

AUCKLAND
UNIVERSITY
OF TECHNOLOGY

**ANNUAL REPORT
2014**



AUT
UNIVERSITY

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

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



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Exterior view Sir Paul Reeves building, level 3.
Image: Simon Devitt, Photographer

THE YEAR: 2014

CHANCELLOR'S FOREWORD



Kia ora tātou, and welcome to the Auckland University of Technology's 2014 Annual Report. The Annual Report is a record of the University's performance for 2014. It contains the University's financial statements and resource reports, as well as information about the services AUT provides, the graduates and research it produces, and the positive impacts it makes for its students, staff, and wider stakeholders.

This is an exciting time for AUT. The University is achieving significant growth in student numbers and is about to commence an extensive building programme to accommodate this growth and provide further world-class facilities for students and staff. AUT's goal is to be a university that has a profound and positive impact on Auckland, New Zealand, and the world. This impact is already evident in a number of areas. AUT is providing access to university education to more students than ever before with total student enrolments in 2014 being the highest in the University's history. Continuing the trend of previous years, a greater proportion of students are studying at degree and postgraduate level, and the University has been proactive in growing its international student cohort with more than 3,700 students from 90 countries choosing to study here. These are significant accomplishments, particularly in an ever tightening student market that has seen nearly all other New Zealand universities experience diminishing student numbers in 2014.

AUT's research performance continues to develop despite considerable competition for research funds within the sector. The University signed external research contracts with a total value of more than \$10 million, an increase of 7.6% on the previous year. Growth in external research income is becoming increasingly critical for New Zealand universities as this has a greater effect on the amount of Performance-Based Research Fund (PBRF) income received. A solid financial base is essential for any organisation to fulfil its vision and it is through careful management that AUT ends another year once again in a strong position with a net surplus of \$13.7 million.

AUT's capital development programme has received initial approval with the Ministry of Education granting statutory consent to borrow and credit facilities arranged with two banks for the next eight years. The planned building programme is extensive with investments of more than \$400 million over the University's three teaching campuses. Project planning is at an early concept stage with a focus on designing flexible teaching and learning spaces, attractive social and collaborative areas, and buildings that exhibit principles of environmental sustainability. Given the success

of AUT's most recent capital developments I am confident that each project will enhance the experience of students, staff and others who engage with the University.

Maximising the University's impact requires collaboration as active partnerships with a wide array of communities and stakeholders are pursued. Better university engagement with industry and enterprise brings multiple benefits to both parties and to the New Zealand economy. It is an area where AUT is growing, as evidenced by the increase in the value of commercial contracts signed in 2014 which were more than double that of the previous year. Direct engagement with industry, through fostering partnerships and joint projects that encourage knowledge exchange and generate additional income and resources, remains a priority to ensure AUT's continued growth and impact in the future.

Finally, I would like to acknowledge and congratulate two exceptional members of the AUT community. Council was proud to make Dr John Hinchcliff the first ever Emeritus Vice-Chancellor of AUT University, thus ensuring his vision, passion and leadership in transitioning this organisation into becoming a university in 2000 will always be recognised and remembered. The title is without precedent in New Zealand, which is appropriate given the unique contribution Dr Hinchcliff has made to education in this country. In another well-deserved honour, Sir Graeme Avery, Chair of AUT Millennium, was inducted into the New Zealand Business Hall of Fame. The citation acknowledged Sir Graeme's role as a significant supporter of sport in New Zealand and his leading role in the creation of the Millennium Institute of Sport and Health from which AUT Millennium was born. The award capped a remarkable year in which he was also named a Knight Companion of the New Zealand Order of Merit.

On behalf of Council, I congratulate Vice-Chancellor Derek McCormack and his senior leadership team for the achievements outlined in this Annual Report. I would like to thank all members of Council for their contributions to the success of AUT this year. There is much to be proud of as an organisation and more to look forward to as the University continues to grow in upcoming years.

A handwritten signature in black ink, which appears to read 'John Maasland'.

John Maasland
Chancellor

THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2014

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

Chancellor	John Maasland MA, FIOD Appointed by Auckland University of Technology Council
Pro-Chancellor	Lex Henry LLB Appointed by the Minister of Education
Secretary to Council	Dr Andrea Vujnovich LLB (Hons), MSc (Hons), PhD <i>Auckland</i> General Counsel and Director of Governance
Members	Dr Pat Alley MBChB, FRACS, Dip Prof Ethics Appointed by Auckland University of Technology Council (after consultation with the Council of Trade Unions) Urshula Ansell Appointed by the Auckland Student Movement at Auckland University of Technology Greg Campbell BCom (Hons) Appointed by the Minister of Education Dr Henry Duncan BSc, MS, PhD <i>UCLA</i> , Dip Tchg Appointed from the nominations of Auckland University of Technology Academic Board Sophie Hayman BA (Hons), PgDipArts, PGCE Elected by the allied staff of Auckland University of Technology Lyn Lim LLB (Hons) Appointed by the Minister of Education Derek McCormack MSc, Dip Tchg Vice-Chancellor of Auckland University of Technology Professor Kathryn McPherson RN, RM, DipHV, BA (Hons), PhD <i>Edinburgh</i> Elected by the academic staff of Auckland University of Technology April Pokino Appointed by the Auckland Student Movement at Auckland University of Technology James Schofield BCom, MSc (Econ), FCA Co-opted member Stephen Stehlin BA Appointed by Auckland University of Technology Council (after consultation with Pacific Island organisations and communities of New Zealand) Judith Thompson BSocSc, MMgt Appointed by the Minister of Education

VICE-CHANCELLOR'S REPORT



INTRODUCTION

2014 was a successful year for AUT with student enrolments growing to record levels, particularly through increases in postgraduate and international numbers, and we graduated more students than ever before. Some of our most skilled and innovative teachers and researchers received recognition with prestigious awards both nationally and internationally. The diversity of our industry engagement continues to be a real strength of AUT, whether it be in the area of student placements, research or consulting.

With funding for growth at AUT South Campus confirmed by Government, we advanced our work to expand the campus in its Stage Two development as part of our goal to give greater access to higher education across the Auckland region. The number of students studying at South Campus increased by 48% and reached close to 1,100 EFTS, and subject options were extended. Changes to make the campus and grounds more open and welcoming were completed and construction has begun for the first stage of building expansion to accommodate future student growth. We now turn our focus to investing in the major capital works that will reshape the campus for much greater student participation, and will create a strong community presence that promotes the economic, social, and cultural benefits of university education and research to the region.

2014 also marked the midway point of the period covered by AUT's *Strategic Plan 2012-2016*. The *Strategic Plan* outlines our shared purposes and aims as a university through the lens of five strategic themes: learning and teaching; research and scholarship; staff; engagement with communities; and continuous development and capacity building. Excellence in each of these five areas is the cornerstone of our success; outlined below are some of the specific highlights for each area for 2014.

LEARNING AND TEACHING

AUT achieved strong growth in enrolments in 2014 with a total of 19,582 EFTS, surpassing last year's record total by more than 400 EFTS. Postgraduate EFTS grew by 11 percent and International EFTS by two percent from 2013. There were 7,414 graduates from AUT in 2014 – the largest group in the University's history.

Our support of pedagogical innovation and curriculum development across the University was reflected in the growth of the Learning & Teaching Development Fund.

The purpose of the Fund is to increase student engagement and enhance innovation in learning. Overall, 60 projects were completed in 2014, representing a significant increase from 34 projects in 2013. More than 150 staff were involved, with consequent benefits to thousands of students.

As part of a commitment to excellent outcomes in learning and teaching, the Science, Technology, Engineering and Mathematics Tertiary Education Centre (STEM-TEC) was launched. As the only centre of its kind in the country, STEM-TEC's mission is to increase the number and quality of New Zealand STEM graduates by undertaking high quality research that leads to better teaching across the tertiary sector.

We are proud of the quality and success of our students and graduates. AUT students were recognised for the quality of their work in 2014, winning events as diverse as the Auckland Startup Weekend, the Chartered Financial Analyst Institute Research Challenge, and the Ossie Awards for Journalism Education and Research. AUT advertising creativity graduates won a total of 65 awards – the highest ever – at the annual Axis Awards which celebrate New Zealand's best creative advertising work.

Finally, we were delighted as the Woolf Fisher Trust agreed to fund scholarships for new AUT students who are the first in their family to go to university. This generous commitment of more than \$2 million over the next decade supports the University's work with students who might not otherwise gain the benefit of a university education.

RESEARCH AND SCHOLARSHIP

Over the last decade AUT has made major advances in building credibility as a research-active university. The University attracts top international researchers and has established strong postgraduate enrolments, with 696 enrolled doctoral candidates in 2014. We are home to individuals and research groups who have excellent research reputations at national and international levels, who are producing innovative and ground-breaking research with tangible economic and social benefits. One notable example is Professor Valery Feigin's *Stroke Riskometer*. Launched in 2013, this app which calculates an individual's stroke risk was endorsed in 2014 by both the World Federation of Neurology and the International Association of Neurology and Epidemiology. Professor Feigin was also awarded the World Stroke Organization's President's Award for Contribution to Clinical Stroke Research.

AUT is investing more than ever before to further develop research capacity. In 2014 the Strategic Research Investment Fund was introduced to provide funding for multi-disciplinary projects that have external partners and are in areas of strategic importance. In total more than \$1.7 million was allocated to support collaborative, interdisciplinary projects that have the potential to bring national and international recognition to the University. There were a number of other new developments that will support substantial research in the coming years. Examples include the 'first light' of the 30 metre radio telescope at the Warkworth site of the Institute for Radio Astronomy and Space Research, which will make AUT a significant contributor to international space research, and the launch of the Centre for eHealth, which will see AUT researchers working with industry partners in the health sector in order to meet the growing demand worldwide for eHealth tools and expertise.

STAFF

We celebrated some outstanding staff achievements in 2014. Dr John Hinchcliff, AUT's inaugural Vice-Chancellor (2000–2004), was formally honoured as Vice-Chancellor Emeritus of AUT, as the AUT Council recognised his special place in the University's history. It was through Dr Hinchcliff's vision and leadership that AUT was transformed from a technical institute with a long and proud history of providing vocational education into a vibrant new university. AUT's dramatic growth in research activity, and huge increase in the provision of undergraduate and postgraduate programmes all stem from this action, and the benefits to students, staff, and New Zealand as a whole, have been increasingly evident over the past decade and a half. The new title is thoroughly deserved and I congratulate Dr Hinchcliff on this unique honour.

The 2014 AUT University Medal was awarded to Professor Marilyn Waring at the Vice-Chancellor's Academic Excellence Awards. The Medal recognises sustained and outstanding contribution to the academic development and reputation of the University. Professor Waring also received the New Zealand Institute of Economic Research Economics Award, awarded for "outstanding contributions to the advancement of economics and its applications in New Zealand." Professor Elaine Rush was admitted as a member of the New Zealand Order of Merit in the Queen's Birthday Honours in recognition of her services to health. Andy Ballard, a senior lecturer in Management in the Faculty of Business and Law, was acknowledged as one of New Zealand's finest tertiary teachers, winning a Tertiary Teaching Excellence Award in the Tertiary Teaching Awards administered by Ako Aotearoa.

In the QS World University Rankings by Subject, AUT's Business School placed in the top 100 universities in the world for Accounting and Finance. Being ranked among the top schools in Asia, Europe, the UK and the US is a significant result, with the 2014 ranking representing a steady rise in the profile and research achievements of our Business School's Accounting and Finance disciplines – from their placing in the top 200 in 2011 and the top 150 in 2013. Other staff highlights included AUT winning the Supreme Award at the Microsoft Tertiary ICT Awards, recognising the work done by Strategy and Planning and ICT Services for the in-house development of the Schools' Scorecard. The Schools' Scorecard reports on performance against a number of key measures for the University's success.

Befitting AUT's ambition to be an inclusive organisation, we became the first tertiary provider in New Zealand to gain the Rainbow Tick, joining just six other corporations and organisations – all major – that have it so far. The Rainbow Tick recognises organisations that are safe and welcoming places of work for people of diverse gender identity and sexual orientation.

ENGAGEMENT WITH COMMUNITIES

AUT continued to grow its network of relationships, thereby increasing our capacity to contribute to the wellbeing and development of Auckland and New Zealand. 2014 saw the launch of The Briefing, a network of senior New Zealand business people which aims to equip business leaders with the skills to transform their organisations. It is jointly funded and run by ASB, AUT, Spark, and Idealog. The AUT Roche Diagnostics Laboratory, the first of its kind in New Zealand, was opened to provide our students with real world learning opportunities through access to the latest scientific evaluations in chemistry, immunology, and haematology, used in the health industry. The partnership between AUT and Roche Diagnostics exemplifies the University's goal of conducting productive research in collaboration with industry and the attendant benefits for our students.

In 2014 AUT established a pilot project to increase the University's industry partnerships and to encourage entrepreneurship among staff and students. An initial stocktake showed that AUT staff and students undertake a significant amount of engagement in order to develop course content, inform teaching methodologies, and undertake real world research projects. A better understanding of all these activities will enable AUT to enhance the way we value and support the outstanding work our staff and students do in this area.

In the longer term, AUT will be able to demonstrate, with evidence, its effectiveness in working with industry to students, employers, government funding agencies, international ranking agencies, and the New Zealand public.

AUT's aim to strengthen its contribution to Māori advancement through education was expressed through initiatives such as He Huatau Auaha and Te Whanake. He Huatau Auaha, the biennial National Creative Writing Competition developed and sponsored by AUT, was offered to writers of te reo Māori between the ages of 6 and 18 years with the competition proving even more popular than in 2012. Te Whanake, released by Te Ipukarea – the National Māori Language Institute at AUT, is a rich source of learning resources and the most comprehensive Māori language app to date. He Huatau Auaha and Te Whanake are important ventures for AUT as they encourage and promote writing and scholarship in te reo Māori, highlighting AUT's commitment to the survival of the language.

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

AUT continued to perform well financially, once again achieving all its financial targets and covenants by a comfortable margin and increasing revenue by close to \$15 million. This allowed the University to post a net surplus of nearly \$14 million and to reduce its total debt to \$71 million, well below the targeted level for the year.

There were some important campus developments in 2014, as well as planning for an extensive building programme over the next decade. At South Campus, a retrofit of the MA building was completed and construction of a modular unit complex is due for completion in time for Semester One 2015. Known as the Mod Quad, this project addresses the need for flexible spaces with multiple uses and will support the campus through the next phase of EFTS growth to 2017. At AUT Millennium we purchased the ADIS block adjoining the current AUT/Millennium Ownership Trust properties. The site is substantial, consisting of 20,172sqm of freehold land with 4,037sqm of buildings, thereby future-proofing New Zealand's premier sports science research facility.

The Sir Paul Reeves Building continued to receive recognition for the quality of its design and architecture. At the New Zealand Institute of Architects (NZIA) Awards the building won the best architecture awards in the categories of Education and Planning & Urban Design.

In addition, AUT received an NZIA President's Award which reflects the superb work of staff throughout the University. The citation commended the development of AUT's campuses as "one of Auckland's most significant architectural projects", noted the architectural merit of our recent buildings and the contribution they have made to the University and the wider city, and applauded "the informed and ambitious approach to architecture" that we have pursued.

AUT strives to provide a safe environment for its students in which to study, learn and live. As part of that commitment, we offered students living in our residential accommodation a 24/7 personal safety service, free of charge. The 2Life personal safety smartphone app provides students with immediate assistance, anywhere in New Zealand where there is cellular coverage. Users are linked to call centre operators who will know the caller's location, can initiate communication, and get them the help required. We believe this is a world first which will help make New Zealand a safer place for students.

CONCLUSION

I would like to formally thank Chancellor John Maasland and the AUT Council for their ongoing support and guidance. The University is a large and complex organisation with objectives that are ambitious and multi-faceted. As such, the commitment of Council to providing wise governance is invaluable. I also want to acknowledge the Senior Leadership Team for their dedicated service, and the contribution of the Auckland Student Movement @ AUT (AuSM), and their President April Pokino and Vice-President Urshula Ansell.

This Annual Report shows that we have achieved much as an organisation over the past year. It also allows us to focus on what is still to be achieved as we aspire to greater heights together. It is my hope that all staff realise the important contribution they make to the success of the University, and that they are proud, as I am, of all that the University stands for. We define ourselves as the University for the changing world; I look forward to continuing to work together with all staff towards further success as an innovative, creative and energetic organisation.



Derek McCormack
Vice-Chancellor

OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2014

The Vice-Chancellor heads AUT University and its Senior Leadership Team, which is made up of Deans of faculties, Pro Vice-Chancellors, Heads of Groups, and the Vice-Chancellor's department staff in the areas of audit, legal and strategy. The Officers' areas of responsibility include ensuring that the University is well managed, academic standards are maintained, the various needs of the University's stakeholders (students, staff, Ministry of Education, Māori, Pacific, employers and local communities) are met, and strategic direction for the University is provided.

Vice-Chancellor

Derek McCormack MSc, Dip Tchg

Deputy Vice-Chancellor

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

Pro Vice-Chancellors and Deans

Pro Vice-Chancellor
Dean, Faculty of Business and Law

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

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

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

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

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

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

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

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

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

Pro Vice-Chancellor (Research and Innovation)

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

Pro Vice-Chancellor

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

Pro Vice-Chancellor

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

Heads of Groups

Corporate Development & Support
General Counsel & Director of Governance

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

Finance & Infrastructure

Lyle Williams BCom, CA

Strategy & Stakeholder Relations

Jenny Bygrave LLB, MEdAdmin (Hons)

Head of Pacific Advancement

Walter Fraser BA, PGDipCom

Head of the Vice-Chancellor's Office

Dr Andrew Codling BSc (Hons), MSc, MEdAdmin, EdD *New England*

Internal Auditor

Alastair Burrows CFIIA, AIIA (NZ)

Auditor

Audit New Zealand on behalf of the Auditor-General

Bankers

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

ABOUT AUT

Auckland University of Technology was established on 1 January 2000, becoming New Zealand's eighth university. Although a relatively young university, it draws on a proud, century-long history of providing vocational education geared to the needs of Auckland residents, employers and businesses. The values established during those early days as the Auckland Technical College continue to influence AUT today, creating an institution unique amongst New Zealand's universities.

Today, AUT is the University for the changing world. Responsive, contemporary and engaged, its heritage is reflected in its core activities: delivering advanced education that produces sought-after graduates; conducting research with impact; building partnerships and creating knowledge exchange with business, industry and the community; and being a catalyst for community transformation through wider participation in higher education. The University values the pursuit of excellence through creativity, curiosity and critical enquiry, conducting its activities with integrity, respect and compassion. Taken together, this underlying ethos drives AUT to be an increasingly powerful force for learning and discovery, promoting the wellbeing of people and their environments, both in New Zealand and beyond.

Each of AUT's campuses has a distinct character, reflective of its environment and mix of students and programmes. In the heart of Auckland's CBD, the City Campus serves over 13,000 students studying a range of disciplines, amongst them design, engineering, business, Māori development, hospitality, languages and communications. The North Shore Campus is the home of health sciences and education; the adjunct AUT Millennium is a specialist sports sciences facility conducting leading research on enhancing the performance of elite athletes. AUT South Campus was established in 2010 and is the University's largest venture to date, with plans to expand its provision to more than 4,000 undergraduate and postgraduate EFTS by 2020. The campus offers new opportunities for the development of innovative curricula structured to be responsive to the needs of the region's business, industry, schools and community groups.

