



AUT

**ANNUAL
REPORT**
2017



**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**

Front cover: Mana Hauora Building, South Campus.
Image: Zee Shake Lee

Inside cover: This carving of Kahungunu, the eponymous ancestor of Ngāti Kahungunu, is the central figure of a tūtū panel displayed in the Sir Paul Reeves Building. Gifted to ATI by the Māori people of Auckland in 1983, it is made of rimu from the demolished army buildings of Rangitoto and uses paua from the Far North and Deep 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.

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THE YEAR: 2017

CHANCELLOR'S FOREWORD

Kia ora koutou. I am pleased to present Auckland University of Technology's Annual Report 2017 and to share with you the highlights of this exciting year. Over the past 12 months, we have opened a major new building on South Campus, strengthened our international reputation, and developed a new strategic planning document.

This strategy is known as *AUT Directions* and it charts the course for development through to 2025. *AUT Directions* centres on creating great graduates who are industry-ready, entrepreneurial, technologically savvy, engaged with their community, and internationally aware. Achievement of the goals outlined in *AUT Directions* will cement AUT's position as New Zealand's university of technology, with its emphasis on technology-enabled learning, leading the tertiary sector in external impact, and continuous improvement in teaching and research quality.

Council is also pleased to support the continued growth and development of South Campus. There were more than 1,800 domestic equivalent full-time students (EFTS) at South in 2017, an increase of 18% from the previous year. This impressive

growth was supported by the first major development at the campus, the Mana Hauora Building, which was opened in March by the Rt Hon Bill English. The building's name means 'the power of well-being' and at a cost of \$60 million, it exemplifies the depth and breadth of AUT's commitment to South Auckland. Alongside a significant increase in classroom space, Mana Hauora provides a wealth of collaborative and social learning spaces for students and room for hosting conferences and other community events. The first major event held at Mana Hauora set the tone for this new era of engagement; the Communities that Thrive symposium shared leading international research on building healthy and resilient neighbourhoods by ensuring young people have safe places to spend time, and opportunities to contribute to their families, schools and communities.

AUT's accomplishments in research and teaching are recognised by the international rankings agencies. Times Higher Education (THE) placed AUT in the 401-500 band overall and 14th in the world for universities founded since 2000. The QS World University rankings also placed AUT within the top 450, which is equivalent to the best 2% of universities. Despite being the tenth youngest university included in the rankings, QS placed AUT in the top 70 for all institutions under the age of 50.



Turning now to governance issues, the Productivity Commission released its final report, *New models of tertiary education*, in March. The report sparked a robust discussion about the role of higher education in New Zealand and highlighted some of the regulatory and policy mechanisms that restrict universities' ability to innovate. Certainly, Council strongly supports a more student-centred approach to tertiary education and will watch with interest two of the initial recommendations: the development of micro-credentials and efforts to ease the process of transferring credit between institutions. More broadly, improved approaches to funding and better information for students are longer term goals that can only improve the tertiary system for the benefit of all.

The new Labour-led Government's fees-free tertiary policy is positive news for potential learners, and one we hope supports a greater number of young people from lower socio-economic backgrounds to take up university education. Unfortunately it does not address the systemic underfunding of the tertiary sector. Council continues to support the universities' joint call for a more effective funding framework that ensures the overall quality, viability, and probity of universities whilst also recognising the autonomy of each in making its distinct contribution to New Zealand. Addressing this issue is critical for maintaining our collective excellent international reputation.

On behalf of Council, I would like to congratulate Adjunct Professor Tīmoti Kāretu on being made a Knight Companion of the New Zealand Order of Merit for services to the Māori language. I also congratulate Sarah Trotman, AUT Business School, on being made an Officer of the New Zealand Order of

Merit for her services to business and the community. I also wish to acknowledge some other significant accolades for AUT staff. Professor Steve Henry was awarded the Royal Society's Pickering Medal. Professor Grant Schofield was appointed as the Chief Health and Nutrition Advisor to the Ministry of Education, and Professor Tim Maloney is now the Chief Economist for the Ministry of Social Development. Professor Marilyn Waring was named in the *200 Women* project, an exhibition and book profiling inspiring and influential women from around the world. Tagaloatele Professor Peggy Fairbairn-Dunlop was appointed as a commissioner to oversee Samoa's first national enquiry into family violence. Finally, Vice-Chancellor Derek McCormack was named as one of advocacy group Be. Accessible's Fab 50 for his leadership on accessibility issues. Council is immensely proud of this tribute and we whole-heartedly endorse AUT's aim of achieving Be.'s platinum accessibility rating by 2025.

Once again, I extend my thanks to all members of Council for their support and dedication to the University. I also thank Vice-Chancellor McCormack and his Strategic Leadership Team for their vision, commitment and integrity. Under their guidance, AUT is going from strength to strength and the quality and depth of its impact is continuing to grow. There is a sense of excitement for what the future holds for AUT and we are honoured to be part of this legacy.



John Maasland

Chancellor



THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

Front row (from left): John Maasland, Sussan Turner, Derek McCormack

Second row: James Schofield, Judith Thompson, Stephen Stehlin

Third row: Lyn Lim, Sophie Hayman, Helen Gaeta, Urshula Ansell

Back row: Pat Alley, Lex Henry, Andrea Vujnovich (Council Secretary), Richard Idoine (Council Co-ordinator)

Image: Nigel King, White Door Event Photography

THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2017

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

CHANCELLOR

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

PRO-CHANCELLOR

Sussan Turner
Appointed by the Minister for Tertiary Education, Skills and Employment

SECRETARY TO COUNCIL

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

COUNCIL CO-ORDINATOR

Richard Idoine BA, LLB
Solicitor

MEMBERS

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

Urshula Ansell BMD, GradDipBus
Appointed by the Auckland Student Movement at Auckland University of Technology

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

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

Lex Henry LLB
Appointed by the Minister for Tertiary Education, Skills and Employment

Lyn Lim LLB (Hons)
Appointed by the Minister for Tertiary Education, Skills and Employment

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

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

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

Judith Thompson BSocSc, MMgt
Appointed by the Minister for Tertiary Education, Skills and Employment

SUPERNUMERARY MEMBER

Geraint Martin MSc

VICE-CHANCELLOR'S REPORT

Amongst a number of notable achievements in 2017, we celebrated the opening of a major new building at the South Campus, articulated a new vision for our future, and were named in the top 500 of all world universities by two international rankings agencies. These and other significant achievements are explored more fully in the AUT Profile 2017.

After 18 months of consultation, *AUT Directions to 2025* was adopted in September. This document charts the course for the University's development with one central mission: great graduates. We will deliver this mission by:

- creating exceptional learning experiences;
- discovery and application of knowledge for wellbeing and prosperity;
- responding to our place in the world;
- building our position as New Zealand's university of technology; and
- being a place where people love to work and learn.

Each is viewed through the lens of developing students into research-informed, entrepreneurial, internationally aware, and agile thinkers. As graduates, they will be more than just employable, they will have the transferable skills and professional capacity to successfully forge their own career paths.

LEARNING AND TEACHING

After five years of consistent EFTS growth, both domestic and international EFTS fell slightly from 2016 to 2017. Although the number of school leavers has plateaued across the country in recent years, increasing enrolments from South Auckland have largely moderated the effect on AUT. Our doctoral programme has continued to grow, with the number of candidates reaching 959, along with a record 122 graduates in 2017.

122 doctoral graduates in 2017,
up from 37 in 2010



We established a Learning, Teaching and Curriculum Leadership Cluster, where staff from across the University will work to ensure outstanding teaching and compelling curricula in every programme and discipline. A further 20 staff members became Fellows of the Higher Education Academy (HEA), bringing the total number of AUT Fellows to 43. The HEA is an international organisation dedicated to improving teaching quality at universities and AUT has applied for accreditation under their fellowship scheme, which would allow us to self-administer and award Associate Fellow, Fellow and Senior Fellowships.

Emerging technologies present new opportunities for us to support student learning. The major development for the year was the establishment of the Student Digital Workspace, which brings together a range of services for students: the online learning portal; links to key sites such as the library, student hub and technological support; and practical information including individual class timetables, shuttle bus schedules and interactive campus maps. The workspace was well received by students and won the Overall Excellence Award at the Microsoft Tertiary ICT Innovation awards. This was the third such award won by AUT in the last four years. The next stage of development is underway and will help students manage their time more effectively by charting their workloads over the semester.



Student Digital Workspace: winner of the Overall Excellence Award, Microsoft Tertiary ICT Innovation Awards

RESEARCH AND DEVELOPMENT

The University's research programme is centred on three concepts: excellence, integration with teaching, and application that results in greater wellbeing and prosperity.

AUT had great success in the 2017 Health Research Council (HRC) funding round. The Pacific Islands Families Study continued to break new ground, receiving three separate grants, each worth close to \$1.2 million over three years. The studies focus on hearing loss and respiratory health in Pacific youth, and mental health in Pacific adults. Other grants included funding for feasibility studies in the use of mindfulness for stroke patients, high intensity workouts for secondary school students, and improving anxiety through sensory modulation. Dr Julia Ioane received AUT's first Pacific Emerging Researcher award at the Māori and Pacific Health Career Development Awards, and the HRC also awarded two postdoctoral fellowships in Māori and Pacific health.

\$3.5M awarded to the Pacific Islands Families Study

Professor Steve Henry received the Royal Society Te Apārangi's Pickering Medal for his Kode™ Technology, which shows significant potential for use in cancer treatment, reducing surgical implant infections, and healing wounds.

Market analysts and investors now have two additional tools to support their decision-making, courtesy of AUT's Auckland Centre for Financial Research. The Finsent Sentiment Index provides a quantitative measure of investor sentiment for a range of financial markets and exchange rates, including those in New Zealand, Australia and the United States. Sentiment measures the mood of the market, which is difficult to capture with more traditional models that assume rational behaviour on the part of investors. The New Zealand Corporate Governance Index provides an independent evaluation of how well a board is representing the interests of its investors, based on a range of

VICE-CHANCELLOR'S REPORT (continued)

17 measures focussed on ownership structure, independence, remuneration and boards of directors. Research indicates that these measures together can provide a good indication of the quality of corporate governance.

Colab, the interdisciplinary research and community engagement hub from the Faculty of Design and Creative Technologies, entered an exclusive year-long sponsorship agreement with global consultancy firm S23M. The agreement focusses on joint research, development and dissemination of S23M's Cell Platform technology and provides sponsorships for research students. The two organisations will also jointly host quarterly conferences to address large-scale problems that fall outside the boundaries of traditional government, academic or industry research.

The University earned \$1.3 million in consultancy revenue during the year, of which close to half came from the Centre for Social Data Analytics. Their predictive risk model is used by child protection agencies in several American states to better support children in at-risk families. Researchers from AUT's New Zealand Work Research Institute also published their research findings in conjunction with the Productivity Commission, identifying significant ethnic differences in enrolment, progression and completion in undergraduate level study in New Zealand.

\$1.3M AUT staff earned
\$1.3 million in
consultancy revenue

ENGAGEMENT WITH COMMUNITIES

AUT is working with local schools to encourage future generations of university students through the MyFuture and Navigation Station initiatives. MyFuture is a multi-year personal and academic development programme for students

and their families at 12 low-decile South Auckland secondary schools. The course starts in Year 10, continues through Year 11 and was expanded to Year 12 students in 2017. In total, 610 students participated through the year and more than 230 parents and family members visited the South Campus for the parent information evening in March. Through Navigation Station, Year 8 students build robots and engaged in related activities that encourage study and careers in the science, technology, engineering, arts and mathematics (STEAM) fields. More than 200 students from three low-decile schools took part in 2017, and this will be expanded in 2018.

The future STEM workforce also received a boost from AUT's first Computer Sciences for High Schools (CS4HS) professional development event. Sponsored by Google, close to 120 high school teachers from around the country attended, learning how to use new technologies to better engage students, and preparing for forthcoming curriculum changes.

120 teachers attended the
Computer Sciences for
High Schools event

The AUTEUR Influencer Network was established in 2016 and has grown to 41 members, all of whom are leading figures within the Auckland business, not-for-profit or public service communities. Along with student internships and research and other partnership opportunities, the network provides leadership and expert commentary on major issues facing the city.

In partnership with Kea, AUT hosted the inaugural World Class New Zealand Celebration in New York, which honoured Kiwis achieving outstanding success in America, including director Taika Waititi. The University's American alumni network and the Friends of AUT Foundation used it as a fundraising event to

expand the InterNZ programme, which already provides more than 30 students with work experience in the United States. Our alumni network was strengthened by the introduction of the new AUT Connect app, which allows alumni to send direct messages, list events and jobs, and indicate their availability for mentoring.

We strongly encourage student involvement with the community. In only its second year of operation, more than 1,000 students have registered for the AUT Edge Award and contributed over 13,000 volunteer hours in the community, along with 5,100 hours of leadership and challenge activities. More than 60 students completed the award during the year.

AUT celebrated the 25th anniversary of the McDonald's Te Tai Tokerau scholarship, a partnership between AUT, McDonald's New Zealand and the Northland community. More than 100 young Northlanders of Māori descent have received scholarships to study at AUT over the last 25 years. Another 11 students received U Ki Te Kaupapa scholarships, valued at \$6,000 each, for their contribution to kaupapa Māori and their commitment to their community.

AUT has almost a decade of involvement with advocacy group Be. Accessible. We are working to bring our facilities up to the highest standards of accessibility, holding workshops to support understanding of accessibility issues, and working with Be. to support young people with disabilities into employment. Our newest joint initiative is the Be. Index, which will research and report on access in New Zealand, and measure the impact of efforts to improve accessibility in our country.

STAFF

Several staff members received prestigious appointments during the year. The Ministry of Education appointed Professor Grant Schofield as the Chief Education Health and Nutrition Advisor. His role is to lift the quality of public debate on health and nutrition education, and bring together analytical, research and policy experts to assist the Ministry. Professor Tim Maloney became the first Chief Economist for the Ministry of Social Development, recognising his expertise in labour economics, econometrics and public policy. Tagaloatele Professor Peggy Fairbairn-Dunlop was appointed one of the four commissioners to oversee Samoa's national inquiry into family violence. This is the first such inquiry in the Pacific Islands.

Professor Paul Moon was awarded our highest accolade, the University Medal, at the 2017 Excellence Awards. In his 24 years at AUT, Professor Moon has made an immense contribution as a researcher, colleague, teacher and mentor. He is one of New Zealand's best-selling and most-respected historians and social commentators, with an international reputation in the field of New Zealand history. He is an innovative teacher and a leader in the field of using technology to enhance student engagement. I would again like to congratulate Professor Moon and all other recipients of AUT's Excellence Awards.

VICE-CHANCELLOR'S REPORT (continued)

2017 EXCELLENCE AWARDS

RESEARCH EXCELLENCE

Pacific Islands Families Study

(National Institute for Public Health and Mental Health Research)

Christina Milligan (School of Communication Studies)

Professor Nesta Devine (School of Education)

Professor Elaine Rush (School of Sport and Recreation)

Professor Judy McGregor

(School of Social Sciences and Public Policy)

Professor Peter McNair (School of Clinical Sciences)

TEACHING EXCELLENCE

Leadership in Sport and the Outdoors

(School of Sport and Recreation)

Professor Paul Moon (Te Ara Poutama)

Paramedicine Immersive Simulation Team

(School of Clinical Sciences)

Logan Austin (School of Art and Design)

Amanda B Lees (School of Public Health and Psychosocial Studies)

PROFESSIONAL EXCELLENCE

Jason Ashton (Library)

Lian-Hong Brebner (Student Services and Administration)

Graduation Team (Student Services and Administration)

Recruitment on Campus Team (People and Organisation)

Research and Innovation Advisory Team

(Research and Innovation Office)

SPECIAL COMMENDATION

Richard Hall (Executive Director, AUT South)
for outstanding strategic contribution

UNIVERSITY MEDAL

Professor Paul Moon (Te Ara Poutama)

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

The University achieved a solid financial result in 2017, posting a net surplus of \$14.2 million and achieving all our financial covenants.

AUT's ongoing development is reflected in its performance in the world rankings. THE now ranks AUT within the 401-500 band, alongside Massey University and Victoria University of Wellington. We were placed 14th in the world for universities founded since 2000, and 15th overall for international outlook. These are outstanding achievements, and we are justly proud. For the first time, AUT featured in the THE subject rankings, placing in the 101-125 band for the clinical, pre-clinical and health disciplines. We are now second equal in New Zealand for this subject ranking. The other main rankings agency, QS, placed AUT amongst the world's best in 11 different subjects: Accounting & Finance, Art & Design, Business & Management Studies, Computer Science & Information Systems, Economics & Econometrics, Education, Electrical & Electronic Engineering, Hospitality, Law, Linguistics and Sports. Overall, QS placed AUT within the world's top 450 universities, and in the 61-70 range for those under the age of 50.

TOP 70
for universities under the age
of 50 (QS World University Rankings)

Further extending our influence in Asia, a visit to China resulted in new collaborations in research and academic exchanges with Wuhan University and the China Academy of the Arts. The trip included two AUT alumni events in Beijing and Shanghai, attended by 200 people. The AUT Indonesia Centre was also opened during the year. This world-first centre is designed to strengthen relationships between the two countries, and will facilitate student exchanges, and offer courses in Bahasa Indonesia, batik, music and culinary arts.

The excellence of the construction and design of the Mana Hauora Building was recognised at the 2017 Best Design Awards, receiving golds in the built environment and public institutional spaces categories. It was AUT's most successful year at the Awards, with 23 staff and students from the School of Art and Design winning awards, including seven golds. Construction of the Engineering, Technology and Design Building at City Campus has continued throughout the year and the new building will be ready for occupation in 2018.



Engineering, Technology and Design Building to open 2018

As a member of the Australasian chapter of the Sustainable Development Solutions Network, AUT is committed to the United Nations Sustainable Development Goals. These, along with *AUT Directions*, form the basis of a new Sustainability Action Plan which will be released for consultation in early 2018. AUT received EECA funding for an electric shuttle bus, one of the first fully electric buses in New Zealand. It will provide opportunities for research into new charging technologies and infrastructure requirements as well as reducing our carbon emissions. Other sustainability measures include lighting upgrades, energy campaigns and building optimisation projects which reduced our carbon emissions by 75.3 tonnes over the year, and organic waste collections at all service kitchens and some cafes to reduce the amount of waste that goes to landfill.

FINAL THOUGHTS

As always, I extend my thanks to Chancellor John Maasland and the AUT Council for their leadership over the year. I also wish to acknowledge the Strategic Leadership Team for their commitment to the University, our students and their success. This year heralded several senior management changes; I welcome Professor Geoff Perry to the role of Deputy Vice-Chancellor, following the resignation of Professor Rob Allen, who has taken up a role as Professor of Social History in Te Ara Poutama. I would like to thank Professor Allen for his integrity, collegiality and outstanding service to the University; he has led much of AUT's academic development over the past eight years and our highly positive academic audits are but one testament to his leadership. I also congratulate Professor Kate Kearins on her appointment as Dean of the Faculty of Business and Law, and welcome Professor Guy Littlefair back to AUT after time spent in Australia, most recently at Deakin University. He took up his position as Dean of the Faculty of Design and Creative Technologies in July.

