

#### Total expenses

#### Net surplus

### Cash flows

Operating cash receipts

Operating cash payments

#### Net cash flows

### Property, plant and equipment – net book value

### Debt

Bank borrowings – term

Finance leases – current

Finance leases – term

#### Total debt

### Equity

### Operating ratios

Net surplus/revenue

Cash ratio

Interest cover ratio

Liquidity ratio

### Capital ratios

Debt cover ratio

Debt/debt + equity

Debt/total revenue ratio

## University

2015 Actual	2015 Budget	2014 Actual
\$000s	\$000s	\$000s
<b>362,169</b>	358,910	341,437
<b>345,373</b>	341,211	325,072
<b>16,796</b>	17,699	16,365
<b>845</b>	1,503	504
<b>1,653</b>	1,930	1,835
<b>2,498</b>	3,433	2,339
<b>347,871</b>	344,644	327,411
<b>14,298</b>	14,266	14,026
<b>363,388</b>	360,040	351,052
<b>304,285</b>	299,665	288,776
<b>59,103</b>	60,375	62,276
<b>696,975</b>	625,353	600,304
<b>103,150</b>	61,672	34,300
<b>6,485</b>	6,250	6,250
<b>28,665</b>	29,434	30,981
<b>138,300</b>	97,356	71,531
<b>500,435</b>	474,332	462,210
<b>3.9%</b>	4.0%	4.1%
<b>119%</b>	120%	122%
<b>6.72</b>	5.16	7.00
<b>19%</b>	19%	28%
<b>2.34</b>	1.61	1.15
<b>22%</b>	17%	13%
<b>38%</b>	27%	21%

# STATEMENT OF RESPONSIBILITY

*For the year ended 31 December 2015*

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 2015 and the results of the operations for the year ended 31 December 2015.



John Maasland  
Chancellor



Derek McCormack  
Vice-Chancellor

4 April 2016

# INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

*To the readers of Auckland University of Technology and group's financial statements and non-financial performance information for the year ended 31 December 2015*

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

We have audited:

- the financial statements of the University and group on pages 58 to 107, that comprise the statement of financial position as at 31 December 2015, the statement of financial performance, statement of other 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 consolidated financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 32 to 55.

## OPINION

In our opinion:

- the financial statements of the University and group on pages 58 to 107:
  - present fairly, in all material respects the University and group's:
    - financial position as at 31 December 2015; and
    - financial performance and cash flows for the year ended;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance of the University and group on pages 32 to 55 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2015.

Our audit was completed on 4 April 2016. This is the date at which our opinion is expressed.

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

## BASIS OF OPINION

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

### An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing a statement of service performance that fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non financial performance information, whether in printed or electronic form.

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

### RESPONSIBILITIES OF THE AUDITOR

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

### INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we will carry out an assignment over 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.



**Leon Pieterse**

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





City Campus Business School building





# STATEMENT OF SERVICE PERFORMANCE

The following Statement of Service Performance contains information on the University's KPIs. This documents the services provided by AUT to meet stakeholder needs and to ensure the intent of the *Strategic Plan* is fulfilled. For an overall view of the performance of the University, the Statement of Service Performance section must be read in conjunction with the section entitled '*The Year: 2015*'.



# IMPACT 1

## EXCELLENT SCHOLARS AND SOUGHT-AFTER GRADUATES

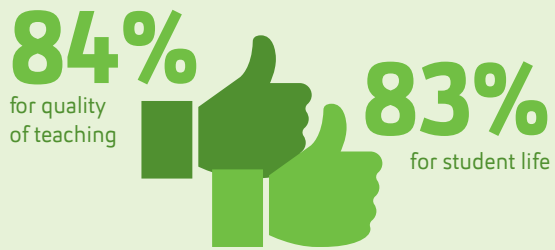
OUTPUTS	LEVERS FOR CHANGE	STRATEGIC THEME
Create inspirational learning experiences  Create a vibrant and rewarding environment for work and learning  Serve our diverse communities  Spark debate and share knowledge  Advance knowledge and professional practice	Enhance support services and resources for students	Learning and teaching
	Build a diverse student profile	
	Continue to improve EPI results	
	Expand AUT South Campus	
	Enhance student engagement and satisfaction	

Above image: Students attending InterNZ Match Ready employability workshop

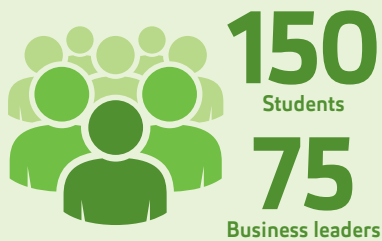


STUDENT EMPLOYABILITY  
GROUP ESTABLISHED

#### UNIVERSITY EXPERIENCE SURVEY FOR STUDENT SATISFACTION



#### SHADOW A LEADER DAY 2015



Attended the first  
Scholars' Welcome Event

#### PEER LEADERSHIP PROGRAMME



#### STUDENT COMMUNICATIONS TEAM



#### OSSIE AWARD



to student journalism team  
for Rainbow Warrior series

#### STUDENT FINANCE TEAM





## PERFORMANCE MEASURES

### 1.1 Create employable, work-ready graduates

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
1.1.1 Percentage of bachelors graduates who completed a work placement while studying	>80%	<b>89%</b>	89%	88%*
1.1.2 Percentage of available graduates who are working full time**	85%	<b>82%</b>	82%	84%

\* This figure has been restated from Investment Plan 2015–2017 due to improved accuracy of reporting

\*\* This figure is taken from the annual Graduate Survey. It shows the proportion of all domestic graduates who are available for full-time employment and are working full-time approximately six months after graduation. The response rate to the 2015 Graduate Survey for domestic students was 38%, which is in line with other AUT surveys

Work placements are a key point of difference for AUT's bachelor degrees and one that is highly valued by students and employers alike. Although the overall target for full-time employment of available graduates was not met, the result was maintained from 2014. In response to changing employer needs, the Careers Centre increased its emphasis on building student and graduate employability, which will culminate in the opening of an employability hub in 2016. This approach aligns with existing curriculum-based efforts to impart the relevant skills, attitudes and experience that result in sought-after graduates.

Partially achieved

### 1.2 Increase postgraduate provision

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
1.2.1 More than 15% of EFTS in postgraduate study	16%	<b>16%</b>	15%	14%
1.2.2 Increase the number of doctoral students	700	<b>787</b>	696	627

The University has already achieved the challenging targets set for postgraduate provision in the Strategic Plan 2012–2016. As evidence of AUT's increasing reputation, this was enabled by strong growth in both domestic and international enrolments; international postgraduate enrolments have increased by more than a third since 2013 while domestic numbers have increased by 21%. In the case of doctoral students, AUT has exceeded its targeted 750 candidates a year earlier than expected.

Achieved

## PERFORMANCE MEASURES (continued)

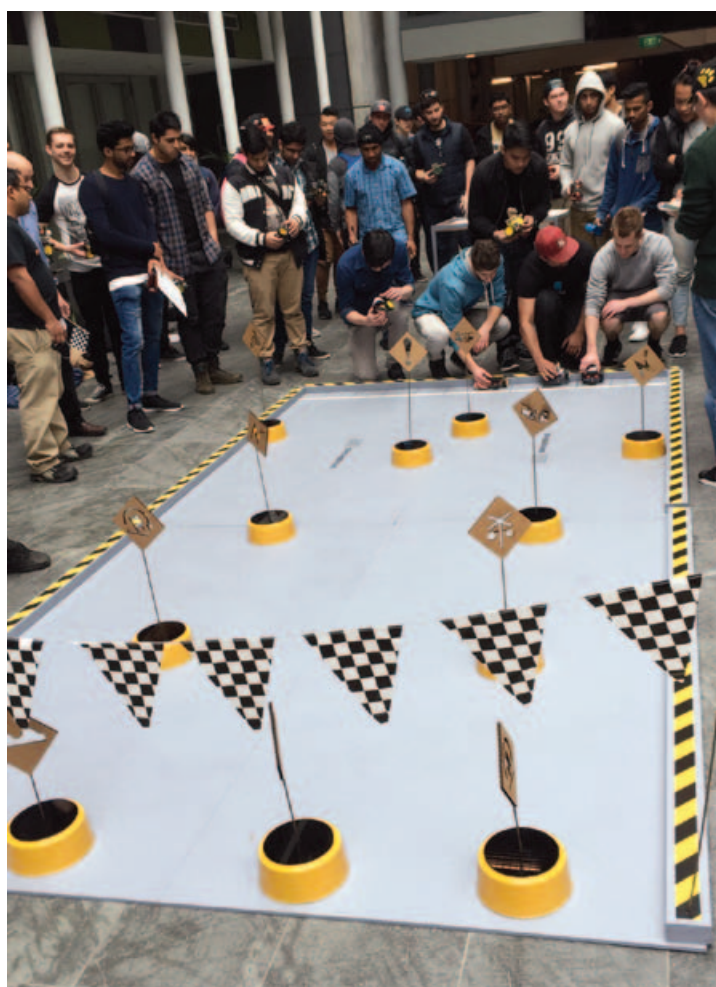
### 1.3 Enhance engagement and satisfaction of students

#### Key performance indicator

	Target 2015	Actual 2015	Actual 2014	Actual 2013
1.3.1 Percentage of students who would recommend AUT to others	88%	<b>88%</b>	88%	87%

AUT is proud that its inspirational learning experiences and excellent preparation for employment have resulted in a consistently high level of student satisfaction. The University introduced several new initiatives in 2015 to better support students and respond to employer demands. These include a subsidy for those who require a learning assessment due to impairments. Eligible students now receive funding for an assessment through an external provider, which significantly reduces their waiting period. The University has also continued to work with Be Accessible to ensure its signage, publications, and learning and promotional material are accessible for people with disabilities. Another initiative was the AUT Uni Life blog series, which provides an insight into the university and life experiences of six different student bloggers.

Achieved



2015 Robotics competition



Realistic trauma simulations prepare Paramedicine students for the workforce



# IMPACT 2

## RESEARCH THAT INSPIRES CURIOSITY, ADVANCES KNOWLEDGE AND BENEFITS COMMUNITIES

OUTPUTS	LEVERS FOR CHANGE	STRATEGIC THEMES
Advance knowledge and professional practice  Serve our diverse communities  Make a national and global impact  Spark debate and share knowledge	Extend research activity and capability across the University	Research and scholarship
	Increase allocation of internal resources to research	
	Increase external research income	
	Increase postgraduate students	Engagement with communities
	Strengthen international relationships and collaborations	
	Deepen relationships with professions, industry, business and communities	
	Strengthen the contribution to Māori advancement	
	Enhance engagement and advancement of Pacific peoples	

Above image: Design for Health & Wellbeing lab



### MAJOR GLOBAL HEALTH STUDY

AUT neuroscience team uses their Stroke Riskometer app



Cook Islands  
Dictionary app launched



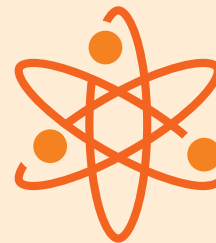
Major grants for  
family violence research



Strategic Research  
Investment Fund grants



Papakura Kidz study with  
Middlemore Hospital addresses  
health, education and housing issues



Sci21 webcast series launched  
to make science more accessible



KODE Biotech research licenced  
by UK pharmaceutical company  
for cancer research



AUT researchers helping rebuild tourism  
in Vanuatu after Cyclone Pam



Researchers find ways to support  
visually impaired people at work



## PERFORMANCE MEASURES

- 2.1 Increase the number of quality-assured research outputs

### Key performance indicator

	Target 2015	Actual 2015	Actual 2014	Actual 2013
Number of quality-assured research outputs	1,745	1,855	1,547	1,536

Quality-assured research outputs increased 20% between 2014 and 2015 to exceed the target for 2015 by 6%. The University continued to support research activity through such initiatives as the Strategic Research Investment Fund, which awarded \$1.8 million to a range of projects in 2015. The Research and Innovation Office also held numerous workshops and seminars to help academic staff enhance their publication plans, and to prepare for the Performance-Based Research Fund quality evaluation round in 2018, both of which are likely to have influenced publication rates.

Achieved

- 2.2 Increase the proportion of academic staff contributing verified research outputs to 75% by 2016

### Key performance indicator

	Target 2015	Actual 2015	Actual 2014	Actual 2013
Proportion of academic staff contributing research outputs	69%	57%	59%*	58%

\* This was incorrectly stated as 61% in Annual Report 2014

The proportion of academic staff contributing research outputs declined from 2014 to 2015, against the trend of several years. There was some turnover of academic staff during 2015 which contributed to this result. More positively, as is shown in KPI 2.1, those who are research active are producing significantly more outputs. While the Strategic Plan target of 75% remains a challenge, the University is committed to increasing the breadth and depth of research activity. AUT introduced several initiatives to encourage all academic staff to conduct research in 2015. These include an online resource that collates information on research development resources, events and assistance available across the University, an interdisciplinary writing group to support staff in the early stages of their publishing careers, appointment of a Researcher Development Manager, and the Early Career Academics programme. AUT expects a speedy return to the trend of increasing research activity across the University.

Not achieved

## PERFORMANCE MEASURES (continued)

### 2.3 Increase external research revenue

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
2.3.1 Total external research revenue	\$13.3M	<b>\$11.1M</b>	\$9.6M	\$9.6M
2.3.2 External research revenue from research with industry	\$4.4M	<b>\$3.8M</b>	\$3.6M	\$3.2M

External research revenue grew 17% from 2014 to 2015, an impressive achievement built on some pleasing successes throughout the year, including an MBIE Targeted Grant of \$2.4 million for Professor Koziol-McLain and the University's first full Marsden Grant. The Research and Innovation Office has implemented a strategy to achieve the challenging goals AUT has set for growing its research revenue. This strategy includes building consultancy services, especially those with embedded research contracts, and working closely with contestable funders and government agencies and ministries to generate contract activity. Although the target was not achieved for 2015, the University is already starting to experience the benefits of this approach and more are expected in 2016.

Not achieved



PhD student Nural Razak in the Scanning Electron Microscope lab

2.4 Increase commercialisation and industry engagement activities

2015 heralded AUT's most successful commercialisation year to date, with several outstanding achievements on the national and global stages. The most significant success was a licensing deal with United Kingdom-based Agalimmune for Kode™ Technology developed by Professor Stephen Henry. The University also secured a licence agreement with an Australian company for a mole analysis and classification tool developed by Dr Hamid Gholam Hosseini, School of Engineering. The tool is designed to be used in tele-health procedures and can be used for referring patients to health practitioners. The agreement covered funding for ongoing research and development, a licensing fee and royalties. In another trans-Tasman success, Professor John Cronin and Dr Andrew Kilding, Sports Performance Research Institute New Zealand, licenced their online course Enhancing Physiological Performance to Melbourne's Victoria University.

Dr David White, also from the School of Engineering, secured a Kiwinet Pre-Seed Accelerator Fund grant of \$0.18 million to fund the development of respiratory technology. AUT matched the grant with both funding and in-kind support. AUT Enterprises Ltd subsequently filed two patents for Dr White in the field of respiratory therapy.

Also in the healthcare field, Professor Valery Feigin's Stroke Riskometer app was commercialised and will be translated into 18 languages. This free app has the potential to save countless lives by helping users identify their risk of stroke and other cardiovascular disorders. Professor Feigin and his team at the National Institute of Stroke and Applied Neurosciences raised \$1.35 million to use the app as the basis for brain research and studies on the prevention of stroke and cardiovascular disease.

AUT staff consultancy services continue to grow apace; the consultancy programme attracted \$1.23 million in 2015, well in advance of the expected \$0.8 million. This outstanding result included a large international contract in the United States worth \$0.7 million.