STRATEGIC DIRECTION

Now in its second decade, AUT's roadmap for continued development is outlined in the *Strategic Plan 2012–2016*. The *Strategic Plan* celebrates AUT as a collegial, inclusive and diverse institution, engaged with issues of national and international importance. To enhance this culture and deepen the University's impact, it presents a series of objectives to guide decision-making. The objectives are grouped under five themes, representing the key activities that meet AUT's strategic direction and fulfil government priorities. The themes and their associated objectives are:

LEARNING AND TEACHING

- provide an enriched and rewarding student experience
- provide a relevant, high quality curriculum
- advance educational opportunities and success in the diverse communities of Auckland and New Zealand
- grow postgraduate programmes

RESEARCH AND SCHOLARSHIP

- create a vibrant academic learning community
- grow national and international research impact

STAFF

- ensure the University is a vibrant, achievement-oriented and rewarding place to work
- grow the University's capability and performance

ENGAGEMENT WITH COMMUNITIES

- contribute to the social, cultural, environmental and economic wellbeing and development of Auckland and New Zealand
- promote individual and community transformation through education
- promote Māori potential and educational success
- promote the advancement of Pacific peoples

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

- ensure the University's enduring viability
- ensure the University's facilities, technology and infrastructure create a vibrant environment for teaching, learning, research and administration
- build the University's reputation for the benefit of students, staff and the community

To achieve these objectives, the University adopted a series of levers for change, which were then translated into key performance indicators in the *Investment Plan 2013–2015*. The Outcomes Framework demonstrates how these levers influence the University's key outputs, which in turn contribute to the five impacts made by the University.

These impacts are:

- excellent scholars and sought-after graduates;
- research that inspires curiosity, advances knowledge and benefits communities;
- wider participation and success in education;
- educated citizens igniting change in their communities; and
- a stronger reputation for AUT.

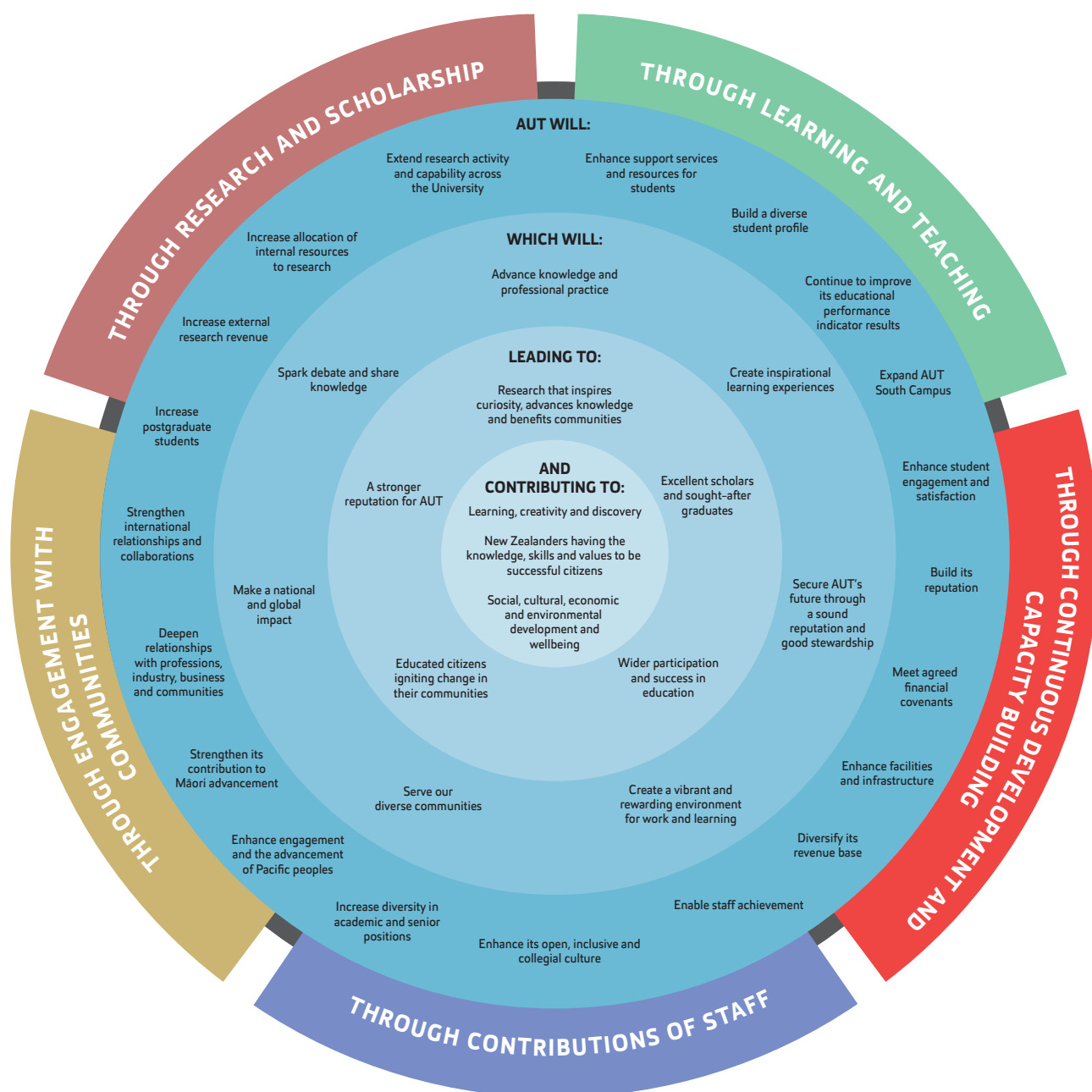
These impacts then contribute to three outcomes that will help New Zealand achieve its economic, socio-cultural and environmental goals.

These outcomes are:

- learning, creativity and discovery;
- New Zealanders having the knowledge, skills and values to be successful citizens; and
- cultural, social, economic and environmental development and wellbeing.

The following schematic depicts how the University's resources, processes and activities feed into these overarching outcomes, and provides a structure for reporting on the University's medium-term goals and annual performance through its Statement of Service Performance.

AUCKLAND UNIVERSITY OF TECHNOLOGY'S OUTCOMES FRAMEWORK



KEY FACTS AND FIGURES

ALL EFTS

EFTS¹	2014 Budget	2014 Actual	2013 Actual	2012 Actual
Domestic SAC-funded EFTS	15,862	15,671	15,399	15,463
International EFTS receiving SAC funding ²	187	264	234	201
Total SAC-funded EFTS	16,049	15,935	15,633	15,664
International EFTS	2,601	2,660	2,599	2,506
Other Domestic EFTS	30	170	173	205
Other International EFTS	125	632	502	447
Non EFTS	0	52	39	52
Total programme EFTS	18,805	19,449	18,946	18,874
AUT International House	0	133	232	283
Total EFTS	18,805	19,582	19,178	19,157
Total number of students		28,314	27,299	26,787

EFTS BY QUALIFICATION TYPE

	2014		2013		2012	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
SAC-funded EFTS						
Postgraduate	2,051	13%	1,843	12%	1,784	11%
Bachelor degree and graduate programme	12,656	79%	12,234	78%	12,063	77%
Diploma and certificate	1,228	8%	1,556	10%	1,815	12%
Not categorised	–	–	–	–	2	<1%
Total SAC-funded EFTS	15,935	100%	15,633	100%	15,664	100%
International EFTS						
Postgraduate	678	25%	622	24%	518	21%
Bachelor degree and graduate programme	1,850	70%	1,805	69%	1,788	71%
Diploma and certificate	132	5%	172	7%	200	8%
Total International EFTS	2,660	100%	2,599	100%	2,506	100%

¹ AUT changed the way EFTS are categorised in 2014, to more accurately reflect different student groups and their funding sources. Previous years' EFTS are shown using the new format

² 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)

DOMESTIC SAC-FUNDED STUDENTS³

	2014		2013		2012	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Students by ethnicity⁴						
Asian	5,104	24%	5,094	24%	5,275	25%
Māori	2,136	10%	2,100	10%	1,983	10%
New Zealand European/Pākehā	9,110	44%	9,033	43%	8,796	42%
Pacific	2,816	13%	2,710	13%	2,653	13%
Other	1,630	8%	1,791	9%	1,857	9%
Non-declared	196	1%	188	1%	246	1%
Students by mode of study						
Full-time	14,606	70%	14,200	68%	14,356	69%
Part-time	6,386	30%	6,716	32%	6,454	31%
Students by age						
Under 25 years	13,913	66%	13,659	65%	13,341	64%
25–39 years	4,816	23%	4,974	24%	5,151	25%
40+ years	2,263	11%	2,283	11%	2,318	11%
Students by gender						
Female	12,758	61%	12,632	60%	12,635	61%
Male	8,234	39%	8,284	40%	8,175	39%

INTERNATIONAL STUDENTS

International students were enrolled from 90 countries. The top ten are listed below.

	2014		2013
	Numbers	Percentage	Percentage
China	1,768	48%	43%
India	370	10%	11%
Vietnam	186	5%	6%
Saudi Arabia	169	5%	5%
South Korea	167	4%	5%
Malaysia	93	2%	2%
Russia	73	2%	2%
Taiwan	67	2%	2%
Hong Kong	66	2%	2%
United States of America	54	1%	2%
Other (80 countries)	696	19%	20%
Total International students⁵	3,709	100%	100%

³ As part of the reclassification of EFTS categories, International SAC-funded EFTS (relating to diplomatic staff and families, and French and German postgraduate students) have been removed from this section. Results for previous years have been restated accordingly

⁴ Based on students' primary self-selected ethnicity

⁵ This includes International students that are SAC-funded

QUALIFICATIONS AWARDED

	2014	2013	2012
Doctorates	87	70	68
Masters	657	634	635
Honours, Postgraduate Diplomas and Postgraduate Certificates	871	822	784
Degrees, Graduate Diplomas and Graduate Certificates	4,158	4,002	3,858
Diplomas	425	463	627
Certificates	1,435	1,337	1,468
Total qualifications awarded	7,633	7,328	7,440

KEY FACTS BY FACULTY

EFTS	Business and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Enrolments												
SAC-funded EFTS	3,299	3,353	3,084	3,288	4,052	3,820	4,842	4,618	50	35	608	519
International EFTS	1,173	1,211	451	423	752	692	271	264	1	–	12	9
Other EFTS	272	211	59	47	223	172	158	151	–	–	142	133
Total programme EFTS	4,744	4,775	3,594	3,758	5,027	4,684	5,271	5,033	51	35	762	661
Taught EFTS	4,738	4,882	3,596	3,648	5,417	5,043	5,418	5,121	279	248	135	4

RESEARCH AND COST OF SERVICE	Business and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama	
	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual	2014 Actual	2013 Actual
Student:academic staff ratio	26.0:1	26.9:1	17.8:1	17.9:1	18.2:1	17.6:1	14.4:1	14.1:1	11.9:1	12.7:1
MoE bulk-funded taught EFTS	4,576	4,727	3,381	3,507	5,145	4,828	5,222	4,929	269	241
Research										
Research outputs ⁶	428	290	651	399	734	781	943	894	37	69
External grants	\$272,965	\$313,655	\$115,970	\$208,904	\$2,049,626	\$1,274,146	\$7,859,705	\$7,826,475	\$2,682	–
Financial \$000s										
Faculty costs	31,193	30,597	25,539	25,954	39,600	38,276	39,362	37,167	2,605	2,450
Administrative costs	21,562	21,154	17,639	18,448	35,164	32,437	29,311	28,338	1,334	1,321
Total costs	52,755	51,751	43,178	44,402	74,764	70,713	68,673	65,505	3,939	3,771
Less recoveries	278	233	2,823	3,097	265	412	153	22	138	250
Net cost of service	52,477	51,518	40,355	41,305	74,499	70,301	68,520	65,483	3,801	3,521
Net cost of service per EFTS	\$11,468	\$10,899	\$11,936	\$11,778	\$14,480	\$14,561	\$13,121	\$13,285	\$14,131	\$14,610

6 These figures count verified research outputs. Where there are multiple AUT authors in more than one faculty, an output is counted once per faculty. The University total of distinct, verified research outputs was 2,507 for 2014. KPI 4.1 reports peer-reviewed research outputs only

STAFF

For the year ended 31 December 2014

Faculties	2014			2013		
	Academic	Admin	Total	Academic	Admin	Total
Business and Law	176	73	249	176	69	245
Culture and Society	190	75	265	196	68	264
Design and Creative Technologies	282	106	388	274	101	375
Health and Environmental Sciences	363	123	486	349	116	465
Te Ara Poutama	23	3	26	19	4	23
Total faculty FTE	1,034	380	1,414	1,014	358	1,372
Total central administration services FTE	49	741	790	44	727	771
Total University FTE	1,083	1,121	2,204	1,058	1,085	2,143

FINANCIAL REVIEW

For the year ended 31 December 2014

KEY FINANCIAL INDICATORS

Operations

Total revenue

Total expenses before finance costs

Surplus before finance costs

Finance costs

Interest on borrowings

Finance charges on finance leases

Total finance costs

Total expenses

Net surplus

Cash flows

Operating cash receipts

Operating cash payments

Net cash flows

Property, plant and equipment – net book value

Debt

Bank borrowings – current

Bank borrowings – term

Finance leases – current

Finance leases – term

Total debt

Equity

Operating ratios

Net surplus/revenue

Cash ratio

Interest cover ratio

Liquidity ratio

Capital ratios

Debt cover ratio

Debt/debt + equity

Debt/total revenue ratio

University

2014 Actual	2014 Budget	2013 Actual
\$000s	\$000s	\$000s
341,163	337,295	327,076
325,072	323,983	310,144
16,091	13,312	16,932
504	1,275	1,040
1,835	1,824	1,951
2,339	3,099	2,991
327,411	327,082	313,135
13,752	10,213	13,941
351,052	341,266	336,954
288,776	287,644	273,651
62,276	53,622	63,303
600,304	557,947	578,875
–	–	43,320
34,300	58,358	–
6,250	3,986	4,868
30,981	31,903	31,153
71,531	94,247	79,341
460,066	414,988	434,629
4.0%	3.0%	4.3%
122%	119%	123%
6.88	4.30	5.66
28%	15%	12%
1.15	1.76	1.25
13%	19%	15%
21%	28%	24%

STATEMENT OF RESPONSIBILITY

For the year ended 31 December 2014

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 2014 and the results of the operations for the year ended 31 December 2014.



John Maasland
Chancellor



Derek McCormack
Vice-Chancellor

30 March 2015

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and Group's financial statements and non-financial performance information for the year ended 31 December 2014

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

We have audited:

- the financial statements of the University and Group on pages 60 to 109, that comprise the balance sheet as at 31 December 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and Group in the statement of service performance on pages 23 to 55.

OPINION

In our opinion:

- the financial statements of the University and Group on pages 60 to 109:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and Group's:
 - financial position as at 31 December 2014; and
 - financial performance and cash flows for the year ended on that date;
- the non-financial performance information of the University and Group on pages 23 to 55 fairly reflects the University and Group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2014.

Our audit was completed on 31 March 2015. This is the date at which our opinion is expressed.

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

BASIS OF OPINION

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

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

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

An audit also involves evaluating:

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

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

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

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing non-financial performance information that fairly reflects the University and Group's service performance achievements measured against the performance targets adopted in the investment plan.

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

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

RESPONSIBILITIES OF THE AUDITOR

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

INDEPENDENCE

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

Other than the audit, the performance-based research funding external research income engagement and the audits of the Group subsidiaries, we have no relationship with or interests in the University or any of its subsidiaries.



Leon Pieterse

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



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

Image: Simon Devitt, Photographer

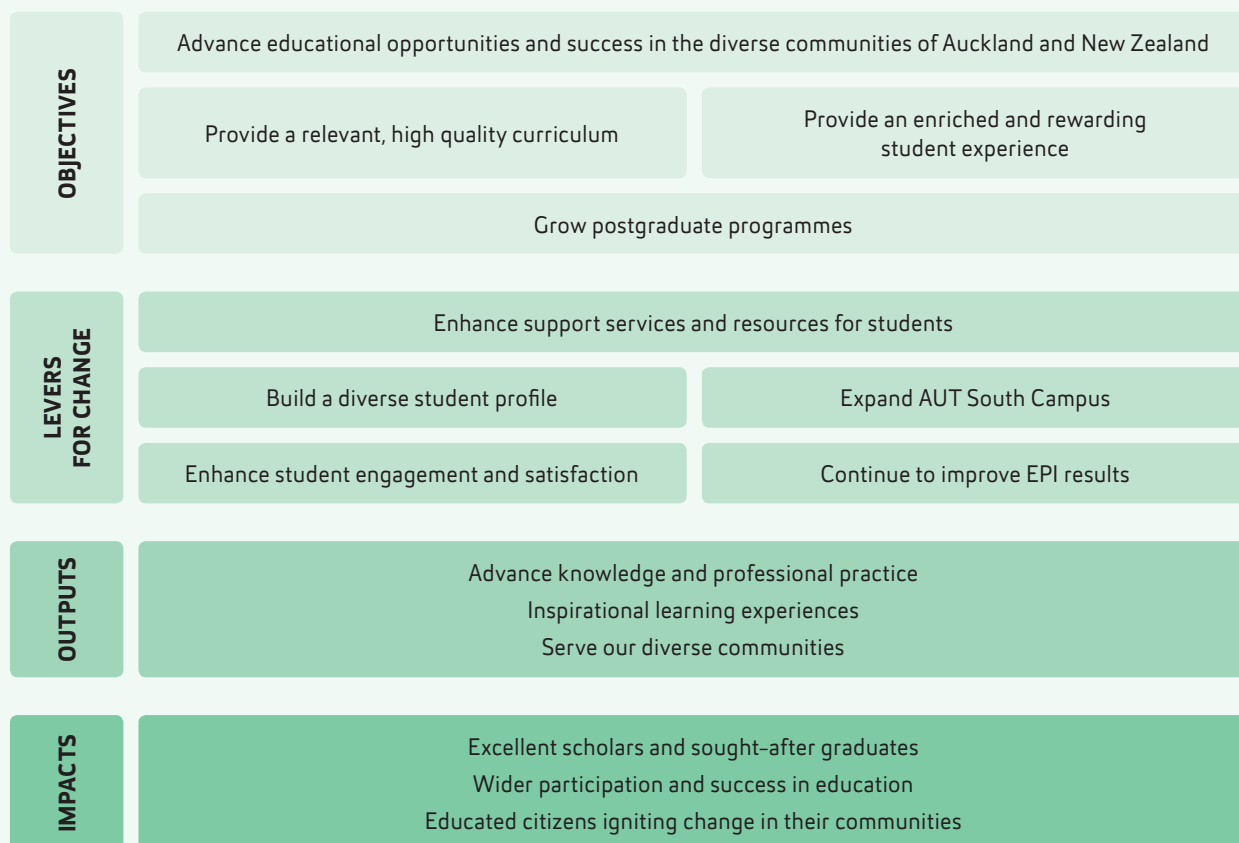
STATEMENT OF SERVICE PERFORMANCE

The following Statement of Service Performance contains information on the University's levers for change and KPIs. This documents the services provided by AUT to meet stakeholder needs and to ensure the intent of the *Strategic Plan* is fulfilled. For an overall view of the performance of the University, the Statement of Service Performance section must be read in conjunction with the section entitled '*The Year: 2014*'.