I would also like to thank Urshula Ansell and Elspeth Carrol, President and Vice-President of the AUT Students' Association, for their contribution over the past year.

I reflect on 2017 with a sense of satisfaction and genuine anticipation for what is to come. AUT has achieved much, yet there is much to be done. I am grateful for the continued contribution of our hard-working and dedicated staff. They make the University what it is: a vibrant and engaging place of learning.

Derek McCormack

Vice-Chancellor



OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

1 Derek McCormack, 2 Professor Geoff Perry, 3 Professor Kate Kearins,
4 Professor Nigel Hemmington, 5 Professor Guy Littlefair, 6 Professor Max Abbott,
7 Professor Pare Keiha, 8 Professor John Raine, 9 Professor Desna Jury, 10 Dr Andrea Vujnovich,
11 Lyle Williams, 12 Jenny Bygrave, 13 Walter Fraser, 14 Joanna Scarbrough, 15 Beth Bundy, 16 Kim Tairi,
17 Liz Gosling, 18 Luke Patterson

OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2017

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

VICE-CHANCELLOR

Derek McCormack MSc, DipTchg

DEPUTY VICE-CHANCELLOR

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

PRO VICE-CHANCELLORS AND DEANS

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

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

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
Dean, Faculty of Design and Creative Technologies

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

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

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

Pro Vice-Chancellor (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, DistFEngNZ, MSAE, MASPACI, MInstD, CRSNZ

Pro Vice-Chancellor (Student Experience and Success)

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

ASSISTANT VICE-CHANCELLORS

Corporate Development
General Counsel

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

Finance and Infrastructure
Chief Financial Officer

Lyle Williams BCom, CA, CPA

Strategy, Students and Marketing

Jenny Bygrave LLB, MEdAdmin (Hons)

Head of Pacific Advancement
Executive Director AUT South

Walter Fraser BA, PGDipCom

GROUP DIRECTORS

Student Services and Administration

Joanna Scarbrough

People and Organisation

Beth Bundy BA (Hons)

University Librarian

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

Chief Information Officer

Liz Gosling BTec HND, MBA

Chief Marketing Officer

Luke Patterson MBA



THE UNIVERSITY FOR THE CHANGING WORLD

AUT is one of New Zealand's largest universities. We have been a university since 2000, but a place of learning for 120 years.

1st
in Australasia
&
15th
in the world
for international
outlook
(Times Higher Education)

Students come from
149
countries

5,400 International students

16% New Zealand's highest
proportion of Pacific
university students



First university to have
the Rainbow Tick

WE OFFER EXCEPTIONAL LEARNING EXPERIENCES
TO DEVELOP OUTSTANDING GRADUATES

TOP 2% UNIVERSITIES
WORLDWIDE

5 **OUT OF 5**
for Internationalisation,
Teaching, Employability,
Facilities and Inclusiveness
(QS Stars)

28,800
students

3,200
staff

Accounting & Finance **TOP 150** | Art & Design **TOP 100**
Business & Management Studies **TOP 300**
Computer Science & Information Systems **TOP 300**
Economics & Econometrics **TOP 400** | Education **TOP 300**
Electrical & Electronic Engineering **TOP 400**
Hospitality **TOP 45** | Law **TOP 300**
Linguistics **TOP 250** | Sports **TOP 100**
(QS World Rankings)

14th
best millennial
university
(Times Higher Education)

3 **campuses**
across Auckland:

- Manukau
- Auckland CBD
- North Shore

3 **specialist locations:**

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

959
doctoral students

60⁺
research centres and
institutes with
world-class expertise

95%
of available domestic
graduates employed
within 9 months of
completing study
(includes full-time and
part-time work)

We foster new thinking, discovery and achievement

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

We have a strong focus on students and graduates

- We want our students to be challenged, successful and useful. We encourage them to collaborate, experiment and experience working life beyond the classroom.
- We provide a transformational student experience.
- More than 90% of bachelors graduates complete a work placement or internship. We aim to make it 100%.
- We aim for all of our students to have an international experience.
- We contribute to the social and economic development of Auckland, New Zealand, and the wider world through our graduates, research and innovation, and our engagement with industry and communities.



AUT DIRECTIONS TO 2025

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

OUR MISSION

GREAT GRADUATES

OUR VISION

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

LEARNING & TEACHING

Creating exceptional learning experiences

RESEARCH

Discovery and application of knowledge for wellbeing and prosperity

ENGAGEMENT

Responding to our place in the world

DISTINCT CONTRIBUTION

Building our position as New Zealand's university of technology

VIBRANT COMMUNITY

Being a place where people love to work and learn

OUR CULTURE

OPEN-MINDED

We are open-minded, curious and questioning

COURAGEOUS

We think critically, listen carefully and speak courageously

COLLABORATIVE

We are welcoming, collegial, collaborative and respectful of others

PURPOSEFUL

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

OUR VALUES

TIKA
Integrity

PONO
Respect

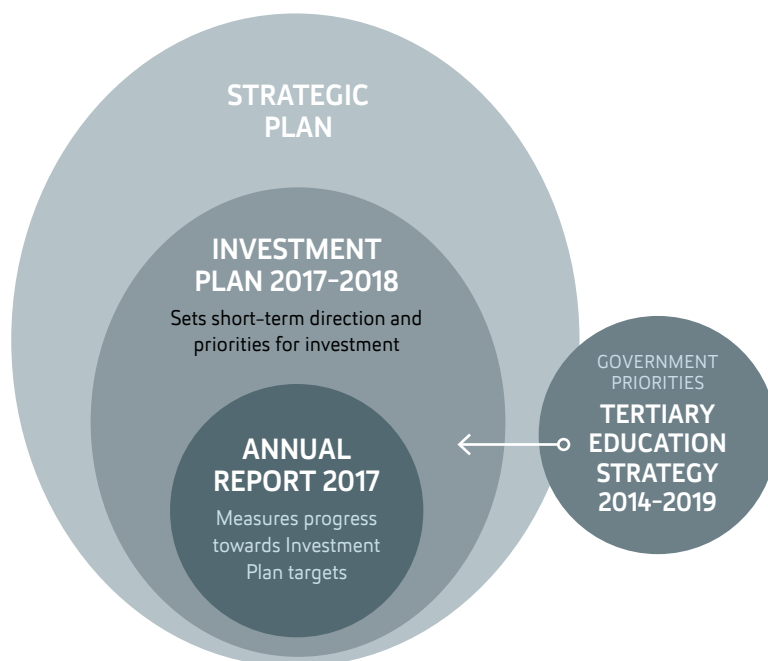
AROHA
Compassion

PLANNING AND MONITORING OUR PROGRESS

Adopted in 2017, *AUT Directions* has one central mission: great graduates. We offer exceptional learning experiences, conduct applied research to enhance wellbeing and prosperity and engage with our communities. Our priorities are the social, economic and environmental development of Tāmaki Makaurau Auckland and Aotearoa New Zealand. Our culture is inclusive, vibrant and collegial and we aim to fully step into our role as New Zealand's university of technology. We want to increase the extent and impact of our relationships with industry, demonstrate technological excellence, and encourage innovation and entrepreneurship to flourish. Our next Investment Plan, to be completed in 2018, will reflect this new direction.

This Annual Report is based on the current Investment Plan, which was written in 2016. It centres on the five main impacts described in the Strategic Plan 2012–2016, and is informed by the Government priorities outlined in the Tertiary Education Strategy 2014–2019.

The indicators presented in the Statement of Service Performance section of this Annual Report evolved from the levers for change listed in the Strategic Plan and, with the transition to *AUT Directions* in mind, an intention to measure the impact of our activities. As a result, outcomes-focussed measures such as graduate employment, work-integrated learning, industry engagement and Māori and Pacific success already align closely with the new strategy.



THE FIVE IMPACTS AND THEIR ASSOCIATED CORE ACTIVITIES ARE:

1

Excellent scholars and sought-after graduates

Learning and teaching

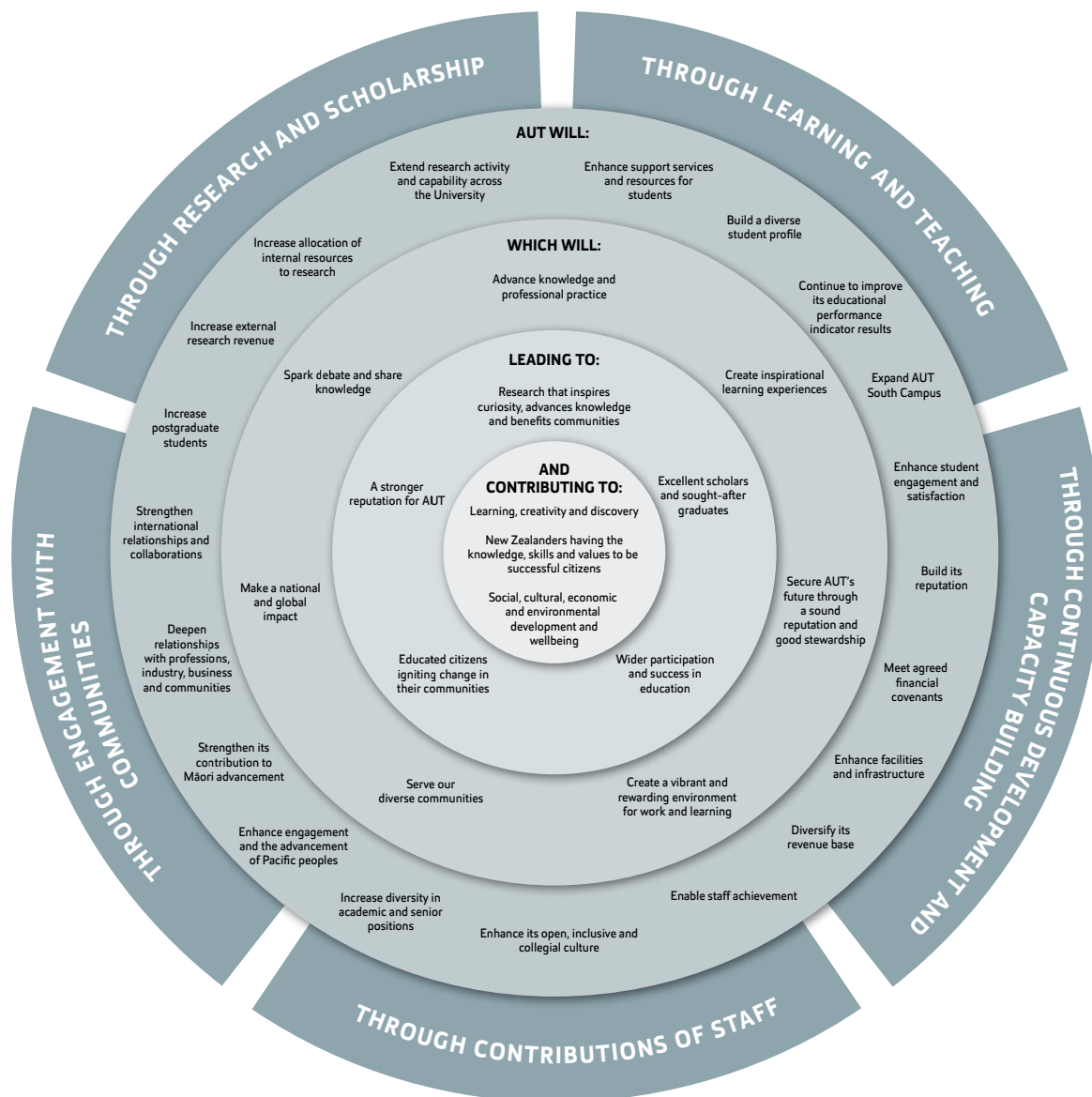
2

Research that inspires curiosity, advances knowledge and benefits communities

Research and scholarship
Engagement with communities

OUTCOMES FRAMEWORK

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



3

**Wider participation
and success in
education**

Learning and teaching
Contributions of staff
Engagement with
communities

4

**Educated citizens
igniting change in
their communities**

Learning and teaching
Contributions of staff
Engagement with
communities

5

**A stronger reputation
for AUT**

Research and
scholarship
Contributions of staff
Continuous
development and
capacity building

KEY FACTS AND FIGURES

ALL EFTS ¹

	2017 Budget	2017 Actual	2016 Actual	2015 Actual
EFTS				
Domestic SAC-funded EFTS ²	16,573	15,888	16,185	16,045
International EFTS receiving SAC funding ³	287	382	360	305
Total SAC-funded EFTS	16,860	16,270	16,545	16,350
International EFTS	2,877	2,713	2,802	2,759
Other Domestic EFTS	218	288	230	183
Other International EFTS	251	303	289	408
Non EFTS	50	51	50	47
Total programme EFTS	20,256	19,625	19,916	19,747
AUT International House	97	91	96	105
Total EFTS	20,353	19,716	20,013	19,852
Total number of students (by headcount)		28,812	29,014	28,628

EFTS BY QUALIFICATION TYPE

	2017		2016		2015	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
SAC-FUNDED EFTS						
Postgraduate	2,434	15%	2,418	15%	2,260	14%
Bachelor degree and graduate programme	12,583	77%	12,781	77%	12,671	77%
Diploma and certificate	1,253	8%	1,346	8%	1,419	9%
Total SAC-funded EFTS	16,270	100%	16,545	100%	16,350	100%
INTERNATIONAL EFTS						
Postgraduate	941	35%	935	34%	845	31%
Bachelor degree and graduate programme	1,675	62%	1,718	61%	1,749	63%
Diploma and certificate	97	3%	149	5%	165	6%
Total International EFTS	2,713	100%	2,802	100%	2,759	100%

¹ Equivalent full-time students

² SAC-funded refers to students eligible for Student Achievement Component funding. From 2017, this includes domestic students studying approved international exchange programmes. 2015 and 2016 figures have been restated accordingly throughout this Key Facts and Figures section

³ Includes International SAC-funded EFTS (French and German postgraduate students and diplomatic staff and family), International Research SAC-funded EFTS (On-shore international PhDs and international Postgraduate Research MoE), and International Exchange (SAC-funded) EFTS

DOMESTIC SAC-FUNDED STUDENTS

	2017		2016		2015	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
STUDENTS BY ETHNICITY ⁴						
Asian	5,448	25%	5,296	24%	5,200	24%
Māori	2,375	11%	2,370	11%	2,303	11%
New Zealand European/Pākehā	8,808	41%	9,139	42%	9,157	43%
Pacific	3,415	16%	3,243	15%	2,976	14%
Other	1,492	7%	1,527	7%	1,633	8%
Non-declared	98	<1%	124	1%	158	1%

STUDENTS BY MODE OF STUDY

Full-time	14,886	69%	15,065	69%	14,907	70%
Part-time	6,750	31%	6,634	31%	6,520	30%

STUDENTS BY AGE

Under 25 years	14,641	68%	14,880	69%	14,454	67%
25-39 years	4,768	22%	4,719	22%	4,781	22%
40+ years	2,227	10%	2,100	10%	2,192	10%

STUDENTS BY GENDER

Female	13,266	61%	13,269	61%	13,029	61%
Male	8,352	39%	8,418	39%	8,396	39%
Gender diverse	18	<1%	12	<1%	2	<1%

INTERNATIONAL STUDENTS

International students were enrolled from 100 countries. The top ten are listed below.

	2017		2016
	Numbers	Percentage	Percentage
China	1,908	46%	46%
India	550	13%	13%
Viet Nam	178	4%	4%
Saudi Arabia	163	4%	5%
South Korea	118	3%	3%
Hong Kong	88	2%	2%
Taiwan	70	2%	2%
Malaysia	64	2%	2%
United States of America	61	2%	2%
Iran	55	1%	1%
Other (90 countries)	867	21%	20%
Total International students ⁵	4,122	100%	100%

⁴ Based on students' primary self-selected ethnicity

⁵ This includes International students that are SAC funded

QUALIFICATIONS AWARDED

	2017	2016	2015
Doctorates	112	81	80
Masters	769	732	653
Honours, Postgraduate Diplomas and Postgraduate Certificates	1,205	1,263	972
Degrees, Graduate Diplomas and Graduate Certificates	4,074	4,132	4,156
Diplomas	212	250	274
Certificates	1,070	1,149	1,455
Total qualifications awarded	7,442	7,607	7,590

STAFF

For the year ended 31 December 2017

	2017			2016		
	Academic	Admin	Total	Academic	Admin	Total
FACULTIES						
Business, Economics and Law	185	76	261	172	75	247
Culture and Society	185	75	260	179	80	259
Design and Creative Technologies	330	114	444	333	119	452
Health and Environmental Sciences	420	151	571	410	151	561
Te Ara Poutama	19	2	21	22	4	26
Total faculty FTE	1,139	418	1,557	1,116	429	1,545
Total central administration services FTE	47	871	918	50	879	929
TOTAL UNIVERSITY FTE	1,186	1,289	2,475	1,166	1,308	2,474

KEY FACTS BY FACULTY

EFTS	Business, Economics and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual	2017 Actual	2016 Actual	2017 Actual	2016 Actual	2017 Actual	2016 Actual	2017 Actual	2016 Actual
ENROLMENTS												
SAC-funded EFTS	3,332	3,469	2,600	2,795	4,335	4,321	5,074	5,072	57	67	872	821
International EFTS	993	1,093	496	495	922	898	286	302	0	0	16	14
Other EFTS	11	10	68	58	163	139	151	186	1	0	248	176
TOTAL PROGRAMME EFTS	4,336	4,572	3,164	3,348	5,420	5,357	5,511	5,561	58	67	1,136	1,011
Taught EFTS	4,593	4,840	3,132	3,264	5,776	5,722	5,740	5,731	314	294	70	65
RESEARCH AND COST OF SERVICE												
Student: academic staff ratio ⁶	24.8:1	28.1:1	17.9:1	19.3:1	17.5:1	17.2:1	13.7:1	14.0:1	16.5:1	13.6:1	16.7:1	17.2:1
MoE bulk-funded taught EFTS ⁷	4,543	4,797	3,022	3,173	5,566	5,534	5,481	5,494	302	284	18,984	19,347
RESEARCH												
Research outputs ⁸	447	394	344	348	735	744	690	670	50	34	2,103	2,021
External revenue	\$559,100	\$591,077	\$1,423,063	\$688,149	\$3,956,921	\$4,071,758	\$7,068,369	\$8,058,406	\$102,790	\$135,238	\$13,137,885	\$13,544,628
FINANCIAL \$000s												
Faculty costs	34,530	34,382	31,183	31,984	58,476	58,040	67,970	66,537	2,659	3,025	194,819	193,968
Administrative costs ⁹	38,602	42,225	29,482	29,893	62,458	60,295	58,464	53,304	3,096	3,168	193,169	190,096
Total costs	73,132	76,607	60,665	61,877	120,934	118,335	126,434	119,841	5,755	6,193	387,988	384,064
Less recoveries	1,610	1,462	3,463	4,532	6,221	5,335	7,640	6,996	284	254	17,618	21,999
NET COST OF SERVICE	71,522	75,145	57,202	57,345	114,713	113,000	118,794	112,845	5,471	5,939	370,370	362,065
Net cost of service per EFTS	\$15,743	\$15,665	\$18,929	\$18,073	\$20,609	\$20,419	\$21,674	\$20,540	\$18,116	\$20,915	\$19,511	\$18,714