AUT has targeted industry engagement in general, and commercialisation in particular, as a key area for growth over the coming years. The Vice-Chancellor's external engagement project commenced with a stocktake which revealed the depth and breadth of industry engagement activities across the University. From this, the project leaders identified a set of actions that will help the University capitalise on the excellent work already being done and build for the future. These include improved communication and co-ordination of industry engagement activities, and reinforcing an academic culture where such engagement is valued.

Turning now to activities that are focussed on increasing AUT's profile in the Auckland business community, the University was named as one of Auckland Council's top 23 strategic partners and entered a new agreement with the Vodafone Event Centre in Manukau. AUT again hosted the Trans-Tasman Business Circle's post-Budget lunch and the Kea Inspire Day, and was the supreme sponsor of Kea's World Class New Zealand awards. The University was made a partner of ngConnect New Zealand, an organisation focussed on the design and testing of technology for businesses. This partnership included a fully funded project for an AUT student. Finally, the Faculty of Design and Creative Technologies secured a partnership with Spark Ventures, which includes funding for postgraduate scholarships in 2016.

Achieved

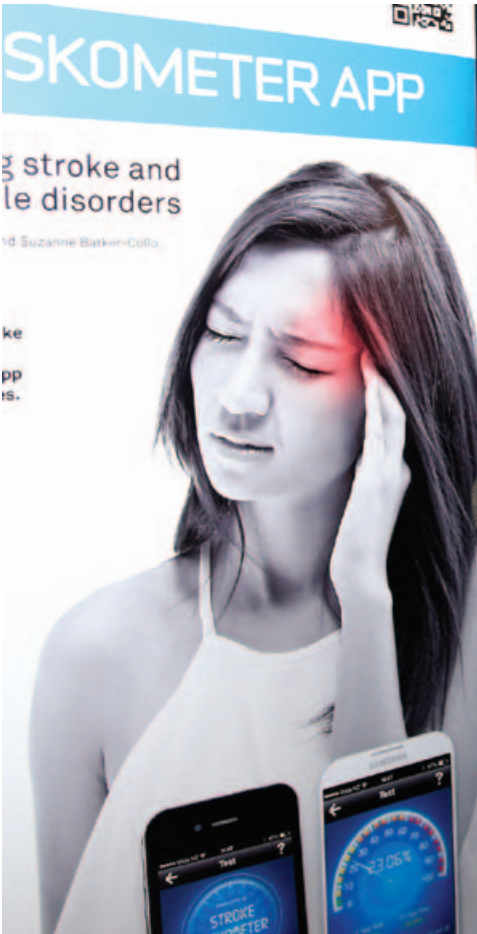




Launch of combined School of Engineering, Computer and Mathematical Sciences



Professor Erica Hinckson is inducted to the UCSD Athletics Hall of Fame



Professor Valery Feigin, National Institute for Stroke and Applied Neurosciences and creator of the Stroke Riskometer



Winners of the 'Three Minutes to Impress' thesis competition



PhD student Roffi Grandiosa in the Roche Diagnostics Lab



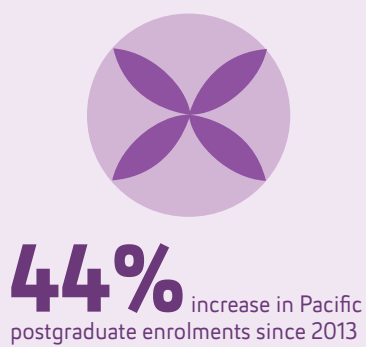
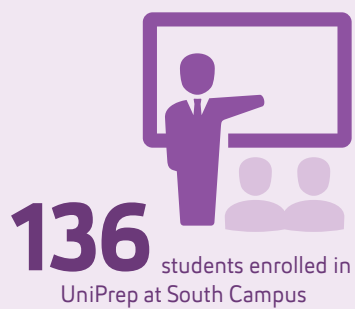


# IMPACT 3

## WIDER PARTICIPATION AND SUCCESS IN EDUCATION

OUTPUTS	LEVERS FOR CHANGE	STRATEGIC THEMES
	Enhance support services and resource for students	
Create inspirational learning experiences	Build a diverse student profile	Learning and teaching
Create a vibrant and rewarding environment for work and learning	Continue to improve EPI results	
Serve our diverse communities	Expand AUT South Campus	Engagement with communities
Spark debate and share knowledge	Enhance student engagement and satisfaction	
Advance knowledge and professional practice	Strengthen the contribution to Māori advancement	
Make a national and global impact	Enhance engagement and the advancement of Pacific peoples	Contributions of staff
	Increase diversity in academic and senior positions	

Above image: Vice-Chancellor's Scholarship recipients 2015



#### STUDENTS SINCE 2012



## PERFORMANCE MEASURES

### 3.1 Improve the University's successful course completion rate

#### Key performance indicator

	Target 2015	Provisional 2015*	Actual 2014	Provisional 2014	Actual 2013
3.1.1 Successful course completion rate	Annual increase	<b>84.0%</b>	84.6%	83.5%	84.3%

\* Provisional course completion rates are calculated using the TEC Workspace2. Final 2015 results will not be available until after the submission of the University's April Single Data Return (SDR).

AUT's provisional course completion rate for 2015 is 84.0%, a steady improvement on the provisional 2014 result (83.5%) and the final result can be expected to increase further. Course completion rates have continued to improve steadily over the years, as a result of sustained attention to teaching and learning practices, and investment in specialised support services such as He Korowai Mātauranga and Kaveinga Pacific student mentors. This has also seen AUT make significant strides in its performance against the rest of the sector; by 2014 (the most recent results available) the University's course completion rate was within three percentage points of the sub-sector leaders.

Result pending

### 3.2 Increase educational opportunities

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
3.2.1 Increase the proportion of students from areas with high deprivation scores	26%	<b>27%</b>	26%	27%*
3.2.2 Increase the number of new students from key areas of South and Southwest Auckland**	1,000	<b>1,060</b>	924	953*

\* 2013 results have been restated due to improved capture of address data.

\*\* These are the Māngere-Ōtāhuhu, Manurewa, Papakura and Ōtara-Papatoetoe local board areas.

One of AUT's central missions is to facilitate wider participation and success in education. It is therefore pleasing to see that the University continues to attract a significant proportion of students from lower socio-economic areas, and is attracting increasing numbers of students from its targeted areas of South and Southwest Auckland. The number of new students from the Manurewa local board area grew from 267 in 2014 to 307 in 2015, an increase of 15%, while the number from Ōtara-Papatoetoe increased 10% to 342 over the same period. The total number of new students from the region has increased 20% overall since 2012. The establishment of AUT South Campus has been a significant catalyst for this growth, providing opportunities for higher education within their local area, as well as a gateway to study options at City and North campuses.

Achieved

## PERFORMANCE MEASURES (continued)

### 3.3 Increase participation and success for Māori

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
3.3.1 Increase the number of Māori graduates from bachelors degrees	330	272	301	278
3.3.2 Increase the number of postgraduate students that are Māori	310	324	295	274

After several years of steady growth, there was a slight decrease in the number of Māori graduates from bachelors degrees. More positively, the number of postgraduate completions increased from 79 in 2014 to 98 in 2015, including 13 new doctoral graduates. The University also expects a speedy return to growth in the number of graduates from bachelors degrees; as discussed in KPI 4.1, AUT introduced several new initiatives to attract and assist Māori students into degree-level study during the year. There is also a comprehensive suite of programmes to support Māori through their study. These include He Korowai Mātauranga and Inspiring Māori and Pacific Success (IMAPS), both of which were discussed in Annual Report 2014. Māori postgraduate enrolments continue their upward trend, increasing 19% since 2013. The University supports Māori and Pacific postgraduate students through the Wānanga Series, a year-long programme including writing retreats, discussion and networking weekends, and workshops.

Partially achieved

### 3.4 Increase participation and success for Pacific peoples

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
3.4.1 Increase the number of Pacific graduates from bachelors degrees	385	336	330	319
3.4.2 Increase the number of Pacific postgraduate students	235	299	249	207

The number of Pacific students attaining bachelors degrees at AUT continues to grow, although at a slower rate than anticipated. As with Māori students, postgraduate completions are increasing rapidly; the total number of postgraduate qualifications awarded to Pacific students grew from 56 in 2014 to 90 in 2015, including five doctoral qualifications. This trend is expected to continue given the sustained growth in Pacific postgraduate enrolments, which have increased 44% from 2013 to 2015. The increased support for postgraduate students provided by the Wānanga series has been an important factor in this achievement, as have faculty-based initiatives such as the Path Less Travelled event held by the Faculty of Business and Law. These efforts are assisted by AUT's increasing reputation for excellence in Pacific research, driven by the Pacific Media Centre, the New Zealand Tourism Research Institute and the Pacific Islands Families Studies.

Partially achieved





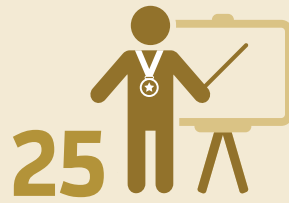
# IMPACT 4

## EDUCATED CITIZENS IGNITING CHANGE IN THEIR COMMUNITIES

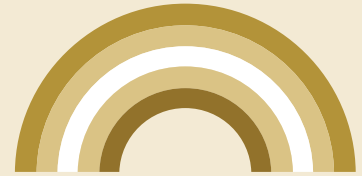
OUTPUTS	LEVERS FOR CHANGE	STRATEGIC THEMES
<p>Create inspirational learning experiences</p> <p>Create a vibrant and rewarding environment for work and learning</p> <p>Serve our diverse communities</p> <p>Spark debate and share knowledge</p> <p>Advance knowledge and professional practice</p> <p>Make a national and global impact</p>	Enhance support services and resource for students	Learning and teaching
	Build a diverse student profile	
	Continue to improve EPI results	
	Expand AUT South Campus	Engagement with communities
	Enhance student engagement and satisfaction	
	Strengthen the contribution to Māori advancement	Contributions of staff
	Enhance engagement and the advancement of Pacific peoples	
	Increase diversity in academic and senior positions	

Above image: Teaching children at South Campus open day

**13 + 5**  
Māori Pacific  
Doctoral graduates in 2015



25 Master of Educational Leadership scholarships awarded to teachers from South Auckland schools



AUT staff appointed to Auckland Council's Rainbow Advisory Panel



Ki TUA Māori alumni network established



250 Secondary students attended the first AUTAIA Māori open day



Partnership established with Fiji Higher Education Commission

**87%**

of available Māori graduates were employed full time (2015 Graduate Survey)



Language revitalisation expertise shared with University of Hawai'i

### 4.1 Strengthen the contribution to Māori advancement

In 2015 AUT fulfilled its Strategic Plan commitment to celebrate and advance Māori potential and educational success through research, partnerships with iwi, preparing young people for higher education, developing Māori teachers, and promoting te Reo Māori.

A team of experts from Te Ipukarea: The National Māori Language Institute, commenced a study of the users of *Te Aka*, the online te Reo dictionary created by AUT's Professor John Moorfield. *Te Aka* is now the world's most comprehensive and popular online Māori language dictionary, and the study aims to deepen understanding of the usefulness of online resources for language revitalisation. Findings will be used to inform the development of other resources including the Cook Islands Dictionary app also released in 2015.

The release of the *Te Māhuri* app added to AUT's rich repository of Māori language resources. The *Te Māhuri* app is the upper-intermediate stage of *Te Whanake*, the te Reo resource, which offers animations, podcasts and exercises for te Reo learners. The University also sponsored the Auckland and national Ngā Manu Kōrero secondary schools speech competitions. Finalists attended a mentoring breakfast with current AUT Māori students, met with the president of AuSM, and attended a workshop on using digital devices as learning tools.

The University established several important new initiatives with mana whenua groups in Auckland, including a symposium with secondary and tertiary students and professionals from Ngāti Whātua iwi. The Te Puea Memorial Marae Whānau Day shared information on educational pathways with the Mangere community, the first of several such events to be held at marae around Auckland.

The inaugural AUTAIA Māori Open Day showcased higher education and Māori success to secondary students from Auckland, Northland, Tokoroa and Rotorua. The University also hosted the Ngātiwai Putaiao Academy, a science academy for Year 9 students at Kamo High School. The students stayed at Ngā Wai o Horotiu marae and attended workshops with the School of Applied Sciences and Te Ara Poutama.

As part of its strategy to illuminate the pathway to academic achievement, the University is committed to developing those who teach young Māori, both in Auckland and further afield. AUT held professional development sessions for teachers from Te Rumuaki Reo o Ngā Puna o Waioreia at Western Springs College and Te Kura Kaupapa o Pukemiro in Kaitiaki, and conducted presentations to principals and community leaders from several Far North schools. Further south, the University delivered workshops based on communication, self-development and Māori concepts to teachers from five Kapiti Coast kura, including Te Kura Kaupapa Māori o Te Rito, Paraparaumu College and Te Kura ā iwi o Whakatupuranga.

The 2015 Graduate Survey revealed highly positive outcomes for AUT's Māori graduates. Almost nine in ten (87%) of those who were available for full-time employment were employed full time, compared with 82% of all domestic graduates. More than half (61%) of those who were not employed were enrolled in further study. Additionally, a very high 89% of Māori graduates believed that their qualification improved their employability, compared to 84% overall. Sixty alumni attended the Ki TUA event in September, which celebrated the success of Māori graduates. In a further boost for Māori alumni, the AUT International Whānau Council received a \$31,000 grant from Education New Zealand to support the establishment of a chapter in the United States. The Whānau Council currently has more than 1,000 registered members in 11 European nations, and the American chapter will foster cultural exchange between former international students and their Māori whānau.

Achieved

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## PERFORMANCE MEASURES (continued)

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### 4.2 Strengthen the contribution to the advancement of Pacific peoples

AUT continued to make a strong contribution to Pacific advancement through the achievements of its staff and students and its engagement with community groups.

As the New Zealand experience demonstrates, language revitalisation and cultural revival are inextricably linked, and AUT has shown the value of digital resources in this process. The release of the Cook Islands Dictionary app was an important milestone in the journey for the Pacific region. The app was created by Te Ipukarea: The National Māori Language Institute in conjunction with university and government representatives from the Cook Islands, along with ta'unga, who are community elders and repositories of knowledge. The dictionary includes 17,000 headwords in the languages of Rarotonga, Mangaia and Tongareva, along with some words unique to different islands in the group. AUT's influence in Pacific language revitalisation continues to grow; a 30-strong delegation from Hawai'i attended a knowledge-sharing summit in April. The delegation included representatives from the University of Hawai'i, the Hawai'i State Department of Education, Kamehameha Schools and Polynesian Voyaging Society.

Researchers from the Pacific Islands Families Study (PIFS) visited participants who had moved to Australia part-way through the study to begin analysing trends across the two countries. Dr Talita Tolutau became the first female Pacific graphic designer to achieve a doctorate with a practice-led thesis. Her work was described by an examiner as an "academic and cultural milestone."

The UniPrep programme was trialled at South Campus in early 2015. UniPrep aims to facilitate a smooth transition from school to higher education. Participants received an introduction into the demands of university study, completing papers in academic literacies and foundation mathematics, while being mentored by high-achieving Māori and Pacific students currently enrolled at AUT. Of the 136 participants, 92 were of Pacific descent. Feedback from participants showed that more than 90% found the programme useful and close to 85% continued their studies at AUT.