LEARNING AND TEACHING



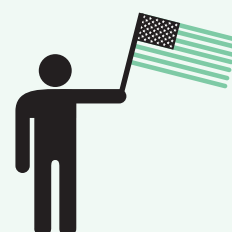
recommend AUT



2014 graduates



available graduates
employed full-time



9 AUT InterNZ in the USA



EFTS South Campus



new 'Woolf Fisher
First-in-Family
AUT scholarship'



AUT BCIS students win
Auckland Startup Weekend



Axis Awards for AUT
graduates

PERFORMANCE MEASURES

Student profile

1. Build a diverse student profile by 2016 that has:

Key performance indicators

		Target 2014	Actual 2014	Actual 2013	Actual 2012
1.1	more than 90% of EFTS in degree and postgraduate qualifications	>90%	92%	90%	88%
1.2	more than 15% of EFTS in postgraduate study	14–15%	15%	14%	13%
1.3	an increased number of research EFTS	620–645	764	671	593
1.4	an increased number of doctoral students (distinct students)	650	696	627	555*

* This KPI now includes students with approved extensions. Results for 2012 have been updated accordingly.

Achieved

AUT continues to encourage students towards higher levels of education. This has resulted in the trends of a higher proportion of students in degree level study or above, and more students undertaking research. The growth in research EFTS and doctoral student numbers supports the University's goal of creating a vibrant learning community through research, and increasing its national and international research impact.

Learning experience

- 2.1 Improve the University's performance in the national educational performance indicators (EPI) results by 2016.

	Provisional 2014*	Actual 2013	Provisional 2013	Actual 2012
Successful course completion rate	83.5%	84.3%	82.9%	84.1%
Qualification completion rate	78.6%	79.2%	79.1%	74.7%
Student progression rate (Levels 3–4 only)	80.9%	83.0%	82.8%	85.0%
Student retention rate	83.6%	83.1%	82.9%	81.3%

* Provisional EPI results are calculated using the TEC Workspace. Final results for 2014 will not be available until after the submission of the University's April Single Data Return (SDR).

Partially achieved

The 2013 actual results improved on the provisional results in all indicators. This meant the University achieved its goal of improved EPI results in three of the four indicators, with only the progression rate from Level 3 and 4 falling. The University has a greater proportion of students studying at degree level, and fewer at certificate and diploma levels, which has an effect on this measure.

Provisional results for 2014 compare favourably to 2013 provisional results in the rates for course completion and student retention. The provisional results also show that the University is equal to or above the New Zealand university sector median in all four measures, and is steadily improving its position compared to the other universities.

PERFORMANCE MEASURES (continued)

Learning experience

2.2 Enhance support services and resources for students.

AUT aims to provide students with an enriched and rewarding experience. To achieve this the University invests extensively in support services and resources to help students have a safe, stimulating, and supportive environment in which to study. AUT recognises the importance of a holistic approach; health services, learning support, and recreational and cultural events are readily available to all students.

In 2014 the University's North Shore Campus health centre achieved Cold Chain accreditation from the Immunisation Advisory Centre. The health centre ran a comprehensive immunisation campaign with 104 students immunised free of charge and an additional 118 students self-funding their vaccination. Further commitment to students' health was evident as the health centre met the 90% target for cardiovascular risk assessment for the total patient population, conducted quit smoking interventions, and developed protocols for the supply, promotion, use and consumption of alcohol on campus. Campus Care, an online tool that aims to improve accessibility to wellbeing support and awareness of related services, was formalised with a resultant increase in the number of students who accessed health, counselling and wellbeing services, including 17% more doctor consultations.

AUT offered a nationwide 24/7 personal safety service to students living in its residential accommodation. The 2Life personal safety smartphone app provides students with immediate assistance anywhere in New Zealand where there is cellular coverage. The University continued the childcare subsidy scheme which provides full-time students with a \$50 subsidy per child per week. Eighty-one students took up this offer. At South Campus, the University extended the provision of support services to students by employing additional Learning Advisors; a Student Wellbeing and Careers Counsellor; advisors to provide financial, scholarship, and general assistance; and support for peer-to-peer engagement.

There were a number of academic support initiatives. AUT's Student Learning Centre developed two new programmes: English Academic Support for Independence and a statistics postgraduate workshop. A case study was conducted on an embedded support programme for a Business School paper with encouraging results. Students who attended the workshops delivered by the Student Learning Centre achieved an average success rate increase of 18% in assignment work. StudySmart, a learning skills programme, was enhanced to better link into complementary Orientation programmes, and tailored to match specific cohorts. The result was that Orientation StudySmart attendance numbers tripled, compared with 2013.

The University offered a wide range of cultural events and diversity-related activities to promote diversity and inclusiveness on campus, as well as to support student engagement. This included the inaugural Diversity Week, Stereotypes Today (in partnership with Future Dragonz), piloted information sessions for migrant and mature students, and the 27th International Noho Marae. Sporting opportunities were expanded and students were supported to compete in national and international competitions including the Southern Australian University Championships, South Pacific volleyball championships, and the New Zealand university rowing championships.

Achieved

PERFORMANCE MEASURES (continued)

Learning experience

- 2.3 Enhance engagement and satisfaction of students.

Key performance indicator

	Target 2014	Actual 2014	Actual 2013	Actual 2012
2.3.1 Percentage of students reporting satisfaction with student life at AUT	>80%	83%	81%	79%

Achieved

The trend of an increasing percentage of students being satisfied with student life at AUT continued in 2014. The University Experience Survey of all current students also revealed an appreciation of AUT's investment in world class infrastructure, with 86% of students being satisfied with the campus facilities and environment. Those who would recommend AUT to others increased to an impressive 88% in 2014.

Educational opportunities

- 3.1 Increase Manukau Campus⁷ to more than 4,000 EFTS by 2020.

Key performance indicator

	Target 2014	Actual 2014	Actual 2013	Actual 2012
Manukau Campus EFTS	1,300	1,062	712	696

Not achieved

Significant EFTS growth was achieved at AUT South Campus with the total EFTS (SAC-funded and International full fee) of 1,062 representing an increase of more than 49% on the 2013 total. While the original target was not achieved, the University came close to achieving the revised SAC-funded EFTS target of 1,064 set by the Tertiary Education Commission by recording just over 1,042 SAC-funded EFTS. The growth in EFTS was the result of successful recruitment activities in the region, expanded course offerings and the active relationships built with schools, community groups, and employers in the region.

South Impact EFTS, that is those students who commence their studies at the South Campus before transferring to one of AUT's other campuses, reached 1,709 EFTS in 2014. With capital investment secured, AUT is planning an extensive capital development programme over the next five years to accommodate further EFTS growth on campus by 2020. Increased capacity in teaching and study spaces will allow more programmes and courses to be offered on campus. This will enable more students to complete their programme in its entirety at South Campus. This strategy, along with AUT's marketing activities in the region, is expected to contribute to AUT continuing to achieve EFTS growth in future years.

⁷ In 2013 AUT Council resolved to change the official name of AUT Manukau Campus to AUT South Campus

PERFORMANCE MEASURES (continued)

Educational opportunities

3.2 Continue to build Māori and Pacific participation.

Key performance indicators

		Target 2014	Actual 2014	Actual 2013	Actual 2012
3.2.1	Increase the proportion of undergraduate students that are Māori	>11%	10.2%	10.4%	10.2%
3.2.2	Increase the proportion of postgraduate students that are Māori	>9%	8.1%	8.3%	8.3%
3.2.3	Increase the proportion of undergraduate students that are Pasifika	>12%	13.3%	12.7%	12.0%
3.2.4	Increase the proportion of postgraduate students that are Pasifika	>5%	7.6%	6.3%	6.0%

Partially achieved

While the proportion of AUT's students that are Māori decreased, both undergraduate and postgraduate enrolments by Māori students actually increased in 2014. Māori undergraduate EFTS increased by 4% and Māori postgraduate EFTS increased by 16% on the 2013 totals. AUT has strategies to continue to build Māori participation in future years.

PERFORMANCE MEASURES (continued)

Educational opportunities

3.3	Improve the EPI results for Māori and Pacific students.	<i>Māori</i>	Provisional 2014*	Actual 2013	Provisional 2013**	Actual 2012
		Successful course completion rate (Level 4 and above)	80.8%	79.9%	78.8%	81.2%
		Qualification completion rate (Level 4 and above)	71.8%	69.5%	69.7%	65.2%
		Student progression rate (Levels 3–4 only)	81.3%	81.5%	80.8%	75.7%
		Student retention rate (Level 4 and above)	77.2%	78.1%	77.8%	74.0%
		<i>Pacific</i>	Provisional 2014*	Actual 2013	Provisional 2013**	Actual 2012
		Successful course completion rate (Level 4 and above)	71.0%	71.1%	70.4%	70.9%
		Qualification completion rate (Level 4 and above)	65.0%	65.3%	65.9%	53.9%
		Student progression rate (Levels 3–4 only)	85.6%	89.4%	89.2%	86.3%
		Student retention rate (Level 4 and above)	77.5%	75.8%	75.8%	75.1%

Partially achieved

* Provisional EPI results are calculated using the TEC Workspace. Final results for 2014 will not be available until after submission of the University's April SDR.

** 2013 Actuals differ from the provisional results reported in the 2013 Annual Report. The difference between the two is due to timing: provisional results are derived from interim data submitted in the December SDR, whereas actual results are based on comprehensive data provided in the April SDR which includes student results from 2014 that have taken additional time to finalise. Accordingly, it is best to compare provisional results separately to actual results.

Comparing the actual 2013 results with those from 2012 shows that the University achieved improved EPI results for Māori and Pacific students across nearly all measures. There were some noteworthy results. The qualification completion rate for Pacific students increased by more than 11 percentage points, and the qualification completion rate and student retention rate for Māori students both increased by more than four percentage points. The progression rate from Level 3 and 4 programmes increased by more than three percentage points for Pacific students, and more than five percentage points for Māori students.

A comparison of provisional results for 2014 with provisional results from 2013 shows an improved course completion rate has been achieved for Māori and Pacific students. Increases in qualification completion and progression rates for Māori students and the student retention rate for Pacific students were also achieved. The University aims to increase success across all measures annually.



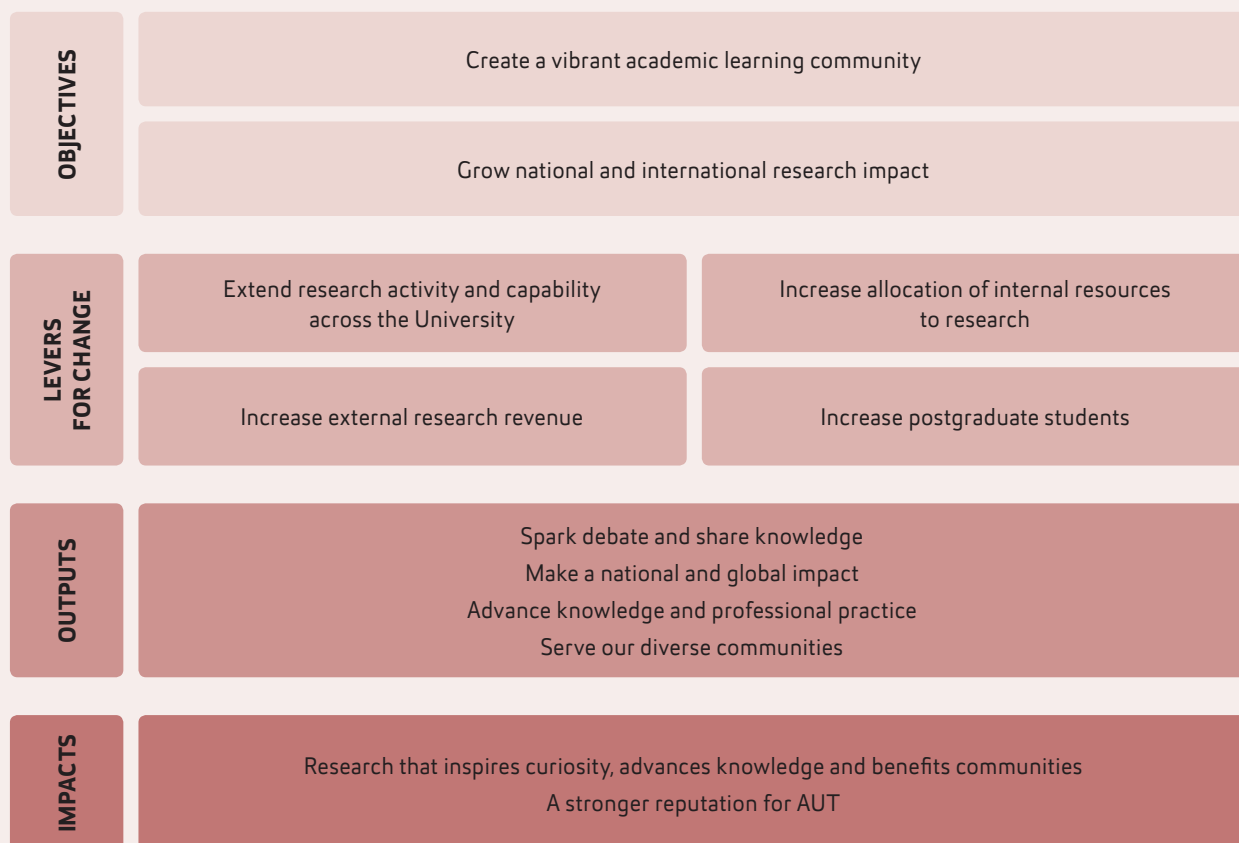
Graduation day.

Image: Tim Hamilton, VisionWorks Photography





RESEARCH AND SCHOLARSHIP



QS world ranking –
Top 100 Accounting
and Finance



AUT Finance team
wins the CFA Institute
Research Challenge



Te Ipukarea book wins CLNZ
Publishing Award – ‘Best
Resource in Higher Education’



Centre for eHealth
launched



Doctoral students



STEM-TEC launched

PERFORMANCE MEASURES

- 4.1 Increase the number and quality of peer-reviewed research outputs.⁸

Key performance indicator

	Target 2014	Actual 2014	Actual 2013	Actual 2012
Number of peer-reviewed research outputs	1,900–2,000	1,547	1,536	1,607

Not achieved

AUT's Research and Innovation Office works with faculty research management staff and Heads of Schools to increase the number and quality of peer-reviewed research outputs. In the lead-up to the 2018 PBRF the number of quality-assured research outputs, including peer-reviewed outputs, will be expected to increase through to the end of December 2017. One new professional development tool that was made available to academic staff members in 2014 was the Researcher Development Report. This report enables staff to find conferences, workshops, and mentors, along with other resources to assist research production. Some of the actions taken by individual faculties to increase the number of research outputs are covered in KPI 4.4.

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

Key performance indicator

	Target 2014	Actual 2014	Actual 2013	Actual 2012
Proportion of academic staff contributing research outputs	68%	61%	58%	56%

Not achieved

The proportion of academic staff contributing research outputs increased in 2014 but not by enough to meet the target. As with KPI 4.1, the percentage is expected to increase significantly leading up to the PBRF round in 2018.

- 4.3 Increase the allocation of internal resources to research.

AUT is allocating more of its internal resources to support research as part of its strategic goals to create a vibrant academic learning community and grow research impact. AUT committed more than \$1.7 million from the new Strategic Research Investment Fund, an allocation of the University's PBRF income, to support collaborative interdisciplinary research projects. The number of Vice-Chancellor's doctoral scholarships increased to 30, up from 25 in 2013 and now supports over 70 doctoral candidates.

Further investment in building AUT's research profile led to the creation of a new role, Pro Vice-Chancellor for Research and Innovation. In addition to this, plans were approved by the Vice-Chancellor to increase AUT's Research and Innovation Office staffing in 2015 to better enable the University to manage research and generate higher research income. The inaugural AUT Research and Innovation Roadshow provided a series of sessions on research and development, intellectual property, commercialisation and consulting to industry.

Achieved

⁸ This KPI includes all quality-assured research outputs

- 4.4 Ensure that each academic unit has an active research plan with clear targets for research activity and outputs.

Every academic unit has an active research plan. Faculty research plans are based on the *Strategic Plan 2012–2016* and therefore centre on common goals: extending collaboration with national and international partners, increasing research revenue, growing the number of high-quality publications, and strengthening the faculty's research reputation. This KPI highlights some of the specific initiatives adopted by faculties in support of their research plans, and some of the accomplishments that stem from these plans.

The AUT Business School worked towards achieving the objectives outlined in its Research Plan 2013–2016. The Plan introduced strategies to increase staff research capacity through development workshops focused on PBRF, time management, and converting conference papers into journal articles. This, combined with targeted strategic investment, resulted in an increase in the number of research-active staff and quality-assured research outputs in 2014. Industry engagement is a priority of the Plan, and strategies exist to improve engagement, raise the School's profile, and invest in research areas relevant to industry. Research highlights of the year included the NZ Work Research Institute's Workplace Diversity Survey; Professor Edwina Pio's book *Work and Worship: Religious Diversity in Workplaces in New Zealand*, which provides insights for organisations employing staff from diverse religions; and Associate Professor Simon Mowatt's co-authoring a book about the evolution of Britain's magazine industry.

The Faculty of Culture and Society implemented its Strategic Research Plan 2014–2019. As part of the strategy for improving PBRF performance, a series of targeted workshops were offered, focusing on evidence portfolios at a particular level of research achievement, and the requirements and strategies for success. As the faculty works towards increasing its external research revenue, greater support is being provided to those applying for funding, including administrative support and contestable funding to facilitate new research collaborations, such as the inter-faculty group researching children and wellbeing in the digital age. The faculty's annual residential writing retreat and writing workshops continue to be key tools for growing the number of quality research publications. Further professional development opportunities were provided at the inaugural Faculty of Culture and Society Research Festival, in addition to presentations of faculty research and the annual research awards. Faculty research highlights included the New Zealand Tourism Research Institute's projects to assist the development of tourism in Vanuatu, the Cook Islands, and Samoa; Professor Peggy Fairbairn-Dunlop co-editing *Talanoa: Building a Pasifika Research Culture*; and Professor Marilyn Waring winning the AUT University Medal and the New Zealand Institute of Economic Research (NZIER) Economics Award.

The Faculty of Design and Creative Technologies has an annual Research Funding Plan derived from the individual schools' sub-plans. These sub-plans are supported by a series of faculty-wide objectives to advance research, including the publication of an annual faculty research profile to promote staff expertise, the provision of contestable funding for research projects and to support mid-career researchers, plus a series of Summer Research Assistant Awards. External research funding doubled in 2014 to approximately \$2 million, and the faculty received University strategic funding for collaborative research in Intelligent Systems and in E-Textiles. Research highlights for the year included the successful conversion of the Warkworth radio astronomy telescope as a major addition to global astronomy research capacity, Tim Natusch co-authoring a paper published in the journal *Science*, Dr Andrew Ensor leading a successful funding bid for mega science project the Square Kilometre Array, Professor Thomas Neitzert being appointed Director of the collaborative NZ Product Accelerator, and Professor Barry King publishing his book *Taking Fame to Market: On the Pre-History and Post-History of Hollywood Stardom*.