⁶ For 2017, 10.5 academic FTE belonging to the Centre for Refugee Education at the Māngere Refugee Resettlement Centre have been removed. The 2016 result has been restated accordingly, with 9.4 academic FTE removed

⁷ Total includes 70 EFTS attributed to University programmes in 2017

⁸ Where there are multiple AUT authors in more than one faculty, an output is counted once per faculty

⁹ Administration costs for 2016 have been restated to conform to the 2017 presentation

FINANCIAL REVIEW

For the year ended 31 December 2017

KEY FINANCIAL INDICATORS

	University			Consolidated	
	2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
OPERATIONS					
Total revenue	389,576	387,012	385,082	390,652	385,535
Total expenses before finance, depreciation, amortisation and impairment costs	322,285	315,186	319,399	323,163	319,877
Operating surplus before finance, depreciation, amortisation and impairment costs	67,291	71,826	65,683	67,489	65,658
Finance costs	5,018	5,373	4,113	5,018	4,113
Depreciation, amortisation and impairment costs	48,085	48,269	42,666	48,085	42,666
Share of associate's (deficit)/surplus	-	-	-	(3)	1,638
Share of jointly-controlled entity's (deficit)/surplus	-	-	-	(857)	(1,097)
NET SURPLUS	14,188	18,184	18,904	13,526	19,420

CASH FLOWS FROM OPERATIONS

Operating cash receipts	389,626	403,259	384,026	390,828	384,348
Operating cash payments	323,911	331,980	322,226	324,735	322,668
NET CASH FLOWS FROM OPERATIONS	65,715	71,279	61,800	66,093	61,680

PROPERTY, PLANT & EQUIPMENT – NET BOOK VALUE

	875,288	799,508	809,733	875,288	809,733
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DEBT

Bank borrowings – term	141,550	181,199	144,700	141,550	144,700
Finance leases – current	6,586	6,581	6,581	6,586	6,581
Finance leases – term	17,824	19,041	19,877	17,824	19,877

TOTAL DEBT

	165,960	206,821	171,158	165,960	171,158
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TOTAL EQUITY

	625,299	537,553	574,610	648,941	598,289
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OPERATING RATIOS

Net surplus/revenue	3.6%	4.7%	4.9%	3.5%	5.0%
Cash ratio	120%	121%	119%	120%	119%
Interest cover ratio	3.83	4.38	5.60	3.70	5.72
Liquidity ratio	14%	5%	11%	15%	11%

CAPITAL RATIOS

Debt cover ratio	2.53	2.95	2.77	2.51	2.77
Debt/debt + equity	21%	28%	23%	20%	22%
Debt/total revenue ratio	43%	53%	44%	42%	44%

STATEMENT OF RESPONSIBILITY

For the year ended 31 December 2017

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 2017 and the results of the operations for the year ended 31 December 2017.



John Maasland
Chancellor



Derek McCormack
Vice-Chancellor

9 April 2018

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and Group's financial statements and statement of service performance for the year ended 31 December 2017

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

OPINION

We have audited:

- the financial statements of the University and Group on pages 63 to 112, that comprise the statement of financial position as at 31 December 2017, the statement of financial performance, statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and Group on pages 31 to 55.

In our opinion:

- the financial statements of the University and Group on pages 63 to 112:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and
- the statement of service performance of the University and Group on pages 31 to 55 presents fairly, in all material respects, the University and Group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 9 April 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service

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

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE COUNCIL FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

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

The Council is also responsible on behalf of the University and Group for preparing a statement of service performance that is fairly presented.

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

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

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

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

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

- the University Council approved budget for the financial statements; and
- the investment plan for the statement of service performance.

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

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

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

the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 27, 30, 56 to 62 and 113 to 116, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

INDEPENDENCE

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

In addition to the audit, we have provided a report on the Group's Performance-Based Research Fund external research income. This is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the University or any of its subsidiaries.

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



1



2



3



4



5

1. 20 staff became Fellows of the Higher Education Academy (photo by Jin Hong)
2. Dr Barbara Breen collecting environmental data in Antarctica
3. A drone in mid-flight, gathering research data
4. Dr Susan Shaw was awarded the prestigious Principal Fellowship of the Higher Education Academy. Alongside are Dr Nell Buissink (L) and Jaye McIsaac (R), both Senior Fellows.
5. Children from Buttabari Village with stationery items donated by AUT students through GEE Nepal, a charity co-founded by Allanah Wesche. Ms Wesche is a recipient of the Vice-Chancellor's Significant Student Scholarship.



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 2012-2016 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: 2017'.

EXCELLENT SCHOLARS AND SOUGHT-AFTER GRADUATES



Graduands gather in
Albert Park, 2017

STRATEGIC THEME

Learning and teaching

LEVERS FOR CHANGE

Enhance support services and
resources for students

Build a diverse student profile

Continue to improve Educational
Performance Indicator results

Expand AUT South Campus

Enhance student engagement
and satisfaction

OUTPUTS

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

HIGHLIGHTS

85%

of available **graduates**
were employed full time

93%

of bachelor **graduates**
completed a **work placement**

18%

of EFTS in **postgraduate**
study, up from 12% in 2010

↑ 104%

increase in **doctoral candidates**
since 2010

1,090

students registered for the
AUT Edge Award 2016–2017

13,100

volunteer hours
in the community

5,100

hours of leadership
& challenge activities

1,000+

students attended eight **Match**
Ready employability workshops
in 2016 and 2017

PERFORMANCE MEASURES

1.1

Create employable, work-ready graduates✔ **Achieved**

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
1.1.1	Percentage of bachelors graduates who completed a work placement while studying*	>85%	93%	93%	92%
1.1.2	Percentage of available graduates who are working full time**	>83%	85%	86%	82%

* 2015 and 2016 results have been restated due to improved capture of work placement data

** This figure is from the annual Graduate Survey and refers to domestic graduates. AUT graduates from 2016 were invited to take part in the 2017 survey, which provides insight into their initial destinations after completing their qualification, and their experiences of transition into the workforce. There was 38% response rate for domestic students, which is in line with other AUT surveys.

More than nine in ten bachelors graduates complete a work placement as part of their degree. These work-integrated learning opportunities are a critical part of the University's commitment to creating employable graduates and AUT intends that all undergraduate degree students will complete a work placement within the coming years.

While the full-time employment rate for available graduates fell slightly from 2016 to 2017, the result was still above target. The increase since 2015 is particularly pleasing and follows the introduction of the Employability Hub, the AUT Edge Award, the internship programme and the Match Ready workshops. AUT is committed to preparing its students for, and supporting their transition into, the workforce. Some new initiatives in 2017 included two new careers fairs, two Employability Matters seminar series, and a volunteering showcase. Alongside these events was the new employability blog, which was viewed almost 7,000 times during the year. Five students were appointed as social media ambassadors to support the Employability Matters team while completing their AUT Edge Award requirements.

1.2

Increase postgraduate provision✔ **Achieved**

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
1.2.1	More than 15% of EFTS in postgraduate study	17%	18%	17%	16%
1.2.2	Increase the number of doctoral students	800	959	849	787

The proportion of postgraduate students continues its steady upward trend and remains ahead of target. Postgraduate EFTS increased from 2016 to 2017, despite decreasing enrolments overall. Doctoral enrolments continue to grow at an impressive pace; the number of candidates increased by 22% from 2015 to 2017, and has more than doubled since 2010.

PERFORMANCE MEASURES (continued)

1.3

Enhance engagement and satisfaction of students

✔ Achieved

Key performance indicator		Target 2017	Actual 2017	Actual 2016	Actual 2015
1.3.1	Percentage of students who would recommend AUT to others*	>85%	89%	89%	88%

* This result is taken from AUT's University Experience Survey which had a 35% response rate, consistent with other AUT surveys.

AUT students continue to report a high level of satisfaction with AUT, with close to nine in ten respondents indicating that they would recommend the University. The comments section of the survey revealed some pleasing results, with 228 respondents discussing the supportive and inclusive culture at AUT, and another 157 noting the supportiveness, knowledge and availability of AUT's teaching staff.



Bradley Hagan and
Holly Sutich, 2017
X-Challenge winners



Thomas Bilton, Davy Kerkhoven
and Rachael Herlihy at Huawei
headquarters in China

SUPPORTING STUDENT ENTREPRENEURS

Turning big dreams into reality sometimes requires a little help.

The AUT X-Challenge is a University-wide competition, offering all students the opportunity to develop an idea for a business, cause or project. The 2017 winners were Holly Sutich and Bradley Hagan, for their product Beta Energy, a healthier alternative energy drink. They received \$15,000 towards their entrepreneurial design and continued help in the form of business development and mentorship.

X-Challenge is a part of the broader AUT entrepreneurial programme which includes Co.Starters and the Startup group. A new partnership between the AUT Business School and MYOB supported Unleashed, a youth-aimed entrepreneurial conference organised by secondary school students. Unleashed included a range of speakers and aimed to inspire the next generation to find their entrepreneurial streak.

AUT AND HUAWEI

Three AUT students travelled to Huawei's headquarters in Shenzhen, China, to learn what takes place at the world's largest telecommunications technology retailer.

This opportunity is a part of an agreement between Huawei and AUT, formed in 2014, and resulting in the AUT South Huawei High Achiever Scholarships.

The scholarships are awarded to high-achieving second-year students studying the Bachelor of Computer and Information Sciences at South Campus.

Huawei selected AUT as its first New Zealand university partner because of AUT's commitment to applied learning and modern teaching approaches.

RESEARCH THAT INSPIRES CURIOSITY, ADVANCES KNOWLEDGE AND BENEFITS COMMUNITIES



Postgraduate research at AUT

STRATEGIC THEME	LEVERS FOR CHANGE	OUTPUTS
Research and scholarship	Extend research activity and capability across the University	Advance knowledge and professional practice
	Increase allocation of internal resources to research	Serve our diverse communities
	Increase external research income	Make a national and global impact
	Increase postgraduate students	Spark debate and share knowledge
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	

HIGHLIGHTS

\$18.6M

in new **research contracts** signed

\$5.5M⁺

funding received from the Health Research Council **for 11 new projects**

2

commercialisation projects were **finalists** for **Callaghan Innovation's C-Prize**



Professor Steve Henry received the **Royal Society's Pickering Medal**

2

new tools for shareholders launched by the **Auckland Centre for Financial Research**

2

Emerging Innovator awards

SPACEX

AUT's **telescope** used in SpaceX mission to the **International Space Station**

1

app launched to help manage fatigue for people with multiple sclerosis

PERFORMANCE MEASURES

2.1

Increase the number of quality-assured research outputs

✓ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
2.1.1 Number of quality-assured research outputs	2,000	2,103	2,021	1,855

Quality-assured research outputs continued to increase, growing 13% from 2015.

2.2

Increase the proportion of academic staff contributing verified research outputs

✓ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
2.2.1 Proportion of academic staff contributing research outputs	64%	64%	56%	57%

The proportion of research-active academic staff grew strongly in 2017, achieving target ahead of the upcoming Performance-Based Research Fund quality evaluation round. The University expects to submit more than 600 evidence portfolios to the 2018 round, up from 514 in 2012.

2.3

Increase external research revenue

⊖ Partially achieved

Key performance indicators	Target 2017	Actual 2017	Actual 2016	Actual 2015
2.3.1 Total external research revenue*	\$16.0M	\$13.1M	\$13.5M	\$11.1M
2.3.2 External research revenue from research with industry	\$5.4M	\$6.0M	\$5.2M	\$3.8M

*Note that the targeted external research income is set in the Investment Plan, and is different to the annual budgeted research income as presented in the Financial Statements.

Although actual research income declined slightly from the previous year, the University signed a record \$18.6 million worth of new research contracts in 2017. This included \$5.5 million from the Health Research Council, the majority of which came from three projects under the Pacific Islands Families Study. Each of these new contracts received \$1.2 million over three years for investigations into mental health, respiratory health, and hearing loss in Pacific peoples.

Income from research with industry continues to increase, growing by more than \$2 million since 2015.

PERFORMANCE MEASURES (continued)

2.4

Increase commercialisation and industry engagement activities

✔ Achieved

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
2.4.1	New intellectual property licensed to industry	3	6	3	2
2.4.2	Staff consultancy revenue	\$1.0M	\$1.3M	\$0.6M	\$1.2M

The University secured several new licensing agreements during the year. The MS Energise app uses cognitive behavioural therapy principles to help people with multiple sclerosis improve their quality of life and cope with severe fatigue. The never2old exercise programme was licensed to one of New Zealand's largest retirement village complexes, and the Te Whanake te reo programme was licensed to Te Kura, the Correspondence School. An AUT lecturer also launched the Zippy programme as a repository for cultural stories, including those of Ngāti Whātua Ōrākei.

Consultancy revenue grew substantially over the year. Almost half of this revenue comes from offshore consulting to the United States, where the Centre for Social Data Analytics works with several state government agencies to improve outcomes for at-risk families.



DATA MAKES A DIFFERENCE

The Centre for Social Data Analytics (CSDA) is helping to improve outcomes for children at risk in New Zealand and the United States.

Part of the School of Economics, the Centre makes use of robust data for developing predictive risk modelling (PRM). PRM uses an algorithm to generate a score that predicts the likelihood of an adverse event. The tool is currently being used to correlate existing data to predict maltreatment of children, helping agencies to provide effective support to families in need.

Initially built for the Ministry of Development (MSD) in New Zealand, the CSDA team is now working with several state government agencies in America to develop their own predictive analysis tools.

The tools are expected to identify opportunities for social intervention and improve responses for people and communities at risk.

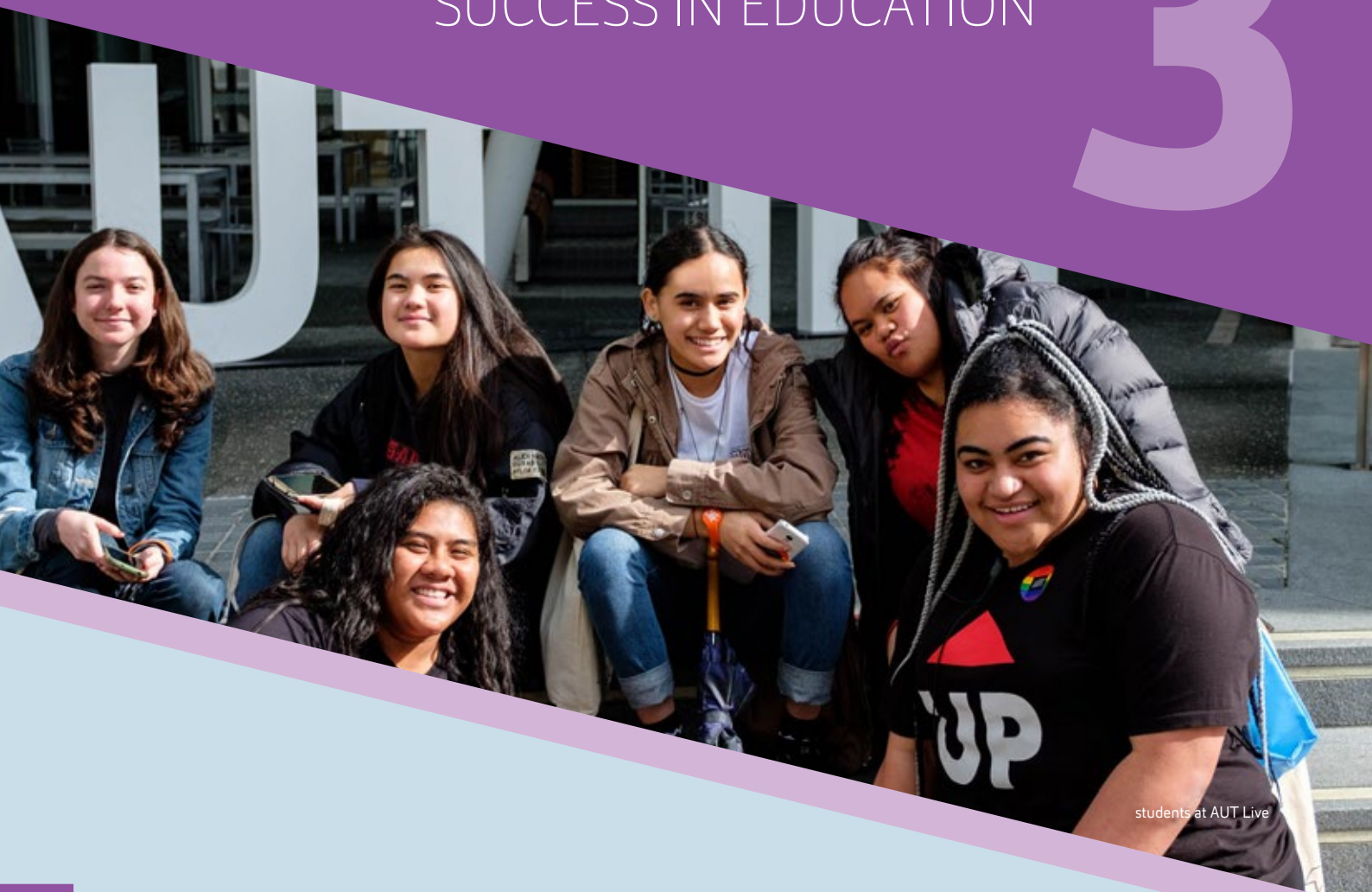


AUT AND SPACEX

AUT was proud to be part of SpaceX's first delivery to the international space station (ISS). The Institute for Radio Astronomy and Space Research's Warkworth radio telescope gave vital tracking information to NASA mission control before the spacecraft docked to the ISS. Once there the craft delivered 2,500kgs of supplies, the first successful delivery of its kind. The supplies included research equipment and 20 mice who are involved in research on wound healing in space.

In 2012, AUT signed a 10-year deal with SpaceX to support their space programme.

WIDER PARTICIPATION AND SUCCESS IN EDUCATION



students at AUT Live

STRATEGIC THEME

LEVERS FOR CHANGE

OUTPUTS

Learning and teaching

Enhance support services and resources for students

Create inspirational learning experiences

Engagement with communities

Build a diverse student profile

Create a vibrant and rewarding environment for work and learning

Continue to improve Educational Performance Indicator results

Serve our diverse communities

Expand AUT South Campus

Spark debate and share knowledge

Enhance student engagement and satisfaction

Advance knowledge and professional practice

Contributions of staff

Strengthen the contribution to Māori advancement

Make a national and global impact

Enhance engagement and the advancement of Pacific peoples

Increase diversity in academic and senior positions

HIGHLIGHTS

↑ 30%

increase in new students from the
Southern Initiative area since 2012

366

new students from
Ōtara-Papatoetoe in 2017

42%

of South Campus students come
from **lower socio-economic
backgrounds**

↑ 32%

increase in **Pacific postgraduate
students** since 2015

41

Pacific doctoral candidates

62

Māori doctoral candidates



REAP mentoring programme
for **refugee students** launched

PERFORMANCE MEASURES

3.1

Increase educational opportunities

⊖ Partially achieved

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
3.1.1	Proportion of students from areas with high deprivation scores*	27%	28%	27%	27%
3.1.2	Number of new students from the Southern Initiative area**	1,200	1,152	1,087	1,060

* Areas with high deprivation scores are defined as the census area units with a New Zealand Deprivation Index rating of 8, 9 or 10.

