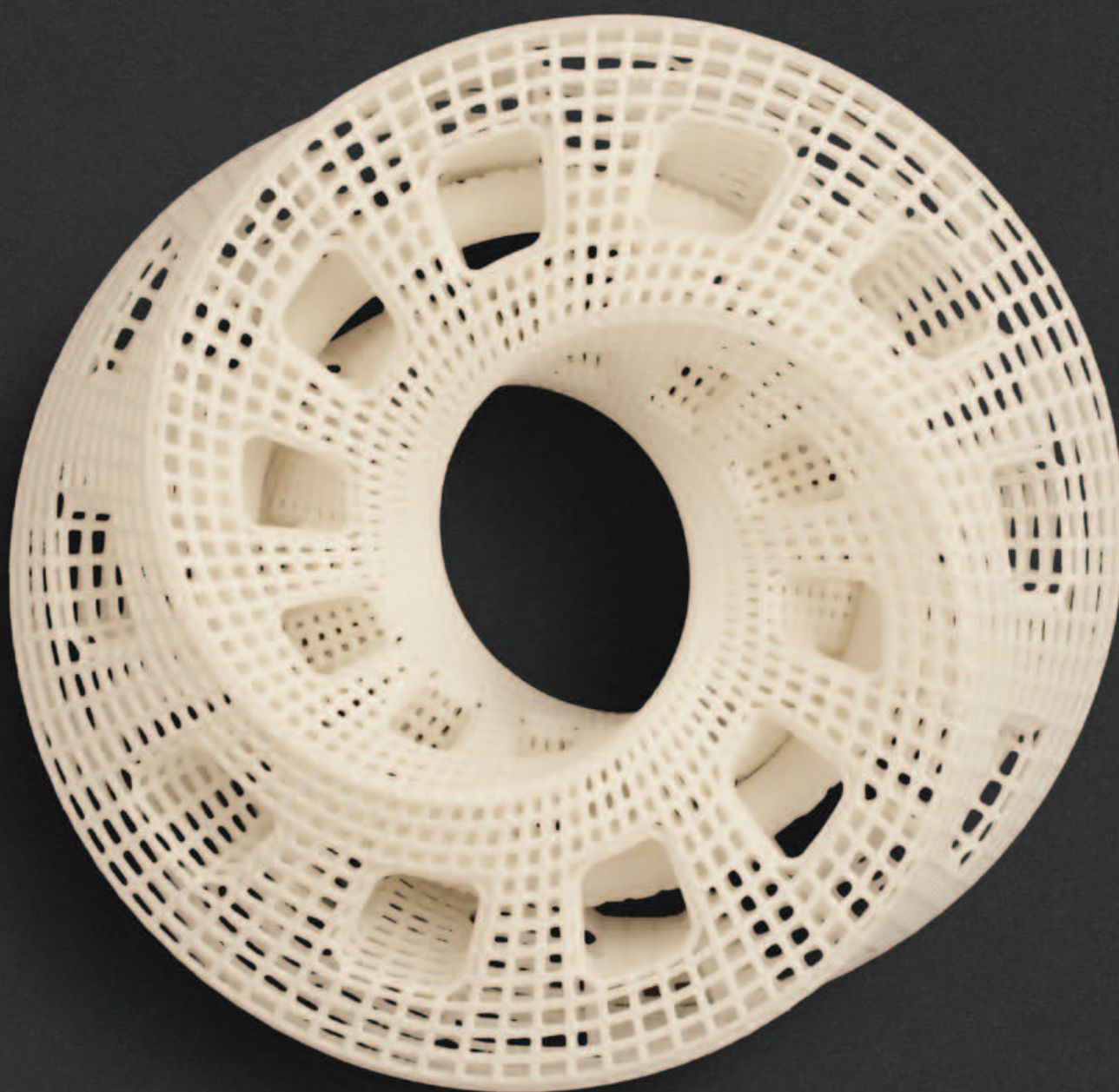


AUCKLAND
UNIVERSITY
OF TECHNOLOGY



**ANNUAL
REPORT
2011**



MANU TĀWHIOWHIO >>

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

WELCOME TO AUCKLAND UNIVERSITY OF TECHNOLOGY

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

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

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

To the many communities of the world, greetings.

Welcome to AUT.

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

Tēnā koutou katoa.