PERFORMANCE MEASURES (continued)

4.4 (Continued)

The Faculty of Health and Environmental Sciences continued to implement its Faculty Plan 2013–2015. Some of the key outcomes of the year were the continuation of the Dean's café research fund; devolvement to Schools of contestable funds for projects, conference travel and writing retreats; provision of PBRF funding to encourage grant submission and SRIF collaborative projects; the growth of the Biostatistics and Epidemiology Department with regular clinics to assist researchers and students; and alignment of research centres and institutes with schools to allow clear themes for research and administration support. A new Centre for eHealth was established to address the growing demand worldwide for expertise in this area. Faculty researchers were involved in successful CoRE bids for medical technologies and brain research, as well as two successful applications in the National Science Challenge, and the faculty was given preferred provider status in health research for Ko Awatea. Employing additional part-time researchers increased capacity and enabled staff to complete research outcomes, with 943 verified research outputs produced in 2014. At the Vice-Chancellor's Awards for Academic Excellence in Research and Teaching, Professor Max Abbott was awarded the Research Excellence Individual Award and Dr Sebastian Leuzinger received the Emerging Researcher Award.

Te Ara Poutama's Research and Development Plan 2011–2015 aims to 'advance and disseminate knowledge relating to Māori, Pacific and Indigenous Studies through excellence in scholarship, research, publications and postgraduate teaching'. Each research active academic in Te Ara Poutama has a research and performance plan which is agreed on an annual basis and reviewed bi-annually by the Dean. These plans are used to allocate resources in support of the faculty's research activities.

Te Ipukarea: the National Māori Language Institute, hosted by Te Ara Poutama, has a separate plan and an annual performance report is provided by the director. Research highlights for 2014 are detailed in KPI 6.1.

Achieved

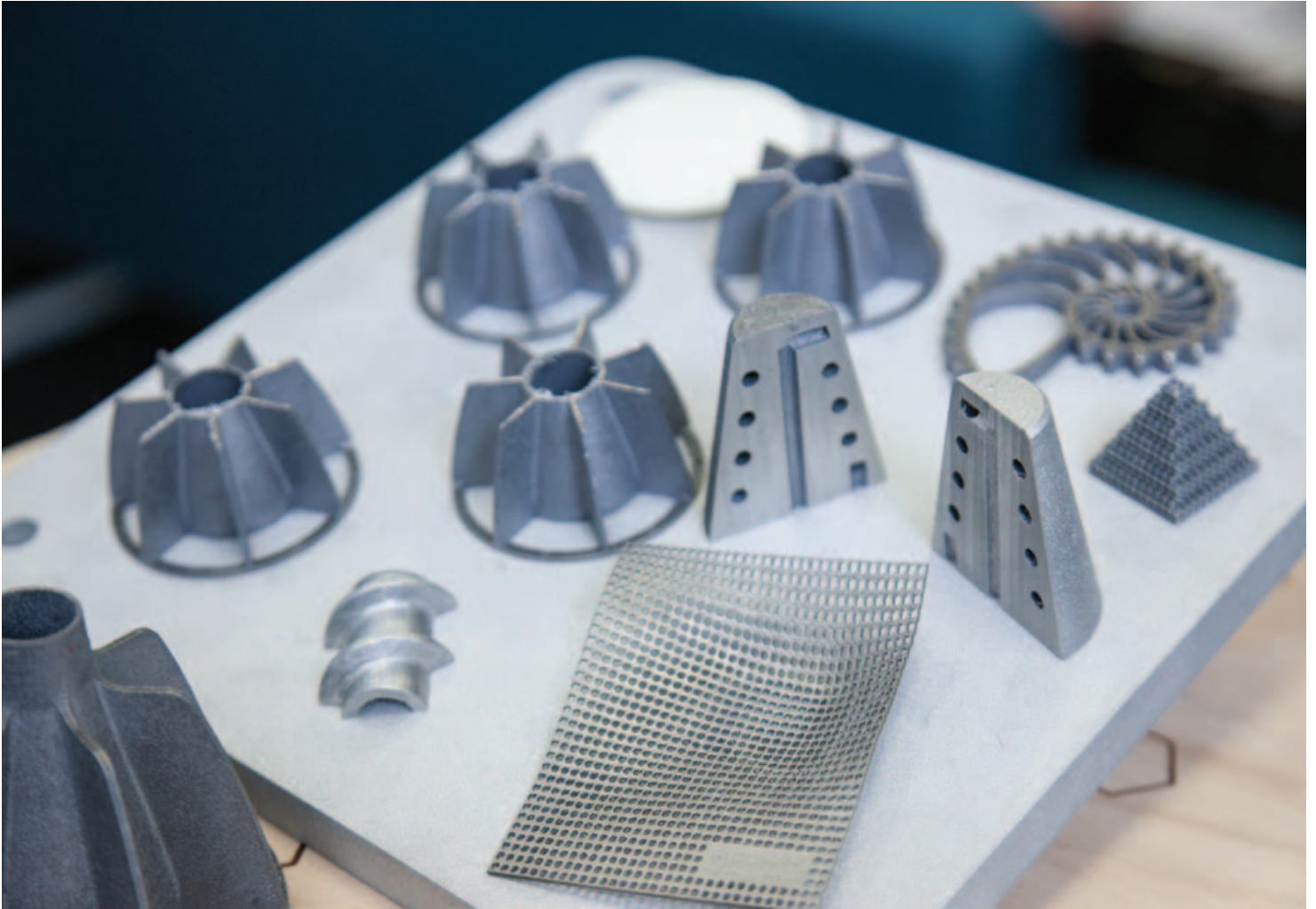
4.5 Increase external research revenue.

Key performance indicators

	Target 2014	Actual 2014	Actual 2013	Actual 2012
4.5.1 Total external research revenue	\$12.5M	\$9.6M	\$9.6M	\$10.3M
4.5.2 External research revenue from research with industry	\$3.9M	\$3.6M	\$3.2M	\$3.3M
PBRF Income		\$12.7M	\$12.3M	\$8.4M

Not achieved

Overall AUT's research revenue increased to \$22.3 million, largely due to the increase in PBRF income. A significant increase in research contracts signed in 2014 suggests that external research revenue is likely to continue rising in the next few years as the University further builds its research profile.



AUT's 3D printing laboratory.



Staff Christmas party, Hikuwai Plaza, AUT City Campus.

STAFF



First tertiary provider to be awarded the Rainbow Tick



AUT wins the Ferno Australia Paramedic Simulation Challenge



WSO President's Award won by Professor Valery Feigin



AUT Medal & NZIER Economics Award won by Professor Marilyn Waring

Awards for Academic Excellence in:

Teaching:

Associate Professor Dave Parry

Associate Professor Simon Mowatt

Dr Tomas Pernecky

Dr Angsana Techatassanasoontorn



Research:

Professor Max Abbott

Tagaloatele Professor Peggy Fairbairn-Dunlop

Professor Steve Henry

Dr Sebastian Leuzinger

Food Studies Research Team

PERFORMANCE MEASURES

5.1	Increase the proportion of doctoral qualified academic staff to 60% by 2016.	<i>Key performance indicator</i>	Target 2014	Actual 2014	Actual 2013	Actual 2012
		Proportion of academic staff with doctoral qualifications	45-50%	47%	40%	38%
		Achieved				
		<p>AUT increased the proportion of doctoral qualified staff through new appointments and current staff completing their doctoral studies. The University provides support to academic staff who are in the advanced stages of a PhD or another recognised doctorate, through the annual Doctoral Study Awards. Recipients are released from teaching and administrative duties for six months, to enable them to focus on completing their doctoral studies. In 2014 thirteen academic staff received a Doctoral Study Award.</p>				
5.2	Continue to develop an open, inclusive and consultative staff culture.	<p>AUT continues to develop its culture of open communication, consultation and inclusiveness for staff. Following the second Staff Engagement Survey in 2013 a number of initiatives were introduced to address one of the main themes identified in the report, that of Communication – strengthening the sense of common purpose through increased staff interaction.</p>				
		<p>These initiatives included faculty and department social events, a Faculty Engagement Week, and lunchtime and breakfast sessions to hear motivational speakers. Each of these initiatives provided networking opportunities to encourage future communication and cross-organisation collaboration. Several faculties and directorates have organised team building activities within their areas as well as sessions focussing on our organisational values. The bi-annual VC Updates were held at all three campuses as a means of fostering open communication between the Vice-Chancellor and all staff at AUT. There was a significant increase in attendance at all sessions, with about 900 staff attending in 2014 compared to 350 in the previous year.</p>				
		<p>The University recognises diversity as a key objective in the <i>Strategic Plan 2012-2016</i>. A number of diversity initiatives and staff development opportunities were offered to staff including Inter-Cultural Awareness training, Gender Identity and Sexual Diversity workshops, as well as the Respect at Work workshops. Respect at Work education is facilitated by the Preventing Harassment Programme Co-ordinator. The programme offers support and a range of options for effectively dealing with any bullying or harassment issues experienced by staff or students.</p>				
		<p>One of these initiatives resulted in AUT becoming the first tertiary provider in New Zealand to be awarded the Rainbow Tick. The Rainbow Tick programme is a continual quality improvement programme designed to demonstrate that an organisation is taking deliberate action to ensure diversity and inclusion, making it a safe and welcoming workplace for employees. Whilst most diversity and inclusion programmes address the areas of gender balance, ethnicity and ability, the Rainbow Tick addresses specifically that of sexual and gender diversity. The certification report prepared for AUT was complimentary about AUT's strategic approach to its Rainbow community stating "AUT is the only organisation we have dealt with that places Rainbow community diversity and inclusion in its strategic plan: this is commendable and sets an example for others to follow".</p>				
		Achieved				

PERFORMANCE MEASURES (continued)

5.3	Increase senior academic and allied appointments of Māori, Pacific people and women.	<p>The University continued to experience success in recruiting and promoting senior female staff, with the number of senior female academic staff increasing from 45 in 2013 to 56 in 2014. The number of senior female allied staff also increased from 31 to 33. The in-house 'Ignite' leadership programme for women was again offered to female academic and allied staff with 19 delegates completing the programme in 2014. AUT again sponsored five female staff members to attend the New Zealand Women in Leadership (NZWiL) programme in Wellington. The alumni from NZWiL developed a programme of events, open to all female staff, offering networking and continual personal development opportunities.</p> <p>There was a small increase in senior Pacific staff from two to four members. The number of senior Māori staff declined from 13 to 10 in 2014. A positive action initiative to increase the number of Māori and Pacific academic staff was introduced at the end of 2014, results of which are expected to be seen in 2015.</p> <p>Partially achieved</p>
5.4	Encourage and support the development of all staff.	<p>AUT's commitment to equity and diversity is embedded in its <i>Strategic Plan 2012-2016</i>. In 2014 a new Diversity Strategy and Action Plan was developed. The Plan emphasises that AUT values diversity of gender, gender identity, ethnicity, and disability, and recognises that diversity in staff and student communities can enhance the delivery of tertiary education. The Plan outlines actions to be taken with timeframes, metrics and oversight allocated.</p> <p>The Staff Engagement Survey identified AUT's investment in staff development as an organisational strength. This investment has continued throughout 2014 with more opportunities for professional and personal development. A wide range of training and advancement opportunities are available in-house through the Organisational Development Group and the Centre for Learning and Teaching. They are also available through partnerships with external organisations. Employees continue to have the opportunity to study free of charge on many of the papers offered by AUT, provided that the area of study is a component of the employee's development plan. In addition, the Vice-Chancellor has established a full fee scholarship programme for staff to apply to study towards the AUT MBA.</p> <p>The Individual Development Plan and Professional Development Review for allied staff have been revised and new forms are currently being piloted in preparation for integration with a new online HR system in 2015. The revisions are based on the current Staff Development Policy. They aim to improve the quality of the conversation between the employee and their manager when agreeing on goals and the necessary support to achieve them.</p> <p>A set of generic and leadership competencies was developed in 2014. Following a successful pilot, the competencies will be rolled out in 2015 to all allied staff to be used to aid recruitment and selection processes, and staff development.</p> <p>Initially piloted in two faculties, the Mentoring Programme was rolled out to all staff in 2014, and is defined as a helping relationship based on an exchange of knowledge, experience and goodwill. Mentors help less experienced individuals gain confidence, clarity of purpose, insight, and wisdom. Mentoring provides staff with the opportunity, in a challenging yet safe environment, to think about their work and career, and to acquire the support they need in facing both personal and work challenges.</p> <p>Achieved</p>

PERFORMANCE MEASURES (continued)

5.5 Enhance leadership and management performance.

The University offers leadership development programmes in order to enhance the management and leadership performance of its managers, and provide them with the skills they need to lead and develop others.

Through the Staff Engagement Survey it was identified that managers should be able to hold meaningful development conversations and give constructive feedback. To address this concern a new programme, Collaborative Conversations, was added to the suite of leadership opportunities. A step on from the Coaching for Success programme, attended by over 90 staff, the Collaborative Conversations programme has already had two groups of managers attend. The programme will continue in 2015.

Other leadership programmes offered include Emerge, a programme that supports managers to understand their self-leadership, and build resilience and mindfulness; Ignite, a leadership programme for women (see KPI 5.3); Navigate, an e-learning managers' toolkit that supports and provides guidance on the policies and procedures at AUT; and Spark, a programme focused on personal leadership, coaching and developing others, and managing and leading change. Spark was completed by 45 managers, and an alumni of Spark participants was developed to ensure learning and networking opportunities continue.

All programmes were evaluated for their effectiveness, although the full impact on the leadership and management culture at AUT will not be evident until the 2015 Staff Engagement Survey.

Achieved



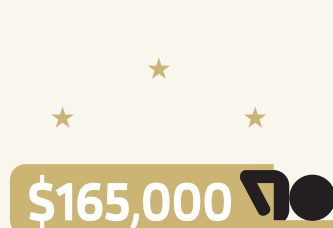


Australasian Computer Science Week hosted by AUT in the entrance foyer of the Sir Paul Reeves building.

ENGAGEMENT WITH COMMUNITIES



OBJECTIVES	Contribute to the social, cultural, environmental and economic wellbeing and development of Auckland and New Zealand	
	Promote individual and community transformation	Promote Māori potential and educational success
	Promote the advancement of Pacific peoples	
LEVERS FOR CHANGE	Strengthen international relationships and collaborations	Deepen relationships with professions, industry, business and communities
	Strengthen the contribution to Māori advancement	Enhance the engagement and advancement of Pacific peoples
OUTPUTS	Serve our diverse communities Make a national and global impact Spark debate and share knowledge	
IMPACTS	Research that inspires curiosity, advances knowledge and benefits communities Wider participation and success in education Educated citizens igniting change in their communities	



\$165,000 raised for Lifewise Big Sleepout



AUT Business School – 'AmCham Supporter of the Year'



AUT Pacific journalism students win Ossie Award for Fiji election coverage



AUT Venture Fund kick-starts four startup projects



1,500 attend AUT South Open Day



AUT organised



He Huatau Auaha competition held



AUT Rookie student fashion show – 10th year celebrated

PERFORMANCE MEASURES

6.1 Strengthen the contribution to Māori advancement through education and research.

Mātauranga Māori is evident across the University's core curriculum. The Faculty of Māori and Indigenous Development, Te Ara Poutama, is a clear sign of the University's dedication to the advancement of Māori education and research. Furthermore, the use of the marae as a classroom space allows a clear learning process from a cultural lens. Faculties and schools have dedicated content for Māori, and research by and for Māori is slowly increasing as appropriate support mechanisms are put in place. Increased research by Māori students for Māori communities is a key achievement for both the University and Māori across Aotearoa.

There were a number of outstanding achievements in 2014. Te Ipukarea – the National Māori Language Institute at AUT received recognition for their book *Kia Rōnaki: The Māori Performing Arts* when it was awarded joint winner in the 'Best Resource in Higher Education Publishing' category at the Copyright Licensing New Zealand (CLNZ) Publishing Awards. *Kia Rōnaki* is a collection of 25 essays written by academic staff and postgraduate students from Te Ara Poutama. Te Ipukarea also released Te Whanake, a new digital app series. This set of rich learning resources for the Māori language provides material previously in text books and study guides and adds animation, podcasts, and listening and speaking exercises to bring the language to life. With educators and learners now able to have access to excellent resources wherever they are, it is hoped this will contribute to growing the number of te reo speakers.

Concerted effort across the University has been made to ensure the success, retention and progression of Māori students. A highlight was the success of the Māori student association Titahi ki Tua. The group utilises the marae as a learning community and the hub for their activities, and provides a sense of culturally belonging within a mainstream institution. The Office of Māori Advancement provides funding towards a specific retention programme coordinated by Māori Liaison Services. He Korowai Mātauranga focuses on identifying non-engaged students to be paired with a third year student to mentor them academically. This programme has assisted Māori students to re-engage with their tertiary studies.

Faculties have vast and diverse strategies to provide support and resources for Māori students. One example is the Business School's IMAPS (Inspiring Māori and Pasifika Success) mentoring programme which plays an integral role in the support of first year Māori students. The new Eric and Kathy Hertz Scholarship Fund supports Māori and Pacific business students by covering either the cost of residential accommodation or an academic exchange to a university in North America. In the Faculty of Health and Environmental Sciences the Super Māori Group provides both academic and pastoral support which has enabled an increase in the success of Māori students. Established relationships with mana whenua and industry liaisons provide students with pathways for work transition and scholarship opportunities.

Investment in future Māori scholars is made through a unique mentoring programme run by AUT students to support youth at Hato Petera College. Te Hokioi is an after-school programme that facilitates exam preparation and homework assistance, supports learning outcomes from the school's diverse curriculum, encourages positive study habits, and passes on long-term academic values to help students reach their education aspirations. Programmes such as these have proven effective in encouraging more Māori youth into pursuing higher education.

Achieved

6.2 Extend and benchmark involvement with business, professions and communities through knowledge exchange, research and teaching.

The University benchmarks its involvement with business and professions through the Quacquerelli Symonds (QS) World University Rankings. The employer reputation measure in these rankings is based on a global survey of graduate employers, and is an indicator of how the University and its graduates are regarded in this area. AUT was ranked in the top 300 universities in the world for employer reputation in 2014, and was awarded 5 stars by QS in the employability category. The University continues to build active relationships with a wide array of industry partners including those in the business, medical, scientific, and educational domains, both in New Zealand and overseas.

Numerous industry connections were made as a result of meetings related to the international space exploration project, the Square Kilometre Array (SKA). A highlight was First Light, the official opening of AUT's 30-metre radio telescope in Warkworth. The event was attended by over 60 people at the Institute for Radio Astronomy and Space Research. The venture is the result of a strong partnership with Spark and will enable AUT to undertake significant space research.

The Briefing, an invitation-only network of senior New Zealand business people, was launched with the goal of equipping business leaders with the knowledge and skills for organisational transformation. The Briefing network is jointly-funded and run by ASB, Spark, Idealog and AUT.

AUT internships and work-related learning opportunities have been promoted through a new website developed in partnership with Callaghan Innovation. The website matches businesses in receipt of Callaghan R&D Internship Grants with AUT's newest graduates converting grants to placements. AUT is the only university to have developed such a portal with Callaghan Innovation.

The Design for Health and Wellbeing Lab, a new collaboration between the Auckland District Health Board and AUT, was established with the vision of using design to create better healthcare experiences. The partnership aims to creatively challenge how we design and view health and wellbeing, while providing interdisciplinary collaborative opportunities for tertiary students from design and other disciplines.

The AUT Centre for eHealth was established to enable partnership with the health sector industry in order to meet global demand for eHealth tools and expertise. Its launch gave the opportunity for members of the health industry, politicians, and AUT staff, to interact and hear about the extensive range of AUT research being conducted in the areas of health innovation and biomedical devices.

AUT's Textile Design Lab (TDL) continued to offer customised short courses to commercial organisations that want to up-skill their staff in the textile and apparel fields. The Warehouse was one of the companies to co-develop a course with the TDL tailored to the needs of their buying and technical staff.