** The Southern Initiative area covers the local board areas of Māngere-Ōtāhuhu, Manurewa, Papakura, and Ōtara-Papatoetoe.

The proportion of students from lower socio-economic backgrounds increased in 2017, exceeding the target by one percentage point. South Campus has been the catalyst for AUT to reach a growing number of these learners, who traditionally experience considerable barriers to higher education. More than 42% of South Campus students came from areas with high deprivation scores in 2017.

Although slightly below target for the year, AUT continues to attract a growing number of new students from the Southern Initiative area. This region was identified by Auckland Council as having significant opportunities for economic growth, alongside high social needs. AUT is a key partner with central and local government in addressing these issues. Overall, the number of new students from the area has increased by 30% since 2012, including a 47% increase from Māngere-Ōtāhuhu, and 25% from Ōtara-Papatoetoe.

3.2

Increase participation and success for Māori

✖ Not achieved

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
3.2.1	Number of Māori graduates from bachelors degrees	330	326	310	272
3.2.2	Number of postgraduate students that are Māori	350	317	314	324

The number of Māori bachelors graduates increased from 2016 to 2017 but fell slightly short of target. Overall however, graduate numbers have increased 20% since 2015. Postgraduate student numbers remained largely static from the previous year, and well below target. AUT has a range of initiatives in place to encourage Māori and Pacific students into postgraduate study, including the Pou Herenga leadership course and the Early Career Academic programme, which provides mentoring, supervision and support for new Māori and Pacific academic staff, who in turn mentor and support students into postgraduate studies.

PERFORMANCE MEASURES (continued)

3.3

Increase participation and success for Pacific peoples✔ **Achieved**

Key performance indicators		Target 2017	Actual 2017	Actual 2016	Actual 2015
3.3.1	Number of Pacific graduates from bachelors degrees	360	369	350	336
3.3.2	Number of Pacific postgraduate students	320	394	346	299

The numbers of Pacific graduates and postgraduate students continued to grow, with postgraduate numbers increasing by almost a third (32%) since 2015. The growth in advanced programmes is particularly pleasing; there were 41 Pacific doctoral candidates and 146 masters students at AUT in 2017, up from 34 and 120 respectively in 2015.



'Aulola Fuka-Lino,
leader of the Heilala
Malu project

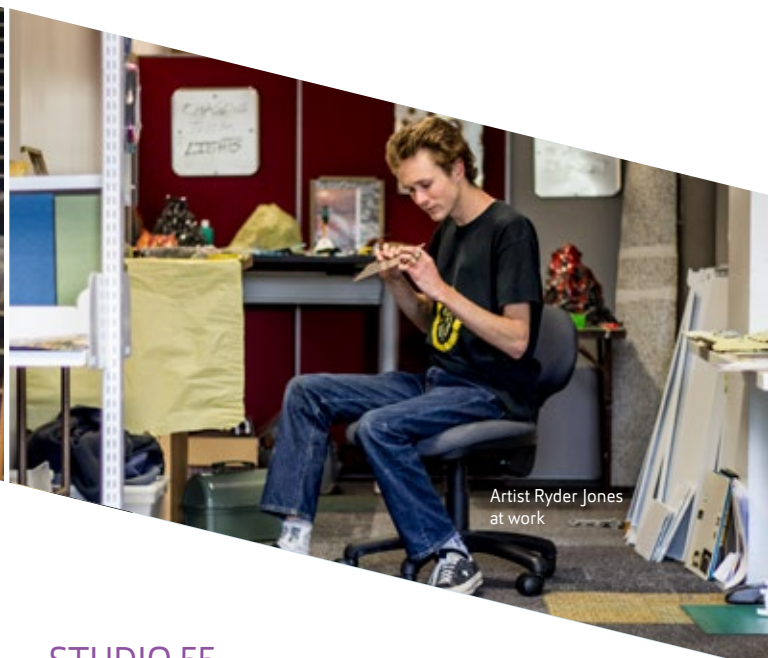
HEILALA MALU: HEALTH AND WELLBEING FOR TONGAN YOUTH

AUT research students launched New Zealand's first evidence-based resource for Tongan youth suicide prevention.

Known as the Heilala Malu Tongan Framework for Suicide Prevention, this approach centres on the concepts of ofa (love, compassion, care, and kindness), toka'i (respect), loto lelei (humility and open-mindedness) and futauhi'aki (respectful relationships).

AUT doctoral candidate 'Aulola Fuka-Lino led the project, which identifies key risk factors and pressures involved in navigating between two or more ethnic identities. Heilala Malu highlights the need for family involvement and encourages open and consistent communication between parents and their children.

The resource pamphlet was funded by the Health Research Council and is distributed by health services, churches, and Le Va, the Pacific wellbeing association.



Artist Ryder Jones
at work

STUDIO 55 AT AUT LIBRARY

AUT Library launched the Studio 55 Makerspace in 2017.

Studio 55 is a collaborative, interactive workspace within the Library, providing an opportunity for users to experiment, discover and learn through play. The makerspace also hosted an artist-in-residence, Ryder Jones, during the year.

Mr Jones, an alumnus of AUT's Bachelor of Visual Arts degree, filled the makerspace with engaging light-inspired artworks. During his residency, Mr Jones also held an art exhibition and conducted workshops for staff and students.

The idea for an artist-in-residence was proposed by the participants of the Ignite women's leadership programme in 2016, with the aim of increasing student engagement in extra-curricular activities at AUT.

EDUCATED CITIZENS IGNITING CHANGE IN THEIR COMMUNITIES



AUT staff and students at the Big Gay Out, 2017

STRATEGIC THEME	LEVERS FOR CHANGE	OUTPUTS
Learning and teaching	Enhance support services and resources for students	Create inspirational learning experiences
	Build a diverse student profile	Create a vibrant and rewarding environment for work and learning
Engagement with communities	Continue to improve Educational Performance Indicator results	Serve our diverse communities
	Expand AUT South Campus	Spark debate and share knowledge
Contributions of staff	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	
	Increase diversity in academic and senior positions	

HIGHLIGHTS

18

students participated in the **Pou Herenga** leadership programme

88%

of available **Māori graduates** were **employed full-time**

60

Ngāti Whātua youth attended Kia Puawai

11

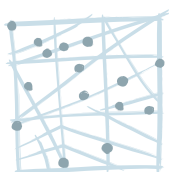
Māori students were awarded **U Ki Te Kaupapa scholarships** for community service and leadership

610

students from 12 South Auckland schools enrolled in **MyFuture**

2000+

Year 8 students participated in **Navigation Station**



Oceanian Leadership Network launched, supporting students' educational achievement and promoting community service

PERFORMANCE MEASURES

4.1

Strengthen the contribution to Māori advancement✔ **Achieved**

AUT seeks to promote and support Māori advancement in its many forms, through research, student participation and success, and community engagement activities. For students, AUT offers learner-centred support, including transition and mentoring programmes from orientation through to graduation. The Pou Herenga wānanga series is a kaupapa-centric programme that supports students to achieve in their studies and develop leadership skills through community projects, engagement with Ngāti Whātua and Waikato iwi, and whānau involvement. The 18 participants also visited Whanganui during the year to visit schools and the local iwi radio station, and participate in community events. During Māori Language Week AUT created a Pop Up Māori space at all three campuses, using activities such as tā moko stencils, taniwha burgers and kawakawa tea-making to encourage the use of te reo at the University. South Campus also hosted a hangi for Māori staff and students, where the Student Counselling and Mental Health team provided advice on wellbeing in preparation for exams.

Lack of affordable accommodation continues to be a significant barrier for many Māori, particularly for those from outside Auckland. In 2017, the University and Keir Trust secured five accommodation scholarships, worth up to \$15,000, to support Māori students affected by the closure of the accommodation at Hato Petera College. Another 11 students received U Ki Te Kaupapa scholarships, valued at \$6,000 each. The recipients were chosen for their leadership, outstanding service and contribution to their communities. The Office of Māori Advancement also funds Titahi Ki Tua (TKT), the Māori students' association, to offer a crucial student-driven support network. Among other activities, TKT provides weekly meals and accommodation for tauira at Ngā Wai o Horotiu Marae, and this year introduced a study noho for tuakana (older students).

The 2017 Graduate Survey again showed positive results for Māori. Of those respondents available for full-time employment, 88% were working full time, in comparison to 85% for all aggregated responses. Moreover, these respondents felt that they had been well prepared; 95% of Māori respondents in full-time work reported that they were applying the skills they have learnt in their current role, and 93% felt their qualification had taught them the skills they needed, compared with 91% and 88% respectively for all responses.

As part of the Global Goals, Local Solutions series, the Taupua Waiora Research Centre held a seminar at South Campus in September. Presentations focussed on issues such as Māori health and the effect on whānau, and promoted research by Māori for the benefit of South Auckland communities. The year also heralded the launch of a new research initiative; Dr Dean Mahuta's Te Reo o te Pā Harakeke, a three-year investigation into the factors that contribute to successful, in-home transmission of te reo from one generation to the next.

A delegation from the National Dong Hwa University of Taiwan visited AUT in October, as part of a global move to further connections between indigenous peoples. This was the third such delegation hosted by AUT. More than 60 Ngāti Whātua youth attended Kia Puawai in September, a three-day event focussed on strengthening the partnership between AUT and the iwi, and raising aspirations for higher education amongst iwi youth. The University also signed a kawenata with Waikato-Tainui, focussed on creating pathways for their rangatahi into higher education. AUT sponsored rangatahi events at the national Rātana celebrations in January and the Māori king's coronation in August. The University also hosted Tuia te Here Tangata wānanga, the national mayoral rangatahi kaupapa programme. More than 60 rangatahi attended from around the country.

PERFORMANCE MEASURES (continued)

4.2

Strengthen the contribution to the advancement of Pacific peoples

✔ Achieved

AUT maintains a strong commitment to the advancement of Pacific communities both here in New Zealand and abroad. The Pacific Islands Families Study continues to address social disparities faced by Pacific children and their families in New Zealand. Now in its 17th year, this world-recognised longitudinal study was awarded another three grants of \$1.2 million each from the HRC in 2017. The funding will enable research on mental health, respiratory health, and hearing loss amongst Pacific peoples. The HRC also funded New Zealand's first evidence-based resource for Pacific suicide prevention, the Heilala Malu Tongan Framework for Suicide Prevention. Led by AUT doctoral candidate 'Aulola Fuka-Lino, the resource was developed in collaboration with AUT and the University of Auckland. As a member of the New Zealand Institute for Pacific Research (NZIPR), AUT researchers led or contributed to three projects in 2017, focussed on private sector investment, mapping of donor contributions, and sovereign wealth funds. The NZIPR's work plan for the coming year includes another three projects led by AUT staff members.

The Pacific Media Centre (PMC) celebrated its tenth anniversary and was lauded for its contribution to journalism and media research in the wider Pacific region. The PMC and its associated project, Pacific Media Watch, are considered leading examples of how universities can provide the kind of in-depth investigative journalism often overlooked by other media outlets.

AUT continues to focus on increasing opportunity and success for Pacific students. The proportion of Pacific peoples at AUT continues to increase, growing from 13% of domestic students in 2013 to 16% in 2017. The UniPrep programme at South Campus is supporting a growing number of Pacific students; more than 250 school leavers, many of whom did not achieve University Entrance, enrolled in UniPrep in early 2017 and close to 80% continued on to further study at AUT. Project Parity, an initiative designed to lift Pacific success rates, was continued in key first-year papers after a successful trial in 2016. Under Project Parity, students identified as at risk of failure receive individual support and case management to improve their chances of success.

As shown in KPI 3.3, AUT has been highly successful in its efforts to encourage more Pacific students into postgraduate and doctoral studies. Another five Pacific students graduated with a doctorate during the year, and seven Pacific scholars have begun their academic careers at AUT since the Early Career Academic Programme was introduced in 2015. The Graduate Survey also revealed some positive results for Pacific graduates; of those who were in full-time employment, 90% of Pacific respondents felt their qualification had provided them with the skills required for their role, compared with 88% overall. More than a third (34%) who had also completed a work placement noted they had subsequently been employed by that same organisation, higher than the overall proportion (28%) for all respondents.

The Oceanian Leadership Network (OLN) is a new initiative, founded by the Office of Pacific Advancement. The OLN is a student-driven group focussed on educational achievement, leadership and service. Known as Navigators, the members offer weekly study groups on all campuses, assessment support and leadership training courses for students during mid-semester breaks, and run outreach programmes in low decile South Auckland communities.

Navigation Station is a highly successful community outreach and development programme, working with Year 8 students in low decile South Auckland schools. With the aim of encouraging subject choices that can lead to University Entrance, the students take part in challenges and classroom activities focussed on science, technology, engineering, arts and mathematics (STEAM). More than 200 predominantly Pacific students from three schools participated in 2017. Navigation Station will become part of Project Pipeline, which will be a multi-year programme designed to build aspiration for university education amongst Pacific youth in South Auckland.

To strengthen ties with the wider Pacific region, the Office of Pacific Advancement commissioned videos to promote the seven Pacific Language Weeks in 2017. These videos focussed on the United Nations' Sustainable Development Goals and collectively attracted more than 250,000 views, receiving a positive response from both national and international stakeholders.

Navigation Station event
at Redoubt North School



NAVIGATION STATION

Navigation Station encourages intermediate-aged children to choose academic subjects at secondary school, with a particular emphasis on science and technology. Using robotics and fun classroom-based activities, the programme works with Year 8 students at several low decile schools in South Auckland to foster an interest in Science, Technology, Engineering, Arts and Maths.

More than 200 students from three schools were involved in 2017, many of whom are from some of the lowest socio-economic areas of Auckland. Most participants would be the first in their family to attend university, and Navigation Station encourages them to make subject choices that can lead to University Entrance.

AUT plans to extend the programme further in 2018.

Te Tai Tokerau Scholarship
alumni with the former General
Manager, McDonald's NZ



Henry Yamo (R) interviews
West Papuan social justice
advocate Benny Wenda

THE PACIFIC MEDIA CENTRE

The Pacific Media Centre Te Amokura (PMC) marked its 10th anniversary in 2017 with an in-depth overview of the Asia-Pacific region, and in particular, its media issues.

Part of the School of Communication Studies, the PMC focuses on Māori, Pacific and ethnically diverse media and community development. It is founded on the principle that informed journalism and media research contribute to economic, political and social development. It operates as both a research unit and media producer, the only such community resource centre of its kind in Aotearoa New Zealand.

TE TAI TOKERAU SCHOLARSHIP: 25 YEARS

AUT and McDonald's celebrated 25 years of the Te Tai Tokerau scholarship in 2017. This partnership supports Māori students from secondary schools in the Te Tai Tokerau (Northland) region to study at AUT.

Along with funding for accommodation and living costs, the recipients gain networking opportunities and corporate role models, helping them to achieve their study and career aspirations.

Scholarship alumni, past and present CEOs and managing directors from McDonald's, and staff from AUT and Northland secondary schools attended the 25th anniversary gala.



A STRONGER REPUTATION FOR AUT

5



AUT Tower, City Campus

STRATEGIC THEME

LEVERS FOR CHANGE

OUTPUTS

Research and scholarship

Extend research activity and capability across the University

Advance knowledge and professional practice

Increase allocation of internal resources to research

Serve our diverse communities

Increase external research income

Make a national and global impact

Contributions of staff

Increase postgraduate students

Spark debate and share knowledge

Enable staff achievement

Create a vibrant and rewarding environment for work and learning

Increase diversity in academic and senior positions

Continuous development and capacity building

Build its reputation

Secure AUT's future through a sound reputation and good stewardship

Meet agreed financial covenants

Enhance facilities and infrastructure

Diversify its revenue base

HIGHLIGHTS

14th

for all universities **founded since 2000** (Times Higher Education)

15th

in the world for **international outlook** (Times Higher Education)

↑ 16%

increase in **international postgraduate** EFTS since 2015

↓ 75.3 tonnes

reduction in **carbon emissions** in 2017

300⁺

people attended **alumni events** in Viet Nam, China and Thailand



MoU signed with **China Academy of Art**



official **education partner** of the NZ Breakers

PERFORMANCE MEASURES

5.1

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

✔ Achieved

The steady growth of AUT's international reputation is reflected by its performance in the world rankings. THE placed the University in the 401-500 band, and ranked AUT 15th in the world for international outlook, and 14th for all universities founded since 2000. QS placed AUT within the top 450 universities overall, and in the 61-70 range on its young university register (those under the age of 50).

The University continues to extend its influence in South East Asia with the opening of the AUT Indonesia Centre in August. A partnership between AUT and the Indonesian government, the world-first centre is designed to strengthen relationships between the two countries. The centre offers courses in the Bahasa Indonesia language and other cultural topics, and Indonesian university students will be able to attend during their summer break to study design, film making, business protocols and hospitality.

Professor Nigel Hemmington (Pro Vice-Chancellor International) led an AUT delegation to China in October. While there, AUT signed a memorandum of understanding (MoU) with the prestigious China Academy of Art, which covers staff and student exchanges and a joint student expo. Following on from another MoU formalised in 2016, the delegation visited Wuhan University to further talks on joint undergraduate and postgraduate programmes, research projects and exchanges. Wuhan University will provide full scholarships to AUT postgraduate students who wish to enrol in their English-medium programmes. Finally, the University secured partnerships with two influential government agencies. The relationship with the China Scholarship Council is expected to provide more Chinese doctoral candidates for AUT, and AUT will host experts recommended by the State Administration of Foreign Experts Affairs.

Other initiatives included alumni events in Viet Nam, China and Thailand, which were attended by more than 300 people, including government officials, business guests and friends of the University. Long-standing relationships with the Thai, Indonesian and Vietnamese governments continue to bring benefits for AUT; senior government officials from all three countries attend training at AUT, which contributes to our relationships, reputation and growing revenue in the region.

The University also established the AUT Asia Connect Student Committee and held three events to promote student engagement with Asia, all of which were well attended by both domestic and international students.

Here in New Zealand, AUT launched its first podcast series, *Afraid to Ask*. Academic staff from across the University discussed issues such as curing cancer and the need for international students. In total, 23 episodes were uploaded with approximately 6,000 downloads. The University also became the official education partner of the New Zealand Breakers basketball team and sponsored the society section of the Spinoff website, which provides thought-provoking articles on topical issues.

The AUTEUR Influencer Network was established in 2016 and has grown to 41 members, all of whom are business or community leaders. Along with partnership and research opportunities, the network provides thought leadership on the larger issues facing Auckland and New Zealand. During the year, AUT secured internships for students with Air New Zealand, Orion Health and Paymark through the network.