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

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

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ACTING CHANCELLOR'S FOREWORD



I begin this foreword by acknowledging The Rt Revd and The Hon Sir Paul Reeves, Chancellor of Auckland University of Technology, who died on 14 August 2011. I welcome this opportunity to pay tribute to Sir Paul's sterling leadership over six very successful years for the University. I worked with Sir Paul on Council from the beginning of my term in 2008 and his commitment to and vision for AUT and what it seeks to contribute to Auckland and New Zealand was borne out in numerous ways. He actively engaged with government about the need for university provision in Manukau and was ever-mindful of AUT's origins as an educational institute offering opportunities to those who were under-represented in tertiary education. Most recently, Sir Paul took a leading role in the early development of AUT's new *Strategic Plan 2012-2016* and his enthusiasm for AUT's future contribution was boundless. His desire to continue as Chancellor, even as his ill health became apparent and he reluctantly cut down his public roles, was a testament to his commitment to AUT. His leadership and vision are sorely missed by Council members, the Executive Management Team and the wider AUT community. Kei taku manukura, kei taku piki kōtuku, noho iho rā i tōna hāneaneatanga.

This Annual Report sets out AUT's performance for 2011. It contains information about the services we provide, the graduates and research we produce and the positive impact we make for our students, staff and wider stakeholders. Most obviously, this includes the future professionals we develop and the knowledge and innovation we contribute for the benefit of business, industry and our communities. We are also agents of social justice and mobility, attractors of international talent into the Auckland region and contributors to the economic, social and cultural vitality of New Zealand.

I would like to focus on just one aspect of AUT's activities in 2011, those relating to its partnerships. Working in collaboration with others, particularly in the current fiscally constrained environment, allows us to achieve more than we might otherwise achieve on our own. In 2011 AUT renewed and developed its articulation agreements with other universities in the Asia-Pacific region; we furthered many of our strategic research partnerships and undertook consultancy and commercialisation activities with business and industry; we engaged

with students and secondary schools across Auckland and the North Island to raise aspirations for tertiary education; we partnered with business to provide experiential learning opportunities for our students; and we continued to develop the AUT Millennium Campus. In October, the National Training Centre for high performance sport was officially opened by Dr Jacques Rogge, President of the International Olympic Committee, at the AUT Millennium Campus. Further development will include expanded health and medical facilities, a purpose-built rehabilitation gym and the expansion of the existing lodge to increase accommodation capacity.

AUT Council members commend the University's response to February's devastating earthquake in Christchurch. Our paramedical students provided assistance in Christchurch; the Faculty of Business and Law provided study space for displaced doctoral students from Lincoln and Canterbury; and the Faculty of Health and Environmental Sciences offered support to affected district health boards. Staff and students took part in the national commemoration on 1 March. AuSM, AUT's students' association, organised fundraising for the Red Cross appeal during Orientation and staff were able to donate to appeals through payroll. Some staff also accepted the University's offer of up to five days' special leave to assist affected family members. Along with the other New Zealand universities, AUT accepted university students from the Canterbury region that wished to study elsewhere for part or all of 2011.

I wish to thank all Council members for their dedication and expertise. I know their guidance and advice is valued by the Vice-Chancellor and his Executive Management Team, who manage the University so effectively. I hope this Annual Report demonstrates the contribution that AUT makes across so many fields and gives you a sense of the excitement we feel about what we will achieve for New Zealand.

A handwritten signature in black ink, reading 'Lex Henry'.

Lex Henry
Acting Chancellor

THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

For the year ended 31 December 2011

Chancellor

The Rt Revd and The Hon Sir Paul Reeves

ONZ, GCMG, GCVO, QSO, KStJ, MA, LTh

Co-opted member. Deceased 14 August 2011.

Acting Chancellor

Lex Henry LLB

Appointed by the Minister of Education

Secretary to Council

Dr Andrea Vujnovich

LLB (Hons), MSc (Hons), PhD *Auckland*

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)

Greg Campbell BCom (Hons)

Appointed by the Minister of Education

Dr Alan Cocker MA (Hons), PhD *Auckland*

Elected by the academic staff of Auckland University of Technology

Filomena Davies BA (Hons), NZLSC, ALIANZA

Elected by the general staff of Auckland University of Technology

Dr Henry Duncan BSc, MS, PhD *UCLA*, Dip Tchg

Appointed from the nominations of Auckland University of Technology
Academic Board