The University is also successfully encouraging more students into postgraduate study. As discussed in KPI 3.4, Pacific postgraduate enrolments have increased 44% since 2013, and the number of Pacific students enrolled in a doctoral qualification has grown from 27 to 34 over the same period. The University seeks to increase these numbers further through such initiatives as the Faculty of Business and Law's Māori and Pacific Emerging Scholars programme. The programme aims to increase the number of Māori and Pacific academics by supporting students through undergraduate and postgraduate study and into academic positions. The ultimate aim is to contribute to better economic, social and political outcomes for Māori and Pacific peoples through research and education. The Path Less Travelled event held in 2015 was part of this programme, providing a platform for Māori and Pacific postgraduate students to share experiences and advice with their undergraduate counterparts. The inaugural event was attended by 60 students and two further events are planned for 2016.

AUT continued to fulfil its leadership role within the Pacific communities. Professor David Robie, School of Communication Studies, was awarded the Asian Media Information and Communication Centre's Asia Communication Award. The citation described his "unstinting contribution" as an Asia-Pacific journalist, media educator, and human rights and environmental champion. AUT South Campus hosted a forum on sport as a catalyst for social change and development. The forum included a presentation from doctoral candidate Richard Aijee, considering sport as a vehicle for migrants to integrate into the community. South Campus also hosted the inaugural Rainbow Pacific event, which celebrated the Pacific LGBTI community and aimed to increase awareness of support services for both Pacific and LGBTI students.

Achieved

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# IMPACT 5

## A STRONGER REPUTATION FOR AUT

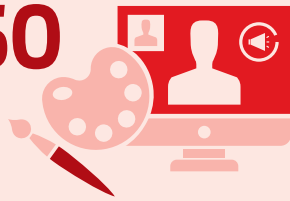
OUTPUTS	LEVERS FOR CHANGE	STRATEGIC THEMES
<p>Advance knowledge and professional practice</p> <p>Serve our diverse communities</p> <p>Make a national and global impact</p> <p>Spark debate and share knowledge</p> <p>Create a vibrant and rewarding environment for work and learning</p> <p>Secure AUT's future through a sound reputation and good stewardship</p>	Extend research activity and capability across the University	Research and scholarship
	Increase allocation of internal resources to research	
	Increase external research income	
	Increase postgraduate students	Contributions of staff
	Enable staff achievement	
	Increase diversity in academic and senior positions	
	Enhance its open, inclusive and collegial culture	
	Build its reputation	Continuous development and capacity building
	Meet agreed financial covenants	
	Enhance facilities and infrastructure	
	Diversify its revenue base	

Above image: Vice-Chancellor Derek McCormack, Prime Minister of the Socialist Republic of Viet Nam, Nguyen Tan Dung, Minister of Tertiary Education, Skills and Employment Steven Joyce, and members of the Vietnamese delegation.

## QS WORLD RANKINGS

World top

50



1<sup>st</sup>

in New Zealand

AUT Art and Design

300+



Vietnamese government officials  
studied at AUT in 2014–2015

## QS WORLD RANKINGS

TOP  
80

world universities  
under 50 years old

TOP  
500  
WORLDWIDE

## Times Higher Education World Rankings for International Outlook

#1

in New Zealand

12<sup>th</sup>

in the world

5.1 Continue to build and benchmark the University's national and international reputation

AUT celebrated some exceptional achievements on the global stage in 2015. As was discussed earlier in this report, ratings agencies QS and THE named AUT within the top echelon of world universities. Alongside a placing within the top 500 of all higher education institutions, QS ranked AUT in the top 80 amongst young universities (under the age of 50). THE named AUT in the top 800 overall, and as the world's 12th most international university. These successes simultaneously recognise, reinforce and extend AUT's growing reputation amongst the world's best.

AUT's expanding influence in Asia is a crucial driver of this growing recognition. More than 300 senior Vietnamese government officials attended training at AUT over 2014 and 2015. Prime Minister Ngyuen Tan Dung visited AUT along with 12 of his senior ministers to mark the 40th anniversary of bilateral relations between our two countries. In return, the University was part of the New Zealand Prime Ministerial delegation to Vietnam for the signing of the New Zealand – Viet Nam Strategic Engagement Plan on Education. AUT also secured partnerships with the Foreign Trade University in Hanoi and the government of the Quang Ninh Province.

Other notable achievements in Asia include a new MoU with Shanghai Normal University, inaugural alumni events in Shanghai and Thailand, sponsorship of APEC Voice of the Future in the Philippines, and meetings with the speaker of the Upper House and senior ministers of the government of Myanmar. Pak Amris Hassan, a former Indonesian Ambassador to New Zealand, was one of three trusted business advisors appointed during the year, two for Indonesia and one for Thailand. Within New Zealand AUT hosted the Diversity Dividend forum with leaders from the Māori, Pacific and Asian business communities, became the exclusive strategic partner of the ASEAN New Zealand Business Council, and hosted an ASEAN forum with Trade Minister Tim Groser.

The University is also building partnerships throughout Europe, with the signing of an MoU with the University of Trento in Italy, and the establishment of Europe House at AUT City Campus. Europe House is a focal point for Auckland-based cultural activities related to the European Union. It also provides a venue for visiting diplomats, officials, academics, and cultural and business associations to use while in the city.

Within New Zealand, AUT sought to strengthen its reputation as an inclusive, welcoming and safe place to work and study through involvement with key community groups. Relationships with Māori and Pacific people and people with disabilities were discussed previously in this Annual Report. Focussing on the Rainbow community, the University sponsored the Big Gay Out, the Queers in Tertiary Hui, and the Pride Parade in 2015, and welcomed the first two recipients of the Gay Auckland Business Association (GABA) AUT Tertiary scholarship. The scholarships were established in partnership with GABA and support young members of the Rainbow community through their first year of study.

A university's reputation is built on the success of its alumni and AUT sought to extend its involvement with former students in 2015. AUT held alumni events in Hanoi and Ho Chi Minh City during the 40th anniversary celebrations in Viet Nam, and met with representatives of all six Vietnamese university partners to discuss an international alumni programme. In a celebration of the University's heritage, the Seddon Technical Memorial College Morning Tea honoured alumni from the years 1913 to 1963. This resulted in an early bequest to the University. An e-newsletter was also introduced, featuring profiles of successful alumni and news of upcoming events.

Achieved

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## PERFORMANCE MEASURES (continued)

5.2	Increase international EFTS to 15–20% of total EFTS by 2016	<i>Key performance indicator</i>	Target 2015	<b>Actual 2015</b>	Actual 2014	Actual 2013
			19%	<b>16%</b>	16%	16%

The University's Strategic Plan goal was to have 15–20% international EFTS by 2016, an aim that was achieved several years ahead of schedule. As a result, Investment Plan 2015–2017 established a more challenging target of 19% by 2015. Although the number of international student EFTS has increased by 8% since 2013, this has been offset by strong domestic growth, up 5% over the same period. The University still seeks to increase the proportion of international students, a task that will be assisted by the international recognition gained in 2015.

Not achieved

5.3	Increase international postgraduate EFTS	<i>Key performance indicator</i>	Target 2015	<b>Actual 2015</b>	Actual 2014	Actual 2013
			845	<b>1,107</b>	900*	806*

\* Results for 2013 and 2014 have been restated to include International SAC-funded exchange and International SAC-funded EFTS

AUT maintained the strong upward trend for international postgraduate EFTS in 2015. The growth in doctoral EFTS was particularly pleasing, up 55% from 139 in 2013 to 216 in 2015. This was supported by strong growth in masters programmes (10% over the same period), while enrolments in postgraduate diplomas more than doubled.

Achieved

5.4	Increase the proportion of academic staff with doctoral qualifications to 60% by 2016	<i>Key performance indicator</i>	Target 2015	<b>Actual 2015</b>	Actual 2014	Actual 2013
			50%	<b>51%</b>	47%	40%

The proportion of academic staff with doctoral qualifications continued its upward trend. This has been achieved both by recruitment and by the achievements of existing employees; AUT celebrated with more than 20 staff members who completed their doctoral studies during the year. While the target of 60% by 2016 presents a challenge, the University remains committed to further increasing the proportion of staff with doctorates through initiatives such as the Doctoral Study Awards, which provide current staff with a semester's release from teaching duties to focus on completion of their doctoral thesis.

Achieved



## PERFORMANCE MEASURES (continued)

5.5 Continue to develop an open, inclusive and consultative staff culture

### Key performance indicator

	Target 2015	Actual 2015	Actual 2014	Actual 2013
5.5.1 Overall employee engagement index score	73.0%	*	*	72.2%

\* The biennial Employee Engagement Survey will now be held in 2016, rather than 2015 as scheduled, due to the implementation of the new AUTOne finance, payroll and human resource management system.

Although the academic workforce is well-known to be ageing, there are still significant barriers to entry. In 2015 AUT trialed a programme to support early career academic staff through their first year, covering the four critical areas of teaching, research, leadership, and professional and career development. Jointly delivered by People and Organisation and the Centre for Learning and Teaching, the programme also includes workshops that will increase participants' understanding of kaupapa Māori philosophy and values.

AUT also continued to implement new initiatives to improve staff engagement based on the results of the 2013 Employee Engagement Survey. Aspire was launched in response to a clear call for more support and training for managers. This programme helps newly appointed frontline leaders develop the skills and mind-set needed for their position and was developed in consultation with AUT managers. New and existing managers can also benefit from the new Navigate course, an e-learning and interactive toolkit based on the best practice guidelines developed by the Chartered Institute of Personnel and Development and customised for AUT. Another professional development programme for administrative staff was introduced, centred on the needs of those in executive assistant roles.

The Kin network was launched for all staff in 2015 with the aim of encouraging greater communication and collaboration across AUT. Kin also provides a vehicle by which individual staff can engage with senior leaders in informal relaxed settings, fostering improved staff relations. The initial events were well attended and the organising committee received highly positive feedback.

For the first time professional staff were recognised at the annual Vice-Chancellor's Excellence Awards, alongside the teaching and research awards. The awards recognised and rewarded professional staff who had demonstrated a significant and sustained contribution to the strategic development of the University.

As a safe, welcoming, inclusive and diverse community, AUT embraces its responsibilities as an equal opportunity employer. AUT remains the only tertiary institution in New Zealand to have achieved the Rainbow Tick, and was successfully reaccredited in December 2015 in recognition of the University's engagement with and support for the Rainbow community. As a direct result of this initiative, staff and students are now able to select 'Gender diverse' when entering personal details.

The Disability, Access and Inclusion Network was expanded and relaunched with the aim of improving access and inclusion for staff and students with disabilities. The network hosted Touch Compass, New Zealand's only professional inclusive dance company, at the 2015 Diversity Week and the AUT Cultural Event. An Inside AUT article on Jordan Milroy, an athlete, final-year public relations student and disability awareness advocate, celebrated disability culture along with promoting better understanding of disability and inclusion. The Excellence in Business Support Awards, hosted by the Faculty of Business and Law, received Platinum accreditation by Be. Accessible.

From a policy perspective, AUT conducted a diversity impact assessment on each of its employment policies and procedures to ensure its support for the University's diversity objectives and identify any required changes. Initiatives to support Māori and Pacific staff are discussed in KPI 5.6.

Achieved

## PERFORMANCE MEASURES (continued)

### 5.6 Increase senior academic and allied appointments of Māori, Pacific peoples and women

#### Key performance indicators

	Target 2015	Actual 2015	Actual 2014	Actual 2013
5.6.1 Senior Māori and Pacific staff	Annual increase	15	14	15
5.6.2 Senior female staff	Annual increase	97	89	72

The University continued to experience success in recruiting and promoting senior female staff. There were 61 senior female academic staff in 2015, up from 56 in 2014, while the number of senior female professional staff increased from 33 to 36. Another 19 delegates completed Ignite, AUT's in-house leadership programme for women.

There was a small but significant increase in the number of senior Pacific staff members, which grew from four to seven in 2015. There were eight senior Māori staff, down from ten in the previous year. Alongside increasing representation amongst the senior ranks, AUT aims to increase the number of Māori and Pacific academic staff. A three-year pilot programme was launched in late 2014 to recruit and develop Māori and Pacific scholars for their first permanent appointment. In 2015, two Māori and three Pacific staff joined the Faculties of Business and Law, Health and Environmental Sciences, and Culture and Society, taking the University to a total of 60 Māori and 33 Pacific academic staff. The appointees are supported by mentors and participate in the early career academic development programme.

Achieved

### 5.7 Continue to diversify the University's revenue base

#### Key performance indicator

	Target 2015	Actual 2015	Actual 2014	Actual 2013
5.7.1 Increase third stream revenues	\$29.8M	\$33.5M	\$32.2M	\$29.0M

Third stream revenues continued their upward trend in 2015. This category includes other revenue sources such as donations, trading, investments and interest. The University received a donation of \$14,000 and income from student accommodation and trading activities also increased. The University was confirmed as a member of ngConnect NZ, which secured a fully funded student project, estimated to generate approximately \$30,000. The partnership with Spark Ventures will also generate funding for scholarships from 2016.

Achieved







# FINANCIAL STATEMENTS



# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2015

		University			Consolidated	
		2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
	Note					
REVENUE						
Government grants	2	159,948	159,263	152,475	159,948	152,475
Student-derived revenue	3	157,647	155,114	147,224	157,647	147,224
Research revenue	4	11,061	12,603	9,540	11,105	9,719
Other revenue	5	33,513	31,930	32,198	35,549	33,287
Total revenue		362,169	358,910	341,437	364,249	342,705
EXPENSES						
Personnel costs	6	215,917	215,630	203,657	215,917	203,657
Supplies and other costs	7	82,531	80,619	80,469	84,050	81,660
Depreciation, amortisation and impairment	8	46,925	44,962	40,946	46,925	40,946
Total expenses before finance costs		345,373	341,211	325,072	346,892	326,263
Operating surplus before finance costs		16,796	17,699	16,365	17,357	16,442
Finance costs	9	2,498	3,433	2,339	2,498	2,339
Operating surplus		14,298	14,266	14,026	14,859	14,103
Share of associate's surplus	14	–	–	–	2,221	309
Share of jointly-controlled entity's surplus	15	–	–	–	1,378	5,286
NET SURPLUS		14,298	14,266	14,026	18,458	19,698

The accompanying notes form part of these Financial Statements.

# STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2015

	Note	University			Consolidated	
		2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>NET SURPLUS</b>		<b>14,298</b>	14,266	14,026	<b>18,458</b>	19,698
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>						
<b>Items that may be reclassified subsequently to surplus/(deficit)</b>						
Net gain/(loss) on cash flow hedges	26	(50)	–	42	(50)	42
<b>Item that will not be reclassified to surplus/(deficit)</b>						
Net gain on asset revaluations	26	<b>23,977</b>	–	11,643	<b>23,977</b>	11,643
<b>Total other comprehensive revenue and expense</b>		<b>23,927</b>	–	11,685	<b>23,927</b>	11,685
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>38,225</b>	14,266	25,711	<b>42,385</b>	31,383

The accompanying notes form part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		University			Consolidated	
		2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and cash equivalents	10	7,398	8,887	5,928	9,518	6,488
Short-term Investments		–	–	–	–	710
Receivables	11	7,325	5,942	5,895	7,276	5,932
Inventories		144	112	112	144	112
Prepayments		2,671	2,045	2,043	2,673	2,045
Total current assets		17,538	16,986	13,978	19,611	15,287
NON-CURRENT ASSETS						
Available-for-sale financial assets	12	192	101	101	192	101
Investment in subsidiaries	13	100	100	100	–	–
Investment in associates	14	3,340	3,372	1,737	5,880	2,111
Investment in jointly-controlled entity	15	18,528	18,528	18,528	37,237	35,859
Property, plant and equipment	16	696,975	625,353	600,304	696,975	600,304
Intangible assets	17	18,081	17,561	11,357	18,081	11,357
Total non-current assets		737,216	665,015	632,127	758,365	649,732
TOTAL ASSETS		754,754	682,001	646,105	777,976	665,019
CURRENT LIABILITIES						
Payables	18	37,823	37,219	35,907	38,048	35,984
Deferred revenue	19	49,771	43,802	47,061	49,771	47,061
Employee entitlements	20	19,248	20,493	20,745	19,248	20,745
Provisions	21	238	1,359	1,106	238	1,106
Finance lease borrowings	22	6,485	6,250	6,250	6,485	6,250
Derivative financial instruments	23	162	–	–	162	–
Total current liabilities		113,727	109,123	111,069	113,952	111,146
NON-CURRENT LIABILITIES						
Borrowings	24	103,150	61,672	34,300	103,150	34,300
Employee entitlements	20	6,524	6,254	6,359	6,524	6,359
Provisions	21	2,203	1,186	1,186	2,203	1,186
Finance lease borrowings	22	28,665	29,434	30,981	28,665	30,981
Derivative financial instruments	23	50	–	–	50	–
Total non-current liabilities		140,592	98,546	72,826	140,592	72,826
TOTAL LIABILITIES		254,319	207,669	183,895	254,544	183,972
EQUITY						
General equity	25	305,156	302,980	290,858	328,153	309,695
Revaluation reserves	26	195,279	171,352	171,352	195,279	171,352
Total equity		500,435	474,332	462,210	523,432	481,047
TOTAL LIABILITIES AND EQUITY		754,754	682,001	646,105	777,976	665,019

The accompanying notes form part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Note	University			Consolidated	
		2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Total equity at the beginning of the year</b>		<b>462,210</b>	460,066	436,499	<b>481,047</b>	449,664
<b>COMPREHENSIVE REVENUE</b>						
Net surplus		<b>14,298</b>	14,266	14,026	<b>18,458</b>	19,698
Other comprehensive revenue		<b>23,927</b>	–	11,685	<b>23,927</b>	11,685
<b>Total comprehensive revenue</b>		<b>38,225</b>	14,266	25,711	<b>42,385</b>	31,383
<b>TOTAL EQUITY AT THE END OF THE YEAR</b>		<b>500,435</b>	474,332	462,210	<b>523,432</b>	481,047

The accompanying notes form part of these Financial Statements.



# STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

		University		Consolidated	
		2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s	2014 Actual \$000s
	Note				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from government grants		159,948	159,561	152,475	152,475
Receipts from student-derived revenue		159,339	156,933	153,495	153,495
Receipts from service activities		33,647	31,918	32,924	33,457
Interest received		151	–	260	283
Dividend received		55	–	–	–
Receipts from other revenue		10,248	11,628	11,898	12,660
Payments to employees		(217,249)	(210,132)	(200,743)	(200,743)
Payments to suppliers		(84,316)	(85,527)	(80,668)	(81,873)
Interest paid		(2,498)	(3,433)	(2,339)	(2,339)
Net GST received/(paid)		(222)	(573)	(5,026)	(5,023)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	29	<b>59,103</b>	60,375	62,276	59,953
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		41	–	22	22
Purchases of property, plant and equipment		(110,109)	(63,673)	(37,315)	(37,315)
Purchases of intangible assets		(8,068)	(9,530)	(9,336)	(9,336)
Receipt on maturity/(placement) of short-term investments		–	–	–	710
Acquisition of investments		(1,694)	(1,680)	(1,597)	(1,597)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(119,830)</b>	(74,883)	(48,226)	(119,120)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from/(repayment of) borrowings		68,850	27,372	(9,020)	68,850
Proceeds from/(repayment of) finance lease		(6,653)	(9,905)	(5,996)	(6,653)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>62,197</b>	17,467	(15,016)	62,197
Net increase/(decrease) in cash and cash equivalents		1,470	2,959	(966)	3,030
Cash and cash equivalents at beginning of the year		5,928	5,928	6,894	6,488
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>7,398</b>	8,887	5,928	9,518

The accompanying notes form part of these Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these Financial Statements are set out below. The Financial Statements 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 associates and joint venture interests (the Consolidated Group).

### **(a) 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 are for the year ended 31 December 2015. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 4 April 2016.

### **(b) Basis of preparation**

#### **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.

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

#### **Transition to PBE Accounting Standards**

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in Note 41.

#### **Measurement base**

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

##### *Not-for-profit enhancements*

In May 2013, the NZ External Reporting Board issued a new suite of Public Benefit Entity (PBE) accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The University and the Consolidated Group has applied these standards in preparing the 31 December 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to include requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The University and the Consolidated Group will apply these updated standards in preparing its 31 December 2016 financial statements and it expects there will be minimal or no change in applying these updated accounting standards.

#### *Disclosure initiative*

PBE IPSAS 1 Presentation of Financial Statements has recently been updated to address perceived impediments to preparers exercising their judgements in preparing financial statements.

These amendments apply to the University and the Consolidated Group in preparing the 31 December 2016 financial statements. The University and the Consolidated Group will be considering these amendments and relooking at how its financial statements are presented in preparing the 31 December 2016 financial statements.

#### *Other amendments*

While there are other amendments issued and not yet effective, the University and the Consolidated Group does not consider these to be relevant and therefore no information has been disclosed about these amendments.

### **(c) Basis of consolidation**

The consolidated Financial Statements comprise the Financial Statements of the University, its subsidiaries, interest in an associate and joint venture interests.

#### *Subsidiaries*

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

Inter-company transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Investments in subsidiaries are carried at cost in the parent entity financial statements.

#### *Associates*

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

#### *Joint ventures*

A joint venture is a contractual arrangement whereby the University and other parties undertake economic activities that are subject to joint control. The University has interests in joint ventures which comprise a jointly-controlled entity and jointly-controlled assets.

##### *Jointly-controlled entity*

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

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

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

##### *Jointly-controlled assets*

Interest in jointly-controlled assets, whereby the venturers have a contractual arrangement that involves joint control and ownership of assets dedicated to the purposes of the joint venture. The University recognises its share of the jointly-controlled assets in the financial statements, classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly-controlled assets are accounted for on an accruals basis. Revenue from the sale or use of the University's share of jointly-controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the University and the amount can be measured reliably.

#### **(d) Revenue recognition**

Revenue is measured at the 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 and 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.

##### ***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.

##### ***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.

##### ***Domestic student tuition fees***

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is 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 accounted for 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.

##### ***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 determining whether a research contract is exchange or non-exchange, 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 more general research funding pool.
- Nature of the funder.
- Specificity of the research brief or contract.

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

##### ***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 using the effective interest method. Dividends are recognised when the right to receive payment has been established.

## **(e) Property, plant and equipment**

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

### *Land and buildings*

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

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 the carrying amounts of these assets do not differ materially from their fair values at the balance date.

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

The carrying values of revalued land and buildings are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

### *Library collection*

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

### *Work in progress*

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

### *Depreciation*

Property, plant and equipment are 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	5 – 10 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

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

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

## **(f) Intangible assets**

### **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.

### **Intellectual property**

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

## **(g) Impairment of property, plant, and equipment and intangible assets**

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

Property, plant, and equipment and intangible assets subsequently measured 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.

## **(h) Cash and cash equivalents**

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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values, and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position.

## **(i) Short-term investments**

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

## **(j) Receivables**

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.

### **(k) Inventories**

Inventories available for resale are valued at the lower of cost and net realisable value, with adjustment for slow moving and obsolete inventories. Cost is determined on a first-in first-out basis. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

All consumables are charged directly to expenditure. No inventories are pledged as security for liabilities at the balance date.

### **(l) Financial assets**

The University classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the financial assets were acquired. The University determines the classification of its financial assets at initial recognition and re-evaluates this designation at each balance date.

#### ***Financial assets at fair value through surplus or deficit***

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

The University and Consolidated group have not designated any financial assets at fair value through surplus or deficit.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The University and Consolidated group's loans and receivables comprise "Receivables" and "Cash and cash equivalent" in the Statement of Financial Position.

#### ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The University and Consolidated group did not have any held-to-maturity investments during the years ended 31 December 2015 (2014: Nil).

#### ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The University and Consolidated group includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments 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.

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

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

The University and Consolidated group's available-for-sale financial assets comprise principally marketable equity securities.

#### **(m) Impairment of financial assets**

Financial assets not subsequently measured at fair value through surplus or deficit are assessed for evidence of impairment at each reporting date. Impairment losses are recognised in the surplus or deficit.

##### ***Loans and receivables, and held-to-maturity investments***

Impairment is established when there is evidence that the University and consolidated group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account.

##### ***Available-for-sale financial assets***

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the equity security below its cost is considered objective evidence of impairment.

If impairment evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

#### **(n) Leases**

##### ***Finance leases***

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

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

##### ***Operating leases***

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

#### **(o) 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.



#### **(p) Derivative financial instruments and hedge accounting**

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

For the purposes of hedge accounting, all the University's hedging instruments are designated as cash flow hedges. A cash flow hedge is defined as that which mitigates the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, firm commitment, or highly probable forecast transaction, which could affect 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.

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.

#### **(q) Goods and Services Tax (GST)**

Auckland University of Technology is a registered 'person' as defined by the Goods and Services Act 1985. The Financial Statements have been prepared on a GST exclusive basis with the exception of 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.

#### **(r) Taxation**

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

#### **(s) Budget figures**

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

#### **(t) Payables**

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

#### **(u) Employee entitlements**

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

### **Annual leave**

Liability for annual leave is measured as the amount of unused entitlement accumulated at balance date at relevant current rates of pay.

### **Sick leave**

Liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent it will be used by employees to cover those future absences.

### **Long service leave and retirement leave**

Liability for long service leave and retirement leave is calculated on an actuarial basis and is based on:

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

Expected future payments are discounted using market yields on New Zealand government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

### **Research and study leave**

Liability for research and study leave is measured as the value of unused guaranteed entitlements accumulated at balance date that the University anticipates employees will use in future periods.

### **Superannuation schemes**

#### *Defined contribution schemes*

Obligations for contributions to KiwiSaver and two of the National Provident Fund (NPF) Superannuation schemes, namely the Lump Sum National Scheme and 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, the GSF scheme is accounted for as a defined contribution scheme.

### **(v) Interest-bearing borrowings**

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

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

Gains or losses are recognised in the surplus or deficit when the liabilities are derecognised and through the amortisation process.

### **(w) Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **(x) Provisions**

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

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.

## **(y) Equity**

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

### **General funds**

General funds comprise general equity.

### **Revaluation reserves**

Revaluation reserves comprise the asset revaluation reserve which relates to the revaluation of land and buildings to fair value; the available-for-sale financial assets revaluation reserve which relates to the revaluation of marketable equity securities to fair value; and the cash flow hedge reserve which relates to the gain or loss on the hedging instrument that is determined to be an effective cash flow hedge and the change in the fair value of the hedging instrument through Other Comprehensive Revenue and Expense.

## **(z) 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 discussed below:

### **Revaluation of land and buildings**

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

### **Long service leave and retirement leave**

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

### **Reinstatement provision**

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

### **Depreciation and amortisation**

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

## **(aa) Critical judgements in applying accounting policies**

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2015:

### **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, with rights of renewal for two further periods of thirty three years each.

### **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 2: GOVERNMENT GRANTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Student Achievement Component (SAC) Funding	141,284	134,861	141,284	134,861
Performance Based Research Funding (PBRF) – Note (A)	13,902	12,677	13,902	12,677
Mangere Refugee Centre	1,591	1,581	1,591	1,581
Tertiary students with disabilities	460	452	460	452
Māori and Pacific Peoples	1,055	1,003	1,055	1,003
Early childhood education centre – Note (B)	419	424	419	424
Other Government funding (excl. research contracts)	1,237	1,477	1,237	1,477
<b>TOTAL GOVERNMENT GRANTS</b>	<b>159,948</b>	<b>152,475</b>	<b>159,948</b>	<b>152,475</b>

There are no unfulfilled conditions or other contingencies attached to government grants recognised as revenue.

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Note (A): PBRF</b>				
Provisional PBRF received	13,812	12,937	13,812	12,937
Prior year PBRF final wash-up	90	(260)	90	(260)
<b>Total PBRF</b>	<b>13,902</b>	<b>12,677</b>	<b>13,902</b>	<b>12,677</b>
<b>Note (B): Early childhood education centre</b>				
<b>Revenue</b>				
Early childhood education funding	419	424	419	424
Other revenue *	269	271	269	271
<b>Total revenue</b>	<b>688</b>	<b>695</b>	<b>688</b>	<b>695</b>
<b>Expenditure</b>				
Operating expenses	678	678	678	678
<b>Total expenditure</b>	<b>678</b>	<b>678</b>	<b>678</b>	<b>678</b>
<b>NET SURPLUS</b>	<b>10</b>	<b>17</b>	<b>10</b>	<b>17</b>

\*Other revenue represents early childhood education fees received from parents and is reflected as part of the trading revenue in Note 5.



### NOTE 3: STUDENT-DERIVED REVENUE

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Domestic student tuition fees	81,123	75,653	81,123	75,653
International student tuition fees	67,043	63,036	67,043	63,036
Compulsory student service fees	8,195	7,375	8,195	7,375
Other student-related fees	1,286	1,160	1,286	1,160
<b>TOTAL STUDENT-DERIVED REVENUE</b>	<b>157,647</b>	<b>147,224</b>	<b>157,647</b>	<b>147,224</b>

### NOTE 4: RESEARCH REVENUE

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Research revenue received	10,262	10,348	10,306	10,527
Movement in research revenue carried forward	799	(808)	799	(808)
<b>TOTAL RESEARCH REVENUE</b>	<b>11,061</b>	<b>9,540</b>	<b>11,105</b>	<b>9,719</b>

### NOTE 5: OTHER REVENUE

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Trading revenue	17,550	15,846	17,550	15,846
Student accommodation revenue	6,946	5,920	6,946	5,920
Interest revenue	151	260	180	291
Dividend from investment in associate	55	–	55	–
Gain on disposal of available-for-sale financial assets	–	30	–	30
Gain on foreign currency translation	61	184	61	184
Other operating revenue	8,736	9,937	10,743	10,995
Donation received	14	21	14	21
<b>TOTAL OTHER REVENUE</b>	<b>33,513</b>	<b>32,198</b>	<b>35,549</b>	<b>33,287</b>

## NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Academic:</b>				
Salaries and wages	113,451	106,963	113,451	106,963
Defined contribution plan employer contributions	2,881	2,661	2,881	2,661
Movement in employee entitlements	(369)	612	(369)	612
Other staff related costs	3,871	4,592	3,871	4,592
	<b>119,834</b>	<b>114,828</b>	<b>119,834</b>	<b>114,828</b>
<b>Administration:</b>				
Salaries and wages	87,866	82,309	87,866	82,309
Defined contribution plan employer contributions	2,231	2,047	2,231	2,047
Movement in employee entitlements	(253)	563	(253)	563
Other staff related costs	6,239	3,910	6,239	3,910
	<b>96,083</b>	<b>88,829</b>	<b>96,083</b>	<b>88,829</b>
<b>TOTAL PERSONNEL COSTS</b>	<b>215,917</b>	<b>203,657</b>	<b>215,917</b>	<b>203,657</b>

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

## NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Consumables / faculty costs	29,873	29,465	29,873	29,465
Occupancy / property costs	14,269	13,978	14,269	13,978
Operating lease costs – buildings	11,693	11,620	11,693	11,620
Operating lease costs – equipment	1,534	1,287	1,534	1,287
Administration expenses	15,356	15,890	15,356	15,890
Fees to principal auditor:				
Financial Statements audit*	183	182	194	193
Performance Based Research Fund audit	9	9	9	9
Provision for bad debts:				
Change in provision for doubtful debts	101	131	101	131
Bad debts written off	417	251	417	251
Councillors' fees (Note 28)	85	85	85	85
Loss on disposal of property plant and equipment	69	14	69	14
Net loss on foreign exchange derivatives	162	–	162	–
Other operating costs	8,780	7,557	10,288	8,737
<b>TOTAL SUPPLIES AND OTHER COSTS</b>	<b>82,531</b>	<b>80,469</b>	<b>84,050</b>	<b>81,660</b>

\* Includes audit fees of \$10,570 (2014: \$10,294) for Auckland University of Technology Foundation and \$nil (2014: \$17,795) for AUT Millennium Ownership Trust paid on their behalf by Auckland University of Technology.

## NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Depreciation (Note 16)	43,981	37,951	43,981	37,951
Amortisation (Note 17)	2,943	2,087	2,943	2,087
Impairment (Note 16 & 17)	1	908	1	908
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>	<b>46,925</b>	<b>40,946</b>	<b>46,925</b>	<b>40,946</b>

## NOTE 9: FINANCE COSTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Interest on borrowings	845	504	845	504
Finance charges on finance leases	1,653	1,835	1,653	1,835
<b>TOTAL FINANCE COSTS</b>	<b>2,498</b>	<b>2,339</b>	<b>2,498</b>	<b>2,339</b>

## NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Cash at bank and on hand	1,166	982	3,286	1,542
Short-term bank deposits	6,232	4,946	6,232	4,946
<b>TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS</b>	<b>7,398</b>	<b>5,928</b>	<b>9,518</b>	<b>6,488</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of time, from one day to three months, depending on immediate cash requirements, and earn interest at the respective short-term deposit rates.

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

### 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 \$1.55m (2014: \$0.38m) that relates to unspent funds received that are subject to restrictions. These unspent funds relate to donations and bequests received 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.

The weighted average effective interest rate for cash and cash equivalents was 2.31% (2014: 3.48%).

## NOTE 11: RECEIVABLES

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Trade receivables	3,162	2,226	3,299	2,275
Less: provision for impairment	(1,127)	(974)	(1,127)	(974)
	2,035	1,252	2,172	1,301
Student fee receivables	4,073	4,435	4,073	4,435
Less: provision for impairment	(592)	(644)	(592)	(644)
	3,481	3,791	3,481	3,791
Related parties (Note 27)	417	201	231	176
Accrued revenue	279	160	279	173
Other receivables	1,113	491	1,113	491
<b>Total receivables</b>	<b>7,325</b>	<b>5,895</b>	<b>7,276</b>	<b>5,932</b>

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 impairment of trade receivables and student receivables are as follows:

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Trade receivables:</b>				
Opening provisions	974	769	974	769
Additional provisions made during the year	336	243	336	243
Amount of provisions utilised during the year	(183)	(38)	(183)	(38)
<b>Closing provisions for impairment of trade receivables</b>	<b>1,127</b>	<b>974</b>	<b>1,127</b>	<b>974</b>
<b>Student fee receivables:</b>				
Opening provisions	644	718	644	718
Additional provisions made during the year	182	139	182	139
Amount of provisions utilised during the year	(234)	(213)	(234)	(213)
<b>Closing provisions for impairment of student fee receivables</b>	<b>592</b>	<b>644</b>	<b>592</b>	<b>644</b>



**NOTE 11: 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
<b>Trade receivables:</b>						
<b>2015 –</b> Under 30 days	252	–	252	389	–	389
31 – 60 days	603	–	603	603	–	603
61 – 90 days	244	(110)	134	244	(110)	134
Over 90 days	2,063	(1,017)	1,046	2,063	(1,017)	1,046
<b>Total trade receivables</b>	<b>3,162</b>	<b>(1,127)</b>	<b>2,035</b>	<b>3,299</b>	<b>(1,127)</b>	<b>2,172</b>
<b>2014 –</b> Under 30 days	766	–	766	815	–	815
31 – 60 days	500	(14)	486	500	(14)	486
61 – 90 days	276	(276)	–	276	(276)	–
Over 90 days	684	(684)	–	684	(684)	–
<b>Total trade receivables</b>	<b>2,226</b>	<b>(974)</b>	<b>1,252</b>	<b>2,275</b>	<b>(974)</b>	<b>1,301</b>
<b>Student fee receivables:</b>						
<b>2015 –</b> Under 30 days	3,144	–	3,144	3,144	–	3,144
31 – 60 days	246	(28)	218	246	(28)	218
61 – 90 days	53	(6)	47	53	(6)	47
Over 90 days	630	(558)	72	630	(558)	72
<b>Total student fee receivables</b>	<b>4,073</b>	<b>(592)</b>	<b>3,481</b>	<b>4,073</b>	<b>(592)</b>	<b>3,481</b>
<b>2014 –</b> Under 30 days	3,411	–	3,411	3,411	–	3,411
31 – 60 days	213	(27)	186	213	(27)	186
61 – 90 days	60	(8)	52	60	(8)	52
Over 90 days	751	(609)	142	751	(609)	142
<b>Total student fee receivables</b>	<b>4,435</b>	<b>(644)</b>	<b>3,791</b>	<b>4,435</b>	<b>(644)</b>	<b>3,791</b>

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.

## NOTE 12: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Listed securities (at fair value):</b>				
Independent News & Media Plc	1	1	1	1
	1	1	1	1
<b>Unlisted securities (at cost, less impairment):</b>				
New Zealand Vice-Chancellors' Committee	100	100	100	100
New Zealand Synchrotron Group Limited	91	–	91	–
	191	100	191	100
<b>TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>192</b>	<b>101</b>	<b>192</b>	<b>101</b>

### Listed securities

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

### Unlisted securities

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

## NOTE 13: INVESTMENT IN SUBSIDIARIES

Name of entity	Country of incorporation/ operation	Nature of business	Ownership interest	
			2015	2014
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 Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

### Investment in subsidiaries:

Auckland University of Technology Foundation  
AUT Enterprises Limited

### TOTAL INVESTMENT IN SUBSIDIARIES

University	
2015 Actual \$000s	2014 Actual \$000s
–	–
100	100
<b>100</b>	<b>100</b>

## NOTE 14: INVESTMENT IN ASSOCIATES

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

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2015	2014
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium	<b>20.92%</b>	20.92%
Waterfront Theatre Limited	New Zealand	Develops, owns and manages Auckland Waterfront Theatre	<b>15.00%</b>	15.00%

### LCo NEW ZEALAND LIMITED

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

During the year, the shareholders of LCo New Zealand Limited resolved to wind up the company and distributed all the remaining equity back to the shareholders. As a result, the share capital investment in LCo New Zealand Limited has been reduced to nil, after the capital distribution on 17 December 2015.

### WATERFRONT THEATRE LIMITED

Waterfront Theatre Limited is an unlisted company established on 13 December 2013 to develop, own and manage the new theatre on Auckland's waterfront and has the same balance date as Auckland University of Technology. There is no published price quotation to determine the fair value of this investment.

As at 31 December 2014 and 2015, Auckland University of Technology held a 15% interest in Waterfront Theatre Limited which has been reflected in the consolidated financial statements on an equity accounting basis, reflecting the significant influence AUT has with a representative on the Board of Directors of Waterfront Theatre Limited.

The Investment in associates is carried at cost in the University's Statement of Financial Position as follows:

	University	
	2015 Actual \$000s	2014 Actual \$000s
<b>Investment in associates:</b>		
LCo New Zealand Limited	<b>77</b>	77
Less: Return of Share Capital	<b>(77)</b>	-
	-	77
Waterfront Theatre Limited	<b>3,340</b>	1,660
<b>TOTAL INVESTMENT IN ASSOCIATES</b>	<b>3,340</b>	1,737

**NOTE 14: INVESTMENT IN ASSOCIATES (continued)**

The Investment in associates in the consolidated financial statements represents the University's share of the net assets of the associates.

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

	<b>Consolidated</b>	
	<b>2015 Actual \$000s</b>	<b>2014 Actual \$000s</b>
<b>Share of associate's Statement of Financial Position:</b>		
Assets	–	175
Liabilities	–	(43)
<b>Net assets</b>	<b>–</b>	<b>132</b>
<b>Share of associate's revenue and surplus:</b>		
Revenue	–	204
Net surplus	–	(10)
<b>Movement in carrying amount of investment in associate:</b>		
Balance at the beginning of the year	<b>132</b>	142
Share of associate's net (deficit)/surplus	–	(10)
Return of share capital	<b>(77)</b>	–
Dividend received	<b>(55)</b>	–
<b>Carrying amount at the end of the year</b>	<b>–</b>	<b>132</b>

The University's share of the result of Waterfront Theatre Limited is as follows:

	<b>Consolidated</b>	
	<b>2015 Actual \$000s</b>	<b>2014 Actual \$000s</b>
<b>Share of associate's Statement of Financial Position:</b>		
Assets	<b>3,569</b>	1,363
Liabilities	<b>(279)</b>	(294)
<b>Net assets</b>	<b>3,290</b>	1,069
<b>Share of associate's revenue and surplus:</b>		
Revenue	<b>2,254</b>	337
Net surplus	<b>2,221</b>	319
<b>Movement in carrying amount of investment in associate:</b>		
Balance at the beginning of the year	<b>1,979</b>	–
Share capital contribution	<b>1,680</b>	1,660
Share of associate's net (deficit)/surplus	<b>2,221</b>	319
<b>Carrying amount at the end of the year</b>	<b>5,880</b>	1,979



## NOTE 15: INVESTMENT IN JOINTLY-CONTROLLED ENTITY

Auckland University of Technology has a 50% interest in AUT Millennium Ownership Trust, a jointly-controlled entity established by 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 has the same balance date as the University. The investment in the jointly-controlled entity is carried at cost in the University's Statement of Financial Position.

	University	
	2015 Actual \$000s	2014 Actual \$000s
<b>Investment in jointly-controlled entity:</b>		
AUT Millennium Ownership Trust	18,528	18,528
<b>TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY</b>	<b>18,528</b>	<b>18,528</b>

Auckland University of Technology's share of the result of AUT Millennium Ownership Trust is as follows:

	Consolidated	
	2015 Actual \$000s	2014 Actual \$000s
<b>Share of jointly-controlled entity's Statement of Financial Position:</b>		
Assets	41,025	39,486
Liabilities	(3,588)	(3,427)
<b>Net assets</b>	<b>37,437</b>	<b>36,059</b>
<b>Share of jointly-controlled entity's revenue and surplus:</b>		
Revenue	4,063	7,555
Net surplus	1,378	5,286
<b>Movement in carrying amount of investment in associate:</b>		
Balance at the beginning of the year	35,859	30,573
Share of jointly-controlled entity's net surplus	1,378	5,286
<b>Carrying amount at the end of the year</b>	<b>37,237</b>	<b>35,859</b>

## NOTE 16: PROPERTY, PLANT AND EQUIPMENT

### Revaluation of land and buildings

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.

A desktop revaluation of Crown-owned and AUT-owned land was performed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2015 to a fair value of \$188,116,000. Details of the land revaluation movements are as follows:

	Net book value (before revaluation) \$000s	Revaluation increment/ (decrement) \$000s	Accumulated depreciation eliminated \$000s	Net revaluation movements \$000s	Net book value (after revaluation) \$000s
<b>University/Consolidated</b>					
AUT-owned land	92,092	9,485	–	9,485	101,577
Crown-owned land	72,047	14,492	–	14,492	86,539
<b>TOTAL</b>	<b>164,139</b>	<b>23,977</b>	<b>–</b>	<b>23,977</b>	<b>188,116</b>

All buildings, whether Crown-owned or AUT-owned, were last revalued by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2013 to a fair value of \$379,384,000 using the depreciated replacement cost because no reliable market data was available for buildings designed for education delivery purposes.

A desktop revaluation of buildings was completed as at 31 December 2015 by Seagar & Partners (Auckland) Limited, an independent Registered Valuer. The percentage change between the valuer’s desktop revaluation and the carrying net book value is not significantly different, and therefore no change has been made to the asset revaluation reserve.

### Non-cash transactions

During the year the University acquired \$4.6 million of computers and electronic equipment under finance leases (2014: \$7.2 million).

### Disposals

Included in the current financial year’s disposals are \$16.4 million of property, plant and equipment and \$2.8 million of intangible assets that had been retired from active use and fully depreciated. Accordingly, their cost and related accumulated depreciation or amortisation was completely removed from the Statement of Financial Position during the financial year.

**NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)**

2015 – University / Consolidated	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2015 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2015 \$000s	Balance at 1 Jan 2015 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2015 \$000s
<b>AUT-owned assets:</b>										
Land	58,367	33,725	9,485	–	101,577	–	–	–	–	58,367
Buildings	340,149	50,175	–	–	390,324	14,657	18,944	–	–	325,492
Library collection	46,291	6,754	–	–	53,045	30,248	6,054	–	–	16,043
Computers and electronic equipment	21,640	4,062	–	(2,719)	22,983	17,793	3,829	(2,686)	–	3,847
Furniture and fittings	18,017	1,194	–	(845)	18,366	14,166	1,430	(839)	–	3,851
Leasehold improvements	17,135	797	–	(1,164)	16,768	13,394	1,466	(745)	–	3,741
Motor vehicles	959	92	–	(80)	971	424	117	(66)	–	535
Office equipment	4,037	8	–	(737)	3,308	3,727	229	(737)	–	310
Plant and equipment	40,220	2,409	–	(3,118)	39,511	19,302	3,529	(3,032)	1	20,918
Specialty electronics	1,810	93	–	–	1,903	1,801	18	–	–	9
Works of art	407	3	–	–	410	–	–	–	–	407
WIP – buildings	17,670	11,737	–	–	29,407	–	–	–	–	17,670
WIP – others	4,487	1,613	–	–	6,100	–	–	–	–	4,487
<b>TOTAL AUT-OWNED ASSETS</b>	<b>571,189</b>	<b>112,662</b>	<b>9,485</b>	<b>(8,663)</b>	<b>684,673</b>	<b>115,512</b>	<b>35,616</b>	<b>(8,105)</b>	<b>1</b>	<b>455,677</b>
<b>Crown-owned land and buildings:</b>										
Land	72,047	–	14,492	–	86,539	–	–	–	–	72,047
Buildings	44,726	–	–	–	44,726	2,089	1,568	–	–	42,637
<b>TOTAL CROWN-OWNED LAND &amp; BUILDINGS</b>	<b>116,773</b>	<b>–</b>	<b>14,492</b>	<b>–</b>	<b>131,265</b>	<b>2,089</b>	<b>1,568</b>	<b>–</b>	<b>–</b>	<b>114,684</b>
<b>Assets under finance leases:</b>										
Computers and electronic equipment	19,000	4,572	–	(7,741)	15,831	10,496	4,792	(7,741)	–	8,504
Buildings	43,242	–	–	–	43,242	21,803	2,005	–	–	21,439
<b>TOTAL ASSETS UNDER FINANCE LEASES</b>	<b>62,242</b>	<b>4,572</b>	<b>–</b>	<b>(7,741)</b>	<b>59,073</b>	<b>32,299</b>	<b>6,797</b>	<b>(7,741)</b>	<b>–</b>	<b>29,943</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>750,204</b>	<b>117,234</b>	<b>23,977</b>	<b>(16,404)</b>	<b>875,011</b>	<b>149,900</b>	<b>43,981</b>	<b>(15,846)</b>	<b>1</b>	<b>600,304</b>
										<b>696,975</b>

**NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)**

2014 – University / Consolidated	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2014 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2014 \$000s	Balance at 1 Jan 2014 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2014 \$000s
<b>AUT-owned assets:</b>										
Land	50,247	6,506	1,614	–	58,367	–	–	–	–	50,247
Buildings	336,529	3,719	–	(99)	340,149	1,348	13,408	(99)	–	335,181
Library collection	41,721	5,686	–	(1,116)	46,291	26,427	4,937	(1,116)	–	15,294
Computers and electronic equipment	21,546	3,130	–	(3,036)	21,640	15,914	4,767	(2,915)	27	5,632
Furniture and fittings	17,591	1,167	–	(741)	18,017	13,113	1,770	(742)	25	4,478
Leasehold improvements	18,098	971	–	(1,934)	17,135	14,038	1,285	(1,929)	–	4,060
Motor vehicles	870	159	–	(70)	959	355	125	(56)	–	515
Office equipment	4,855	18	–	(836)	4,037	4,320	242	(836)	1	535
Plant and equipment	35,225	5,655	–	(660)	40,220	16,343	3,581	(636)	14	18,882
Specialty electronics	1,819	–	–	(9)	1,810	1,737	73	(9)	–	82
Works of art	309	98	–	–	407	–	–	–	–	309
WIP – buildings	6,017	11,653	–	–	17,670	–	–	–	–	6,017
WIP – others	2,488	1,999	–	–	4,487	–	–	–	–	2,488
<b>TOTAL AUT-OWNED ASSETS</b>	<b>537,315</b>	<b>40,761</b>	<b>1,614</b>	<b>(8,501)</b>	<b>571,189</b>	<b>93,595</b>	<b>30,188</b>	<b>(8,338)</b>	<b>67</b>	<b>443,720</b>
<b>Crown-owned land and buildings:</b>										
Land	62,018	–	10,029	–	72,047	–	–	–	–	62,018
Buildings	44,726	–	–	–	44,726	523	1,566	–	–	44,203
<b>TOTAL CROWN-OWNED LAND &amp; BUILDINGS</b>	<b>106,744</b>	<b>–</b>	<b>10,029</b>	<b>–</b>	<b>116,773</b>	<b>523</b>	<b>1,566</b>	<b>–</b>	<b>–</b>	<b>106,221</b>
<b>Assets under finance leases:</b>										
Computers and electronic equipment	16,564	7,206	–	(4,870)	19,000	11,175	4,191	(4,870)	–	5,489
Buildings	43,242	–	–	–	43,242	19,797	2,006	–	–	23,445
<b>TOTAL ASSETS UNDER FINANCE LEASES</b>	<b>59,906</b>	<b>7,206</b>	<b>–</b>	<b>(4,870)</b>	<b>62,242</b>	<b>30,972</b>	<b>6,197</b>	<b>(4,870)</b>	<b>–</b>	<b>28,934</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>703,965</b>	<b>47,967</b>	<b>11,643</b>	<b>(13,371)</b>	<b>750,204</b>	<b>125,090</b>	<b>37,951</b>	<b>(13,208)</b>	<b>67</b>	<b>578,875</b>



# **NOTE 17: INTANGIBLE ASSETS**

## **2015 – University / Consolidated**

### **Intangible assets:**

Intellectual property

Software

Programme development

WIP – software

### **TOTAL INTANGIBLE ASSETS**

	Cost / Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2015 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2015 \$000s	Balance at 1 Jan 2015 \$000s	Amortisation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2015 \$000s
Intellectual property	50	–	–	(50)	–	50	–	(50)	–	–
Software	18,057	8,313	–	(946)	25,424	14,032	2,943	(946)	–	9,395
Programme development	314	–	–	(20)	294	314	–	(20)	–	–
WIP – software	8,172	2,290	–	(1,776)	8,686	840	–	(840)	–	8,686
<b>TOTAL INTANGIBLE ASSETS</b>	<b>26,593</b>	<b>10,603</b>	<b>–</b>	<b>(2,792)</b>	<b>34,404</b>	<b>15,236</b>	<b>2,943</b>	<b>(1,856)</b>	<b>–</b>	<b>18,081</b>

## **2014 – University / Consolidated**

### **Intangible assets:**

Intellectual property

Software

Programme development

WIP – software

### **TOTAL INTANGIBLE ASSETS**

	Cost / Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2014 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2014 \$000s	Balance at 1 Jan 2014 \$000s	Amortisation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2014 \$000s
Intellectual property	50	–	–	–	50	50	–	–	–	–
Software	14,247	4,813	–	(1,003)	18,057	12,947	2,087	(1,003)	1	4,025
Programme development	354	–	–	(40)	314	354	–	(40)	–	–
WIP – software	4,428	3,744	–	–	8,172	–	–	–	840	7,332
<b>TOTAL INTANGIBLE ASSETS</b>	<b>19,079</b>	<b>8,557</b>	<b>–</b>	<b>(1,043)</b>	<b>26,593</b>	<b>13,351</b>	<b>2,087</b>	<b>(1,043)</b>	<b>841</b>	<b>11,357</b>

**NOTE 18: PAYABLES**

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Payables under exchange transactions:</b>				
Trade payables	4,401	4,705	4,401	4,705
Creditors accruals	26,691	23,633	26,908	23,699
Sundry creditors	773	2,046	773	2,046
<b>Payables under non-exchange transactions:</b>				
GST payable	2,857	3,079	2,865	3,090
Withholding tax payable	3,101	2,444	3,101	2,444
<b>TOTAL PAYABLES</b>	<b>37,823</b>	<b>35,907</b>	<b>38,048</b>	<b>35,984</b>

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

**NOTE 19: DEFERRED REVENUE**

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Tuition fees received in advance	29,291	27,909	29,291	27,909
Research revenue received in advance	10,277	11,419	10,277	11,419
Other revenue received in advance	10,203	7,733	10,203	7,733
<b>TOTAL DEFERRED REVENUE</b>	<b>49,771</b>	<b>47,061</b>	<b>49,771</b>	<b>47,061</b>

## NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Annual leave	11,901	13,118	11,901	13,118
Accrued salary payments	5,028	4,969	5,028	4,969
Sick leave	459	493	459	493
Other employee entitlements	1,860	2,165	1,860	2,165
<b>Total employee entitlements – current</b>	<b>19,248</b>	<b>20,745</b>	<b>19,248</b>	<b>20,745</b>
Long service leave	1,265	1,146	1,265	1,146
Retirement leave	1,560	1,771	1,560	1,771
Research and study leave	3,699	3,442	3,699	3,442
<b>Total employee entitlements – non-current</b>	<b>6,524</b>	<b>6,359</b>	<b>6,524</b>	<b>6,359</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>25,772</b>	<b>27,104</b>	<b>25,772</b>	<b>27,104</b>

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 3.58% (2014: 3.67%) and the salary inflation factor of 3.0% (2014: 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.

Since 2000 when Auckland University of Technology obtained university status, certain lecturers have been granted positions with enhanced research conditions. Upon their agreement to carry forward and accumulate two weeks annual professional development time and the annual individual entitlement for the financial support of professional development activities, staff members are guaranteed research and study leave of not less than the accumulated professional development time and the accumulated annual individual entitlements for the financial support of professional development activities.

## NOTE 21: PROVISIONS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Reinstatement provision for leased buildings:</b>				
Opening balance	2,292	3,162	2,292	3,162
Provision (reversed)/made during the year	149	(870)	149	(870)
<b>CLOSING BALANCE</b>	<b>2,441</b>	<b>2,292</b>	<b>2,441</b>	<b>2,292</b>
Comprising:				
Current	238	1,106	238	1,106
Non-current	2,203	1,186	2,203	1,186
<b>TOTAL PROVISIONS</b>	<b>2,441</b>	<b>2,292</b>	<b>2,441</b>	<b>2,292</b>

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

## NOTE 22: FINANCE LEASE BORROWINGS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Not later than one year	8,018	7,940	8,018	7,940
Later than one year and not later than five years	18,754	19,026	18,754	19,026
Later than five years	17,908	21,656	17,908	21,656
<b>Total minimum finance leases:</b>	<b>44,680</b>	48,622	<b>44,680</b>	48,622
Future finance charges	(9,530)	(11,391)	(9,530)	(11,391)
<b>Total present value of minimum finance lease payments</b>	<b>35,150</b>	37,231	<b>35,150</b>	37,231
<b>Present value of minimum finance leases:</b>				
Not later than one year	6,485	6,250	6,485	6,250
Later than one year and not later than five years	13,502	13,166	13,502	13,166
Later than five years	15,163	17,815	15,163	17,815
<b>Total minimum finance lease borrowings</b>	<b>35,150</b>	37,231	<b>35,150</b>	37,231
Comprising:				
Current	6,485	6,250	6,485	6,250
Non-current	28,665	30,981	28,665	30,981
<b>TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE BORROWINGS</b>	<b>35,150</b>	37,231	<b>35,150</b>	37,231

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

The finance leases can be renewed at 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 18,332 square metres (2014: 18,332 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 7,524 computers and items of electronic equipment for teaching, research and administrative purposes (2014: 7,928).

## NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Current liability portion</b>				
Forward foreign exchange contract – Non-hedges	162	–	162	–
<b>Non-Current liability portion</b>				
Interest rate swap – Cash flow hedges	50	–	50	–
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>212</b>	<b>–</b>	<b>212</b>	<b>–</b>

### 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 \$32.0 million (2014: \$nil). The fixed interest rates of interest rate swaps vary from 3.45% to 3.64%.

#### Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts totalled in New Zealand dollars \$5.28 million (2014: \$nil). The foreign currency principal amounts totalled in United States dollars \$3.45 million.



## NOTE 24: BORROWINGS

On 14 November 2014, Auckland University of Technology entered into two separate revolving advance 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 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.

The total revolving advances facilities from ANZ Bank New Zealand Limited and Westpac New Zealand Limited are for the total amount up to \$213 million (2014: \$170 million), with a final maturity date of 31 January 2020. As at 31 December 2015, the total revolving advances facility amount was \$153 million (2014: \$110 million), and \$103 million (2014: \$34.3 million) had been drawn down on this facility. 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 3.44% (2014: 4.35%).

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Opening balance</b>	<b>34,300</b>	43,320	<b>34,300</b>	43,320
Net borrowings / (repayments)	<b>68,850</b>	(9,020)	<b>68,850</b>	(9,020)
<b>CLOSING BALANCE</b>	<b>103,150</b>	34,300	<b>103,150</b>	34,300
Comprising:				
Current	–	–	–	–
Non-current	<b>103,150</b>	34,300	<b>103,150</b>	34,300
<b>TOTAL BORROWINGS</b>	<b>103,150</b>	34,300	<b>103,150</b>	34,300

### Fair value

The carrying amounts of borrowings approximate their fair value as the interest rates reset to market rates on a daily basis and the impact of discounting is not significant.

## NOTE 25: GENERAL EQUITY

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>General equity:</b>				
Balance at the beginning of the year	<b>290,858</b>	276,832	<b>309,695</b>	289,997
Net surplus for the year	<b>14,298</b>	14,026	<b>18,458</b>	19,698
<b>TOTAL GENERAL EQUITY</b>	<b>305,156</b>	290,858	<b>328,153</b>	309,695

## NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Asset revaluation reserve:</b>				
<b>Land revaluation reserve</b>				
Balance at the beginning of the year	49,163	37,520	49,163	37,520
Net revaluation movement in the year				
Crown-owned Land	14,492	10,029	14,492	10,029
AUT-owned Land	9,485	1,614	9,485	1,614
Balance at the end of the year	73,140	49,163	73,140	49,163
<b>Buildings revaluation reserve</b>				
Balance at the beginning of the year	122,228	122,228	122,228	122,228
Net revaluation movement in the year	–	–	–	–
Balance at the end of the year	122,228	122,228	122,228	122,228
<b>Balance at the end of the year</b>	<b>195,368</b>	<b>171,391</b>	<b>195,368</b>	<b>171,391</b>
<b>Available-for-sale financial assets revaluation reserve:</b>				
Balance at the beginning of the year	(39)	(39)	(39)	(39)
Net fair value gains/(losses) in the year	–	–	–	–
<b>Balance at the end of the year</b>	<b>(39)</b>	<b>(39)</b>	<b>(39)</b>	<b>(39)</b>
<b>Cash flow hedge reserve:</b>				
Balance at the beginning of the year	–	(42)	–	(42)
Net fair value gains/(losses) in the year	(50)	42	(50)	42
<b>Balance at the end of the year</b>	<b>(50)</b>	<b>–</b>	<b>(50)</b>	<b>–</b>
<b>TOTAL REVALUATION RESERVES</b>	<b>195,279</b>	<b>171,352</b>	<b>195,279</b>	<b>171,352</b>

Land was revalued as at 31 December 2015 following the desktop revaluation completed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer.

Land at the AUT North Shore Campus appreciated in value by 21% from 2014 to 2015 driven by increases in value of comparable sites recently sold in the area, and the valuer's professional assessment on the impact which the Proposed Auckland Unitary Plan has on the value of the land at this campus. Land at the AUT City Campus appreciated in value by 19% over the same period recognising the increase in market value driven primarily by sales of comparable sites in the area. Land at the AUT South Campus appreciated in value by 2% from 2014 to 2015.

## NOTE 27: RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, associates, jointly-controlled entities, key management personnel and their close family members, and entities controlled by them. Key management personnel include the Members of AUT Council, Chancellor, Vice-Chancellor, and Strategic Leadership Team reporting directly to the Vice-Chancellor. Close family members include spouses or domestic partners, children and dependants.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the University would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Consolidated Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

All transactions with related parties were made on an arm's length basis in the current and prior financial years.

### Related party transactions with subsidiaries, interest in an associate, and jointly-controlled entity

Auckland University of Technology is the ultimate parent of the group. The group comprises the University, its subsidiaries, interest in an associate, and joint venture interests as disclosed in the Financial Statements. During the year the following transactions were carried out with related parties:

	2015 Actual \$000s	2014 Actual \$000s
<b>SUBSIDIARY COMPANIES</b>		
<b>Auckland University of Technology Foundation</b>		
Operating revenue received by subsidiary	4	18
Operating expenses paid on behalf	30	30
Accounts receivable	13	9
<b>AUT Enterprises Limited</b>		
External project funding received from subsidiary	285	206
Operating expenses paid on behalf	811	93
Accounts receivable	173	16
<b>ASSOCIATE COMPANY</b>		
<b>LCo New Zealand Limited</b>		
Purchase of services	–	343
<b>Waterfront Theatre Limited</b>		
Capital contribution	1,680	1,660
<b>JOINTLY-CONTROLLED ENTITY</b>		
<b>AUT Millennium Ownership Trust</b>		
Rents and opex recoveries paid to jointly-controlled entity	506	495
Management services provided to jointly-controlled entity	185	181
Salary recoveries paid to jointly-controlled entity	106	102
Operating expenses paid on behalf	490	454
Accounts receivable	231	176

All related party transactions were made on normal commercial terms and conditions. Outstanding balances at balance date are unsecured and interest free. No provision has been required or any expense recognised for impairment of accounts receivable from related parties (2014: \$nil).