AUT was involved in a wide range of community events and activities including the Pasifika Festival, Polyfest, the Nga Puhī Festival, Safer Families, the Youth Guarantee Network, HACKAKL: Transport, the Big Gay Out, and the Original Art Sale. The University continued its partnership with Lifewise through hosting the Big Sleepout which raised \$165,000 to support the provision of services that help reduce homelessness in Auckland.

A pilot project focused on building the value and contribution of AUT's industry and community engagement began in 2014. An initial action plan for pilot schools or faculties and central administration areas was approved. This project was complemented by an employer perception survey which sought feedback from large-scale Auckland employers on graduate education, attributes, and recruitment.

Achieved

PERFORMANCE MEASURES (continued)

- 6.3 Raise the University's profile and increase the number of successful research commercialisation ventures through business and industry engagement.

The University negotiated 16 commercial research contracts in 2014 with a total value of nearly \$1.6 million – more than double the value of contracts signed in 2013. Forty-one consultancy projects were undertaken with a value of approximately \$296,000, representing a significant increase on the previous year's result of 25 projects valued at \$115,000.

AUT Enterprises Ltd (AUTEL), the University's commercialisation arm, assists staff with the licensing of technology stemming from their research. There were numerous technology transfer achievements in 2014, including six licence agreements, three patents filed and one US patent granted. In addition to this there were two spin-out equity agreements, four substantive commercial agreements negotiated, and \$321,000 raised in external investment. Commercialisation was facilitated through specific engagements with more than 30 industry partners in areas of medtech, sport and recreation, biotech, the textiles industry, electronics, software, and investment.

In addition to these contracts, connections were made through a number of successful events that encouraged knowledge exchange between AUT and industry. These included events focused on cloud computing for transport with Auckland Transport, Alcatel-Lucent, and Amazon Web Services; data compression collaboration with Priapus and Arvus; the use of field-programmable gate array circuits in personal and mobile computing with Altera and Compucon; ICT in health with Alcatel-Lucent and Orion Health; and the AUT Business School Excellence in Business Support Awards which were attended by almost 800 guests from the commercial sector.

For 2015 onwards AUT has set ambitious targets with regard to external research revenue from research with industry, and this will be supported by a new case management approach to managing its key funders and stakeholders.

Achieved

PERFORMANCE MEASURES (continued)

- 6.4 Strengthen the contribution to the advancement of Pacific people and their communities through education and research.

AUT is committed to making a strong contribution to Pacific advancement through education and research. As part of this commitment a new role, Head of Pacific Advancement, was created to provide strategic advice and leadership to help deliver AUT's Pacific advancement objectives.

In 2014 research on the Pacific, and on issues affecting Pacific peoples, was a key focus of a number of schools within the University. The Pacific Islands Families (PIF) Study – that has been tracking the health and development of 1,398 Pacific children, and their parents, since the children were born at Middlemore Hospital in the year 2000 – received a significant \$1.17 million grant from the Health Research Council. The grant is for a study to understand growth from birth to 14 years led by Professor Elaine Rush.

Other research taking place within the PIF Study includes Dr El-Shadan Tautolo's development of a tool for collecting research evidence about fatherhood amongst Pacific fathers. This study will provide strategic advice regarding the health and wellbeing of Pacific men and their families. Professor Janis Patterson, Director of the PIF Study, continued her funded research on child and youth participation. The general direction of the PIF Study continues to receive collaborative support from other areas of specialist interest including nutrition and body composition, post-natal depression, gambling, housing, demographic and social issues, hearing, physical activity, nutrition, oral health, biostatistics and environmental studies.

AUT's New Zealand Tourism Research Institute (NZTRI) continued to promote research on the Pacific. Since 2012 NZTRI has worked with the Cook Islands Tourism Corporation to conduct an online visitor survey. The research monitors the characteristics of visitors to the Cook Islands including their expectations and expenditure. Research into a Vanuatu international visitor survey was conducted to help determine the current value of tourism to Vanuatu, increase understanding of its visitors, and identify ways to improve the visitor experience. The Pacific Regional Tourism Capacity Building Programme focused on preparation of national tourism development strategies for Nauru, the Federated States of Micronesia, and the Republic of the Marshall Islands; and the Samoa Tourism Support Programme developed a sustainable programme of workplace tourism and hospitality training.

AUT's Pacific Media Centre (PMC) is the only media research and community resource centre of its kind in New Zealand, with a focus on Māori, Pacific, and ethnic diversity media and community development. The PMC publishes the *Pacific Journalism Review* which celebrated its 20th anniversary in 2014. The event brought together a range of academics, researchers, journalists and other media professionals to celebrate two decades of exploration into journalism, media issues, communication and diversity in the South Pacific, Asia-Pacific, Australia and New Zealand.

The Pacific Leo Symposium, led by Professor Peggy Fairbairn-Dunlop, was a vibrant and robust showcase of the research conducted by the Pacific postgraduate student community at AUT. Professor Fairbairn-Dunlop also continued to lead seminars of the national Pacific Post Graduate Talanoa. This network brings together Pacific postgraduate students from across New Zealand universities as well as students at the University of the South Pacific and the National University of Samoa.

The development of the online *Dictionary of Cook Islands Languages* continued. This is a major international collaborative project between researchers from AUT's International Centre for Language Revitalisation, the University of the South Pacific Cook Islands Campus, and Te Ipukarea.

Achieved

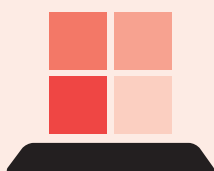
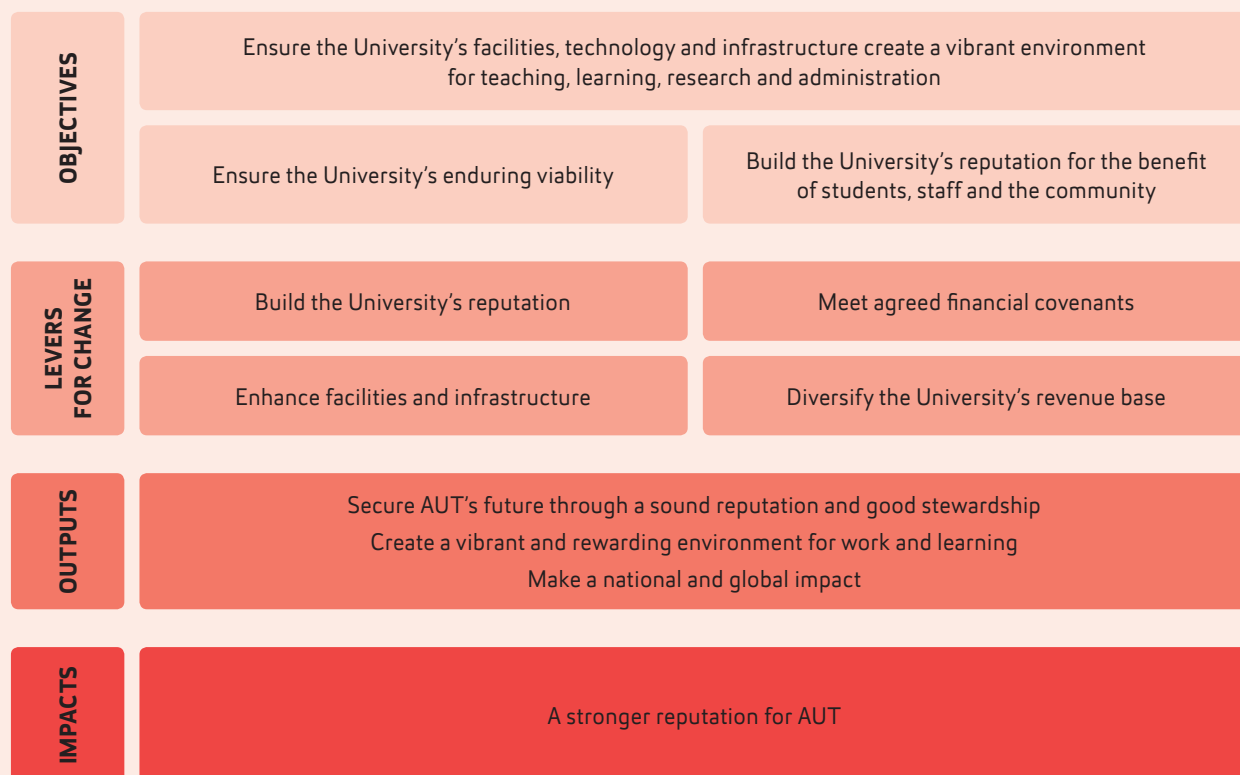


30-metre radio telescope at the Institute for Radio Astronomy and Space Research, Warkworth.

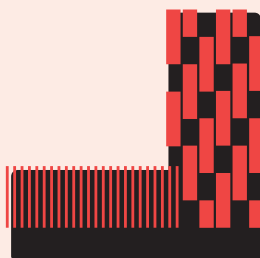
Image: Jason Oxenham, Photographer



CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING



AUT wins Microsoft ICT Supreme Award



Sir Paul Reeves building wins NZIA Awards in both Education and Planning & Urban Design



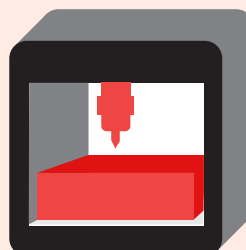
AUT ICT Services best in Australia & New Zealand



Personal safety app free to student accommodation residents



Mod Quad built at South Campus



3D Printing Laboratory launched



30-metre radio telescope at IRASR AUT activated

PERFORMANCE MEASURES

Continuous development

7.1 Continue to build the University's reputation.

AUT was ranked in the top 550 universities worldwide by international quality agency Quacquerelli Symonds (QS), recognising in particular our international diversity and reputation amongst employers of our graduates. The University received a 4 star rating overall, with 5 star ratings in the categories of teaching, employability, internationalisation, facilities, and inclusiveness. In the QS World University Rankings by Subject, AUT's Business School was ranked in the top 100 institutions in the world for Accounting and Finance, representing a steady rise from placing in the top 200 in 2011 and the top 150 in 2013.

AUT's reputation was enhanced through receiving a number of prestigious awards. The architecture of the most recent project, the Sir Paul Reeves Building, continued to receive accolades. At the New Zealand Institute of Architects (NZIA) Awards the building won the best architecture awards in the categories of Education, and Planning & Urban Design, with the citation applauding AUT's "informed and ambitious approach to architecture". AUT received recognition for the quality of its information technology, winning the Supreme Award at the Microsoft Tertiary ICT Awards for the Schools' Scorecard, and coming first in the IT Benchmark Student Survey for student satisfaction with IT services amongst Australian and New Zealand universities.

AUT takes seriously its responsibilities to be a good corporate citizen. Environmental sustainability is a priority, and as such the University was proud to be highly commended in the Public Sector category of the Energy Efficiency and Conservation Authority Awards. AUT participated in the Fairtrade Fortnight and is working to become a Fairtrade accredited university. Two of AUT's food and beverage outlets are now accredited Conscious Consumers, and all AUT's cafes now offer vegan or vegetarian meals, use sustainable and compostable materials, and recycle café and paper waste.

Better communication of the University's research areas, activities and successes to a wider audience has been identified as a priority. The inaugural AUT Research and Innovation Roadshow was held, in what will be a series of events that showcase the range of research and innovation activities across the University. To promote the University in the Chinese market, AUT coordinated a television filming project by the International Channel Shanghai sponsored by Education New Zealand and the New Zealand Consulate-General Shanghai. The documentary showcased the student experience for Chinese students at AUT.

AUT's InterNZ programme, where graduates were given the opportunity to intern with global industry leaders in the United States, was a great success. Business hosts were impressed with the quality of AUT's graduates, and six of the nine interns accepted offers of employment or extensions to their internship. The programme is important as it showcases AUT's best graduates on an international stage. It is being offered again with 11 AUT graduates undertaking internships in 2015 with businesses including Saatchi & Saatchi New York, Paramount Recording Studios Los Angeles and BMW of North America in New Jersey.

Achieved

PERFORMANCE MEASURES (continued)

Continuous development

7.2	Continue to meet agreed financial covenants.	<i>Key performance indicators</i>			
		Target 2014	Actual 2014	Actual 2013	Actual 2012
7.2.1	Net surplus to external revenue ratio	3.0% – 5.0%	4.0%	4.3%	4.5%
7.2.2	Maximum commercial debt borrowings (\$'000s)	\$95,000	\$34,300	\$43,320	\$61,250
7.2.3	Maximum aggregate financing (\$'000s)	\$135,000	\$71,531	\$79,341	\$99,565
7.2.4	Maximum debt to debt plus equity	30%	13%	15%	20%
7.2.5	Maximum debt cover ratio	2.50	1.15	1.25	1.79
7.2.6	Maximum debt to total revenue ratio	45%	21%	24%	32%
7.2.7	Minimum cash ratio	115%	122%	123%	121%
7.2.8	Minimum interest cover ratio	2.50	6.88	5.66	5.53
7.2.9	Minimum liquidity ratio	2%	28%	12%	7%

Achieved

7.3	Continue to diversify the University's revenue base.	AUT continues to diversify its revenue base to reduce reliance on government and domestic student revenue. The University is growing its international student cohort with total revenue received from international fees increasing by 7.8% on the previous year. Income from research grants also continues to grow with a 6.7% increase, as have research commercialisation ventures which are described more fully in KPI 6.3.
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Achieved

PERFORMANCE MEASURES (continued)

Continuous development

7.4	Ensure progress is made against the Capital Asset Management Plan.	<i>Key performance indicator</i> (\$000s)	Budget 2014	Actual 2014	Actual 2013	Actual 2012
		Major capital works				
		AUT City Campus				
		Refurbishment	3,680	2,883	–	–
		Sir Paul Reeves Building	–	–	15,520	45,826
		AUT North Shore Campus				
		New Building	3,540	681	–	–
		AUT South Campus				
		Refurbishment	4,505	3,953	530	–
		New Building	540	1,284	–	–
		AUT Millennium				
		Refurbishment	–	–	9	740
		Land	5,850	5,896	–	–
		Digital Signage	500	483	–	–
		Total major capital works	18,615	15,180	16,059	46,566
		Other capital				
		Planned maintenance/ minor capital works	7,026	5,953	6,853	4,108
		Library	5,200	5,538	5,208	4,432
		Information technology	10,071	9,279	3,127	4,599
		Plant and equipment	4,695	3,987	6,301	4,473
		Total other capital	26,992	24,757	21,489	17,612
		Total capital plan	45,607	39,937	37,548	64,178

2014 was a year of consolidation and planning for future development.

International reputation

7.5	Increase international EFTS to 15–20% of total EFTS by 2016.	<i>Key performance indicator</i>	Target 2014	Actual 2014	Actual 2013	Actual 2012
		Proportion of international EFTS	14–17%	16%	16%	15%*

* This KPI includes EFTS in core Ministry-funded programmes only. Note that onshore international exchange, onshore international PhD, and international research MoE EFTS are included and results for 2012 have been updated accordingly.

Achieved

PERFORMANCE MEASURES (continued)

International reputation

7.6	Increase international postgraduate EFTS.	<i>Key performance indicator</i>	Target	Actual	Actual	Actual
			2014	2014	2013	2012
	International postgraduate EFTS		550–625	892*	805*	674

* These results are higher than those reported in Key Facts and Figures due to the inclusion of onshore international exchange students, onshore international PhD students, and international students enrolled in research masters courses.

Achieved

7.7	Increase international research EFTS.	<i>Key performance indicator</i>	Target	Actual	Actual	Actual
			2014	2014	2013	2012
	International research EFTS		180–200	222	185	162

Achieved

7.8	Strengthen and benchmark AUT's international reputation in teaching and research.	<p>AUT's achievement of a top 550 place in the QS World Universities Rankings helped maintain the University's excellent international reputation. AUT's best result was in the category of international diversity, and QS awarded the University a 5 star rating for internationalisation. This has a positive effect on recruitment, and applications and enrolments from international students were higher than ever before in 2014.</p> <p>A number of programmes were delivered to further enhance AUT's strong international connections. Leadership training programmes for the governments and ministries of Thailand and Vietnam were run successfully, and AUT has been invited to deliver leadership programmes for the government of Myanmar in 2015. AUT was the only university outside the USA and Europe to make a successful bid to host a Brasilia Without Borders programme. Twenty-five young Brazilian future leaders were hosted for four weeks, receiving teaching in English for Business Communication, Creating Tomorrow's Global Leaders and Te Mauri Aotearoa (Spirit of New Zealand). In addition to this, AUT hosted a delegation from Brazilian universities for the Science Without Borders Programme.</p> <p>A number of significant joint research programmes were undertaken. Professor Ahmed Al-Jumaily, through the Institute of Biomedical Technology, conducted joint research with the medical and engineering schools of Ponteficia Universidad Catolica de Chile. Joint PhD research programmes were also conducted in the dynamic response of airway smooth muscle in sensitised animal nodes. Joint research between AUT's Faculty of Health and Environmental Sciences and Khon Kaen University compared work-related musculoskeletal disorders among office workers in New Zealand and Thailand.</p> <p>AUT received the first intake of foreign government-sponsored PhD students from Thailand and Vietnam respectively under the Office of the Civil Service Commission and the Ministry of Education and Training. The University's strong presence in the region was evident through joint and articulation undergraduate programmes taught in China, Indonesia, Thailand, and Vietnam. New articulation agreements for programmes in food science and international hospitality management were signed in China and Thailand.</p>				
		<p>Achieved</p>				

COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2014

The Compulsory Student Services Fee (CSSF) was set at \$478.40 (GST inclusive) per full-time student in 2014. The Fee funds key services for students to assist their success, retention and overall wellbeing while studying at AUT. All students, except distance and exchange students, must pay the Fee and can borrow the amount against their student loan.

STUDENT ADVISORY COMMITTEE

AUT's formal collaborative partnership with the student body, AuSM, is through the Student Advisory Committee. AUT and AuSM have equal representation on the Committee which operates to provide strategic feedback and input into the allocation and expenditure of the Fee. The focus of the Committee is to ensure the best value for students, and promote student engagement with learning and AUT. The following report outlines the investment in service provision.

ADVOCACY AND LEGAL ADVICE

AuSM provides AUT students with independent and confidential support, advice and advocacy services. This includes assistance for legal matters, disciplinary action, harassment, complaints, employment and tenant rights, grade appeals, and general information and translation of AUT rules and policies.

CAREERS ADVICE AND GUIDANCE

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

CLUBS AND SOCIETIES

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

CHILDCARE SERVICES

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

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

COUNSELLING AND PASTORAL CARE

AUT has a range of pastoral and counselling services to facilitate our diverse students' integration into university life and provide on-going personal, spiritual, psychological and emotional support. In particular, the University offers specialised services to students with an impairment or disability, or who are Māori, Pacific, Chinese, International, LGBTI⁹, 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

AUT's Health Centres on City and North Shore campuses offer integrated general practice medical, nursing, counselling, spiritual and wellbeing services to support students' overall health and wellbeing. The Centres are part of the Auckland primary health organisation and offer subsidised fees for registered eligible students.