Kizito Essuman

Appointed by the Auckland Student Movement at Auckland University of Technology

Pauline Kingi CNZM, BA, LLB, LLM, Dip Crim

Appointed by Auckland University of Technology Council (after consultation
with, and from the nominations of, the Auckland District Māori Council)

Lyn Lim LLB (Hons)

Appointed by the Minister of Education

John Maasland MA, FIOD

Appointed by Auckland University of Technology Council
(after consultation with the Central Organisation of Employers)

Derek McCormack MSc, Dip Tchg

Vice-Chancellor of Auckland University of Technology

Veronica Ng Lam BHSc (Podiatry)

Appointed by the Auckland Student Movement at Auckland University of Technology

Paul Phillips BE, MBA

Co-opted member

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

2011 was a year of significant development and achievement for Auckland University of Technology (AUT). Our enrolment profile continued to shift further towards degree and postgraduate qualifications, we celebrated the research successes of a number of staff, and ended the year in a good financial position.

However, the community of AUT also experienced profound sadness. The death, in August, of our Chancellor of the past six years, Sir Paul Reeves was a huge loss for the University. Sir Paul was an inspirational leader and a man of great wisdom, mana and compassion. He is sorely missed.

OUR ACHIEVEMENTS

Reflecting a strong performance, AUT achieved all targets associated with the \$50 million Suspensory Loan provided by Government in 2008. AUT received confirmation of the early conversion of this loan to equity in 2011. The associated KPIs addressed performance across a range of research and financial areas, and the positive outcome is a reflection of the University's development.

Academic performance

The New Zealand Universities Academic Audit Unit (NZUAAU) undertook an academic audit of AUT in 2011. The last audit was in 2007. The audit report made many significant commendations and affirmations, including an acknowledgement of the University's responsiveness to opportunities, and its agility and leadership in furthering its mission. The report commended our learning and teaching approaches, affirmed development of our research and commended our community engagement strategies. It also noted the University's strengths in preparing students for professional practice and employment, and the value placed on these by students and employers. Drawing on data from a 2010 survey of Australasian universities, the report noted that students had rated AUT particularly highly with regard to class interaction, active learning and work-related learning.

There were significant developments in each of the five faculties of the University.

- The Business School was awarded international AACSB¹ accreditation (placing it within the top five percent of business schools worldwide) and was ranked in the world's top 200, in Accounting and Finance, on the QS World University Rankings®. The Faculty of Business and Law taught 4,788 EFTS.

- The Faculty of Applied Humanities completed a comprehensive review of its mission and purpose in 2011, culminating in a reconceptualisation of its role and functions and a name change to become the Faculty of Culture and Society from the start of 2012. The Faculty taught 3,554 EFTS.
- The Faculty for Māori Development, Te Ara Poutama achieved international recognition through the launch of the International Centre for Language Revitalisation at the United Nations, in New York City – a centre which could breathe life into many of the world's endangered languages. The Faculty taught 219 EFTS.
- The Faculty of Health and Environmental Sciences showed continued leadership and success, earning significant research funding – approximately three quarters of the University's total. The Middlemore-based Ko Awatea² (innovative healthcare) partnership was launched in 2011. AUT Physiotherapy, Occupational Therapy and Midwifery students undertook part of their programmes there and joint research projects got under way with the District Health Board. The Faculty taught 4,900 EFTS.
- The Faculty of Design and Creative Technologies students, graduates and academic staff received an extraordinary number of awards in 2011, including: 1st and 2nd places in the international Cannes Young Creatives (advertising) competition; two Miromoda Māori Fashion Design Awards; winning the Best Book Design award; and winning 11 medals at the Best Design Awards – four of them gold. The Faculty taught 4,692 EFTS.

The quality of the overall student experience is fundamental to the University's success and AUT achieved very pleasing results in a number of international student benchmarking exercises in 2011.

Research

We take pride in the national and international awards achieved by staff in 2011. Particular mention must be made of Professor Stephen Henry, who was awarded the Royal Society of New Zealand's prestigious R J Scott Medal. Professor Nikola Kasabov and Professor Ahmed Al-Jumaily both received Marie Curie Fellowships funded through the European Commission Framework 7 research programme and Dr Paul Cullen, a senior lecturer in Visual Arts, received a 2012 Fulbright New Zealand Senior Scholar Award.