PERFORMANCE MEASURES (continued)

5.2

Increase the proportion of international EFTS

✖ Not achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
Proportion of international EFTS	16.5%	16%	16%	16%

The proportion of international EFTS has remained static at 16% for the last few years. AUT reviewed its international marketing strategy in 2017, with the aim of returning to growth in the near future.

5.3

Increase international postgraduate EFTS

✔ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
International postgraduate EFTS	1,175	1,280	1,234	1,107

The University continues to attract an increasing number of international postgraduate students, with 16% growth since 2015. The strength and reputation of the doctoral programmes are particularly evident; there were 374 international students enrolled in a doctorate at AUT in 2017, a 30% increase from 2015.

5.4

Increase the proportion of academic staff with doctoral qualifications

✔ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
Proportion of academic staff with doctoral qualifications	53%	59%	54%	51%

The proportion of academic staff members with a doctorate continues its steady growth, up from 38% in 2010 to 59% in 2017. This year's excellent result was due to a combination of staff achievements, improved data processes and careful recruitment; close to 30 current staff members graduated during the year, while a higher-than-usual proportion of new academic employees already had a doctorate. In addition, a new central accreditations record has allowed faster verification and easier maintenance of employee qualifications data.

PERFORMANCE MEASURES (continued)

5.5

Continue to develop an open, inclusive and consultative staff culture

✓ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
5.5.1 Overall employee engagement index score	*	*	72%	*

*The staff engagement survey is held every two years. The next survey will take place in 2018

The 2016 staff engagement survey revealed two main areas for improvement: stronger communication between leaders and frontline staff; and better use of AUT's strategic goals throughout the organisation to build a common purpose and drive success. To this end, all staff were invited to attend consultation sessions on *AUT Directions*, with the opportunity to shape the future of the University through their responses. One significant outcome was an in-depth discussion of AUT's values, and how they translate into expected behaviours in the workplace. In total, 780 staff and 164 students participated in the discussion, which has resulted in the creation of a values and behaviours framework to be formally adopted in 2018.

The Aspire leadership development programme continues to be successful, with another 17 new or intending leaders completing the course in 2017. Another 324 staff attended smaller leadership training modules through the year, focussed on authentic listening, leadership confidence, communication for change, and establishing a helpful mindset. A new performance review framework was introduced to assist managers when setting goals with their staff, and to manage performance more effectively through clear alignment with AUT's values, behaviours and expected competencies. The University has also improved the recruitment and induction experiences for casual academic staff, communicating academic expectations more clearly and guiding their integration into AUT.

Finally, the Kin initiative continued to offer opportunities for greater connection with colleagues, their families and the community. Highlights from the year included a talent show, cultural event, Pink Shirt Day celebrations and the second annual clean-up of the Ōtara Creek.

5.6

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

✓ Achieved

Key performance indicators	Target 2017	Actual 2017	Actual 2016	Actual 2015
5.6.1 Senior Māori and Pacific staff*	Annual increase	21	19	15
5.6.2 Senior female staff*	Annual increase	121	95	97

* 2016 results have been restated due to improved data processes.

The number of senior Māori and Pacific staff continues to grow steadily, up by two from 2016. There was a significant increase in the number of senior female staff members from 2016 to 2017, including eight new employees. The remainder were included in the senior category after achieving promotion or through career progression.

5.7

Continue to diversify the University's revenue base

✓ Achieved

Key performance indicator	Target 2017	Actual 2017	Actual 2016	Actual 2015
5.7.1 Increase third stream revenues*	\$31.0M	\$36.8M	\$39.6M	\$33.5M

*These include revenues from trading, student accommodation, interest, investment dividends, asset disposal, foreign currency translation, donations and other operating activities. Note that the target for third stream revenues is set in the Investment Plan, and is different to the annual budgeted income as presented in the Financial Statements.

Income from other revenue streams declined slightly from 2016 to 2017, but was still well above the targeted amount. The sale of land and other assets realised \$2.3 million, and the University received donations totalling \$74,000 during the year.



AUT INDONESIA CENTRE: A STEP INTO THE FUTURE

Opened in 2017, the AUT Indonesia Centre is a world-first partnership between a university and an overseas government.

The Centre was established to strengthen relations between New Zealand and Indonesia and has grown out of the close working relationship between the University and Indonesia's Ministry of Education and Culture.

The Centre is a pilot project for promoting Indonesia in New Zealand and if successful, is likely to be replicated in other cities around the world.

As well as promoting student exchanges between the two countries, the Centre will offer courses in Bahasa Indonesia and provide courses in culinary arts, batik and filmmaking.



AUT MILLENNIUM: 15 YEARS OF EXCELLENCE

Located on Auckland's North Shore, AUT Millennium is New Zealand's world-class sports training facility, helping to improve community health and the success of our top athletes. The centre is also home to two clinics known for conducting high quality research and for their service to the community: the Sports Performance Institute (SPRINZ) and the Human Potential Centre (HPC).

SPRINZ provides a range of services for rehabilitation including improving cardiovascular strength, and techniques for exercising in the heat.

HPC brings together the medical community and fitness industry, providing evidence-driven exercise assessments and prescriptions for people living with risk factors such as diabetes and high blood pressure.



1



2

1 South Campus student ambassadors

2 Mana Hauora Building, South Campus (photo by Zee Shake Lee)



REPORTS

STATEMENT OF THE COST OF OUTPUTS

The University's activities contribute to three broad classes of outputs. These outputs are learning and teaching, research and scholarship, and engagement with communities. The following table outlines the cost of providing these outputs. 2016 costs have been reclassified to conform to this year's presentation.

	University		
	2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s
OUTPUTS			
Learning and teaching	276,226	273,310	270,070
Research and scholarship	60,453	59,761	59,150
Engagement with communities	38,709	35,757	36,959
TOTAL COST OF OUTPUTS	375,388	368,828	366,178

COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2017

The Compulsory Student Services Fee (CSSF) was set at \$614.80 (GST inclusive) per full-time student in 2017 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 2017.

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, employability 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. AUT also delivers the AUT Edge Award, which formally acknowledges students' involvement in volunteering, leadership and employability activities.

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 AUT City Campus (run by AUT) and an independently-run crèche at North Campus. Both centres provide excellent facilities and services, including school holiday programmes. 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, mental health and counselling services to facilitate our diverse students' integration into university life and provide on-going personal, spiritual, psychological and emotional support. The University offers specialised services to students with an impairment or disability, or who are Māori, Pacific, Chinese, international, Rainbow, refugees, new migrants, 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, 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 mental health services, as well as access to funded doctor consultations with four local medical practitioners.

On AUT's North Shore Campus, the Student Medical Centre and Counselling & Mental Health services are delivered through the purpose built facilities at NorthMed, an integrated health clinic.

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 2017

	2017 \$'000s					2016 \$'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	381	-	381	334	47	417	-	417	430	(13)
Clubs and societies	80	-	80	85	(5)	98	-	98	101	(3)
Media	285	-	285	293	(8)	318	-	318	328	(10)
Employment information	17	-	17	17	-	18	-	18	18	-
Sports, recreation and cultural services	398	-	398	389	9	272	-	272	281	(9)
Total AuSM service level agreement	1,161	-	1,161	1,118	43	1,123	-	1,123	1,158	(35)
AUT SERVICES										
Careers advice and guidance	1,208	1	1,209	1,212	(3)	910	-	910	939	(29)
Counselling and pastoral care	4,773	664	5,437	5,454	(17)	4,457	668	5,125	5,269	(144)
Financial support and advice	415	-	415	416	(1)	530	-	530	547	(17)
Health services	876	695	1,571	1,574	(3)	629	697	1,326	1,347	(21)
Childcare services	221	728	949	949	-	223	698	921	928	(7)
Sports, recreation and cultural services	1,541	1,244	2,785	2,790	(5)	1,502	1,240	2,742	2,791	(49)
Total AUT student services	9,034	3,332	12,366	12,395	(29)	8,251	3,303	11,554	11,821	(267)
TOTAL	10,195	3,332	13,527	13,513	14	9,374	3,303	12,677	12,979	(302)

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.

EQUAL OPPORTUNITIES

AUT's values are tika, pono and aroha: integrity, respect and compassion. Concepts such as fairness, opportunity and shared success therefore underpin everything we do. While the development of South Campus, and particularly the opening of a new \$60 million building, is the most visible outworking of this commitment, there were many other actions taken during 2017 to promote the wellbeing, inclusion and success of our students and staff.

Looking first at student support, the University introduced several initiatives to reduce the barrier of financial hardship for both current and prospective students. New Horizons scholarships are available to students at Decile 1-4 schools in the Auckland region, with priority given to those who intend to study at South Campus and can demonstrate hardship. Once at AUT, they receive mentoring and assistance from the Scholars Support team. The initial cohort of 20 recipients commenced their studies in 2017, of whom 15 passed all their papers. As affordable accommodation is often a considerable barrier for young Māori, the University entered a partnership with Keir Trust to secure five accommodation scholarships worth up to \$15,000. AUT also implemented a new procedure for responding to requests for financial support requests, improving both access and response times for students experiencing hardship.

To better support students with disabilities or impairments, the University entered a new partnership with community providers to expedite the assessment of learning needs and access to support services. New dyslexia screening software also facilitated earlier identification of students who may require additional learning support.

As the next stage of our commitment to providing a safe and inclusive environment, the University implemented all-gender toilets in 34 buildings across all three main campuses, and was re-accredited with the Rainbow Tick award. In total, 18 students registered as gender diverse in 2017, after the option was introduced late in 2015. The Diversity Office and the Preventing Harassment programme organised the Open Conversations on Diversity programme, a four-part discussion series that aimed to build understanding of diversity in a respectful manner. Students were also encouraged to support initiatives within the community, by volunteering at the Ministry of Education's World Refugee Celebration for Auckland schools, and the Ethnicity in the Workspace summit held at AUT.

Twenty student mentors from AUT were involved in the Refugee Education, Aspiration and Participation (REAP) pilot programme, held at eight secondary schools across Auckland. The programme aims to support students from refugee backgrounds to succeed at school and continue on to higher education.

More than 150 staff attended the Diversity Forum in March. This one-day event was an opportunity for celebration, reflection and education on the diversity of our staff and students. The University established a Diversity Caucus, a committee of staff members who will advise on and implement diversity-related initiatives. The inaugural Disability Awareness week was held in August, as part of a drive to evaluate AUT's accessibility. Discussion topics included a session with ICT Services focussed on the technology available to support staff and students with impairments, and a panel focussed on diversity and disability, with contributors sharing stories from Māori, Pacific, New Zealand European, transgender and migrant perspectives. Another 15 staff joined the Disability, Access and Inclusion Network as volunteer disability champions. The champions advocate for, and identify opportunities to improve, accessibility within their own areas.

AUT seeks to increase the number of Māori and Pacific academic staff members. The Early Career Academic Programme was established in 2015 and offers up to six permanent, full-time, research-active lecturer positions per year for Māori and Pacific doctoral graduates. Successful appointees join a network of early career academics, receive mentoring, and are supported by a member of the University's Senior Leadership Team to advance their professional development. Along with teaching and research opportunities, they also act as mentors and leaders for Māori and Pacific student achievement initiatives. Six new staff were appointed to the programme in 2017, joining the ten appointed in 2015 and 2016. The long-term intention of this programme is to prepare these staff members for senior academic positions. There were 21 Māori or Pacific staff members in senior roles at AUT, up from 15 in 2015.

Along with Māori and Pacific staff, AUT also seeks to increase the number of women in senior roles. To date, 35% of the professoriate are female, along with 36% of associate professors. There are now more than 120 women in senior academic or allied positions across the University. AUT was a corporate sponsor for the YWCA Equal Pay Best Practice Awards and met the criteria for an Equal Pay Best Practice Compact for 2017-2018. As part of this work AUT conducted an analysis of pay differences among academic staff members, and targeted case studies of other groups. The University also introduced a gender balance objective for executive and leadership appointments, and introduced an initiative focussed on professional development opportunities for women. Another 19 prospective female leaders completed the Ignite women's leadership programme, taking the total to 91 since the course was established in 2013.



1 Shadow a Leader breakfast

2 Secondary students attending the AUT South Prefect Summit

3 AUT Edge Award recipients (photo by Tim Hamilton, VisionWorks)



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2017

		University			Consolidated	
	Note	2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
REVENUE						
Government grants	2	170,645	168,092	163,717	170,645	163,717
Student-derived revenue	2	169,023	176,281	168,174	169,023	168,174
Research revenue	2	13,138	9,669	13,544	13,138	13,544
Other revenue	2	36,770	32,970	39,647	37,846	40,100
Total revenue		389,576	387,012	385,082	390,652	385,535
EXPENSES						
Personnel costs	3	235,001	230,131	231,336	235,001	231,336
Supplies and other costs	4	87,284	85,055	88,063	88,162	88,541
Depreciation, amortisation and impairment	13, 14	48,085	48,269	42,666	48,085	42,666
Total expenses before finance costs		370,370	363,455	362,065	371,248	362,543
Operating surplus before finance costs		19,206	23,557	23,017	19,404	22,992
Finance costs	5	5,018	5,373	4,113	5,018	4,113
Operating surplus		14,188	18,184	18,904	14,386	18,879
Share of associate's (deficit)/surplus	10	-	-	-	(3)	1,638
Share of jointly-controlled entity's (deficit)/surplus	11	-	-	-	(857)	(1,097)
NET SURPLUS		14,188	18,184	18,904	13,526	19,420

Explanations of major variances against budget are provided in Note 34.

The accompanying notes form part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2017

	Note	University			Consolidated	
		2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
NET SURPLUS		14,188	18,184	18,904	13,526	19,420
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Items that may be reclassified subsequently to surplus/(deficit)						
Net gain/(loss) on other financial assets at fair value through other comprehensive revenue and expense		-	-	-	625	166
Net gain/(loss) on cash flow hedges	22	(492)	-	(79)	(492)	(79)
Item that will not be reclassified to surplus/(deficit)						
Net gain on asset revaluations	22	38,007	-	50,400	38,007	50,400
Impairment loss on revalued asset	22	(1,014)	-	-	(1,014)	-
Total other comprehensive revenue and expense		36,501	-	50,321	37,126	50,487
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		50,689	18,184	69,225	50,652	69,907

Explanations of major variances against budget are provided in Note 34.

The accompanying notes form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

As at 31 December 2017		University			Consolidated		
		2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s	
		Note					
CURRENT ASSETS							
Cash and cash equivalents	6	301	9,589	10,847	1,996	12,967	
Short-term investments		-	-	-	803	-	
Receivables	7	43,899	8,022	7,083	43,991	7,216	
Inventories		188	163	144	188	144	
Prepayments		3,974	2,602	2,298	3,976	2,300	
Non-current asset held for sale	8	7,500	-	-	7,500	-	
Total current assets			55,862	20,376	20,372	58,454	22,627
NON-CURRENT ASSETS							
Investment in subsidiaries	9	100	100	100	-	-	
Investment in associate	10	5,000	5,000	5,000	9,175	9,178	
Investment in jointly-controlled entity	11	18,528	18,528	18,528	35,283	36,140	
Other financial assets	12	192	192	192	983	358	
Property, plant and equipment	13	875,288	799,508	809,733	875,288	809,733	
Intangible assets	14	21,240	22,179	22,463	21,240	22,463	
Total non-current assets			920,348	845,507	856,016	941,969	877,872
TOTAL ASSETS			976,210	865,883	876,388	1,000,423	900,499
CURRENT LIABILITIES							
Payables	15	69,291	54,301	60,311	69,862	60,743	
Deferred revenue	16	79,799	45,078	44,223	79,799	44,223	
Employee entitlements	17	23,013	13,118	14,569	23,013	14,569	
Provisions	18	132	173	192	132	192	
Finance lease borrowings	19	6,586	6,581	6,581	6,586	6,581	
Derivative financial instruments	20	191	62	69	191	69	
Total current liabilities			179,012	119,313	125,945	179,583	126,377
NON-CURRENT LIABILITIES							
Borrowings	21	141,550	181,199	144,700	141,550	144,700	
Employee entitlements	17	9,749	7,157	9,074	9,749	9,074	
Provisions	18	2,331	1,620	2,054	2,331	2,054	
Finance lease borrowings	19	17,824	19,041	19,877	17,824	19,877	
Derivative financial instruments	20	445	-	128	445	128	
Total non-current liabilities			171,899	209,017	175,833	171,899	175,833
TOTAL LIABILITIES			350,911	328,330	301,778	351,482	302,210
EQUITY							
General equity	22	343,134	342,274	329,010	365,985	352,523	
Revaluation reserves	22	282,165	195,279	245,600	282,956	245,766	
Total equity			625,299	537,553	574,610	648,941	598,289
TOTAL LIABILITIES and EQUITY			976,210	865,883	876,388	1,000,423	900,499

Explanations of major variances against budget are provided in Note 34.

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	University			Consolidated	
	2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Total equity at the beginning of the year	574,610	519,369	505,385	598,289	528,382
COMPREHENSIVE REVENUE					
Net surplus	14,188	18,184	18,904	13,526	19,420
Other comprehensive revenue	36,501	–	50,321	37,126	50,487
Total comprehensive revenue	50,689	18,184	69,225	50,652	69,907
TOTAL EQUITY AT THE END OF THE YEAR	625,299	537,553	574,610	648,941	598,289

Explanations of major variances against budget are provided in Note 34.

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

		University			Consolidated	
	Note	2017 Actual \$000s	2017 Budget \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from government grants		170,645	167,879	163,717	170,645	163,717
Receipts from student-derived revenue		164,613	179,606	169,552	164,613	169,552
Receipts from service activities		38,719	42,069	39,156	39,179	39,677
Interest received		12	18	16	13	24
Receipts from other revenue		11,958	11,629	10,824	12,706	10,616
Payments to employees		(225,882)	(234,329)	(233,465)	(225,882)	(233,465)
Payments to suppliers		(93,011)	(92,278)	(84,648)	(93,835)	(85,090)
Interest paid		(5,018)	(5,373)	(4,113)	(5,018)	(4,113)
Net GST received/(paid)		3,679	2,058	761	3,672	762
NET CASH FLOW FROM OPERATING ACTIVITIES	25	65,715	71,279	61,800	66,093	61,680
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		15,069	-	-	15,069	-
Purchases of property, plant and equipment		(77,014)	(95,856)	(82,395)	(77,014)	(82,395)
Purchases of intangible assets		(4,043)	(9,805)	(8,428)	(4,043)	(8,428)
Placement of short-term investments		-	-	-	(803)	-
Acquisition of investments		-	-	(1,660)	-	(1,540)
NET CASH FLOW FROM INVESTING ACTIVITIES		(65,988)	(105,661)	(92,483)	(66,791)	(92,363)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from/(repayment of) borrowings		(3,150)	42,972	41,550	(3,150)	41,550
Proceeds from/(repayment of) finance lease		(7,123)	(8,590)	(7,418)	(7,123)	(7,418)
NET CASH FLOW FROM FINANCING ACTIVITIES		(10,273)	34,382	34,132	(10,273)	34,132
Net increase/(decrease) in cash and cash equivalents		(10,546)	-	3,449	(10,971)	3,449
Cash and cash equivalents at beginning of the year		10,847	9,589	7,398	12,967	9,518
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	301	9,589	10,847	1,996	12,967

Explanations of major variances against budget are provided in Note 34.