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

MEDIA

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

SPORT, RECREATION AND CULTURAL SERVICES

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

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

⁹ Lesbian, Gay, Bi-sexual, Transgender, and Intersex

COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2014

	2014 \$000s				2013 \$000s			
	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus (deficit)	Compulsory student services fee	Other	Total revenue
AuSM SERVICE LEVEL AGREEMENT								
Advocacy and legal advice	320	-	320	320	0	307	-	307
Clubs and societies	141	-	141	141	0	135	-	135
Media	316	-	316	316	0	303	-	303
Employment information	18	-	18	18	0	17	-	17
Sports, recreation and cultural services	286	-	286	286	0	274	-	274
Total AuSM service level agreement	1,081	-	1,081	1,081	0	1,036	-	1,036
AUT SERVICES								
Careers advice and guidance	374	-	374	374	0	276	-	276
Counselling and pastoral care	3,218	700	3,918	3,918	0	3,267	752	4,019
Financial support and advice	663	-	663	663	0	519	-	519
Health services	529	623	1,152	1,152	0	362	588	950
Childcare services	245	696	941	941	0	273	722	995
Sports, recreation and cultural services	1,265	1,187	2,452	2,452	0	1,382	1,147	2,529
Total AUT student services	6,294	3,206	9,500	9,500	0	6,079	3,209	9,288
TOTAL	7,375	3,206	10,581	10,581	0	7,115	3,209	10,324
								10,355
								(31)

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.

Sir Paul Reeves building from St Paul Street.
Image: Simon Devitt, Photographer



FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 31 December 2014

		University			Consolidated	
	Note	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
REVENUE						
Government operational funding	2	152,475	152,768	150,053	152,475	150,053
Student tuition fees	3	146,950	144,160	138,419	146,950	138,419
Research grants	4	9,540	10,814	9,581	9,719	9,762
Other income	5	32,198	29,553	29,023	33,287	29,775
Total revenue		341,163	337,295	327,076	342,431	328,009
EXPENSES						
Personnel costs	6	203,657	203,661	194,199	203,657	194,199
Supplies and other costs	7	80,469	80,797	79,434	81,660	80,583
Depreciation, amortisation and impairment	8	40,946	39,525	36,511	40,946	36,511
Total expenses before finance costs		325,072	323,983	310,144	326,263	311,293
Operating surplus before finance costs		16,091	13,312	16,932	16,168	16,716
Finance costs	9	2,339	3,099	2,991	2,339	2,991
Operating surplus		13,752	10,213	13,941	13,829	13,725
Share of associate's (deficit)/surplus	14	–	–	–	309	(10)
Share of jointly-controlled entity's surplus	15	–	–	–	5,286	1,084
NET SURPLUS		13,752	10,213	13,941	19,424	14,799

The accompanying notes form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	University			Consolidated	
		2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
NET SURPLUS		13,752	10,213	13,941	19,424	14,799
OTHER COMPREHENSIVE INCOME/(LOSS)						
Items that may be reclassified subsequently to surplus/(deficit)						
Net gain/ (loss) on available-for-sale financial assets	26	–	–	1	–	1
Net gain on cash flow hedges	26	42	–	185	42	185
		42	–	186	42	186
Item that will not be reclassified to surplus/(deficit)						
Net gain on asset revaluations	26	11,643	–	30,619	11,643	30,619
		11,643	–	30,619	11,643	30,619
Total other comprehensive income		11,685	–	30,805	11,685	30,805
TOTAL COMPREHENSIVE INCOME		25,437	10,213	44,746	31,109	45,604

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

As at 31 December 2014

		University			Consolidated	
		2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and cash equivalents	10	5,928	6,197	6,894	6,488	8,048
Short-term Investments		–	–	–	710	
Trade and other receivables	11	5,895	4,694	39,844	5,932	39,904
Inventories		112	125	125	112	125
Prepayments		2,043	1,507	1,507	2,045	1,507
Total current assets		13,978	12,523	48,370	15,287	49,584
NON-CURRENT ASSETS						
Available-for-sale financial assets	12	101	134	134	101	134
Investment in subsidiaries	13	100	100	100	–	–
Investment in associates	14	1,737	1,848	77	2,111	142
Investment in jointly-controlled entity	15	18,528	18,528	18,528	35,859	30,573
Property, plant and equipment	16	600,304	557,947	578,875	600,304	578,875
Intangible assets	17	11,357	10,561	5,728	11,357	5,728
Total non-current assets		632,127	589,118	603,442	649,732	615,452
TOTAL ASSETS		646,105	601,641	651,812	665,019	665,036
CURRENT LIABILITIES						
Trade and other payables	18	35,907	24,351	37,397	35,984	37,456
Income in advance	19	49,205	47,567	73,051	49,255	73,101
Employee entitlements	20	20,745	11,985	18,406	20,745	18,406
Provisions	21	1,106	981	1,506	1,106	1,506
Finance lease borrowings	22	6,250	3,986	4,868	6,250	4,868
Derivative financial instruments	23	–	–	42	–	42
Borrowings	24	–	–	43,320	–	43,320
Total current liabilities		113,213	88,870	178,590	113,340	178,699
NON-CURRENT LIABILITIES						
Borrowings	24	34,300	58,358	–	34,300	–
Employee entitlements	20	6,359	5,866	5,784	6,359	5,784
Provisions	21	1,186	1,656	1,656	1,186	1,656
Finance lease borrowings	22	30,981	31,903	31,153	30,981	31,153
Total non-current liabilities		72,826	97,783	38,593	72,826	38,593
TOTAL LIABILITIES		186,039	186,653	217,183	186,166	217,292
EQUITY						
General equity	25	288,714	286,126	274,962	307,501	288,077
Revaluation reserves	26	171,352	128,862	159,667	171,352	159,667
Total equity		460,066	414,988	434,629	478,853	447,744
TOTAL LIABILITIES AND EQUITY		646,105	601,641	651,812	665,019	665,036

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Note	University			Consolidated	
		2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Total equity at the beginning of the year		434,629	404,775	389,883	447,744	402,140
COMPREHENSIVE INCOME						
Net surplus		13,752	10,213	13,941	19,424	14,799
Other comprehensive income		11,685	–	30,805	11,685	30,805
Total comprehensive income		25,437	10,213	44,746	31,109	45,604
TOTAL EQUITY AT THE END OF THE YEAR		460,066	414,988	434,629	478,853	447,744

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		University		Consolidated		
		2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
	Note					
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from government grants		152,475	153,060	150,053	152,475	150,053
Receipts from student tuition fees		153,495	145,973	138,442	153,495	138,442
Receipts from service activities		32,924	29,342	31,398	33,457	31,841
Interest received		260	32	33	283	63
Dividend received		–	21	21	–	21
Receipts from other revenue		11,898	12,838	9,933	12,660	10,359
Payments to employees		(200,743)	(205,492)	(192,812)	(200,743)	(192,812)
Payments to suppliers		(80,668)	(80,806)	(77,848)	(81,873)	(78,821)
Interest paid		(2,339)	(3,099)	(2,991)	(2,339)	(2,991)
Net GST received/(paid)		(5,026)	1,753	7,074	(5,023)	7,036
NET CASH FLOW FROM OPERATING ACTIVITIES	29	62,276	53,622	63,303	62,392	63,191
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		22	–	32	22	32
Purchases of property, plant and equipment		(37,315)	(37,727)	(36,737)	(37,315)	(36,737)
Purchases of intangible assets		(9,336)	(10,600)	(4,745)	(9,336)	(4,745)
Receipt on maturity/(placement) of short-term investments		–	–	–	(710)	542
Acquisition of Investments		(1,597)	(1,660)	–	(1,597)	–
NET CASH FLOW FROM INVESTING ACTIVITIES		(48,226)	(49,987)	(41,450)	(48,936)	(40,908)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from/(repayment of) borrowings		(9,020)	3,649	(17,930)	(9,020)	(17,930)
Repayment of finance lease borrowings		(5,996)	(6,315)	(5,733)	(5,996)	(5,733)
NET CASH FLOW FROM FINANCING ACTIVITIES		(15,016)	(2,666)	(23,663)	(15,016)	(23,663)
Net increase/(decrease) in cash and cash equivalents		(966)	969	(1,810)	(1,560)	(1,380)
Cash and cash equivalents at beginning of the year		6,894	5,228	8,704	8,048	9,428
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,928	6,197	6,894	6,488	8,048

The accompanying notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

Reporting entity

Auckland University of Technology is a University under the Auckland University of Technology (Establishment) Order 1999 and is domiciled in New Zealand. The primary objective of the University is to provide tertiary education 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.

The Financial Statements of the University and the Consolidated Group are for the year ended 31 December 2014. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 30 March 2015.

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.

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

New and amended standards adopted

No new or amended standards have been adopted by the University and the Consolidated Group.

Future changes to financial reporting standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB).

Under this Accounting Standards Framework, the University is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards. These standards are mainly based on current International Public Sector Accounting Standards, modified as appropriate for New Zealand circumstances. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the University will transition to the new standards in preparing its 31 December 2015 financial statements. The University has not assessed the full implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that no new NZ IFRS and amendments to existing NZ IFRS will be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

(b) Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the University and the Consolidated Group.

Subsidiaries

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

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

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

Associates

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

Joint Ventures

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

Jointly-controlled entity

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

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

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

Jointly-controlled assets

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

(c) Revenue recognition

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

- Government grants – on entitlement.
- Student tuition fees – on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.
- Research grants which will provide reciprocal benefits to the research funding provider – on the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided. Liabilities are recognised in the Balance Sheet as a future obligation to complete the research in respect of the grants which are unearned at the balance date. Research grants which provide no reciprocal benefits to the research funding provider are recognised as income when the grants are received.
- Subsidies, donations and bequests – when the right to receive the fund or asset has been established.
- Revenue from the sale of goods – when the goods have been delivered and the significant risks and rewards of ownership have been transferred to the customer and can be measured reliably.
- Revenue from rendering a service – upon the delivery of the service.
- Interest income – on a time-proportion basis using the effective interest method.
- Dividend income – when the right to receive payment has been established.

(d) Property, plant and equipment

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

Land and buildings

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

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

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

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

Library collection

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

Work in progress

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

Depreciation

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

Buildings	20 – 50 years straight-line
Library collection	5 – 10 years straight-line
Plant and equipment	5 – 20 years straight-line
Specialty electronics	6 years straight-line
Furniture and fittings	5 years straight-line
Leasehold improvements	5 years straight-line
Office equipment	5 years straight-line
Computers and electronic equipment	3 years straight-line
Motor vehicles	20% diminishing value

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

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

(e) Intangible assets

Computer software

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

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

Programme development

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

Intellectual property

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

(f) Impairment

Financial assets

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

Non-financial assets

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

(g) Cash and cash equivalents

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

(h) Short-term investments

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

(i) Trade and other receivables

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

Collectability of receivables is reviewed on an 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.

(j) Inventories

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

(k) Investments and other financial assets

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

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

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

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

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

(I) Leases

Finance leases

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

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

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

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

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

Operating leases

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

(m) Foreign currency translation

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

(n) Derivative financial instruments and hedge accounting

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

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

The University documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The University also documents its assessment, both at hedge inception and on an 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 Income within the Statement of Comprehensive Income and the ineffective portion is recognised immediately in the Income Statement.

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

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

(o) Goods and Services Tax (GST)

Auckland University of Technology is a registered 'person' as defined by the Goods and Services Act 1985. The Financial Statements have been prepared on a GST exclusive basis with the exception of trade debtors and trade creditors, 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 GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of the trade and other receivables or trade and other payables in the Balance Sheet.

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

Commitments and contingencies are disclosed exclusive of GST.

(p) Taxation

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

(q) Budget figures

The budget figures are those approved by the 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 of the University for the preparation of the Financial Statements.

(r) Creditors and other payables

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

(s) Employee Entitlements

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

Annual leave

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: likely future entitlements accruing to staff based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of the estimated future cash flows. Expected future payments are discounted using market yields on New Zealand government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Research and study leave

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

Superannuation Schemes

Defined contribution schemes

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

Defined benefit schemes

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

(t) Interest-bearing borrowings

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

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

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

(u) Borrowing costs

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

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

(v) Provisions

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

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

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

(w) Equity

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

General funds

General funds comprise general equity.

Revaluation reserves

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

(x) Critical accounting estimates and assumptions

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

Revaluation of land and buildings

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

Long service leave and retirement leave

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

Reinstatement provision

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

Depreciation and amortisation

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

(y) Critical judgements in applying accounting policies

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2013:

Crown-owned land and buildings

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

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

Research and study leave

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

NOTE 2: GOVERNMENT OPERATIONAL FUNDING

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Student Achievement Component (SAC)	134,861	132,641	134,861	132,641
Performance-Based Research Funding (PBRF) – Note (A)	12,677	12,355	12,677	12,355
Mangere Refugee Centre	1,581	1,554	1,581	1,554
Tertiary students with disabilities	452	447	452	447
Māori and Pacific Peoples	1,003	921	1,003	921
Early childhood education – Note (B)	424	440	424	440
Other Government funding (excl. research contracts)	1,477	1,695	1,477	1,695
TOTAL GOVERNMENT OPERATIONAL FUNDING	152,475	150,053	152,475	150,053

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Note (A): PBRF				
Provisional PBRF received	12,937	11,925	12,937	11,925
Prior year PBRF final wash-up	(260)	430	(260)	430
Total PBRF	12,677	12,355	12,677	12,355
Note (B): Early childhood education				
Income				
Early childhood education bulk funding	424	440	424	440
Other income *	271	281	271	281
Total income	695	721	695	721
Expenditure				
Operating expenses	678	715	678	715
Total expenditure	678	715	678	715
NET SURPLUS	17	6	17	6

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

NOTE 3: STUDENT TUITION FEES

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Domestic fees	83,914	79,927	83,914	79,927
International fees	63,036	58,492	63,036	58,492
TOTAL STUDENT TUITION FEES	146,950	138,419	146,950	138,419

NOTE 4: RESEARCH GRANTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Research grants received	10,348	9,702	10,527	9,883
Movement in research grants carried forward	(808)	(121)	(808)	(121)
TOTAL RESEARCH GRANTS	9,540	9,581	9,719	9,762

NOTE 5: OTHER INCOME

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Trading income	15,846	13,434	15,846	13,434
Accommodation income	5,920	5,859	5,920	5,859
Interest income	260	33	291	61
Income from investment in associate	–	21	–	–
Donation received	21	15	21	15
Gain on disposal of available-for-sale financial assets	30	–	30	–
Gain on foreign currency translation	184	175	184	175
Other operating income	9,937	9,486	10,995	10,231
TOTAL OTHER INCOME	32,198	29,023	33,287	29,775

NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Academic:				
Salaries and wages	106,963	102,951	106,963	102,951
Defined contribution plan employer contributions	2,661	2,331	2,661	2,331
Movement in employee entitlements	612	337	612	337
Other staff related costs	4,592	5,648	4,592	5,648
	114,828	111,267	114,828	111,267
Administration:				
Salaries and wages	82,309	77,415	82,309	77,415
Defined contribution plan employer contributions	2,047	1,753	2,047	1,753
Movement in employee entitlements	563	175	563	175
Other staff related costs	3,910	3,589	3,910	3,589
	88,829	82,932	88,829	82,932
TOTAL PERSONNEL COSTS	203,657	194,199	203,657	194,199

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

NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Consumables / faculty costs	27,991	26,787	27,991	26,787
Occupancy / property costs	13,978	13,666	13,978	13,666
Operating lease costs – buildings	10,620	11,004	10,620	11,004
Operating lease costs – equipment	1,287	1,307	1,287	1,307
Administration expenses	20,364	19,765	20,364	19,765
Fees to principal auditor:				
Financial Statements audit*	182	172	193	182
Performance Based Research Fund audit	9	16	9	16
Provision for bad debts:				
Change in provision for doubtful debts	131	240	131	240
Bad debts written off	251	206	251	206
Councillors' fees (Note 28)	85	90	85	90
Loss on disposal of property plant and equipment	14	45	14	45
Other operating costs	5,557	6,136	6,737	7,275
TOTAL SUPPLIES AND OTHER COSTS	80,469	79,434	81,660	80,583

* Includes audit fees of \$10,294 (2013: \$9,938) for Auckland University of Technology Foundation and \$17,795 (2013: \$17,240) for AUT/Millennium Ownership Trust paid on their behalf by Auckland University of Technology.

NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Depreciation (Note 16)	37,951	32,920	37,951	32,920
Amortisation (Note 17)	2,087	1,465	2,087	1,465
Impairment (Note 16 & 17)	908	2,126	908	2,126
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	40,946	36,511	40,946	36,511

NOTE 9: FINANCE COSTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Interest on borrowings	504	1,040	504	1,040
Finance charges on finance leases	1,835	1,951	1,835	1,951
TOTAL FINANCE COSTS	2,339	2,991	2,339	2,991

NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Cash at bank and in hand	982	3,108	1,542	3,306
Short-term bank deposits	4,946	3,786	4,946	4,742
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	5,928	6,894	6,488	8,048

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

The total value of cash and cash equivalents that can only be used for specified purposes as outlined by donors to the Auckland University of Technology Foundation is \$383,589 (2013: \$1,035,736).

The weighted average effective interest rate for cash and cash equivalents was 3.48% (2013: 3.05%).

NOTE 11: TRADE AND OTHER RECEIVABLES

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Trade debtors	2,226	2,083	2,275	2,151
Less provision for impairment of trade debtors	(974)	(769)	(974)	(769)
	1,252	1,314	1,301	1,382
Student debtors	4,435	38,596	4,435	38,596
Less provision for impairment of student debtors	(644)	(718)	(644)	(718)
	3,791	37,878	3,791	37,878
Related parties (Note 27)	201	42	176	14
Accrued revenue	160	226	173	244
Other debtors	491	384	491	386
TOTAL TRADE AND OTHER RECEIVABLES	5,895	39,844	5,932	39,904

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

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Trade debtors:				
Opening provisions	769	661	769	661
Additional provisions made during the year	243	123	243	123
Amount of provisions utilised during the year	(38)	(15)	(38)	(15)
Closing provisions for impairment of trade debtors	974	769	974	769
Student debtors:				
Opening provisions	718	586	718	586
Additional provisions made during the year	139	323	139	323
Amount of provisions utilised during the year	(213)	(191)	(213)	(191)
Closing provisions for impairment of student debtors	644	718	644	718

NOTE 11: TRADE AND OTHER RECEIVABLES (continued)

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

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Trade debtors:						
2014 – Under 30 days	766	–	766	815	–	815
31 – 60 days	500	(14)	486	500	(14)	486
61 – 90 days	276	(276)	–	276	(276)	–
Over 90 days	684	(684)	–	684	(684)	–
Total trade debtors	2,226	(974)	1,252	2,275	(974)	1,301
2013 – Under 30 days	870	–	870	938	–	938
31 – 60 days	262	–	262	262	–	262
61 – 90 days	44	–	44	44	–	44
Over 90 days	907	(769)	138	907	(769)	138
Total trade debtors	2,083	(769)	1,314	2,151	(769)	1,382
Student debtors:						
2014 – Under 30 days	3,411	–	3,411	3,411	–	3,411
31 – 60 days	213	(27)	186	213	(27)	186
61 – 90 days	60	(8)	52	60	(8)	52
Over 90 days	751	(609)	142	751	(609)	142
Total student debtors	4,435	(644)	3,791	4,435	(644)	3,791
2013 – Under 30 days	37,622	–	37,622	37,622	–	37,622
31 – 60 days	232	(34)	198	232	(34)	198
61 – 90 days	51	(8)	43	51	(8)	43
Over 90 days	691	(676)	15	691	(676)	15
Total student debtors	38,596	(718)	37,878	38,596	(718)	37,878

NOTE 12: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Listed securities (at fair value):				
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
Polytechnics International New Zealand Limited	–	33	–	33
	100	133	100	133
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	101	134	101	134

Listed securities

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

Unlisted securities

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

NOTE 13: INVESTMENT IN SUBSIDIARIES

Name of entity	Country of incorporation/ operation	Nature of business	Ownership interest	
			2014	2013
Auckland University of Technology Foundation	New Zealand	To receive donations and endowments that are used to promote and support academic excellence at the University	100%	100%
AUT Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

	University	
	2014 Actual \$000s	2013 Actual \$000s
Investment in subsidiaries:		
Auckland University of Technology Foundation	–	–
AUT Enterprises Limited	100	100
TOTAL INVESTMENT IN SUBSIDIARIES	100	100

NOTE 14: INVESTMENT IN ASSOCIATES

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

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2014	2013
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium	20.92%	20.00%
Waterfront Theatre Limited	New Zealand	Develops, owns and manages Auckland Waterfront Theatre	15.00%	15.00%

LCo NEW ZEALAND LIMITED

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

WATERFRONT THEATRE LIMITED

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

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

The Investment in associates is carried at cost in the University's Balance Sheet as follows:

	University	
	2014 Actual \$000s	2013 Actual \$000s
Investment in associates:		
LCo New Zealand Limited	77	417
Less: Return of Share Capital	-	(340)
	77	77
Waterfront Theatre Limited	1,660	-
TOTAL INVESTMENT IN ASSOCIATES	1,737	77

NOTE 14: INVESTMENT IN ASSOCIATES (continued)

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

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

	Consolidated	
	2014 Actual \$000s	2013 Actual \$000s
Share of associate's balance sheet:		
Assets	175	242
Liabilities	(43)	(100)
Net assets	132	142
Share of associate's revenue and surplus:		
Revenue	204	243
Net surplus	(10)	(10)
Movement in carrying amount of investment in associate:		
Balance at the beginning of the year	142	513
Share of associate's net (deficit)/ surplus	(10)	(10)
Return of share capital	–	(340)
Dividend received	–	(21)
Carrying amount at the end of the year	132	142

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

	Consolidated	
	2014 Actual \$000s	2013 Actual \$000s
Share of associate's balance sheet:		
Assets	1,363	–
Liabilities	(294)	–
Net assets	1,069	–
Share of associate's revenue and surplus:		
Revenue	337	–
Net surplus	319	–
Movement in carrying amount of investment in associate:		
Balance at the beginning of the year	–	–
Share capital contribution	1,660	–
Share of associate's net (deficit)/ surplus	319	–
Carrying amount at the end of the year	1,979	–

NOTE 15: INVESTMENT IN JOINTLY-CONTROLLED ENTITY

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

AUT/Millennium Ownership Trust has the same balance date as the University. The investment in the jointly-controlled entity is carried at cost in the University's balance sheet.