## NOTE 27: RELATED PARTY TRANSACTIONS (continued)

### Key management personnel compensation

	University		Consolidated	
	2015 Actual	2014 Actual	2015 Actual	2014 Actual
<b>Councillors</b>				
Remuneration (\$000s)	85	85	85	85
Full-time equivalent members	13	14	13	14
<b>Strategic Leadership Team, including the Vice-Chancellor</b>				
Remuneration (\$000s)	5,004	5,379	5,004	5,379
Full-time equivalent members	18	22	18	22
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION (\$000s)</b>	<b>5,089</b>	<b>5,464</b>	<b>5,089</b>	<b>5,464</b>
<b>TOTAL FULL-TIME EQUIVALENT MEMBERS</b>	<b>31</b>	<b>36</b>	<b>31</b>	<b>36</b>

The Vice-Chancellor and Pro Vice-Chancellor (North Shore) are Trustees of AUT Millennium Ownership Trust (a jointly-controlled entity of the University). 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 28: COUNCILLORS' FEES

The following fees were paid to members of the Council of Auckland University of Technology and non-councillors who are members of the University Council Committees:

	2015 Actual \$000s	2014 Actual \$000s
<b>Council Member</b>		
P Alley	5	4
A Pokino	7	5
G Campbell	1	4
H Duncan	4	4
S Hayman	4	4
L Henry*	7	6
J Kingi	–	2
U Ansell	6	3
L Lim	5	5
J Maasland	25	25
K McPherson	–	4
J Schofield	7	7
S Stehlin	6	5
J Thompson	4	7
S Turner	4	–
<b>TOTAL COUNCILLORS' FEES</b>	<b>85</b>	<b>85</b>
<b>Non-councillor member of Committees</b>		
J Martin	6	5
P Phillips	7	8
<b>TOTAL FEES PAID TO NON-COUNCILLOR MEMBERS OF COMMITTEES</b>	<b>13</b>	<b>13</b>

\*L Henry is a Trustee of AUT Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2014: \$10,000) in relation to that position.

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

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Net surplus from operations	14,298	14,026	18,458	19,698
<b>Adjustments for items not involving cash</b>				
Depreciation, amortisation and impairment	46,925	40,946	46,925	40,946
Increase/(decrease) in employee entitlements – term portion	165	575	165	575
Increase/(decrease) in reinstatement provision	149	(870)	149	(870)
(Gain)/loss on foreign currency translation	(61)	(184)	(61)	(184)
(Gain)/loss on foreign exchange derivatives	162	–	162	–
Share of associate's net deficit/(surplus)	–	–	(2,221)	(309)
Share of jointly-controlled entity's net deficit/(surplus)	–	–	(1,378)	(5,286)
<b>Total items not involving cash</b>	<b>47,340</b>	<b>40,467</b>	<b>43,741</b>	<b>34,872</b>
<b>Movements in working capital</b>				
(Increase)/decrease in receivables	(1,430)	33,949	(1,506)	33,960
(Increase)/decrease in prepayments	(628)	(536)	(628)	(536)
(Increase)/decrease in inventories	(32)	13	(32)	13
Increase/(decrease) in payables	1,916	(1,490)	2,226	(1,462)
Increase/(decrease) in deferred revenue	2,710	(24,120)	2,710	(24,120)
Increase/(decrease) in current employee entitlements	(1,497)	2,339	(1,497)	2,339
<b>Total movements in working capital</b>	<b>1,039</b>	<b>10,155</b>	<b>1,273</b>	<b>10,194</b>
<b>Add/(less) items classified as investing activities</b>				
Movement in capital creditors	(3,643)	(2,356)	(3,588)	(2,356)
Loss on disposal of property, plant and equipment	69	14	69	14
Gain on disposal of available for sale financial assets	–	(30)	–	(30)
<b>Total items classified as investing activities</b>	<b>(3,574)</b>	<b>(2,372)</b>	<b>(3,519)</b>	<b>(2,372)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>59,103</b>	<b>62,276</b>	<b>59,953</b>	<b>62,392</b>

## NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>Capital commitments</b>				
Buildings	41,398	3,785	41,398	3,785
Capital contribution to the Waterfront Theatre Limited	1,660	3,340	1,660	3,340
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>43,058</b>	<b>7,125</b>	<b>43,058</b>	<b>7,125</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.



### NOTE 31: OPERATING LEASE COMMITMENTS – AS LESSEE

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	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Not later than one year	5,267	5,359	5,267	5,359
Later than one year and not later than five years	17,867	7,089	17,867	7,089
Later than five years	13,416	1,582	13,416	1,582
<b>TOTAL NON-CANCELLABLE OPERATING LEASES</b>	<b>36,550</b>	<b>14,030</b>	<b>36,550</b>	<b>14,030</b>

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 University has the option to purchase the asset at the end of the lease term.

The University leases 22,791 square metres (2014: 31,404 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.

### NOTE 32: FINANCIAL INSTRUMENT

#### Financial instrument categories

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

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>FINANCIAL ASSETS:</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	7,398	5,928	9,518	6,488
Receivables	7,325	5,895	7,276	5,932
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>14,723</b>	<b>11,823</b>	<b>16,794</b>	<b>12,420</b>
<b>Available-for-sale financial assets</b>				
Listed securities (fair value through other comprehensive revenue and expense)	1	1	1	1
Unlisted securities (carried at cost)	191	100	191	100
<b>TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>192</b>	<b>101</b>	<b>192</b>	<b>101</b>
<b>FINANCIAL LIABILITIES:</b>				
<b>Derivatives not designated as hedges</b>				
Forward foreign exchange contracts	162	–	162	–
<b>Derivatives designated as cash flow hedges</b>				
Interest rate swap	50	–	50	–
<b>Financial liabilities measured at amortised costs</b>				
Payables	37,823	35,907	38,048	35,984
Borrowings	103,150	34,300	103,150	34,300
<b>TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>	<b>140,973</b>	<b>70,207</b>	<b>141,198</b>	<b>70,284</b>

**NOTE 32: FINANCIAL INSTRUMENT (continued)****Fair value hierarchy disclosures**

For those instruments recognised at fair value on 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 on the Statement of Financial Position:

		Valuation Technique		
		Quoted market price	Observable inputs	Significant non-observable input
	Total \$000s	\$000s	\$000s	\$000s
<b>University 2015</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	162	–	162	–
Interest rate swap –Cash flow hedges	50	–	50	–
<b>Consolidated 2015</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	162	–	162	–
Interest rate swap –Cash flow hedges	50	–	50	–
<b>University 2014</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	–	–	–	–
Interest rate swap – Cash flow hedges	–	–	–	–
<b>Consolidated 2014</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	–	–	–	–
Interest rate swap – Cash flow hedges	–	–	–	–

## NOTE 33: FINANCIAL INSTRUMENT RISKS

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

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

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 available-for-sale financial assets or 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.

### NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

#### Credit risk

Credit risk is the risk that a third party will default on its obligations to the University, thereby causing the University to incur a loss. The University's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The University only invests funds with entities that have a Standard and Poors or Moodys 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.

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

	University		Consolidated	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
Cash and cash equivalents	7,398	5,928	9,518	6,488
Receivables	7,325	5,895	7,276	5,932
<b>TOTAL CREDIT RISK</b>	<b>14,723</b>	<b>11,823</b>	<b>16,794</b>	<b>12,420</b>

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	
	2015 Actual \$000s	2014 Actual \$000s	2015 Actual \$000s	2014 Actual \$000s
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash and cash equivalents:</b>				
AA-	7,398	5,928	9,518	6,488
<b>Total cash and cash equivalents</b>	<b>7,398</b>	<b>5,928</b>	<b>9,518</b>	<b>6,488</b>

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 33: FINANCIAL INSTRUMENT RISKS (continued)

#### Liquidity risk

##### Management of liquidity risk

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

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

##### Contractual maturity analysis of financial liabilities

The table below analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt 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
<b>UNIVERSITY 2015</b>					
Payables	37,823	37,823	37,823	–	–
Net settled derivative liabilities	212	212	162	50	–
Finance leases	35,150	44,680	8,018	18,754	17,908
Borrowings	103,150	114,102	3,552	110,550	–
<b>TOTAL</b>	<b>176,335</b>	<b>196,817</b>	<b>49,555</b>	<b>129,354</b>	<b>17,908</b>

##### CONSOLIDATED 2015

Payables	38,048	38,048	38,048	–	–
Net settled derivative liabilities	212	212	162	50	–
Finance leases	35,150	44,680	8,018	18,754	17,908
Borrowings	103,150	114,102	3,552	110,550	–
<b>TOTAL</b>	<b>176,560</b>	<b>197,042</b>	<b>49,780</b>	<b>129,354</b>	<b>17,908</b>

##### UNIVERSITY 2014

Payables	35,907	35,907	35,907	–	–
Net settled derivative liabilities	–	–	–	–	–
Finance leases	37,231	48,622	7,940	19,026	21,656
Borrowings	34,300	40,500	1,590	38,910	–
<b>TOTAL</b>	<b>107,438</b>	<b>125,029</b>	<b>45,437</b>	<b>57,936</b>	<b>21,656</b>

##### CONSOLIDATED 2014

Payables	35,984	35,984	35,984	–	–
Net settled derivative liabilities	–	–	–	–	–
Finance leases	37,231	48,622	7,940	19,026	21,656
Borrowings	34,300	40,500	1,590	38,910	–
<b>TOTAL</b>	<b>107,515</b>	<b>125,106</b>	<b>45,514</b>	<b>57,936</b>	<b>21,656</b>



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

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

	Carrying amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
<b>UNIVERSITY 2015</b>					
Cash and cash equivalents	7,398	7,398	7,398	–	–
Receivables	7,325	7,325	7,325	–	–
<b>TOTAL</b>	<b>14,723</b>	<b>14,723</b>	<b>14,723</b>	<b>–</b>	<b>–</b>
<b>CONSOLIDATED 2015</b>					
Cash and cash equivalents	9,518	9,518	9,518	–	–
Receivables	7,276	7,276	7,276	–	–
<b>TOTAL</b>	<b>16,794</b>	<b>16,794</b>	<b>16,794</b>	<b>–</b>	<b>–</b>
<b>UNIVERSITY 2014</b>					
Cash and cash equivalents	5,928	5,928	5,928	–	–
Receivables	5,895	5,895	5,895	–	–
<b>TOTAL</b>	<b>11,823</b>	<b>11,823</b>	<b>11,823</b>	<b>–</b>	<b>–</b>
<b>CONSOLIDATED 2014</b>					
Cash and cash equivalents	6,488	6,488	6,488	–	–
Receivables	5,932	5,932	5,932	–	–
<b>TOTAL</b>	<b>12,420</b>	<b>12,420</b>	<b>12,420</b>	<b>–</b>	<b>–</b>

## NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

### Sensitivity analysis

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

2015

### INTEREST RATE RISK

#### Financial assets

Cash and cash equivalents

University				Consolidated			
+100 bps		-100 bps		+100 bps		-100 bps	
Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
74	-	(74)	-	95	-	(95)	-

Short-term investments

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

#### Financial liabilities

Interest rate swaps

-	79	-	(79)	-	79	-	(79)
---	----	---	------	---	----	---	------

Borrowings

(782)	-	782	-	(782)	-	782	-
-------	---	-----	---	-------	---	-----	---

#### Total sensitivity to interest rate risk

(708)	79	708	(79)	(687)	79	687	(79)
-------	----	-----	------	-------	----	-----	------

2015

### CURRENCY RISK

#### Financial assets

Cash and cash equivalents

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
(7)	-	10	-	(7)	-	10	-

Receivables

(37)	-	45	-	(37)	-	45	-
------	---	----	---	------	---	----	---

#### Financial liabilities

Payables

40	-	(49)	-	40	-	(49)	-
----	---	------	---	----	---	------	---

Forward foreign exchange contracts

(466)	-	569	-	(466)	-	569	-
-------	---	-----	---	-------	---	-----	---

#### Total sensitivity to currency risk

(470)	-	575	-	(470)	-	575	-
-------	---	-----	---	-------	---	-----	---

### EQUITY PRICE RISK

#### Other financial assets

Listed securities

-	1	-	(1)	-	1	-	-
---	---	---	-----	---	---	---	---

#### Total sensitivity to equity price risk

-	1	-	(1)	-	1	-	-
---	---	---	-----	---	---	---	---

**NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)**
**2014**
**INTEREST RATE RISK**
**Financial assets**

Cash and cash equivalents

Short-term investments

**Financial liabilities**

Interest rate swaps

Borrowings

**Total sensitivity to  
interest rate risk**

University				Consolidated			
+100 bps		-100 bps		+100 bps		-100 bps	
Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
56	-	(56)	-	61	-	(61)	-
-	-	-	-	7	-	(7)	-
-	-	-	-	-	-	-	-
(83)	-	83	-	(83)	-	83	-
(27)	-	27	-	(15)	-	15	-

**2014**
**CURRENCY RISK**
**Financial assets**

Cash and cash equivalents

Receivables

**Financial liabilities**

Payables

Forward foreign exchange contracts

**Total sensitivity to  
currency risk**

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
(64)	-	80	-	(64)	-	80	-
(9)	-	10	-	(9)	-	10	-
62	-	(78)	-	62	-	(78)	-
-	-	-	-	-	-	-	-
(11)	-	12	-	(11)	-	12	-

**EQUITY PRICE RISK**
**Other financial assets**

Listed securities

**Total sensitivity to  
equity price risk**

-	1	-	(1)	-	1	-	(1)
-	1	-	(1)	-	1	-	(1)

#### **NOTE 34: CAPITAL MANAGEMENT**

The University's capital is its equity, which comprises retained surpluses and reserves. Equity is represented by net assets. The University manages its revenue, expenses, assets, liabilities, and general financial dealings prudently. The University's equity is largely managed as a 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 35: SEGMENTAL INFORMATION**

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

#### **NOTE 36: EXCEPTIONAL RISKS OF OPERATING**

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, international student revenue could be affected by a significant change to New Zealand's, or foreign governments', immigration or visitors' permits policies. 19% (2014: 18%) of total revenue is derived from International student fees.

#### **NOTE 37: CONTINGENCIES**

##### **Contingent assets**

There are no contingent assets as at 31 December 2015 (2014: Nil).

##### **Contingent liabilities**

There are no contingent liabilities as at 31 December 2015 (2014: Nil).

## NOTE 38: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget are as follows:

### Statement of Financial Performance

#### *Student-derived revenue*

Student-derived revenue was \$2.5 million ahead of budget driven by a 4.9% increase in international enrolments.

#### *Research revenue*

Research grants recognised in 2015 were \$1.5 million below budget primarily due to lower than expected external research revenue generated during the year.

#### *Other revenue*

Other revenue was \$1.5 million ahead of budget as a result of higher third stream revenue generated across all operational areas and other external revenue.

#### *Supplies and other costs*

Supplies and other costs were \$1.9 million above budget mainly due to additional agency commission payments on international enrolments.

#### *Depreciation, amortisation and impairment*

Depreciation, amortisation and impairment were \$2.0 million above budget, mainly due to an adjustment of depreciation rates for the WL carpark building to more accurately recognise the building's estimated useful life.

### Statement of Financial Position

#### *Cash and cash equivalents*

Cash and cash equivalents were \$1.5 million below budget mainly due to higher capital expenditure at the end of the financial year.

#### *Receivables*

Receivables were \$1.4 million above budget, mainly due to the timing of receipts compared with budget.

#### *Property, plant and equipment*

Property, plant and equipment was \$71.6 million above budget, mainly due to the \$43 million acquisition of WO office building (not budgeted), and a \$23.9 million increase in land valuation.

#### *Deferred revenue*

Deferred revenue was \$5.9 million above budget mainly due to the early invoicing of student fees.

#### *Employee entitlements*

Total employee entitlements of \$25.7 million were \$1.0 million below budget, mainly due to lower outstanding annual leave balances.

#### *Bank borrowings*

Bank borrowings were \$41.4 million above budget at year end 2015. This was mainly due to the higher than budgeted capital expenditure during the year.

#### *Reserves*

Reserves were \$23.9 million above budget due to an increase in the valuation of land compared to budget.