The accompanying notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

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

REPORTING ENTITY

Auckland University of Technology is a University under the Auckland University of Technology (Establishment) Order 1999 and is domiciled in New Zealand. The relevant legislation governing the University's operations includes the Crown Entities Act 2004 and the Education Act 1989. The primary objective of the University is to provide tertiary education and research services for the benefit of the community rather than making a financial return. For the purposes of financial reporting, the University and the Consolidated Group are considered to be Public Benefit Entities (PBE).

The Financial Statements of the University and the Consolidated Group are for the year ended 31 December 2017. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 9 April 2018.

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.

Measurement base

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

Functional and presentation currency

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

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

The University and the Consolidated Group have early adopted this amendment in preparing its 31 December 2017 financial statements. From the 31 December 2017 year onwards, the University and the Consolidated Group are required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the University and the Consolidated Group are required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The University and the Consolidated Group can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

Standards issued and not yet effective and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8).

The new standards for interests in other entities are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The University and the

NOTE 1

STATEMENT OF ACCOUNTING POLICIES (continued)

Consolidated Group plan to apply this standard in preparing its 31 December 2019 financial statements. The University and the Consolidated Group have not yet assessed the effects of the new standards.

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The University and the Consolidated Group plan to apply the new financial instruments standard in preparing its 31 December 2021 financial statements. The University and the Consolidated Group have not yet assessed the effects of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the Consolidated Group on a line-by-line basis. All intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

Foreign currency translation

Transactions in foreign currencies are translated to New Zealand dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on translation are recognised in the surplus or deficit.

Goods and Services Tax (GST)

Auckland University of Technology is a GST-registered person as defined by the Goods and Services Act 1985. The Financial

Statements have been prepared on a GST exclusive basis with the exception of receivables and payables, which are stated GST inclusive. When GST is not recoverable on input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

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.

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.

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:

- Revaluation of land and buildings – see note 13
- Depreciation and amortisation – see note 13 and note 14
- Long service leave and retirement leave – see note 17
- Research and study leave – see note 17
- Reinstatement provision – see note 18

Critical judgements in applying accounting policies

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

- Research revenue recognition – see note 2
- Crown-owned land and buildings – see note 13
- Research and study leave – see note 17

NOTE 2

REVENUE

2(i) GOVERNMENT GRANTS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Student Achievement Component (SAC) Funding	150,559	144,022	150,559	144,022
Performance Based Research Funding (PBRF) – Note (a)	14,656	14,260	14,656	14,260
Mangere Refugee Centre	2,120	2,067	2,120	2,067
Tertiary students with disabilities	460	462	460	462
Māori and Pacific Peoples	1,160	1,116	1,160	1,116
Early childhood education centre – Note (b)	431	423	431	423
Other Government funding (excl. research contracts)	1,259	1,367	1,259	1,367
TOTAL GOVERNMENT GRANTS	170,645	163,717	170,645	163,717

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
NOTE (a): PBRF				
Provisional PBRF received	14,578	14,239	14,578	14,239
Prior year PBRF final wash-up	78	21	78	21
TOTAL PBRF	14,656	14,260	14,656	14,260

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
NOTE (b): Early childhood education centre				
Revenue				
Early childhood education funding	431	423	431	423
Other revenue *	291	275	291	275
Total revenue	722	698	722	698
Expenditure				
Operating expenses	714	685	714	685
Total expenditure	714	685	714	685
NET SURPLUS	8	13	8	13

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

NOTE 2**REVENUE(continued)****2(ii) STUDENT-DERIVED REVENUE**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Domestic student tuition fees	83,579	84,455	83,579	84,455
International student tuition fees	74,071	73,048	74,071	73,048
Compulsory student service fees	10,195	9,374	10,195	9,374
Other student-related fees	1,178	1,297	1,178	1,297
TOTAL STUDENT-DERIVED REVENUE	169,023	168,174	169,023	168,174

2(iii) RESEARCH REVENUE

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Research revenue received	13,309	16,603	13,309	16,603
Movement in research revenue carried forward	(171)	(3,059)	(171)	(3,059)
TOTAL RESEARCH REVENUE	13,138	13,544	13,138	13,544

2(iv) OTHER REVENUE

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Trading revenue	18,445	19,119	18,445	19,119
Student accommodation revenue	5,634	7,191	5,634	7,191
Interest revenue	12	16	26	33
Net gain on foreign exchange derivatives	53	93	53	93
Gain on disposal of property plant and equipment	2,336	-	2,336	-
Gain on finance lease termination	-	2,261	-	2,261
Other operating revenue	10,216	10,963	11,278	11,399
Donations received	74	4	74	4
TOTAL OTHER REVENUE	36,770	39,647	37,846	40,100

NOTE 2

REVENUE (continued)

ACCOUNTING POLICY

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

Student Achievement Component (SAC) funding

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

Domestic student tuition fees

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

International student tuition fees

International student tuition fees are treated as exchange transactions, and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Performance-Based Research Fund (PBRF)

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

Research revenue

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is

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

Other grants received

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

Donations, bequests, and pledges

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

Trading revenue

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

Student accommodation services

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

Interest and dividends

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

NOTE 2

REVENUE (continued)

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Research revenue

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

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

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

NOTE 3

PERSONNEL COSTS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
ACADEMIC				
Salaries and wages	122,217	118,558	122,217	118,558
Defined contribution plan employer contributions	3,383	3,179	3,383	3,179
Movement in employee entitlements	2,175	2,824	2,175	2,824
Other staff related costs	4,035	4,322	4,035	4,322
	131,810	128,883	131,810	128,883
ADMINISTRATION				
Salaries and wages	94,158	91,943	94,158	91,943
Defined contribution plan employer contributions	2,607	2,465	2,607	2,465
Movement in employee entitlements	522	(37)	522	(37)
Other staff related costs	5,904	8,082	5,904	8,082
	103,191	102,453	103,191	102,453
TOTAL PERSONNEL COSTS	235,001	231,336	235,001	231,336

ACCOUNTING POLICY

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

NOTE 4

SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Consumables/faculty costs	34,205	32,495	34,205	32,495
Occupancy/property costs	15,252	15,352	15,252	15,352
Operating lease costs – buildings	8,434	8,143	8,434	8,143
Operating lease costs – equipment	680	1,151	680	1,151
Administration expenses	15,586	16,648	15,586	16,648
Fees to principal auditor:				
Financial Statements audit (*)	187	178	201	189
Performance Based Research Fund audit	9	9	9	9
Provision for impairment of receivables:				
Change in provision for impairment of receivables	(348)	(270)	(348)	(270)
Uncollectible receivables written off	261	461	261	461
Councillors' fees (Note 24)	265	245	265	245
Loss on disposal of property plant and equipment	-	2	-	2
Loss on foreign currency translation	55	263	55	266
Other operating costs	12,698	13,386	13,562	13,850
TOTAL SUPPLIES AND OTHER COSTS	87,284	88,063	88,162	88,541

*Includes audit fees of \$10,834 (2016: \$10,570) for Auckland University of Technology Foundation paid on its behalf by Auckland University of Technology

Operating lease commitments as lessee

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

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Not later than one year	5,857	5,878	5,857	5,878
Later than one year and not later than five years	21,061	20,667	21,061	20,667
Later than five years	5,778	9,702	5,778	9,702
TOTAL NON-CANCELLABLE OPERATING LEASES	32,696	36,247	32,696	36,247

The University leases 25,103 square metres (2016: 25,010 square metres) of office space in Auckland for teaching, research and administrative purposes. Most of these leases can be renewed at the University's option, with rents set by reference to current market rates for items of equivalent age and condition

Other contractual commitments

During the year, the University entered into a Development Agreement with Prolex Mayoral Limited (Prolex) or assignee. Prolex subsequently assigned the lease to Pramaja Investments Limited (operating as Cedar Investments NZ Limited). Under the terms of the agreement, Cedar Investments NZ Limited purchased a parcel of land on the

corner of Wakefield Street and Mayoral Drive to facilitate the construction of a student accommodation facility, 3 additional floors of leasable educational support spaces, a gym & recreational centre and retail space. Upon completion of the building, the Development Agreement requires the University to enter an operating lease for the educational, retail and recreational spaces for a term of 15 years with a right of renewal for a further 15 years.

NOTE 4**SUPPLIES AND OTHER COSTS (continued)**

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

ACCOUNTING POLICY**Operating leases**

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

NOTE 5**FINANCE COSTS**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Interest on bank borrowings	4,055	2,790	4,055	2,790
Interest on finance leases	963	1,323	963	1,323
TOTAL FINANCE COSTS	5,018	4,113	5,018	4,113

ACCOUNTING POLICY

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

NOTE 6**CASH AND CASH EQUIVALENTS**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Cash at bank and on hand	301	3,316	1,996	5,436
Short-term bank deposits	-	7,531	-	7,531
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	301	10,847	1,996	12,967

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

The weighted average effective interest rate for cash and cash equivalents was 0.85% (2016: 1.78%).

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 \$1.52m (2016: \$1.29m) that relates to unspent funds received that are subject to restrictions. These unspent funds relate to donations and bequests received by the

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

ACCOUNTING POLICY

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

NOTE 7

RECEIVABLES

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Trade receivables	3,828	2,612	3,920	2,761
Less: provision for impairment	(776)	(1,048)	(776)	(1,048)
	3,052	1,564	3,144	1,713
Student fee receivables	40,180	2,804	40,180	2,804
Less: provision for impairment	(325)	(401)	(325)	(401)
	39,855	2,403	39,855	2,403
Other receivables	535	2,797	535	2,797
Accrued revenue	213	171	213	171
Related parties	244	148	244	132
TOTAL RECEIVABLES	43,899	7,083	43,991	7,216

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

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

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

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
TRADE RECEIVABLES				
Opening provisions	1,048	1,127	1,048	1,127
Provisions made/ (reversed) during the year	(180)	137	(180)	137
Trade receivables written-off during the year	(92)	(216)	(92)	(216)
CLOSING PROVISIONS FOR IMPAIRMENT OF TRADE RECEIVABLES	776	1,048	776	1,048
STUDENT FEE RECEIVABLES				
Opening provisions	401	592	401	592
Provisions made/ (reversed) during the year	93	54	93	54
Student fee receivables written-off during the year	(169)	(245)	(169)	(245)
CLOSING PROVISIONS FOR IMPAIRMENT OF STUDENT FEE RECEIVABLES	325	401	325	401

NOTE 7**RECEIVABLES (continued)**

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

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
TRADE RECEIVABLES						
2017 – Under 30 days	1,204	-	1,204	1,296	-	1,296
31 – 60 days	808	-	808	808	-	808
61 – 90 days	891	(107)	784	891	(107)	784
Over 90 days	925	(669)	256	925	(669)	256
Total trade receivables	3,828	(776)	3,052	3,920	(776)	3,144
2016 – Under 30 days	705	-	705	854	-	854
31 – 60 days	817	-	817	817	-	817
61 – 90 days	331	(289)	42	331	(289)	42
Over 90 days	759	(759)	-	759	(759)	-
Total trade receivables	2,612	(1,048)	1,564	2,761	(1,048)	1,713
STUDENT FEE RECEIVABLES						
2017 – Under 30 days	38,849	-	38,849	38,849	-	38,849
31 – 60 days	237	(13)	224	237	(13)	224
61 – 90 days	64	(3)	61	64	(3)	61
Over 90 days	1,030	(309)	721	1,030	(309)	721
Total student fee receivables	40,180	(325)	39,855	40,180	(325)	39,855
2016 – Under 30 days	1,910	-	1,910	1,910	-	1,910
31 – 60 days	256	(19)	237	256	(19)	237
61 – 90 days	19	(1)	18	19	(1)	18
Over 90 days	619	(381)	238	619	(381)	238
Total student fee receivables	2,804	(401)	2,403	2,804	(401)	2,403

All receivables greater than 30 days in age are considered to be past due.

There are no provisions for impairment of other receivables and no amounts are overdue.

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

ACCOUNTING POLICY

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

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

NOTE 8

NON-CURRENT ASSET HELD FOR SALE

Property at 41 Centorian Drive adjoining the AUT-Millennium site at Mairangi Bay has been presented as a non-current asset held for sale following the University entering into a Sale and Purchase Agreement with a third party on 8 November 2017 for its sale. The sale is expected to be completed by November 2018.

The accumulated asset revaluation reserve recognised in equity for 41 Centorian Drive property at 31 December 2017 is \$0.99m.

ACCOUNTING POLICY

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

NOTE 9

INVESTMENT IN SUBSIDIARIES

Name of entity	Country of incorporation/ operation	Nature of business	Ownership interest	
			2017	2016
Auckland University of Technology Foundation	New Zealand	To receive donations and endowments that are used to promote and support academic excellence at the University	100%	100%
AUT Ventures Limited (Previously AUT Enterprises Limited)	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

	University	
	2016 Actual \$000s	2015 Actual \$000s
INVESTMENT IN SUBSIDIARIES		
Auckland University of Technology Foundation	–	–
AUT Ventures Limited (Previously AUT Enterprises Limited)	100	100
TOTAL INVESTMENT IN SUBSIDIARIES	100	100

All subsidiaries have a balance date of 31 December.

ACCOUNTING POLICY

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.

NOTE 10

INVESTMENT IN ASSOCIATE

Information relating to the associate is set out below:

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2017	2016
Waterfront Theatre Limited	New Zealand	Develops, owns and manages Auckland Waterfront Theatre	15%	15%

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. There is no published price quotation to determine the fair value of this investment.

Waterfront Theatre Limited has the same balance date as the University. The Investment in associate is carried at cost in the University's Statement of Financial Position as follows:

	University	
	2017 Actual \$000s	2016 Actual \$000s
INVESTMENT IN ASSOCIATE		
Waterfront Theatre Limited	5,000	3,340
Add: Share capital contribution	-	1,660
	5,000	5,000
TOTAL INVESTMENT IN ASSOCIATE	5,000	5,000

NOTE 10

INVESTMENT IN ASSOCIATE (continued)

CONSOLIDATED GROUP

The University holds 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 the University has with a representative on the Board of Directors of Waterfront Theatre Limited.

The Investment in associate in the consolidated financial statements represents the University's share of the net assets of the associate. The University's share of the result of Waterfront Theatre Limited is as follows:

	Consolidated	
	2017 Actual \$000s	2016 Actual \$000s
SHARE OF ASSOCIATE'S STATEMENT OF FINANCIAL POSITION		
Assets	5,127	5,187
Liabilities	(58)	(116)
Net assets	5,069	5,071
SHARE OF ASSOCIATE'S REVENUE AND SURPLUS		
Revenue	177	1,845
Net (deficit)/surplus	(3)	1,638
MOVEMENT IN CARRYING AMOUNT OF INVESTMENT IN ASSOCIATE		
Balance at the beginning of the year	9,178	5,880
Share capital contribution	-	1,660
Share of associate's net (deficit)/surplus	(3)	1,638
CARRYING AMOUNT AT THE END OF THE YEAR	9,175	9,178

ACCOUNTING POLICY

An associate is an entity 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 associate is 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.

NOTE 11**INVESTMENT IN JOINTLY-CONTROLLED ENTITY****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	
	2017 Actual \$000s	2016 Actual \$000s
INVESTMENT IN JOINTLY-CONTROLLED ENTITY		
AUT Millennium Ownership Trust	18,528	18,528
TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY	18,528	18,528

CONSOLIDATED GROUP

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

	Consolidated	
	2017 Actual \$000s	2016 Actual \$000s
SHARE OF JOINTLY-CONTROLLED ENTITY'S STATEMENT OF FINANCIAL POSITION		
Assets	40,140	40,078
Liabilities	(4,169)	(3,764)
Net assets	35,971	36,314

SHARE OF JOINTLY-CONTROLLED ENTITY'S REVENUE AND SURPLUS

Revenue	4,296	2,351
Net (deficit)/surplus	(857)	(1,097)

MOVEMENT IN CARRYING AMOUNT OF INVESTMENT IN JOINTLY-CONTROLLED ENTITY

Balance at the beginning of the year	36,140	37,237
Share of jointly-controlled entity's net (deficit)/surplus	(857)	(1,097)

CARRYING AMOUNT AT THE END OF THE YEAR

	35,283	36,140
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NOTE 11

INVESTMENT IN JOINTLY-CONTROLLED ENTITY (continued)

ACCOUNTING POLICY

A joint venture is a binding arrangement whereby the University and other parties undertake an activity that is subject to joint control. The University has interest in joint venture which comprise a jointly-controlled entity.

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.

NOTE 12

OTHER FINANCIAL ASSETS

LISTED SECURITIES (AT FAIR VALUE)

	University		Consolidated	
	2017 Actual \$'000s	2016 Actual \$'000s	2017 Actual \$'000s	2016 Actual \$'000s
Independent News & Media Plc	1	1	1	1
	1	1	1	1

UNLISTED SECURITIES (AT COST, LESS IMPAIRMENT)

New Zealand Vice-Chancellors' Committee	100	100	100	100
New Zealand Synchrotron Group Limited	91	91	91	91
Imersia Group Limited	-	-	104	138
Liquidstrip Limited	-	-	12	28
Titan Ideas Limited	-	-	94	-
Kode Biotech Limited	-	-	581	-
	191	191	982	357

TOTAL OTHER FINANCIAL ASSETS

	192	192	983	358
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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.