	University	
	2014	2013
	Actual	Actual
	\$000s	\$000s
Investment in jointly-controlled entity:		
AUT/Millennium Ownership Trust	18,528	18,300
Capital contribution to AUT/Millennium Ownership Trust	–	228
TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY	18,528	18,528

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

	Consolidated	
	2014	2013
	Actual	Actual
	\$000s	\$000s
Share of jointly-controlled entity's balance sheet:		
Assets	39,486	32,949
Liabilities	(3,427)	(2,833)
Net assets	36,059	30,116
Share of jointly-controlled entity's revenue and surplus:		
Revenue	7,555	3,582
Net surplus	5,286	1,084
Movement in carrying amount of investment in associate:		
Balance at the beginning of the year	30,573	29,261
Capital contribution	–	228
Share of jointly-controlled entity's net surplus	5,286	1,084
Carrying amount at the end of the year	35,859	30,573

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

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

A revaluation of Crown-owned and AUT-owned land was performed by Seagar & Partners, Registered Valuers, at 31 December 2014 to a fair value of \$130,414,000. Details of the land revaluation movements are as follows:

	Net book value (before revaluation) \$000s	Revaluation increment/ (decrement) \$000s	Accumulated depreciation eliminated \$000s	Net revaluation movements \$000s	Net book value (after revaluation) \$000s
University/Consolidated					
AUT-owned land	56,753	1,614	–	1,614	58,367
Crown-owned land	62,018	10,029	–	10,029	72,047
TOTAL	118,771	11,643	–	11,643	130,414

A desktop revaluation of buildings was completed as at 31 December 2014 by Seagar & Partners, Registered Valuers. The percentage change between the valuer’s desktop revaluation and the carrying net book value is not significantly different, and therefore no change has been made to the asset revaluation reserve.

Non-cash transactions

During the year the University acquired \$7.2 million of computers and electronic equipment under finance leases (2013: \$3.4 million).

Disposals

Included in the current financial year’s disposals are \$7.1 million of property, plant and equipment and \$1.0 million of intangible assets that had been retired from active use and fully depreciated. Accordingly, their cost and related accumulated depreciation or amortisation was completely removed from the Balance Sheet during the financial year.

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2013 – University / Consolidated	Cost / Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2013 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2013 \$000s	Balance at 1 Jan 2013 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2013 \$000s
AUT-owned assets:										
Land	50,247	–	–	–	50,247	–	–	–	–	50,247
Buildings	250,232	95,012	(8,715)	–	336,529	16,651	10,254	(25,557)	–	233,581
Library collection	36,697	5,024	–	–	41,721	20,122	5,191	–	1,114	16,575
Computers and electronic equipment	15,177	6,519	–	(150)	21,546	12,550	3,512	(150)	2	2,627
Furniture and fittings	13,825	3,954	–	(188)	17,591	11,810	1,482	(187)	8	2,015
Leasehold improvements	14,637	3,466	–	(5)	18,098	12,659	1,384	(5)	–	1,978
Motor vehicles	713	269	–	(112)	870	342	109	(96)	–	371
Office equipment	4,866	44	–	(55)	4,855	4,128	247	(55)	–	738
Plant and equipment	26,873	8,619	–	(267)	35,225	13,659	2,863	(205)	26	13,214
Specialty electronics	1,819	–	–	–	1,819	1,666	71	–	–	153
Works of art	309	–	–	–	309	–	–	–	–	309
WIP – buildings	103,404	(97,387)	–	–	6,017	–	–	–	–	103,404
WIP – others	2,007	481	–	–	2,488	–	–	–	–	2,007
TOTAL AUT-OWNED ASSETS	520,806	26,001	(8,715)	(777)	537,315	93,587	25,113	(26,255)	1,150	443,720
Crown-owned land and buildings:										
Land	47,979	–	14,039	–	62,018	–	–	–	–	47,979
Buildings	48,960	–	(4,234)	–	44,726	2,745	1,750	(3,972)	–	46,215
TOTAL CROWN-OWNED LAND & BUILDINGS	96,939	–	9,805	–	106,744	2,745	1,750	(3,972)	–	94,194
Assets under finance leases:										
Computers and electronic equipment	16,477	3,439	–	(3,252)	16,664	10,375	4,053	(3,253)	–	6,102
Buildings	43,242	–	–	–	43,242	17,793	2,004	–	–	25,449
TOTAL ASSETS UNDER FINANCE LEASES	59,719	3,439	–	(3,252)	59,906	28,168	6,057	(3,253)	–	31,551
TOTAL PROPERTY, PLANT AND EQUIPMENT	677,464	29,440	1,090	(4,029)	703,965	124,500	32,920	(33,480)	1,150	552,964
										578,875

NOTE 17: INTANGIBLE ASSETS

2014 – University / Consolidated

	Cost / Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2014 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2014 \$000s	Balance at 1 Jan 2014 \$000s	Amortisation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2014 \$000s
Intangible assets:										
Intellectual property	50	-	-	-	50	50	-	-	-	-
Software	14,247	4,813	-	(1,003)	18,057	12,947	2,087	(1,003)	1	14,032
Programme development	354	-	-	(40)	314	354	-	(40)	-	314
WIP – software	4,428	3,744	-	-	8,172	-	-	-	840	840
TOTAL INTANGIBLE ASSETS	19,079	8,557	-	(1,043)	26,593	13,351	2,087	(1,043)	841	15,236

2013 – University / Consolidated

	Cost / Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2013 \$000s	Additions / reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2013 \$000s	Balance at 1 Jan 2013 \$000s	Amortisation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2013 \$000s
Intangible assets:										
Intellectual property	50	-	-	-	50	50	-	-	-	-
Software	13,438	1,901	-	(1,092)	14,247	11,598	1,465	(1,092)	976	12,947
Programme development	354	-	-	-	354	354	-	-	-	354
WIP – software	3,499	929	-	-	4,428	-	-	-	-	-
TOTAL INTANGIBLE ASSETS	17,341	2,830	-	(1,092)	19,079	12,002	1,465	(1,092)	976	13,351

NOTE 18: TRADE AND OTHER PAYABLES

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Trade creditors	4,705	1,516	4,705	1,517
Creditors accruals	23,633	23,454	23,699	23,512
Sundry creditors	2,046	2,076	2,046	2,076
GST payable	3,079	8,105	3,090	8,105
Withholding tax payable	2,444	2,246	2,444	2,246
TOTAL TRADE AND OTHER PAYABLES	35,907	37,397	35,984	37,456

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

NOTE 19: INCOME IN ADVANCE

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Students fees in advance	30,053	57,595	30,053	57,595
Research funding received in advance	11,419	9,213	11,419	9,213
Other income in advance	7,733	6,243	7,783	6,293
TOTAL INCOME IN ADVANCE	49,205	73,051	49,255	73,101

NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Annual leave	13,118	12,499	13,118	12,499
Accrued salary payments	4,969	3,846	4,969	3,846
Sick leave	493	474	493	474
Other employee entitlements	2,165	1,587	2,165	1,587
Total employee entitlements – current	20,745	18,406	20,745	18,406
Long service leave	1,146	925	1,146	925
Retirement leave	1,771	1,668	1,771	1,668
Research and study leave	3,442	3,191	3,442	3,191
Total employee entitlements – non-current	6,359	5,784	6,359	5,784
TOTAL EMPLOYEE ENTITLEMENTS	27,104	24,190	27,104	24,190

The present values of the long service leave and retirement leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate of 3.67% (2013:4.71%) and the salary inflation factor of 3.0% (2013:3.0%). Any changes in these assumptions will impact on the carrying amount of the liability.

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

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

NOTE 21: PROVISIONS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Reinstatement provision for leased buildings:				
Opening balance	3,162	2,934	3,162	2,934
Provision (reversed)/made during the year	(870)	228	(870)	228
CLOSING BALANCE	2,292	3,162	2,292	3,162
Comprising:				
Current	1,106	1,506	1,106	1,506
Non-current	1,186	1,656	1,186	1,656
TOTAL PROVISIONS	2,292	3,162	2,292	3,162

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

NOTE 22: FINANCE LEASE BORROWINGS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Not later than one year	7,940	6,759	7,940	6,759
Later than one year and not later than five years	19,026	17,341	19,026	17,341
Later than five years	21,656	25,402	21,656	25,402
Total minimum finance leases:	48,622	49,502	48,622	49,502
Future finance charges	(11,391)	(13,481)	(11,391)	(13,481)
Total present value of minimum finance lease payments	37,231	36,021	37,231	36,021
Present value of minimum finance leases:				
Not later than one year	6,250	4,868	6,250	4,868
Later than one year and not later than five years	13,166	10,853	13,166	10,853
Later than five years	17,815	20,300	17,815	20,300
Total minimum finance lease borrowings	37,231	36,021	37,231	36,021
Comprising:				
Current	6,250	4,868	6,250	4,868
Non-current	30,981	31,153	30,981	31,153
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE BORROWINGS	37,231	36,021	37,231	36,021

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

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

The University leases approximately 18,332 square metres (2013: 18,332 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 7,928 computers and items of electronic equipment for teaching, research and administrative purposes (2013: 6,711).

NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Current liability portion				
Interest rate swap – cash flow hedges	–	42	–	42
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	–	42	–	42

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

There are no interest rate swap contracts as at 31 December 2014 (2013: \$10 million). The fixed interest rate of the interest rate swap was 4.49% during the year (2013: 4.49%).

Forward foreign exchange contracts

There are no forward foreign exchange contracts as at 31 December 2014 (2013: Nil).

NOTE 24: BORROWINGS

On 14 November 2014, Auckland University of Technology entered into two separate revolving advance facility agreements (and the accompanying negative pledge deeds): one with the ANZ Bank New Zealand Limited and one with Westpac New Zealand Limited. These facilities have been established in accordance with the conditions of the Consent to Borrow granted by the Secretary for Education, under section 192 (4) (d) and (7) of the Education Act 1989.

The total revolving advances facility from ANZ Bank New Zealand Limited and Westpac New Zealand Limited are for the facility amount up to \$170 million, with final maturity date of 1 January 2019. At 31 December 2014, \$34.3 million (2013: \$43.3 million) had been drawn down on this facility. The University uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 4.35% (2013: 3.99%).

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Opening balance	43,320	61,250	43,320	61,250
Net borrowings / (repayments)	(9,020)	(17,930)	(9,020)	(17,930)
CLOSING BALANCE	34,300	43,320	34,300	43,320
Comprising:				
Current	–	43,320	–	43,320
Non-current	34,300	–	34,300	–
TOTAL BORROWINGS	34,300	43,320	34,300	43,320

Fair value

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

NOTE 25: GENERAL FUNDS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
General equity:				
Balance at the beginning of the year	274,962	261,021	288,077	273,278
Net surplus for the year	13,752	13,941	19,424	14,799
TOTAL GENERAL EQUITY	288,714	274,962	307,501	288,077

NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Asset revaluation reserve:				
Balance at the beginning of the year	159,748	129,129	159,748	129,129
Changes due to revaluation of:				
Crown-owned Land	10,029	14,039	10,029	14,039
Crown-owned Buildings	–	(262)	–	(262)
AUT-owned Land	1,614	–	1,614	–
AUT-owned Buildings	–	16,842	–	16,842
	11,643	30,619	11,643	30,619
Balance at the end of the year	171,391	159,748	171,391	159,748
Available-for-sale financial assets revaluation reserve:				
Balance at the beginning of the year	(39)	(40)	(39)	(40)
Net fair value gains/(losses) in the year	–	1	–	1
Balance at the end of the year	(39)	(39)	(39)	(39)
Cash flow hedge reserve:				
Balance at the beginning of the year	(42)	(227)	(42)	(227)
Net fair value gains/(losses) in the year	42	185	42	185
Balance at the end of the year	–	(42)	–	(42)
TOTAL REVALUATION RESERVES	171,352	159,667	171,352	159,667

Land was revalued as at 31 December 2014 following the independent desktop revaluation completed by Seagar & Partners, Registered Valuers.

Land at the AUT North Shore Campus appreciated in value by 33.6% from 2013 to 2014 driven by increases in value of comparable sites recently sold in the area, and the valuer's professional assessment on the impact which the Proposed Auckland Unitary Plan has on the value of the land at this campus. Land at the AUT City Campus appreciated in value by 6.8% over the same period recognising the increase in market value driven primarily by sales of comparable sites in the area. Land at the AUT South Campus retained its carrying value.

NOTE 27: RELATED PARTY TRANSACTIONS

Significant transactions with government-related entities

The government influences the roles of the University as well as being a major source of revenue.

The University has received funding and grants from the Tertiary Education Commission totalling \$152.4 million (2013: \$150.0 million) to provide education and research services for the year ended 31 December 2014.

The University also leases, at an annual rental amount of \$100 plus GST if demanded, land and buildings legally owned by the Crown. Further information on the accounting for Crown-owned land and buildings is disclosed in Note 1(y).

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the University is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The University is exempt from paying income tax.

The University purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and the provision of goods and services to government-related entities for the year ended 31 December 2014 are insignificant when compared to the University's total expenditure and revenue and have all been conducted on an arms' length basis. The purchase of goods and services included the purchase of electricity from Meridian Energy, air travel from Air New Zealand, postal services from New Zealand Post, and student placement services from various District Health Boards, Schools and Polytechnics. The provision of services to government-related entities mainly related to the provision of educational courses.

NOTE 27: RELATED PARTY TRANSACTIONS (continued)**Related party transactions with subsidiaries, interest in an associate, and jointly-controlled entity**

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

	2014 Actual \$000s	2013 Actual \$000s
SUBSIDIARY COMPANIES		
Auckland University of Technology Foundation		
Operating revenue received by subsidiary	18	5
Grants and scholarships paid to subsidiary	–	29
Operating expenses paid on behalf	30	52
Accounts receivable	9	14
AUT Enterprises Limited		
Operating revenue received on behalf	–	58
External project funding received from subsidiary	206	296
Operating expenses paid on behalf	88	45
Accounts receivable	16	14
ASSOCIATE COMPANY		
LCo New Zealand Limited		
Purchase of services	343	289
Waterfront Theatre Limited		
Capital contribution	1,660	–
JOINTLY-CONTROLLED ENTITY		
AUT/Millennium Ownership Trust		
Capital contribution	–	228
Rents and opex recoveries paid to jointly-controlled entity	495	471
Management services provided to jointly-controlled entity	181	176
Salary recoveries paid to jointly-controlled entity	102	102
Operating expenses paid on behalf	454	660
Accounts receivable	176	14

All related party transactions were on market terms and conditions.

Key management personnel

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Salaries and other short-term employee entitlements	5,254	5,243	5,254	5,243
Post-employment entitlements	125	106	125	106
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	5,379	5,349	5,379	5,349

NOTE 27: RELATED PARTY TRANSACTIONS (continued)**Key management personnel (continued)**

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

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

The Vice-Chancellor 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.

Councillors

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

	Purchases Actual \$000s	Sales Actual \$000s	Accounts payable Actual \$000s	Accounts receivable Actual \$000s
2014				
M Abbott				
AUT/Millennium Ownership Trust (Trustee)	139	704	5	176
Waitemata District Health Board (Board Member)	510	–	157	–
U Ansell				
AuSM (Vice-President)	1,263	57	–	36
V Bridgwater				
Auckland Tourism Events and Economic Development Ltd (Director)	50	55	–	–
H Duncan				
Millennium Institute of Sport & Health (Board Member)	102	508	15	47
L Henry				
Auckland University of Technology Foundation (Trustee)	12	–	–	9
AUT/Millennium Ownership Trust (Trustee)	139	704	5	176
J Maasland				
ACG Limited (Chairman)	6	64	2	12
Auckland University of Technology Foundation (Trustee)	12	–	–	9
D McCormack				
Auckland University of Technology Foundation (Trustee)	12	–	–	9
AUT Enterprises Limited (Director)	–	323	–	16
AUT/Millennium Ownership Trust (Chairman)	139	704	5	176
Waterfront Theatre Limited (Director)	1,660	–	–	–
K McPherson				
Work & Income NZ (Board Member)	6,259	–	26	–
A Pokino				
AuSM (President)	1,263	57	–	36
J Raine				
Committee for Auckland Ltd (Director)	29	–	17	–
AUT Enterprises Limited (Director)	–	323	–	16
Research and Education Advanced Network NZ Ltd (Chair)	682	–	162	–

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

2013	Purchases Actual \$000s	Sales Actual \$000s	Accounts payable Actual \$000s	Accounts receivable Actual \$000s
M Abbott				
AUT/Millennium Ownership Trust (Trustee)	644	1,063	–	14
Waitemata District Health Board (Board member)	492	63	1	52
V Bridgwater				
Auckland Tourism Events and Economic Development Ltd (Director)	50	37	–	21
G Campbell				
Vodafone NZ Limited (Director)	1,146	–	8	–
H Duncan				
Millennium Institute of Sports & Health (Board Member)	160	530	17	36
K Essuman				
AuSM (President)	1,227	53	–	15
L Henry				
Auckland University of Technology Foundation (Trustee)	29	–	–	14
AUT/Millennium Ownership Trust (Trustee)	644	1,063	–	14
J Kingi				
AuSM (Vice-President)	1,227	53	–	15
J Maasland				
ACG Limited (Chairman)	10	76	–	62
Auckland University of Technology Foundation (Trustee)	29	–	–	14
D McCormack				
Auckland University of Technology Foundation (Trustee)	29	–	–	14
AUT Enterprises Limited (Director)	3	353	–	14
AUT/Millennium Ownership Trust (Trustee)	644	1,063	–	14
NZ Stroke Foundation (Vice President)	4	–	–	–
K McPherson				
Work & Income NZ (Board Member)	6,160	–	6	–
J Raine				
AUT Enterprises Limited (Director)	3	353	–	14
Committee for Auckland Ltd (Board Member)	–	2	–	–
Research and Education Advanced Network NZ Ltd (Chair)	822	–	151	–

All transactions were made on normal commercial terms and conditions. Outstanding balances at balance date are unsecured and interest free. No provision has been required or any expense recognised for impairment of accounts receivable from related parties (2013: \$nil).