1 AACSB International is the Association to Advance Collegiate Schools of Business

2 Ko Awatea is a joint venture partnership between Counties Manukau District Health Board, AUT, the University of Auckland and Manukau Institute of Technology

In 2011, the University had its most successful year ever with applications to the Marsden Fund and the Faculty of Health and Environmental Sciences continued its success at securing contracts with the Health Research Council. There were significant increases in the University's external research income and the number of research degree completions, while the major leap in the number of research outputs that occurred in 2010 was maintained.

The Australasian bid to host the international Square Kilometre Array (SKA) was submitted in September. One of the 21st century's most ambitious science projects, the SKA will consist of a series of radio telescopes spread over a wide area, creating a giant radio telescope with a discovery potential 10,000 times greater than the best existing instruments. AUT has led New Zealand's contribution to the joint Australasian bid. The site – either Southern Africa or Australia/New Zealand – will be decided in April 2012. Whatever the outcome, AUT's Institute for Radio Astronomy and Space Research has demonstrated some of the opportunities that radio astronomy offers New Zealand.

Students

Our August and December graduation ceremonies saw first-hand what the experience at AUT meant for the more than 4,500 graduates, their whānau and friends. It was a privilege to see the excitement and pride of the graduates as they received their parchments.

We have continued building our relationship with AuSM (Auckland Student Movement at AUT) in preparation for the introduction of voluntary student union membership effective from 1 January 2012. Students will continue to have avenues for student advocacy and support and a representative student voice in University decision-making.

Engagement

AUT's Manukau Campus is helping to make university education accessible to the people of South Auckland. The new campus completed its second year of operation in 2011 with significant enrolment growth, and a very high level of student satisfaction. This continues to be a very high priority for the University as a means of addressing higher education need in the Manukau region. The University welcomed Prime Minister John Key for a visit to the campus in July.

In May, we were proud to host AUT Māori Expo 2011, a large-scale celebration of Māori achievement in politics, sports, education and the arts which was attended by over 25,000 students, whānau and members of the public. It was a day of inspiration, empowerment and celebration of Māori achievements. In 2011, AUT also partnered with Auckland schools to deliver a series of innovative engagement projects. These included a leadership and tertiary preparation programme for Māori students, a programme to re-engage young men in learning, and a health science programme which transitions secondary students into health science degrees and ultimately the healthcare workforce.

In November, the National Training Centre at AUT Millennium Campus was opened by the President of the International Olympic Committee, Dr Jacques Rogge. The National Training Centre is a successful collaboration between researchers at AUT's School of Sport and Recreation, and High Performance Sport New Zealand. Dr Rogge rates it as being one of the top three centres of this type in the world.

International

In 2011, AUT maintained enrolment levels in a very tight and competitive international market, enrolling more than 3,000 international students from 85 countries. These students bring a rich dimension to our campus life and their presence underscores our growing international reputation. Along with the University of Auckland, AUT remains one of the two tertiary institutions in New Zealand with the largest enrolments of international students at undergraduate and postgraduate levels.

The University's existing partnership in China continued to develop and a new articulation agreement in computing was finalised with China Jiliang University. In addition, new development work commenced in Brazil, Uruguay and Argentina, to leverage Latin America's more active engagement in the Asia Pacific region. The Middle East also remains a significant growth area for AUT with ongoing curriculum development and delivery in the United Arab Emirates and Qatar.

Staff

In August an independent survey firm, JRA, carried out 'Our People Staff Survey' to establish a baseline of the level of staff engagement, identify any changes needed to improve engagement, and allow us to monitor progress in the future. One of the most pleasing findings was the strong sense of commitment to the University and its mission displayed by AUT staff members.

At 72.5%, AUT staff have an above average level of engagement with the University compared to benchmark organisations. Our staff also experience a strong sense of personal achievement in their work and are positive about learning and development opportunities within AUT.

Faculty and division leaders have finalised action plans focussing on our strengths, opportunities for improvement and possible changes that address areas of concern. In addition to plans in each faculty and division, I have given my personal support to two University-wide initiatives:

- A new leadership programme to be implemented through People and Organisation in 2012 that will focus on improving managers' skills in coaching, performance improvement, and change leadership.
- Creating opportunities for greater collaboration and communication between different parts of AUT.

Facilities

Major building work began on the City Campus in 2011. The WG Learning Precinct will provide an additional 20,000 square metres and will accommodate lecture theatres, flexible formal and informal learning spaces, a media centre, a performance theatre and cafes. As well as responding to students' learning needs, the precinct will integrate the campus with its city surroundings. This work will be completed in early 2013.