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

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

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

ACCOUNTING POLICY

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

NOTE 13

PROPERTY, PLANT & EQUIPMENT

2017 – University / Consolidated

	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2017 \$000s	Additions / reclassifications \$000s	Revaluation movements \$000s	Disposals \$000s	Balance at 31 Dec 2017 \$000s	Balance at 1 Jan 2017 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2017 \$000s
AUT-OWNED ASSETS										
Land	107,322	(7,500)	18,589	(8,421)	109,990	-	-	-	-	107,322
Buildings	381,038	62,205	-	-	443,243	1,538	13,038	1,325	746	379,500
Library collection	60,127	3,109	-	-	63,236	42,251	7,613	-	208	17,876
Computers and electronic equipment	23,537	1,954	-	(529)	24,962	20,852	2,653	(540)	-	2,685
Furniture and fittings	20,584	1,419	-	(1,301)	20,702	16,642	1,936	(1,389)	-	3,942
Leasehold improvements	20,505	5,199	-	(603)	25,101	16,015	2,104	(592)	9	4,490
Motor vehicles	1,011	46	-	-	1,057	588	86	-	-	423
Office equipment	3,246	1	-	(711)	2,536	3,195	25	(711)	-	51
Plant and equipment	46,639	4,504	-	(1,175)	49,968	24,187	5,297	(1,337)	-	22,452
Specialty electronics	2,526	45	-	(25)	2,546	1,905	132	(25)	-	621
Works of art	410	-	-	-	410	-	-	-	-	410
WIP – buildings	101,039	4,685	-	-	105,724	-	-	-	-	101,039
WIP – others	5,029	(1,549)	-	-	3,480	-	-	-	-	5,029
TOTAL AUT-OWNED ASSETS	773,013	74,118	18,589	(12,765)	852,955	127,173	32,884	(3,269)	963	645,840

CROWN-OWNED LAND AND BUILDINGS

Land	95,582	-	19,418	-	115,000	-	-	-	-	95,582
Buildings	48,471	-	-	-	48,471	1,597	1,328	-	-	46,874
TOTAL CROWN-OWNED LAND & BUILDINGS	144,053	-	19,418	-	163,471	1,597	1,328	-	-	142,456

ASSETS UNDER FINANCE LEASES

Computers and electronic equipment	17,821	5,191	-	(7,204)	15,808	9,093	5,518	(7,204)	-	7,407
Buildings	32,505	-	-	-	32,505	19,796	1,572	-	-	21,368
TOTAL ASSETS UNDER FINANCE LEASES	50,326	5,191	-	(7,204)	48,313	28,889	7,090	(7,204)	-	28,775
TOTAL PROPERTY, PLANT AND EQUIPMENT	967,392	79,309	38,007	(19,969)	1,064,739	157,659	41,302	(10,473)	963	875,288

NOTE 13 PROPERTY, PLANT & EQUIPMENT (continued)

2016 – University / Consolidated

	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2016 \$000s	Additions / reclassifications \$000s	Revaluation movements \$000s	Disposals \$000s	Balance at 31 Dec 2016 \$000s	Balance at 1 Jan 2016 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2016 \$000s
AUT-OWNED ASSETS										
Land	101,577	68	5,677	-	107,322	-	-	-	-	107,322
Buildings	390,324	1,681	(10,967)	-	381,038	33,601	12,468	(44,531)	-	356,723
Library collection	53,045	7,082	-	-	60,127	36,302	5,906	-	43	16,743
Computers and electronic equipment	22,983	701	-	(147)	23,537	18,936	2,062	(146)	-	4,047
Furniture and fittings	18,366	2,308	-	(90)	20,584	14,757	1,971	(86)	-	3,609
Leasehold improvements	16,768	3,939	-	(202)	20,505	14,115	2,011	(202)	91	2,653
Motor vehicles	971	40	-	-	1,011	475	113	-	-	496
Office equipment	3,308	22	-	(84)	3,246	3,219	60	(84)	-	89
Plant and equipment	39,511	7,761	-	(633)	46,639	19,800	5,004	(617)	-	19,711
Specialty electronics	1,903	623	-	-	2,526	1,819	86	-	-	84
Works of art	410	-	-	-	410	-	-	-	-	410
WIP – buildings	29,407	71,632	-	-	101,039	-	-	-	-	29,407
WIP – others	6,100	(1,071)	-	-	5,029	-	-	-	-	6,100
TOTAL AUT-OWNED ASSETS	684,673	94,786	(5,290)	(1,156)	773,013	143,024	29,681	(45,666)	134	541,649

CROWN-OWNED LAND AND BUILDINGS

Land	86,539	-	9,043	-	95,582	-	-	-	-	86,539
Buildings	44,726	5,257	(1,512)	-	48,471	3,657	1,566	(3,626)	-	41,069
TOTAL CROWN-OWNED LAND & BUILDINGS	131,265	5,257	7,531	-	144,053	3,657	1,566	(3,626)	-	127,608

ASSETS UNDER FINANCE LEASES

Computers and electronic equipment	15,831	6,061	-	(4,071)	17,821	7,547	5,617	(4,071)	-	8,284
Buildings	43,242	-	-	(10,737)	32,505	23,808	1,933	(5,945)	-	19,434
TOTAL ASSETS UNDER FINANCE LEASES	59,073	6,061	-	(14,808)	50,326	31,355	7,550	(10,016)	-	27,718

TOTAL PROPERTY, PLANT AND EQUIPMENT

TOTAL PROPERTY, PLANT AND EQUIPMENT	875,011	106,104	2,241	(15,964)	967,392	178,036	38,797	(59,308)	134	696,975
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NOTE 13**PROPERTY, PLANT & EQUIPMENT (continued)****Assets under Finance leases**

Note 19 provides further information about assets under finance leases.

Non-cash transactions

During the year the University acquired \$5.2 million of computers and electronic equipment under finance leases (2016: \$6.1 million).

Disposals

During the year the University sold a section of AUT-owned land at South Campus that is surplus to the University's requirements. The net gain of \$2.4 million on the disposal of the land has been recognised in the statement of financial performance in the line item "Other revenue".

CAPITAL COMMITMENTS

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

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
CAPITAL COMMITMENTS				
Buildings	17,803	66,782	17,803	66,782
Plant and equipment	2,191	-	2,191	-
TOTAL CAPITAL COMMITMENTS	19,994	66,782	19,994	66,782

ACCOUNTING POLICY

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

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

Revaluations

Following initial recognition at cost, all land and buildings, whether owned by the Crown or purchased and built out of the University's reserves, are shown at fair value. Revaluation of land and buildings is carried out at least every three years by an independent Registered Valuer to ensure that their carrying amounts do not differ materially from fair values. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values at the balance date. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

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

Restrictions on title

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

NOTE 13

PROPERTY, PLANT & EQUIPMENT (continued)

Depreciation

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

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

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

Disposals

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

Work in progress

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

Impairment of property, plant, and equipment

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

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

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

Value in use for non-cash-generating assets

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating the fair value of land and buildings

The University relies on the services of an independent Registered Valuer to assess the carrying values of land and buildings.

The most recent full revaluation of land and buildings was performed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2016, to a fair value of \$629 million.

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

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

NOTE 13**PROPERTY, PLANT & EQUIPMENT (continued)****Desktop revaluation of land and buildings**

A desktop revaluation of land was performed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2017 to a fair value of \$225 million. Details of the land revaluation movements are as follows:

University/Consolidated	Net book value (before revaluation) \$000s	Revaluation movements \$000s	Accumulated depreciation eliminated \$000s	Net revaluation movements \$000s	Net book value (after revaluation) \$000s
AUT-owned land	91,401	18,589	–	18,589	109,990
Crown-owned land	95,582	19,418	–	19,418	115,000
TOTAL	186,983	38,007	–	38,007	224,990

A desktop revaluation of buildings was completed as at 31 December 2017 by Seagar & Partners (Auckland) Limited, an independent Registered Valuer. The percentage change between the valuer's desktop revaluation and the net book value is not significantly different, and therefore a full revaluation was not performed.

Depreciation and amortisation

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**Crown-owned land and buildings**

Property in the legal name of the Crown that is occupied by the University is recognised as an asset in the Statement of Financial Position. The University considers that it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred. Accordingly, it would be misleading to exclude these assets from the Financial Statements.

The University has secured the use of the property by means of a lease from the Ministry of Education for a period of thirty-three years from 1 November 1994 at nil rent, with rights of renewal for two further periods of thirty-three years each.

NOTE 14

INTANGIBLE ASSETS

2017 – University / Consolidated

	Cost				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2017	Additions / reclassifications	Disposals	Balance at 31 Dec 2017	Balance at 1 Jan 2017	Amortisation	Disposals	Impairment losses	Balance at 31 Dec 2017	Balance at 1 Jan 2017
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
INTANGIBLE ASSETS										
Software	32,520	11,206	(7)	43,719	19,474	5,776	(7)	-	25,243	13,046
Programme development	284	171	-	455	284	3	-	-	287	-
WIP – software	9,417	(6,780)	-	2,637	-	-	-	41	41	9,417
TOTAL INTANGIBLE ASSETS	42,221	4,597	(7)	46,811	19,758	5,779	(7)	41	25,571	22,463

2016 – University / Consolidated

	Cost				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2016	Additions / reclassifications	Disposals	Balance at 31 Dec 2016	Balance at 1 Jan 2016	Amortisation	Disposals	Impairment losses	Balance at 31 Dec 2016	Balance at 1 Jan 2016
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
INTANGIBLE ASSETS										
Software	25,424	7,386	(290)	32,520	16,029	3,735	(290)	-	19,474	9,395
Programme development	294	-	(10)	284	294	-	(10)	-	284	-
WIP – software	8,686	731	-	9,417	-	-	-	-	-	8,686
TOTAL INTANGIBLE ASSETS	34,404	8,117	(300)	42,221	16,323	3,735	(300)	-	19,758	18,081

NOTE 14**INTANGIBLE ASSETS (continued)****ACCOUNTING POLICY****Computer software**

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

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

Programme development

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

Impairment of intangible assets

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

For further details refer to the policy for impairment of property, plant, and equipment in Note 13. The same approach applies to the impairment of intangible assets

NOTE 15**PAYABLES**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
PAYABLES UNDER EXCHANGE TRANSACTIONS				
Trade payables	25,337	6,576	25,470	6,576
Creditors accruals	31,211	45,537	31,646	45,964
Sundry creditors	2,597	1,848	2,597	1,848
PAYABLES UNDER NON-EXCHANGE TRANSACTIONS				
GST payable	7,297	3,618	7,300	3,623
Withholding tax payable	2,849	2,732	2,849	2,732
TOTAL PAYABLES	69,291	60,311	69,862	60,743

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

ACCOUNTING POLICY

Payables are recorded at their face value.

NOTE 16

DEFERRED REVENUE

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Tuition fees received in advance	68,066	35,024	68,066	35,024
Research revenue received in advance	5,197	4,427	5,197	4,427
Other revenue received in advance	6,536	4,772	6,536	4,772
TOTAL DEFERRED REVENUE	79,799	44,223	79,799	44,223

ACCOUNTING POLICY

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

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

NOTE 17

EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Annual leave	13,510	11,591	13,510	11,591
Accrued salary payments	6,810	-	6,810	-
Sick leave	592	501	592	501
Other employee entitlements	2,101	2,477	2,101	2,477
Total employee entitlements – current	23,013	14,569	23,013	14,569
Long service leave	1,446	1,375	1,446	1,375
Retirement leave	1,478	1,510	1,478	1,510
Research and study leave	6,825	6,189	6,825	6,189
Total employee entitlements – non-current	9,749	9,074	9,749	9,074
TOTAL EMPLOYEE ENTITLEMENTS	32,762	23,643	32,762	23,643

NOTE 17

EMPLOYEE ENTITLEMENTS (continued)

ACCOUNTING POLICY

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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Long service leave and retirement leave

The present values of the long service leave and retirement leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate of 2.75 % (2016: 3.36%) and the salary inflation factor of 3.0 % (2016: 3.0%). Any changes in these assumptions will impact on the carrying amount of the liability.

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

Research and study leave

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

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

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Research and study leave

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

NOTE 18

PROVISIONS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
REINSTATEMENT PROVISION FOR LEASED BUILDINGS				
Opening balance	2,247	2,441	2,247	2,441
Provision made/(reversed) during the year	216	(195)	216	(195)
CLOSING BALANCE	2,463	2,246	2,463	2,246
COMPRISING				
Current	132	192	132	192
Non-current	2,331	2,054	2,331	2,054
TOTAL PROVISIONS	2,463	2,246	2,463	2,246

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

ACCOUNTING POLICY

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The reinstatement provision is calculated on the net present value of the estimated liability at lease expiry using a discount rate of 2.75% (2016: 3.36%).

NOTE 19**FINANCE LEASE BORROWINGS**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Not later than one year	7,594	7,451	7,594	7,451
Later than one year and not later than five years	14,958	15,005	14,958	15,005
Later than five years	5,886	8,710	5,886	8,710
Total minimum lease payments	28,438	31,166	28,438	31,166
Future finance charges	(4,028)	(4,708)	(4,028)	(4,708)
PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS	24,410	26,458	24,410	26,458
PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS PAYABLE				
Not later than one year	6,586	6,581	6,586	6,581
Later than one year and not later than five years	12,325	11,985	12,325	11,985
Later than five years	5,499	7,892	5,499	7,892
TOTAL PRESENT VALUE OF MINIMUM LEASE PAYMENTS	24,410	26,458	24,410	26,458
COMPRISING				
Current	6,586	6,581	6,586	6,581
Non-current	17,824	19,877	17,824	19,877
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE PAYMENTS	24,410	26,458	24,410	26,458

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 13.

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

The University leases approximately 14,082 square metres (2016: 14,082 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 7,036 computers and items of electronic equipment for teaching, research and administrative purposes (2016: 7,668).

ACCOUNTING POLICY

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

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

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

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

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

NOTE 20

DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
CURRENT LIABILITY PORTION				
Forward foreign exchange contract – Non-hedges	16	69	16	69
Interest rate swap – cash flow hedges	175	–	175	–
Total current liability portion	191	69	191	69
NON-CURRENT LIABILITY PORTION				
Interest rate swap – Cash flow hedges	445	128	445	128
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	636	197	636	197

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 \$104 million (2016: \$61.5 million). The fixed interest rates of interest rate swaps vary from 2.42% to 3.25%.

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$2.27 million (2016: \$1.79 million). The foreign currency principal amounts were US\$1.6 million (2016: US\$1.2 million).

ACCOUNTING POLICY

The University uses derivative financial instruments, such as interest rate swaps and forward foreign exchange

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

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

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

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in Other Comprehensive Revenue and Expense, within the Statement of Other Comprehensive Revenue and Expense and the ineffective portion is recognised immediately in the surplus or deficit as part of the finance costs.

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

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

NOTE 21

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 facility from ANZ Bank New Zealand Limited and Westpac New Zealand Limited are for the facility amount up to \$213 million (2016: \$213 million), with a final maturity date of 31 January 2020. As at 31 December 2017, the total revolving advances facility amount were \$188 million (2016: \$168 million), and \$142 million (2016: \$145 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 2.77% (2016: 2.79%).

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Opening balance	144,700	103,150	144,700	103,150
Net borrowings / (repayments)	(3,150)	41,550	(3,150)	41,550
CLOSING BALANCE	141,550	144,700	141,550	144,700
COMPRISING				
Current	-	-	-	-
Non-current	141,550	144,700	141,550	144,700
TOTAL BORROWINGS	141,550	144,700	141,550	144,700

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.

ACCOUNTING POLICY

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

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

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

NOTE 22

EQUITY

GENERAL EQUITY

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
GENERAL RESERVE				
Balance at the beginning of the year	323,167	305,156	346,680	328,153
Net surplus for the year	14,188	18,904	13,526	19,420
Transfer from assets revaluation reserve on disposal of property	(64)	–	(64)	–
Transfer from/ (to) research reinvestment reserve	52	(893)	52	(893)
Balance at the end of the year	337,343	323,167	360,194	346,680
RESEARCH REINVESTMENT RESERVE				
Balance at the beginning of the year	5,843	4,950	5,843	4,950
Transfer (to)/ from general equity	(52)	893	(52)	893
Balance at the end of the year	5,791	5,843	5,791	5,843
TOTAL GENERAL EQUITY	343,134	329,010	365,985	352,523

NOTE 22**EQUITY (continued)****REVALUATION RESERVES**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
ASSET REVALUATION RESERVE				
Land revaluation reserve				
Balance at the beginning of the year	87,861	73,140	87,861	73,140
Net revaluation movement in the year				
Crown-owned land	19,417	9,044	19,417	9,044
AUT-owned land	18,590	5,677	18,590	5,677
Transfers to general equity on disposal of property	64	-	64	-
Balance at the end of the year	125,932	87,861	125,932	87,861
BUILDINGS REVALUATION RESERVE				
Balance at the beginning of the year	157,907	122,228	157,907	122,228
Net revaluation movement in the year				
Crown-owned buildings	-	2,114	-	2,114
AUT-owned buildings	-	33,565	-	33,565
Impairment loss on revalued asset	(1,014)	-	(1,014)	-
Balance at the end of the year	156,893	157,907	156,893	157,907
Balance at the end of the year	282,825	245,768	282,825	245,768
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE				
Balance at the beginning of the year	(39)	(39)	127	(39)
Net fair value gains/(losses) in the year	-	-	625	166
Balance at the end of the year	(39)	(39)	752	127
CASH FLOW HEDGE RESERVE				
Balance at the beginning of the year	(129)	(50)	(129)	(50)
Net fair value gains/(losses) in the year	(492)	(79)	(492)	(79)
Balance at the end of the year	(621)	(129)	(621)	(129)
TOTAL REVALUATION RESERVES	282,165	245,600	282,956	245,766
TOTAL EQUITY	625,299	574,610	648,941	598,289

ACCOUNTING POLICY

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

General equity

- General reserve
- Research reinvestment reserve

NOTE 22

EQUITY (continued)

Revaluation reserve

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

Research reinvestment reserve

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

Asset revaluation reserve

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

Fair value through other comprehensive revenue and expense reserve

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

Cash flow hedge reserve

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

NOTE 23

RELATED PARTY TRANSACTIONS

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

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

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

KEY MANAGEMENT PERSONNEL COMPENSATION

	University		Consolidated	
	2017 Actual	2016 Actual	2017 Actual	2016 Actual
COUNCILLORS				
Remuneration (\$000s)	265	245	265	245
Full-time equivalent members	12	11	12	11
STRATEGIC LEADERSHIP TEAM, INCLUDING THE VICE-CHANCELLOR				
Remuneration (\$000s)	5,577	4,989	5,577	4,989
Full-time equivalent members	23	21	23	21
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION (\$000s)	5,842	5,234	5,842	5,234
TOTAL FULL-TIME EQUIVALENT MEMBERS	35	32	35	32

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 24

COUNCILLORS' FEES

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

	2017 Actual \$000s	2016 Actual \$000s
COUNCIL MEMBER		
P Alley	20	20
H Gaeta	20	20
S Hayman	20	20
L Henry*	20	20
U Ansell	20	20
L Lim	20	20
J Maasland	40	40
G Martin	20	-
J Schofield	20	20
S Stehlin	20	20
J Thompson	20	20
S Turner	25	25
TOTAL COUNCILLORS' FEES	265	245
NON-COUNCILLOR MEMBER OF COMMITTEES		
P Phillips	-	5
TOTAL FEES PAID TO NON-COUNCILLOR MEMBERS OF COMMITTEES	-	5

*L Henry is a Trustee of AUT Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2016: \$10,000) in relation to that position.