### Statement of Cash Flows

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



#### NOTE 39: INTEREST IN JOINTLY-CONTROLLED ASSETS

The University has a joint venture interest in Ko Awatea Education Centre, situated at Middlemore Hospital. The joint venture is between Counties Manukau District Health Board (39.4%), Manukau Institute of Technology (31%), University of Auckland (16.4%) and Auckland University of Technology (13.2%), with Counties Manukau District Health Board as manager and operator of the joint venture.

Jointly controlled assets	Nature of joint venture	Ownership interest	
		2015	2014
Ko Awatea Education Centre	Partnership with healthcare professionals and educational institutes to improve efficiency and achieve effective application of healthcare.	13.2%	13.2%

The University's share of the jointly-controlled assets which are included in the Financial Statements is as follows:

	University	
	2015 Actual \$000s	2014 Actual \$000s
Property, plant and equipment	6	19
<b>TOTAL JOINTLY CONTROLLED ASSETS</b>	<b>6</b>	<b>19</b>

There were no material capital expenditure commitments or contingent liabilities in relation to the jointly-controlled assets.

#### NOTE 40: EVENTS AFTER THE REPORTING PERIOD

On 3 February 2016, the University made a final capital contribution payment of \$1.66 million (see note 30) to the Waterfront Theatre Limited, in accordance with the Shareholders' Agreement dated 13 December 2013.

## NOTE 41: ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

### Reclassification adjustments

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

### Recognition and measurement adjustments

The table below explains the recognition and measurement adjustments to the 31 December 2014 comparative figures resulting from the transition to the new PBE IPSAS accounting standards.

	Note	NZ IFRS (PBE) 2014 \$000s	Adjustment \$000s	PBE IPSAS 2014 \$000s
<b>UNIVERSITY</b>				
<b>Statement of Financial Position</b>				
Current liabilities – deferred revenue	(A)	49,205	(2,144)	47,061
Equity – general equity	(A)	288,714	2,144	290,858
<b>Statement of Financial Performance</b>				
Revenue – student-derived revenue	(A)	146,950	274	147,224
<b>Statement of changes in equity</b>				
Balance at 1 January	(A)	434,629	1,870	436,499
Total comprehensive revenue	(A)	25,437	274	25,711
<b>BALANCE AT 31 DECEMBER</b>		<b>460,066</b>	<b>2,144</b>	<b>462,210</b>

### CONSOLIDATED

#### Statement of Financial Position

Current liabilities – deferred revenue	(A), (B)	49,255	(2,194)	47,061
Equity – general equity	(A), (B)	307,501	2,194	309,695

#### Statement of Financial Performance

Revenue – student-derived revenue	(A)	146,950	274	147,224
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#### Statement of changes in equity

Balance at 1 January	(A), (B)	447,744	1,920	449,664
Total comprehensive revenue	(A)	31,109	274	31,383

#### BALANCE AT 31 DECEMBER

<b>478,853</b>	<b>2,194</b>	<b>481,047</b>
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Note (A) – As a result of adopting new PBE IPSAS accounting standards, the timing of the recognition of the tuition fees revenue from domestic students funded by TEC SAC funding has changed. The revenue is 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 as opposed to being recognised on a course percentage of completion basis under NZ IFRS (PBE). Under the new PBE IPSAS 23, additional tuition fees revenue from domestic students of \$274,000 has been recognised for year ended 31 December 2014. These adjustments have consequentially affected the total General Equity.

Note (B) – Under the new PBE IPSAS 23, a grant without stipulations is recognised as revenue as soon as the right to receive the grant is met. A grant received in 2013 to fund the incubator activity of AUT Enterprises Limited has no stipulations attached to it. The previously recognised deferred revenue liability of \$50,000 under NZ IFRS (PBE) has been derecognised and this was adjusted through opening equity.

# COMPULSORY STUDENT SERVICES FEES

*For the year ended 31 December 2015*

The Compulsory Student Services Fee (CSSF) was set at \$497.50 (GST inclusive) per full-time student in 2015 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 AuSM 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 AuSM. 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 2015.

### ADVOCACY AND LEGAL ADVICE

AuSM 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.

### CAREERS ADVICE AND GUIDANCE

AUT offers career counselling, career development services and job search support to prospective and current AUT students and alumni. AUT's career specialists provide advice and support clients to make informed decisions about their career path and study programme, and to improve their employability.

### CLUBS AND SOCIETIES

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

### CHILDCARE SERVICES

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

AUT offers a childcare subsidy of up to \$50 per week per dependent child, which is paid directly to the early childhood centre where the child is enrolled.

### COUNSELLING AND PASTORAL CARE

AUT has a range of pastoral 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, LGBTI, or elite athletes.

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

### EMPLOYMENT INFORMATION

AuSM provides students with employment information and funding for Student Job Search (SJS). SJS is an employment agency targeted at finding employment for 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 provides Justice of the Peace services and emergency financial assistance for students experiencing extreme financial hardship.

### HEALTH SERVICES

The health centres at City and North Campuses offer integrated general practice medical, nursing, counselling, spiritual 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.

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

### MEDIA

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

### 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.

## COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2015

	2015 \$000s					2014 \$000s				
	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus (deficit)	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus (deficit)
AuSM SERVICE LEVEL AGREEMENT										
Advocacy and legal advice	345	-	345	333	12	320	-	320	320	0
Clubs and societies	152	-	152	147	5	141	-	141	141	0
Media	340	-	340	329	11	316	-	316	316	0
Employment information	19	-	19	18	1	18	-	18	18	0
Sports, recreation and cultural services	308	-	308	297	11	286	-	286	286	0
Total AuSM service level agreement	1,164	-	1,164	1,124	40	1,081	-	1,081	1,081	0
AUT SERVICES										
Careers advice and guidance	532	-	532	514	18	374	-	374	374	0
Counselling and pastoral care	3,678	765	4,443	4,319	124	3,218	700	3,918	3,918	0
Financial support and advice	770	-	770	744	26	663	-	663	663	0
Health services	466	669	1,135	1,120	15	529	623	1,152	1,152	0
Childcare services	293	688	981	971	10	245	696	941	941	0
Sports, recreation and cultural services	1,292	1,248	2,540	2,497	43	1,265	1,187	2,452	2,452	0
Total AUT student services	7,031	3,370	10,401	10,165	236	6,294	3,206	9,500	9,500	0
TOTAL	8,195	3,370	11,565	11,289	276	7,375	3,206	10,581	10,581	0

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.









# STATEMENT OF RESOURCES

# LIBRARY

RESEARCH THAT INSPIRES CURIOSITY, ADVANCES KNOWLEDGE AND BENEFITS COMMUNITIES  
WIDER PARTICIPATION AND SUCCESS IN EDUCATION  
A STRONGER REPUTATION FOR AUT

	2015	2014
<b>e-resources</b>		
e-journal titles <sup>12</sup>	80,072	88,798
e-book titles	104,276	102,826
e-reserve items (AUTonline)	4,858	4,408
Research repository items (Scholarly Commons)	4,534	3,728
<b>Print resources (titles)</b>		
Books	214,011	219,168
Journals (serials)	1,950	2,008
Multimedia (AV items)	14,219	16,814
<b>Online access – full-text downloads</b>		
e-journal full-text downloads	2,239,918	2,252,965
e-book full-text downloads	397,966	336,498
e-reserve full-text downloads <sup>13</sup>	48,245	80,334
Research repository full-text downloads <sup>14</sup>	680,663	723,316
<b>Online access – page views</b>		
Research repository page views	249,521	370,101
Library guides page views <sup>15</sup>	524,655	734,358
Library website page views	1,171,282	1,011,893
<b>Physical access</b>		
Turnstile counts (visits to Library)	1,221,663	1,243,984
Opening hours (per week)	86	86
<b>Loans</b>		
Print and multimedia (includes renewals)	169,931	206,370
Course reserve (high demand) (includes renewals)	36,219	39,064
Interloan items supplied and received	7,074	5,266
<b>Information services</b>		
Information literacy workshops (participants)	8,784	8,691
Information literacy workshops (groups)	501	544
Research consultations	4,475	3,490
Library Help Desk enquiries <sup>16</sup>	6,799	9,069
Online tutorial views	9,732	5,451
Total Library staff (FTE) <sup>17</sup>	68.4	69.1

<sup>12</sup> This decrease is due to changes in the accounting method approved by the Council of Australian University Librarians (CAUL)

<sup>13</sup> This decrease is due to a range of factors including the removal of administrative activities

<sup>14</sup> This decrease is due to improved detection and removal of spam activities

<sup>15</sup> This decrease is due to the reduced number of pages and more streamlined access to information resources on the new LibGuide platform

<sup>16</sup> This decrease is due to increased use of the Library website, online tutorials and research consultations

<sup>17</sup> This figure represents total annualised Paid FTE for the Library, in line with the method of calculation used throughout this Annual Report. Using the CAUL methodology, the FTE figure is 71.5

**Expenditure – \$000s**

Operating expenditure – excluding depreciation

Depreciation and asset impairment

Total operating expenditure

Capital expenditure – information resources

**Total Library expenditure**

Total Library expenditure (\$) per EFTS (MoE and International) and FTE

2015	2014
6,307	6,176
6,058	4,984
12,365	11,160
6,138	5,534
18,503	16,694
864	803



Image: Graham Roberts, Strategy & Planning, AUT

# INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

## EXCELLENT SCHOLARS AND SOUGHT-AFTER GRADUATES

	2015	2014
Total number of computers (including laptops) <sup>18</sup>	8,056	9,725
Available open-access laboratory hours <sup>19</sup>	2,870,363	2,697,130
Total number of open-access hours used	608,582	704,459
Percentage open-access usage	22.0%	26.1%
Average number of daily student log-ons to the wireless network during the busiest month	8,309	7,144
Total number of student log-ons to the wireless network on the busiest day	12,165	10,631
Total service desk enquiries	105,165	81,205
Percentage incident resolution within the Service Level Agreement timeframe – students	99.8%	94.2%

## RESEARCH THAT INSPIRES CURIOSITY, ADVANCES KNOWLEDGE AND BENEFITS COMMUNITIES

REANNZ network (average traffic) – Mbps <sup>20</sup>	94.0	101.1
REANNZ network (maximum traffic) – Mbps <sup>21</sup>	2,615.9	2,229.2
Total AUT traffic to Google Scholar – Gb <sup>22</sup>	65	60
URL hits to Google Scholar <sup>23</sup>	1,819,485	2,668,182

## WIDER PARTICIPATION AND SUCCESS IN EDUCATION EDUCATED CITIZENS IGNITING CHANGE IN THEIR COMMUNITIES

Number of sessions on AUT website	6,252,514	5,782,206
Number of distinct users for AUTonline	31,781	29,036
Number of page views (events/activities) for AUTonline <sup>24</sup>	34,630,654	10,441,870

## A STRONGER REPUTATION FOR AUT

Percentage incident resolution within the Service Level Agreement timeframe – staff	99.3%	95.7%
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## Expenditure – \$000s

Operating expenditure for ICT Services – excluding depreciation	18,086	14,151
Depreciation	3,955	2,191
Operating expenditure for computer leases in other divisions	3,675	3,126
Total operating ICT Services expenditure for University	25,716	19,468
Capital expenditure	5,799	3,743
<b>Total ICT Services expenditure</b>	<b>31,515</b>	<b>23,211</b>
Percentage increase/(decrease) total ICT Services expenditure	35.8%	11.2%
ICT Services operating expenditure as a percentage of total University expenditure	6.7%	5.4%
ICT Services salaries/total ICT Services operating expenditure	45%	41%
Total ICT Services staff (FTE) <sup>25</sup>	158	116
Total ICT Services expenditure per EFTS (MoE and International) and FTE (\$)	1,472	1,109

<sup>18</sup> The decrease in number of computers is due to a range of factors, including an increased number of students bringing their own devices

<sup>19</sup> The increase in opening hours is due to computer labs being made available 24 hours a day, 7 days a week, during exam time

<sup>20</sup> Average and maximum traffic results measure outbound traffic from AUT and the Warkworth Radio Telescope site

<sup>21</sup> Refer to Footnote 20

<sup>22</sup> 2014 result has been restated as usage of gigabytes, rather than megabytes

<sup>23</sup> This decrease is due to an improved search function on the Library website

<sup>24</sup> From 2015, AUTonline page views reports views of all pages on the site, whereas the 2014 figure reports views of the front page only. For comparative purposes, there were 11,097,482 views of the front page in 2015

<sup>25</sup> The increase in FTE is due to the inclusion of the University Relations business group and the additional staff required for the Sharepoint project

# LAND AND BUILDINGS

## LAND BY CAMPUS<sup>26</sup>

	2015	2014
	Gross Area ha	Gross Area ha
City Campus <sup>27</sup>	3.7	3.5
North Campus	14.4	14.4
South Campus <sup>28</sup>	12.2	7.8
AUT Millennium <sup>29</sup>	2.0	2.0
<b>Total land</b>	<b>32.3</b>	<b>27.7</b>

## BUILDINGS BY CAMPUS<sup>30</sup>

	2015	2014
	Gross Area m <sup>2</sup>	Gross Area m <sup>2</sup>
City Campus <sup>31</sup>	122,666	112,193
North Campus	35,948	35,948
South Campus <sup>32</sup>	9,706	8,156
AUT Millennium <sup>33</sup>	4,307	4,307
Work in progress	–	–
<b>Total buildings</b>	<b>172,627</b>	<b>160,604</b>
<b>Total land and buildings</b>	<b>615,315</b>	<b>516,213</b>
Contractual leases (various) <sup>34,35</sup>	44,694	54,922
<b>University total gross area</b>	<b>217,321</b>	<b>215,526</b>
Less: Non-leasable area	35,802	34,838
<b>Usable area</b>	<b>181,519</b>	<b>180,688</b>

## Used as follows

	2015	2014
	Usable Area m <sup>2</sup>	Usable Area m <sup>2</sup>
Faculty space	103,411	110,027
Administration <sup>36</sup>	73,801	66,185
In development/vacant <sup>37</sup>	4,307	4,476
<b>TOTAL</b>	<b>181,519</b>	<b>180,688</b>

<sup>26</sup> Land at all four campuses was revalued as at 31 December 2015 by Seagar and Partners (Auckland) Ltd

<sup>27</sup> The increase in land area is due to the purchase of 56 Wakefield Street

<sup>28</sup> The increase in land area is due to the purchase of 622 Great South Road

<sup>29</sup> The gross area for AUT Millennium Campus was incorrectly stated in the 2014 Annual Report. The 2014 value has been corrected accordingly

<sup>30</sup> There were no building valuations conducted in 2015; values reported here are based on the net book value entered in the fixed asset register

<sup>31</sup> The increase in gross floor area is due to the purchase of 56 Wakefield Street. This was previously reported in Contractual leases

<sup>32</sup> The increase in gross floor area is due to the inclusion of ME Building

<sup>33</sup> AUT owns 4,307m<sup>2</sup> at AUT Millennium, which is the gross floor area of the ADIS property. The remaining space at AUT Millennium (2,767m<sup>2</sup>) is owned by the AUT Millennium Ownership Trust (AMOT). AUT is a 50% partner in AMOT. The ADIS property is currently vacant so it was not valued in 2015

<sup>34</sup> The gross floor area of the ADIS property was incorrectly included in Contractual leases in the 2014 Annual Report. 2014 values have been corrected accordingly

<sup>35</sup> Refer to Footnote 31

<sup>36</sup> This includes space for administration services, student accommodation and carparks

<sup>37</sup> The ADIS property was incorrectly counted twice as vacant space in the 2014 Annual Report. 2014 values have been corrected accordingly





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