Further government funding and capital investment is needed to support continued growth at AUT, particularly with regard to building a critical mass at Manukau Campus over the next decade.

Enrolments

2011 was the first year in recent times that AUT enrolled fewer domestic students than in the previous year. After record applications in 2010, new processes and a more guarded approach to admissions were adopted to avoid breaching the hard enrolment cap set by the Tertiary Education Commission (TEC). The approach turned out to be overly cautious and slow (problems that have since been addressed) – a likely factor in the lower EFTS results. It is possible that there were also demographic and other external effects on enrolment levels, as other universities report a similar experience to AUT's.

In keeping with AUT's strategic direction, the majority of the decline in EFTS was at pre-degree level which, in 2011, constituted 15% of AUT's overall provision. Enrolments in research degrees continued to grow in 2011, up 3% from 2010.

It is worth noting that an analysis of Ministry of Education data shows that AUT's growth and development have combined to give us the leading increases over the eight year period, 2003–2010, in both undergraduate and postgraduate degree EFTS – by actual numbers as well as percentages. For bachelor's degree EFTS, AUT contributed nearly all (87%) of the total university sector increase since 2003. For postgraduate EFTS, AUT is first equal with the University of Otago for increases in the number of masters and doctorate EFTS since 2003.

THE FUTURE – AUT'S STRATEGIC PLAN 2012-2016

As a university for the changing world our primary focus is the education of our students, their learning experience and their success. The development of our *Strategic Plan 2012-2016* has involved significant consultation through the support and guidance of the Council and senior management and considerable consultation with staff and students.

The five strategic themes are: learning and teaching; research and scholarship; staff; engagement with communities; and continuous improvement.

CONCLUSIONS

AUT is an increasingly powerful force for learning and discovery that promotes the wellbeing of people and their environments, and provides them with opportunities to expand and achieve their aspirations.

Our progress is in large part due to the diligence and expertise of our Council, and I would like to acknowledge and thank Council members for their support and commitment over the past 12 months.

Our performance is also due to the success of our students and the positive relationship that we have with AuSM. In particular I would like to acknowledge the outstanding contribution made by the retiring President of AuSM, Veronica Ng Lam.

Finally, I would like to thank all of the staff for their contributions and commitment to AUT, upon which the University's success is founded.



Derek McCormack
Vice-Chancellor

OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

For the year ended 31 December 2011

Vice-Chancellor

Derek McCormack MSc, Dip Tchg

Deputy Vice-Chancellor

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

Pro Vice-Chancellors and Deans

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

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

Dean, Faculty of Business and Law

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

Dean, Faculty of Design and
Creative Technologies

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

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

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

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

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

Pro Vice-Chancellor (Research)

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

Pro Vice-Chancellor (Innovation and
Enterprise)

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

Pro Vice-Chancellor

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

Pro Vice-Chancellor

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

General Managers

Corporate Services
Finance and Estates
University Relations

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

General Counsel

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

Internal Auditor

Alastair Burrows CFIIA, AIIA (NZ)

Bankers

ANZ National Bank Limited

Auditor

Audit New Zealand on behalf of the Auditor-General

FINANCIAL REVIEW

For the year ended 31 December 2011

KEY FINANCIAL INDICATORS

Operations

Total revenue

Total expenses before finance costs

Surplus before finance costs

Finance costs

Interest on borrowings

Finance charges on finance leases

Total finance costs

Total expenses

Net surplus

Cash flows

Operating cash receipts

Operating cash payments

Net cash flows

Property, plant & equipment – net book value

Debt

Bank borrowings

Finance leases – current

Finance leases – term

Total debt

Equity

Operating ratios

Net surplus/revenue

Cash ratio

Interest cover ratio

Capital ratios

Debt cover ratio

Debt/debt + equity

	University	
2011 Actual	2011 Budget	2010 Actual
\$000s	\$000s	\$000s
298,455	294,355	287,391
285,860	275,735	265,496
12,595	18,620	21,895
1,171	1,174	1,072
2,203	2,446	2,476
3,374	3,620	3,548
289,234	279,355	269,044
9,221	15,000	18,347
306,670	295,300	291,724
251,360	248,346	232,780
55,310	46,954	58,944
495,198	488,745	464,525
40,594	44,700	33,550
5,320	5,905	5,079
35,115	36,892	36,851
81,029	87,497	75,480
364,078	374,491	354,850
3.1%	5.1%	6.4%
122%	119%	125%
3.7	5.1	6.2
1.5	1.9	1.3
18%	19%	18%

STATEMENT OF MANAGEMENT RESPONSIBILITY

For the year ended 31 December 2011

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

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

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

We are of the opinion that these statements of service performance and these financial statements fairly reflect the financial position for Auckland University of Technology and Group at 31 December 2011 and the results of the operations for the year ended 31 December 2011.