NOTE 25**RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Net surplus from operations	14,188	18,904	13,526	19,420
ADJUSTMENTS FOR ITEMS NOT INVOLVING CASH				
Depreciation, amortisation and impairment	48,085	42,666	48,085	42,666
Increase/(decrease) in employee entitlements – term portion	675	2,550	675	2,550
Increase/(decrease) in reinstatement provision	217	(195)	217	(195)
(Gain)/loss on foreign currency translation	55	263	55	266
(Gain)/loss on foreign exchange derivatives	(53)	(93)	(53)	(93)
Gain on finance lease termination	-	(2,261)	-	(2,261)
Share of associate's net deficit/(surplus)	-	-	3	(1,638)
Share of jointly-controlled entity's net deficit/(surplus)	-	-	857	1,097
TOTAL ITEMS NOT INVOLVING CASH	48,979	42,930	49,839	42,392
MOVEMENTS IN WORKING CAPITAL				
(Increase)/decrease in receivables	(36,816)	242	(36,762)	234
(Increase)/decrease in prepayments	(1,676)	373	(1,676)	373
(Increase)/decrease in inventories	(44)	-	(44)	-
Increase/(decrease) in payables	8,980	22,488	9,106	22,518
Increase/(decrease) in deferred revenue	35,576	(598)	35,576	(598)
Increase/(decrease) in current employee entitlements	8,444	(4,679)	8,444	(4,679)
TOTAL MOVEMENTS IN WORKING CAPITAL	14,464	17,826	14,644	17,848
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING ACTIVITIES				
Movement in capital creditors	(9,580)	(17,862)	(9,580)	(17,862)
(Gain)/ Loss on disposal of property, plant and equipment	(2,336)	2	(2,336)	2
Gain on disposal of other financial assets	-	-	-	(120)
Total items classified as investing activities	(11,916)	(17,860)	(11,916)	(17,980)
NET CASH FLOWS FROM OPERATING ACTIVITIES	65,715	61,800	66,093	61,680

NOTE 26

FINANCIAL INSTRUMENT

FINANCIAL INSTRUMENT CATEGORIES

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

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s

FINANCIAL ASSETS

LOANS AND RECEIVABLES

Cash and cash equivalents	301	10,847	1,996	12,967
Short-term investments	–	–	803	–
Receivables	43,899	7,083	43,991	7,216
TOTAL LOANS AND RECEIVABLES	44,200	17,930	46,790	20,183

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE

Other financial assets

Listed securities	1	1	1	1
Unlisted securities	191	191	982	357
TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE	192	192	983	358

FINANCIAL LIABILITIES

DERIVATIVES NOT DESIGNATED AS HEDGES

Forward foreign exchange contracts	16	69	16	69
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DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

Interest rate swap	620	128	620	128
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FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Payables	69,291	60,311	69,862	60,743
Borrowings	141,550	144,700	141,550	144,700
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	210,841	205,011	211,412	205,443

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

NOTE 26**FINANCIAL INSTRUMENT (continued)**

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			
	Total \$000s	Quoted market price \$000s	Observable inputs \$000s	Significant non- observable input \$000s
UNIVERSITY 2017				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	16	–	16	–
Interest rate swap –Cash flow hedges	620	–	620	–
CONSOLIDATED 2017				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	16	–	16	–
Interest rate swap –Cash flow hedges	620	–	620	–
UNIVERSITY 2016				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	69	–	69	–
Interest rate swap –Cash flow hedges	128	–	128	–
CONSOLIDATED 2016				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Forward foreign exchange contracts – Non-hedges	69	–	69	–
Interest rate swap –Cash flow hedges	128	–	128	–

NOTE 27

FINANCIAL INSTRUMENT RISKS

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

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

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

MARKET RISK

Interest rate risk

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

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

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

Currency risk

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

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

Price risk

Auckland University of Technology is exposed to equity securities price risk. This arises from investments held by the University and classified in the Statement of Financial Position either as financial assets at fair value through other comprehensive revenue and expense, or financial assets at fair value through surplus or deficit.

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

Credit risk

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

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

NOTE 27**FINANCIAL INSTRUMENT RISKS (continued)**

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

	University		Consolidated	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
Cash and cash equivalents	301	10,847	1,996	12,967
Short-term investments	–	–	803	–
Receivables	43,899	7,083	43,991	7,216
TOTAL CREDIT RISK	44,200	17,930	46,790	20,183

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	
	2017 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2016 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents				
AA–	301	10,847	1,996	12,967
TOTAL CASH AND CASH EQUIVALENTS	301	10,847	1,996	12,967
Short-term investments				
AA–	–	–	803	–
TOTAL SHORT-TERM INVESTMENTS	–	–	803	–

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 27**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 21).

Contractual maturity analysis of financial liabilities

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

	Carrying amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2017					
Payables	69,291	69,291	69,291	-	-
Net settled derivative liabilities	636	636	191	445	-
Finance leases	24,410	28,438	7,594	14,958	5,886
Borrowings	141,550	149,891	4,086	145,805	-
TOTAL	235,887	248,256	81,162	161,208	5,886

CONSOLIDATED 2017

Payables	69,862	69,862	69,862	-	-
Net settled derivative liabilities	636	636	191	445	-
Finance leases	24,410	28,438	7,594	14,958	5,886
Borrowings	141,550	149,891	4,086	145,805	-
TOTAL	236,458	248,827	81,733	161,208	5,886

UNIVERSITY 2016

Payables	60,311	60,311	60,311	-	-
Net settled derivative liabilities	197	197	69	128	-
Finance leases	26,458	31,166	7,451	15,005	8,710
Borrowings	144,700	156,626	4,085	152,541	-
TOTAL	231,666	248,300	71,916	167,674	8,710

CONSOLIDATED 2016

Payables	60,743	60,743	60,743	-	-
Net settled derivative liabilities	197	197	69	128	-
Finance leases	26,458	31,166	7,451	15,005	8,710
Borrowings	144,700	156,626	4,085	152,541	-
TOTAL	232,098	248,732	72,348	167,674	8,710

NOTE 27**FINANCIAL INSTRUMENT RISKS (continued)****Contractual maturity analysis of financial assets**

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

	Carrying amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2017					
Cash and cash equivalents	301	301	301	-	-
Short-term investments	-	-	-	-	-
Receivables	43,899	43,899	43,899	-	-
TOTAL	44,200	44,200	44,200	-	-

CONSOLIDATED 2017

Cash and cash equivalents	1,996	1,996	1,996	-	-
Short-term investments	803	803	803	-	-
Receivables	43,991	43,991	43,991	-	-
TOTAL	46,790	46,790	46,790	-	-

UNIVERSITY 2016

Cash and cash equivalents	10,847	10,847	10,847	-	-
Short-term investments	-	-	-	-	-
Receivables	7,083	7,083	7,083	-	-
TOTAL	17,930	17,930	17,930	-	-

CONSOLIDATED 2016

Cash and cash equivalents	12,967	12,967	12,967	-	-
Short-term investments	-	-	-	-	-
Receivables	7,216	7,216	7,216	-	-
TOTAL	20,183	20,183	20,183	-	-

NOTE 27**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.

2017	University				Consolidated			
	+100 bps		-100 bps		+100bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	3	-	(3)	-	20	-	(20)	-
Short-term investments	-	-	-	-	8	-	(8)	-
Financial liabilities								
Interest rate swaps	-	250	-	(250)	-	250	-	(250)
Borrowings	(156)	-	156	-	(156)	-	156	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	(153)	250	153	(250)	(128)	250	128	(250)

2017	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(15)	-	19	-	(17)	-	20	-
Receivables	(16)	-	19	-	(16)	-	19	-
Financial liabilities								
Payables	103	-	(126)	-	103	-	(126)	-
Forward foreign exchange contracts	(205)	-	251	-	(205)	-	251	-
TOTAL SENSITIVITY TO CURRENCY RISK	(133)	-	163	-	(135)	-	164	-

EQUITY PRICE RISK

Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
TOTAL SENSITIVITY TO EQUITY PRICE RISK	-	1	-	(1)	-	1	-	(1)

NOTE 27**FINANCIAL INSTRUMENT RISKS (continued)**

2016	University				Consolidated			
	+100 bps		-100 bps		+100bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	108	-	(108)	-	130	-	(130)	-
Short-term investments	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swaps	-	149	-	(149)	-	149	-	(149)
Borrowings	(377)	-	377	-	(377)	-	377	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	(269)	149	269	(149)	(247)	149	247	(149)

2016	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(289)	-	353	-	(289)	-	353	-
Receivables	(6)	-	8	-	(6)	-	8	-
Financial liabilities								
Payables	114	-	(139)	-	114	-	(139)	-
Forward foreign exchange contracts	(157)	-	192	-	(157)	-	192	-
TOTAL SENSITIVITY TO CURRENCY RISK	(338)	-	414	-	(338)	-	414	-

EQUITY PRICE RISK

Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
TOTAL SENSITIVITY TO EQUITY PRICE RISK	-	1	-	(1)	-	1	-	(1)

NOTE 27**FINANCIAL INSTRUMENT RISKS (continued)****EXPLANATION OF INTEREST RATE RISK SENSITIVITY**

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%. The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2016: -100bps/+100bps).

EXPLANATION OF CURRENCY RISK SENSITIVITY

The currency sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate. The sensitivity for foreign exchange derivatives has been calculated using a derivative valuation model based on movement in foreign exchange rates of -10%/+10% (2016: -10%/+10%).

EXPLANATION OF EQUITY PRICE RISK SENSITIVITY

The sensitivity for listed shares has been calculated based on a -10%/+10% (2016: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

NOTE 28**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 29**SEGMENTAL INFORMATION**

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

NOTE 30**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% (2016: 19%) of total revenue is derived from International student fees.

NOTE 31**CONTINGENCIES****CONTINGENT ASSETS**

There are no contingent assets as at 31 December 2017 (2016: Nil).

CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2017 (2016: Nil).

NOTE 32**EVENTS AFTER THE REPORTING PERIOD**

There are no material non-adjusting events after the reporting date.

NOTE 33**PRIOR PERIOD ADJUSTMENTS**

The University and Consolidated Group have adjusted the prior period comparative financial statements for the year ended 31 December 2016 for the correction of a prior period error.

In the prior period, approved funds from external research activities were transferred to Research Programme Accounts (RPA) and recorded as liabilities in the statement of financial position, on the basis that these approved funds were restricted for research purposes only and to recognise the reinvestment expenditure that will be incurred in future period on research activities.

During the current period, it has been determined that the RPA balance does not meet the definition of a liability and subsequently the balance has been reclassified to general equity as a research reinvestment reserve. The prior period comparative figures have been restated to incorporate the impact of this reclassification adjustment.

The reclassification adjustments are shown in the table below.

	2016 Actual (Previously reported) \$000s	Effect of Prior Period Adjustments \$000s	2016 Actual (Restated) \$000s
UNIVERSITY			
Statement of financial position			
Current liabilities – deferred revenue	50,066	(5,843)	44,223
Equity – general equity	323,167	5,843	329,010
Statement of Financial Performance			
Expenses – supplies and other costs	88,956	(893)	88,063
Statement of changes in equity			
Balance at 1 January 2016	500,435	4,950	505,385
Total comprehensive revenue	68,332	893	69,225
BALANCE AT 31 DECEMBER 2016	568,767	5,843	574,610
CONSOLIDATED			
Statement of financial position			
Current liabilities – deferred revenue	50,066	(5,843)	44,223
Equity – general equity	346,680	5,843	352,523
Statement of Financial Performance			
Expenses – supplies and other costs	89,434	(893)	88,541
Statement of changes in equity			
Balance at 1 January 2016	523,432	4,950	528,382
Total comprehensive revenue	69,014	893	69,907
BALANCE AT 31 DECEMBER 2016	592,446	5,843	598,289

The reclassification adjustment has resulted in a decrease in the supplies and other costs of \$0.83m for the year ended 31 December 2016, an increase in general equity and a decrease in deferred revenue of \$5.8m as at 31 December 2016

NOTE 34

EXPLANATION OF VARIANCES AGAINST BUDGET

The budget figures included in the financial statements are the budget figures for the University, approved by the Council of the Auckland University of Technology at the start of the financial year. The consolidated group budget figures have not been included in the financial statements as required by the Education Act 1989 on the basis that the consolidated group budget figures would not be materially different to the University budget figures presented.

Explanations for major variances against budget are as follows:

STATEMENT OF FINANCIAL PERFORMANCE

Government grants

Government grants were \$2.6 million ahead of budget, driven by additional funding for strong 2016 enrolments received from TEC in 2017.

Student-derived revenue

Student-derived revenue was \$7.3 million below budget due to budgeted growth in student numbers not occurring. Domestic enrolments were 1.6% below 2016 and 3.5% below budget. International enrolments were 3.1% below 2016 and 5.5% below budget.

Research revenue

Research grants recognised in 2017 were \$3.5 million above budget primarily due to higher than budgeted external research revenue occurring during the year.

Other revenue

Other revenue was \$3.8 million ahead of budget mainly as a result of higher non-operating income – a gain on sale of land.

Personnel costs

Personnel costs were \$4.8 million above budget mainly due to higher research salaries to support non-budgeted activity and increased employee leave entitlements.

Supplies and other costs

Supplies and other costs were \$2.2 million above budget mainly due to higher research activity.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents

Cash and cash equivalents were \$9.2 million below budget mainly due to a reduction in short-term bank deposits relating to the repayment of loan and finance lease payments.

Receivables

Receivables were \$35.8 million above budget mainly due to the earlier invoicing of 2018 student fees.

Prepayments

Prepayments were \$1.4 million above budget mainly due to library operating expenditure.

Non-current asset held for sale

Non-current asset held for sale of \$7.5 million, comprising land, was unbudgeted.

Property, plant and equipment

Property, plant and equipment were \$69.3 million above budget, mainly due to an unbudgeted \$38 million increase in the land revaluation, and higher capital expenditure accruals related to WIP buildings.

Payables

Payables were \$15.0 million above budget mainly due to higher capital expenditure related to work-in-progress buildings at year end.

Deferred revenue

Deferred revenue was \$34.7 million above budget mainly due to the timing of student fees invoices.

Employee entitlements

Total employee entitlements of \$32.7 million were \$12.4 million above budget, mainly due to the unbudgeted accrual of the January 2nd 2018 fortnightly pay. This was paid in 2018 but budgeted to be paid in 2017.

Finance lease borrowings

Total finance lease borrowings of \$24.4 million were \$1.2 million below budget mainly due to the termination of finance lease buildings for student accommodation at North Campus in 2016.

Bank borrowings

Bank borrowings were \$39.6 million below the budget at year end. This was mainly due to lower than budgeted operating and capital expenditure during the year and an unbudgeted land sale.

Revaluation reserves

Revaluation reserves were \$86.8 million above budget mainly due to a \$38.0 million increase in the revaluation of land in 2017 and \$50.3 million increase in land and buildings revaluation in 2016.

STATEMENT OF CASH FLOWS

The explanation for Bank borrowings above explains the Cash flow variances.



STATEMENT OF RESOURCES



LIBRARY

One of the Library's most successful initiatives for the year was Studio 55, an area for library users to test ideas, create, experiment, and learn through play. In the second semester, AUT alumnus Ryder Jones became Studio 55's first artist in residence. During his residency, Ryder produced a body of work inspired by light, conducted workshops for students, and concluded with an exhibition. These two initiatives reflect the Library's expanding contribution to the University as an innovative and flexible learning space.

To outline this changing role, the Library released its strategic document, *Directions to 2020*. This plan ensures the Library's aims are aligned with those of *AUT Directions*, fostering a culture of reflective, evidence-based practice, and building knowledge and skills in te reo and Mātauranga Māori.

To support students through their university studies, the Library implemented a course resources system that provides resources lists and enables copyright e-reporting. The new system is supported by videos and an app focussed on copyright issues. The use of established services and resources also increased, including a 12% increase for library guides and 13% for ebooks. The Library increased its use of social media platforms such as Instagram to connect with students.

As one of many ways the Library supports AUT's research activities, research consultations increased 9% from 2016 to 2017. There was a 17% increase in AUT-produced content on Scholarly Commons, the University's central research repository, and another 17% increase in page views. Tuwhera, AUT's open-access publishing platform, has grown from two peer-reviewed journals in 2016 to five in 2017 and now also hosts Scholarly Commons, which includes all AUT theses and dissertations, research outputs, and monographs.

Many Library staff continued their academic journeys with more than a third of staff undertaking further studies, demonstrating the Library's commitment to lifelong learning. Six staff attained qualifications, ranging from graduate diplomas through to doctorates. Another four staff attained Ako Aronui Higher Education Academy fellowships, including one senior fellowship. User experience methodologies were an important focus for staff development, with many staff members increasing their skills over the year.

INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

As outlined in *AUT Directions*, the University intends to build its position as New Zealand's university of technology. ICT Services will be central to achieving this aim by providing the platforms, resources, services, and training for staff and students to drive the University forward.

The Mana Hauora Building incorporates the latest technology and has received positive feedback from students. Students also welcomed the introduction of the award-winning Student Digital Workspace and made extensive use of the Lynda.com online learning platform. Some classroom technology was upgraded during the year to improve the learning experience, and more than 90% of student queries were resolved within the agreed timeframe. AUT also became one of the first Australasian universities to provide official academic documents online, through the My eEquals service.

Alongside supporting students, ICT Services also helps improve efficiency across the University. The three-year Information Management and Collaboration programme concluded during 2017. As a result of this programme, the University has new collaboration sites to replace manual processes for a range of activities including supporting research, Council elections, budget processes, and staff development, recognition and progression. New software was introduced to improve the speed and accuracy of EFTS forecasting processes, and the University also saved 20% on its printing costs through a new outsourcing relationship.

The 2017 Digital Day focussed on thriving in a digital world. It was again well attended, and all staff were invited to join a Digital Literacy programme. Yammer and Teams, the Office 365 social and collaborative tools, have been introduced to support staff engagement and cross-University projects. The University's cyber security was improved over the year, following a simulated cyber exercise with the emergency management team, and several educational campaigns focussed on phishing and other security issues.

Finally, we congratulate Liz Gosling, the Chief Information Officer (CIO), who was named one of the ten most innovative CIOs in New Zealand.



**Student Digital Workspace (SDW)
wins Microsoft Innovation and Excellence Award**

From left: Brett McCready, Joubert du Toit, Roy Cullum, Cliff Ashford, Inshi Sirithunga, Stephen McWilliams, Ian Birch

LAND AND BUILDINGS

AUT continues to improve the quality of its campuses and buildings in order to provide a vibrant and fit-for-purpose environment for students, staff and community partners. The highlight of 2017 was undoubtedly the opening of the Mana Hauora Building. MH provides an additional 9,800m² of space including lecture theatres, classrooms, staff offices, computer labs, and areas for events, collaborative learning and postgraduate students. Feedback from users has been positive and the new building provides the AUT South community with a wide variety of spaces to interact. There are additional unfinished areas for the University to expand as the campus continues to grow.

On City Campus, the construction of the Engineering, Technology and Design (ETD) Precinct continued throughout the year, to be ready for occupation during 2018. The ETD Precinct will be an educational tool in itself, providing practical examples of sustainable design and construction methods, glazed plant rooms displaying different mechanical systems, and exposed structural connections. It will house AUT's School of Engineering, Computer and Mathematical Sciences and will also include additional collaborative and informal learning spaces for students.

At North Campus, the new AUT Health building opened in the nearby NorthMed precinct, providing purpose-designed facilities for health science students to care for patients, alongside the North Campus' student health and wellbeing services. This move is part of a wider refurbishment plan for North Campus, which will provide new learning spaces, offices and science laboratories.

During 2017 AUT placed two properties up for sale: some additional land at South Campus, and the ADIS property adjoining the AUT Millennium site. The sales of both are well advanced and will release capital for the University to continue its developments.

AUT had a total land area of 29.8 hectares, and 222,500m² in buildings in 2017, compared with 33.1 ha and 208,000m² in 2016. The combined net book value of all AUT's land and buildings (owned by the University or the Crown) is \$697 million.



The Forum, Mana Hauora Building.

Photo by Zee Shake Lee



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