NOTE 28: COUNCILLORS' FEES

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

Council Member	2014 Actual \$000s	2013 Actual \$000s
P Alley	4	4
A Pokino	5	–
G Campbell	4	4
A Cocker	–	2
F Davies	–	3
H Duncan	4	5
K Essuman	–	6
S Hayman	4	2
L Henry*	6	7
J Kingi	2	6
U Ansell	3	–
L Lim	5	5
J Maasland	25	25
K McPherson	4	1
P Phillips	–	3
J Schofield	7	7
S Stehlin	5	5
J Thompson	7	5
TOTAL COUNCILLORS' FEES	85	90

*L Henry is a Trustee of AUT/Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2013: \$10,000) in relation to that position.

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Net surplus from operations	13,752	13,941	19,424	14,799
Adjustments for items not involving cash				
Depreciation, amortisation and impairment	40,946	36,511	40,946	36,511
Increase/(decrease) in employee entitlements – term portion	575	(102)	575	(102)
Increase/(decrease) in reinstatement provision	(870)	228	(870)	228
(Gain)/loss on foreign currency translation	(184)	(175)	(184)	(175)
Share of associate's net deficit/(surplus)	–	–	(309)	10
Share of jointly-controlled entity's net deficit/(surplus)	–	–	(5,286)	(1,084)
Total items not involving cash	40,467	36,462	34,872	35,388
Movements in working capital				
(Increase)/decrease in trade and other receivables	33,949	(35,590)	33,960	(35,489)
(Increase)/decrease in prepayments	(536)	(99)	(536)	(99)
(Increase)/decrease in inventories	13	83	13	83
Increase/(decrease) in trade and other payables	(1,490)	(4,603)	(1,462)	(4,621)
Increase/(decrease) in income in advance	(23,846)	38,637	(23,846)	38,637
Increase/(decrease) in current employee entitlements	2,339	1,489	2,339	1,489
Total movements in working capital	10,429	(83)	10,468	–
Add/(less) items classified as investing activities				
Movement in capital creditors	(2,356)	12,938	(2,356)	12,959
Loss/(gain) on disposal of property, plant and equipment	14	45	14	45
Gain on disposal of available for sale financial assets	(30)	–	(30)	–
Total items classified as investing activities	(2,372)	12,983	(2,372)	13,004
NET CASH FLOWS FROM OPERATING ACTIVITIES	62,276	63,303	62,392	63,191

NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	3,785	3,881	3,785	3,881
Balance of payment for the settlement on the property at 41 Centorian Drive, Auckland	–	5,850	–	5,850
Capital contribution to the Waterfront Theatre Limited	3,340	5,000	3,340	5,000
TOTAL CAPITAL COMMITMENTS	7,125	14,731	7,125	14,731

NOTE 31: OPERATING LEASE COMMITMENTS – AS LESSEE

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Not later than one year	5,359	6,947	5,359	6,947
Later than one year and not later than five years	7,089	9,581	7,089	9,581
Later than five years	1,582	1,945	1,582	1,945
TOTAL NON-CANCELLABLE OPERATING LEASES	14,030	18,473	14,030	18,473

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

The University leases 31,404 square metres (2013: 29,845 square metres) of office space in Auckland for teaching, research and administrative purposes. Most of these leases can be renewed at the University's option, with rents set by reference to current market rates for items of equivalent age and condition.

NOTE 32: FINANCIAL INSTRUMENT

Financial instrument categories

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
FINANCIAL ASSETS:				
Loans and receivables				
Cash and cash equivalents	5,928	6,894	6,488	8,048
Trade and other receivables	5,895	39,844	5,932	39,904
TOTAL LOANS AND RECEIVABLES	11,823	46,738	12,420	47,952
Available-for-sale financial assets				
Listed securities (fair value through other comprehensive income)	1	1	1	1
Unlisted securities (carried at cost)	100	133	100	133
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	101	134	101	134
FINANCIAL LIABILITIES:				
Derivatives designated as cash flow hedges				
Interest rate swap	–	42	–	42
Financial liabilities measured at amortised costs				
Trade and other payables	35,907	37,397	35,984	37,456
Borrowings	34,300	43,320	34,300	43,320
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	70,207	80,717	70,284	80,776

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

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

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

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

		Valuation Technique		
		Quoted market price	Observable inputs	Significant non-observable input
	Total \$000s	\$000s	\$000s	\$000s
University 2014				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	–	–	–	–
Consolidated 2014				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	–	–	–	–
University 2013				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	42	–	42	–
Consolidated 2013				
Financial assets				
Listed securities	1	1	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	42	–	42	–

NOTE 33: FINANCIAL INSTRUMENT RISKS

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

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

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

Market risk

Interest rate risk

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

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

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

Currency risk

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

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

Price risk

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

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

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Credit risk

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

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

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

	University		Consolidated	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
Cash and cash equivalents	5,928	6,894	6,488	8,048
Trade and other receivables	5,895	39,844	5,932	39,904
TOTAL CREDIT RISK	11,823	46,738	12,420	47,952

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	
	2014 Actual \$000s	2013 Actual \$000s	2014 Actual \$000s	2013 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents:				
AA-	5,928	6,894	6,488	8,048
Total cash and cash equivalents	5,928	6,894	6,488	8,048

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

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities

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

	Contractual Cash flows \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2014					
Trade and other payables	35,907	35,907	35,907	–	–
Net settled derivative liabilities	–	–	–	–	–
Finance leases	37,231	48,622	7,940	19,026	21,656
Borrowings	34,300	40,500	1,590	38,910	–
TOTAL	107,438	125,029	45,437	57,936	21,656

CONSOLIDATED 2014

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

UNIVERSITY 2013

Trade and other payables	37,397	37,397	37,397	–	–
Net settled derivative liabilities	42	42	42	–	–
Finance leases	36,021	49,502	6,759	17,341	25,402
Borrowings	43,320	44,700	44,700	–	–
TOTAL	116,780	131,641	88,898	17,341	25,402

CONSOLIDATED 2013

Trade and other payables	37,456	37,456	37,456	–	–
Net settled derivative liabilities	42	42	42	–	–
Finance leases	36,021	49,502	6,759	17,341	25,402
Borrowings	43,320	44,700	44,700	–	–
TOTAL	116,839	131,700	88,957	17,341	25,402

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

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

	Contractual Cash flows \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2014					
Cash and cash equivalents	5,928	5,928	5,928	–	–
Trade and other receivables	5,895	5,895	5,895	–	–
TOTAL	11,823	11,823	11,823	–	–
CONSOLIDATED 2014					
Cash and cash equivalents	6,488	6,488	6,488	–	–
Trade and other receivables	5,932	5,932	5,932	–	–
TOTAL	12,420	12,420	12,420	–	–
UNIVERSITY 2013					
Cash and cash equivalents	6,894	6,894	6,894	–	–
Trade and other receivables	39,844	39,844	39,844	–	–
TOTAL	46,738	46,738	46,738	–	–
CONSOLIDATED 2013					
Cash and cash equivalents	8,048	8,048	8,048	–	–
Trade and other receivables	39,904	39,904	39,904	–	–
TOTAL	47,952	47,952	47,952	–	–

Sensitivity analysis

2014

Financial assets

Financial liabilities

Borrowings

Total sensitivity to interest rate risk

University				Consolidated			
+100 bps		-100 bps		+100 bps		-100 bps	
Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
56	-	(56)	-	61	-	(61)	-
-	-	-	-	-	-	-	-
(83)	-	83	-	(83)	-	83	-
(27)	-	27	-	(22)	-	22	-

2014

Financial assets

Trade and other receivables

Financial assets

Trade and other receivables

Total sensitivity to currency risk

University				Consolidated			
+10%		-10%		+10%		-10%	
Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
(64)	-	80	-	(64)	-	80	-
(9)	-	10	-	(9)	-	10	-
62	-	(78)	-	62	-	(78)	-
(11)	-	12	-	(11)	-	12	-

Other financial assets

Listed securities

Total sensitivity to equity price risk

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

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

2013

INTEREST RATE RISK

Financial assets

Cash and cash equivalents

Financial liabilities

Interest rate swaps

Borrowings

**Total sensitivity to
interest rate risk**

University				Consolidated			
+100 bps		-100 bps		+100 bps		-100 bps	
Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
51	-	(51)	-	63	-	(63)	-
-	25	-	(25)	-	25	-	(25)
(333)	-	333	-	(333)	-	333	-
(282)	25	282	(25)	(270)	25	270	(25)

2013

CURRENCY RISK

Financial assets

Cash and cash equivalents

Trade and other receivables

Financial assets

Trade and other receivables

**Total sensitivity to
currency risk**

University				Consolidated			
+10%		-10%		+10%		-10%	
Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
(161)	-	488	-	(161)	-	488	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(161)	-	488	-	(161)	-	488	-

EQUITY PRICE RISK

Other financial assets

Listed securities

**Total sensitivity to
equity price risk**

University				Consolidated			
+10%		-10%		+10%		-10%	
Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
-	1	-	(1)	-	1	-	(1)
-	1	-	(1)	-	1	-	(1)

NOTE 34: CAPITAL MANAGEMENT

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

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

NOTE 35: SEGMENTAL INFORMATION

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

NOTE 36: EXCEPTIONAL RISKS OF OPERATING

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, international student revenue could be affected by a significant change to New Zealand's, or foreign governments', immigration or visitors' permits policies. 18% (2013: 18%) of total revenue is derived from International student fees.

NOTE 37: CONTINGENCIES

Contingent assets

There are no contingent assets as at 31 December 2014 (2013: Nil).

Contingent liabilities

There are no contingent liabilities as at 31 December 2014 (2013: Nil).

NOTE 38: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget are as follows:

Income Statement

Student tuition fees

Student tuition fees were \$2.8 million ahead of budget driven by a 2.0% increase in international enrolments.

Research grants

Research grants recognised in 2014 were \$1.2 million below budget primarily due to lower than expected external research income generated during the year.

Other income

Other income was \$2.6 million ahead of budget as a result of higher 3rd stream revenue generated across all operational areas and other external income.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment were \$1.4 million above budget mainly due the impact of building impairment adjustments.

Balance Sheet

Trade and other receivables

Trade and other receivables were \$1.2 million above budget mainly due to higher than budgeted trade debtors and other debtors balance compared to budget.

Property, plant and equipment

Property, plant and equipment was \$42.3 million above budget mainly due to an increase in the revaluation movements. \$30.6 million for land and buildings in 2013 and \$11.6 million for land only in 2014.

Trade and other payables

Trade and other payables were \$11.5 million above budget. This was mainly due to higher than budgeted trade creditor balances compared to budget.

Income in advance

Income in advance was \$1.6 million above budget mainly due to the early invoicing of student fees.

Employee entitlements

Total employee entitlements of \$27.1 million were \$9.2 million above budget mainly due to higher salary accrual and annual leave accrual compared to budget.

Finance leases

Total finance leases of \$37.2 million were \$1.3 million above budget mainly due to the increase of computer and electronic equipment under finance lease.

Bank borrowings

Total bank borrowings of \$34.3 million were \$24.0 million below the budget of \$58.3 million at year end 2014. This was mainly due to higher than budget receipts from student fees and delayed capital expenditure during the year.

Reserves

Reserves were \$42.5 million above budget due to increase in the revaluation movement of land and buildings compared to budget.

Statement of Cash Flows

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

NOTE 39: INTEREST IN JOINTLY-CONTROLLED ASSETS

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

Jointly controlled assets	Nature of joint venture	Ownership interest	
		2014	2013
Ko Awatea Education Centre	Partnership with healthcare professionals and educational institutes to improve efficiency and achieve effective application of healthcare.	13.2%	13.2%

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

	University	
	2014 Actual \$000s	2013 Actual \$000s
Property, plant and equipment	19	69
TOTAL JOINTLY CONTROLLED ASSETS	19	69

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

NOTE 40: EVENTS AFTER THE REPORTING PERIOD

On 5 March 2015, the University made a capital contribution payment of \$1.68 million to the Waterfront Theatre Limited, in accordance with the Shareholders' Agreement dated 13 December 2013, as part of the capital contribution balance of \$5 million (see note 30) committed at the end of the reporting period.

NOTE 41: COMPARATIVE FIGURES

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



Sir Paul Reeves building internal entry from WA building.
Image: Simon Devitt, Photographer

STATEMENT OF RESOURCES

LIBRARY

LEARNING AND TEACHING/RESEARCH AND SCHOLARSHIP

e-resources

e-journal titles	88,798	84,069
e-book titles	102,826	91,547
e-reserve items (AUTonline)	4,408	3,968
Research repository items (Scholarly Commons)	3,728	2,982

Print resources (titles)

Books	219,168	222,264
Journals (serials)	2,008	2,088
Multimedia (AV items)	16,814	16,876

ENGAGEMENT

Online access – full-text downloads

e-journal full-text downloads	2,252,965	2,065,852
e-book full-text downloads	336,498	143,670
e-reserve full-text downloads	80,334	83,692
Research repository full-text downloads	723,316	653,300

Online access – page views

Research repository page views	370,101	200,775
Library guides page views ¹⁰	734,358	750,582
Library website page views ¹¹	1,011,893	1,631,611

Physical access

Turnstile counts (visits to Library)	1,243,984	1,371,070
Opening hours (per week) ¹²	86	86

Loans

Print and multimedia (includes renewals)	206,370	231,588
Course reserve (high demand) (includes renewals)	39,064	47,612
Interloan items supplied and received (includes Borrow Direct)	5,266	6,186

Information services

Information literacy workshops (participants) ¹³	8,691	13,712
Information literacy workshops (groups)	544	566
Research consultations	3,490	3,463
Library Help Desk enquiries	9,069	9,624
Online tutorial views	5,451	3,889

¹⁰ Decrease due to change of method of reporting

¹¹ Decrease due to reduced number of pages and more streamlined access to information resources on new Library website

¹² Weekly opening hours increase to 98 hours for the last four weeks of each semester

¹³ The AUT undergraduate orientation programme in 2014 did not include Library information sessions, which were previously delivered to several thousand students in lecture theatres. Alternative means of conveying the same information have been developed

STAFF

Total Library staff (FTE)

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

Expenditure – \$000s

Operating expenditure – excluding depreciation

Depreciation and asset impairment

Total operating expenditure

Capital expenditure – information resources

Total Library expenditure

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

2014	2013
69.1	69.6
6,176	5,769
4,984	6,317
11,160	12,086
5,534	5,024
16,694	17,110
803	840

INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

	2014	2013
LEARNING AND TEACHING		
Total number of computers (including laptops)	9,725	7,230
Available open-access laboratory hours	2,697,130	2,960,271
Total number of open-access hours used	704,459	675,366
Percentage open-access usage	26.1%	22.8%
Average number of daily student log-ons to the wireless network during the busiest month	7,144	4,759
Total number of student log-ons to the wireless network on the busiest day	10,631	7,037
Total service desk enquiries	81,205	78,283
Percentage incident resolution within the Service Level Agreement timeframe – students	94.2%	100%
RESEARCH AND SCHOLARSHIP		
REANNZ network (average traffic) – Mbps ¹⁴	101.1	78.5
REANNZ network (maximum traffic) – Mbps ¹⁴	2,229.2	1,140.7
Total AUT traffic to Google Scholar – Mb	60,734	61,261
URL hits to Google Scholar	2,668,182	3,021,230
ENGAGEMENT WITH COMMUNITIES		
Number of sessions on AUT website	5,782,206	5,655,281
Number of distinct users for AUTonline	29,036	29,814
Number of page views (events/activities) for AUTonline	10,441,870	10,467,604
STAFF		
Percentage incident resolution within the Service Level Agreement timeframe – staff	95.7%	72.7%
CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING		
Expenditure – \$000s		
Operating expenditure for ICT Services – excluding depreciation	14,151	13,157
Depreciation	2,191	1,890
Operating expenditure for computer leases in other divisions	3,126	2,928
Total operating ICT Services expenditure for University	19,468	17,975
Capital expenditure	3,743	2,898
Total ICT Services expenditure	23,211	20,873
Percentage increase/(decrease) total ICT Services expenditure	11.2%	6.6%
ICT Services operating expenditure as a percentage of total University expenditure	5.4%	5.3%
ICT Services salaries/total ICT Services operating expenditure	41%	42%
Total ICT Services staff (FTE)	116	96
Total ICT Services expenditure per EFTS (MoE and International) and FTE (\$)	1,109	1,024

¹⁴ Average and maximum traffic results measure outbound traffic from AUT and the Warkworth Radio Telescope site. Note that 2013 figures are for the KAREN network which was replaced in 2014

LAND AND BUILDINGS

LAND BY CAMPUS¹⁵

City Campus
North Shore Campus
AUT South Campus
AUT Millennium ¹⁶
Total land

2014		2013	
Gross Area ha	Value \$000s	Gross Area ha	Value \$000s
3.5	68,565	3.5	64,174
14.4	27,855	14.4	20,847
7.8	27,244	7.8	27,244
20.2	6,750	–	–
45.8	130,414	25.7	112,265

BUILDINGS BY CAMPUS¹⁷

City Campus
North Shore Campus
AUT South Campus
AUT Millennium
Work in progress
Total buildings
Total land and buildings

2014		2013	
Gross Area m ²	Net Book Value \$000s	Gross Area m ²	Net Book Value \$000s
112,193	279,925	112,193	293,480
35,948	68,568	35,948	66,856
8,156	19,636	8,185	19,048
4,307	–	–	–
–	17,670	–	6,017
160,604	385,799	156,326	385,401
	516,213		497,666
59,229		53,441	
219,833		209,767	
34,838		35,194	
184,995		174,573	

Contractual leases (various)

University total gross area

Less: Non-leasable area

Usable area

Utilised as follows

Faculty space
Administration ¹⁸
In development/vacant
TOTAL

2014			2013		
Usable Area m ²	Total EFTS	Area m ² per EFTS	Usable Area m ²	Total EFTS	Area m ² per EFTS
110,027			110,720		
66,185			63,853		
8,783			–		
184,995	19,581	9.4	174,573	19,178	9.1

¹⁵ Land valuations are by Seagar & Partners as at 31 December 2014

¹⁶ AUT Millennium added for 2014 due to a new purchase of land and buildings

¹⁷ Buildings were valued by Seagar & Partners as at 31 December 2013. Depreciation has been deducted for 2014

¹⁸ This includes space for administration services, student accommodation and car parks



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