Lex Henry
Acting Chancellor



Derek McCormack
Vice-Chancellor

26 March 2012

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and group's financial statements and statement of service performance for the year ended 31 December 2011

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 statement of service performance of the University and group on her behalf.

We have audited:

- the financial statements of the University and group on pages 37 to 85, that comprise the balance sheet as at 31 December 2011, 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 financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 17 to 34.

OPINION

In our opinion:

- the financial statements of the University and group on pages 37 to 85:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - financial position as at 31 December 2011; and
 - financial performance and cash flows for the year ended on that date;
- the statement of service performance of the University and group on pages 17 to 34 fairly reflects the University and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2011.

Our audit was completed on 26 March 2012. 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 statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

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

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing a statement of service performance that fairly reflects the University and group's service performance achievements.

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

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

RESPONSIBILITIES OF THE AUDITOR

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

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

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

This audit report relates to the financial statements and statement of service performance of Auckland University of Technology (the University) and group for the year ended 31 December 2011 included on the University and group's website. The University's Council is responsible for the maintenance and integrity of University and group's website. We have not been engaged to report on the integrity of University and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

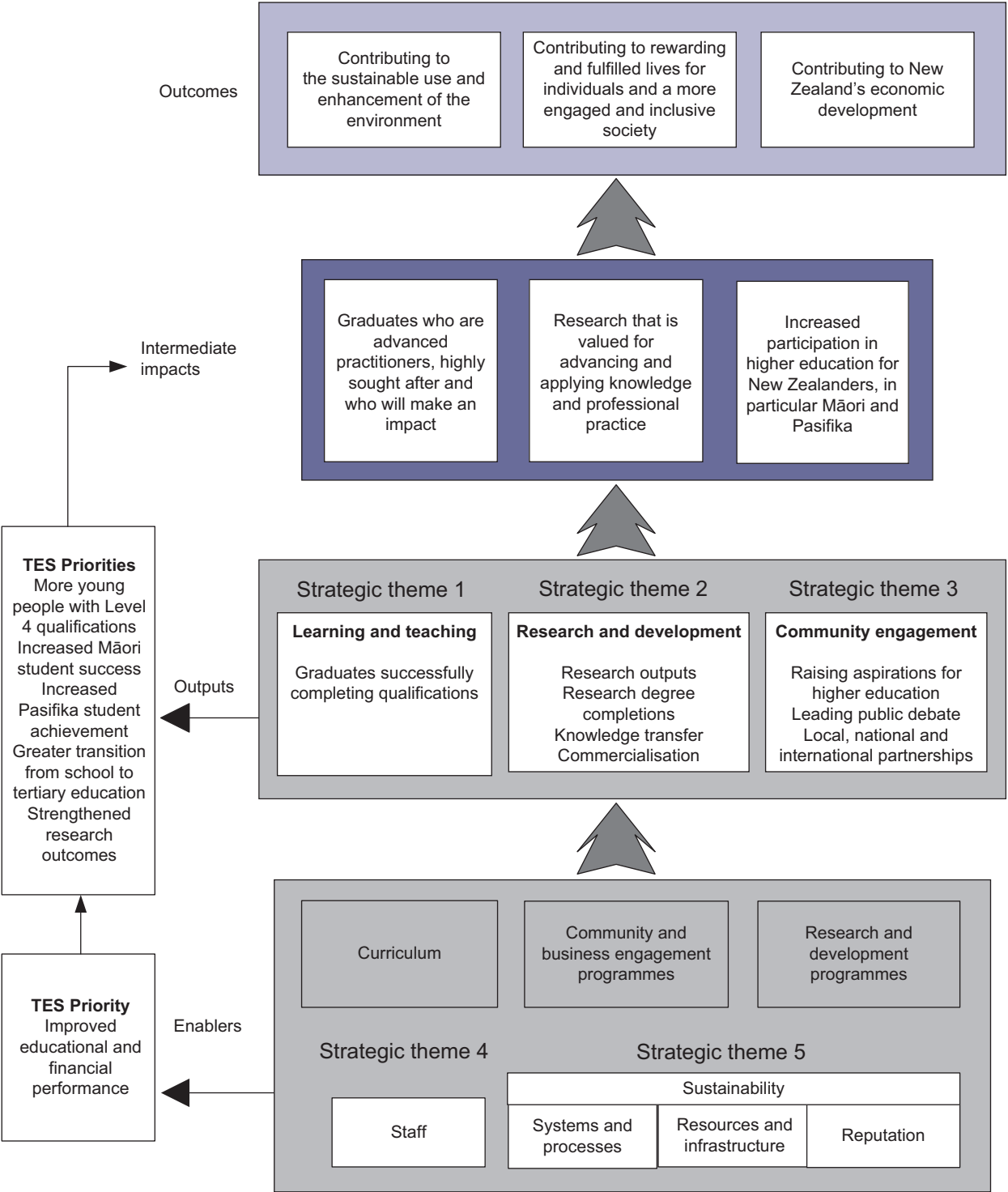
The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 26 March 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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



OUTCOMES FRAMEWORK

Auckland University of Technology, individually and collectively with New Zealand's seven other universities, contributes significantly towards helping New Zealand achieve its economic and socio-cultural goals. The following schematic identifies the three primary outcomes AUT seeks to achieve in conjunction with the other universities (see the light purple box). It also depicts how the University's resources, processes and activities, including Government investment, feed into these overarching outcomes. The schematic provides a structure for reporting on the University's medium-term goals and annual performance through the Statement of Service Performance (see pages 17-34). AUT's Outcomes Framework reflects the broad thematic areas of its *Strategic Plan 2007-2011*; in 2011, it also underpinned the development of the University's new *Strategic Plan 2012-2016*. AUT plans to make three key impacts (see the dark purple box) through two related sets of activities – those directed specifically at meeting the priorities identified in the *Tertiary Education Strategy (TES) 2010-2015* and those that the University undertakes to meet its own mission and roles.



WHY THESE IMPACTS?

IMPACT ONE ► Graduates who are advanced practitioners, highly sought after and who will make an impact

Recent OECD reports have demonstrated the importance of university-level education, to both the individuals who participate in it and to the regional and national economies in which it is delivered³. The evidence clearly identifies that public and private returns are greater for undergraduate and postgraduate degree programmes than for pre-university post-secondary programmes. Higher education leads to increased income levels and career possibilities, as well as better job security for individuals; it also builds the necessary productive skills base to drive economic growth and improve health and social outcomes.

IMPACT TWO ► Research that is valued for advancing and applying knowledge and professional practice

Research greatly benefits New Zealanders if it is valued, taken up and applied. Disseminating knowledge enhances opportunities to translate it into new products or services, or use research findings for policy formulation or professional practice. As New Zealand's only university of technology, AUT has always had an applied and practice-based emphasis to its research; it engages with an increasing number of private sector research clients, large and small, across the range of industries and continuously develops and strengthens its linkages with the international research community. Such partnerships allow AUT to leverage funding, share expertise and resources, and achieve mutually-beneficial goals.

IMPACT THREE ► Increased participation in higher education for New Zealanders, in particular Māori and Pasifika

Successive New Zealand governments have aimed to increase the number of young people in higher education; they recognise that a well-educated citizenry is the foundation of social equity, engagement and inclusion, and determines a nation's successful participation in the global knowledge economy. AUT has shown the highest growth of any New Zealand university in terms of its degree enrolments over the last decade and remains committed to broadening access for those who have been historically under-represented in tertiary education. Auckland's Māori and Pasifika communities are growing quickly and have younger average ages; their improved educational outcomes are critical for Auckland and New Zealand as they will represent a larger proportion of New Zealand's future workforce.

3 See Education at a Glance: OECD Indicators published annually by the OECD, Paris

EVIDENCE OF IMPACT

Examples from 2011

Impact One – Graduates	Impact Two – Research	Impact Three – Participation
School of Communications graduates won nine separate awards in 2011 including an Asia New Zealand Foundation media scholarship; the coveted Supreme Award at the Public Relations Institute of New Zealand; the Sally Logan-Milne Young Practitioner of the Year award; and the national 2011 Fairfax Media young print Lions award. Each award is noteworthy but together they provide good evidence of the success of AUT's Communications programmes in preparing students for their professional careers. In 2011, AUT graduates also won prizes in: design (the industrial design category of the 2011 Australasian student design awards); medical laboratory science (the NZ Institute of Medical Laboratory Science Prize, the Diagnostic Medlab Prize, the Beckman Coulter Prize for outstanding graduate in Haematology); applied science (the Fletcher Trust Award for best research project, the Macartney Prize for most outstanding BAppSci graduate in food science); and advertising (NZ Post student marketers of the year). AUT alumnus Mark D'Arcy joined Facebook in 2011 as its director of global creative solutions.	Seventeen private sector clients directly funded AUT research in 2011 including organisations in the areas of: sports (Rugby World Cup, Football New Zealand, ASICS); health care (Bayer Health Care, Fisher and Paykel Healthcare, New Zealand Society of Physiotherapists, Living Healthy Ltd, Cavit ABI); food and beverages (Fonterra, Frucor Beverages Ltd); manufacturing (National Aluminium Ltd); and civil contracting (Fulton Hogan). New commercial research funding in 2011 (valued at \$100,000 or more) included a Technology Transfer Voucher project with Fulton Hogan to develop a Road Texture Depth Monitor, ASICS' funding of the AUT Podiatry Clinic, and work to monitor and model swim performance for High Performance Sport NZ. AUT also received funding for several Technology for Industry Fellowships and was commissioned to develop an interactive digital art gallery guide for the Auckland Art Gallery. Based on A* ranked journals in finance and accounting (the most influential journals in the field), AUT's Accounting and Finance departments were ranked tenth in Australia and New Zealand.	AUT is making a real contribution to Auckland's network of tertiary education provision, particularly through the new Manukau Campus. 2011 marked the completion of the second full year at Manukau Campus. Enrolments at the campus exceeded the 2011 target of 464 and the Campus was particularly successful at attracting Māori and Pasifika students. AUT continued its trend of increasing the proportion of students aged under 25 (63% in 2011). While Māori and Pasifika proportions of the student body remained static in 2011, there was strong growth in the proportion of Māori students in higher education, up 5% to 87% in 2011. The proportion of Pasifika students in higher education rose 4% to 70% in 2011. Initial findings from the evaluation of <i>Agents of Change</i>, AUT's student engagement programme, showed it was effective in preparing New Zealand secondary students for their future and raising aspirations for tertiary study.

STATEMENT OF SERVICE PERFORMANCE

Auckland University of Technology's *Strategic Plan 2007-2011* outlines the University's strategic direction for a five year period. It includes high-level information on the organisation's purpose and role, as well as the nature and scope of its operations and its fit with the Government's long-term objectives. Five key themes guide the University's development – Learning and Teaching, Research and Development, Engagement, Staff and Sustainability. From these, a set of associated objectives and Critical Success Factors define the impacts and outcomes the University strives for. Some are externally focussed while others relate to aspects of the University's operations. AUT's effectiveness is then measured by a series of key performance indicators (KPIs). These are recorded in the University's *Investment Plan 2011-2013*. Based on AUT's strong performance in meeting the goals of the *Strategic Plan 2007-2011*, and in advance of finalising its new *Strategic Plan 2012-2016*, the University set some ambitious targets for its KPIs for the period 2011-2013. 2011 is the first year that the University will be reporting against this set of indicators.

The following Statement of Service Performance contains information on the University's objectives, Critical Success Factors and KPIs in order to document the services provided by AUT to meet stakeholder needs and to ensure the intent of the *Strategic Plan* is fulfilled. For an overall view of the performance of the University, the Statement of Service Performance section must be read in conjunction with the section entitled '*The Year: 2011*'.

LEARNING AND TEACHING

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

CRITICAL SUCCESS FACTORS 1, 2 AND 5

- To be the best place to learn
- To consolidate our higher education contribution
- To sustain the quality and relevance of our curriculum

OBJECTIVES

- To ensure our graduates are knowledgeable, sought after and inspirational
- To enhance curriculum flexibility and increase student choice
- To build and broaden discipline strengths
- To encourage students to progress to, and be successful in, higher education programmes
- To ensure that the learning experience is of high quality

Auckland University of Technology offers an active, flexible and work-integrated learning experience; one that inspires creativity, curiosity and resourcefulness in our graduates. Core learning and teaching, research and community engagement activities are interrelated so that each informs and enriches the other, resulting in graduates who are equipped with the skills and knowledge to make a positive impact on and for their communities.

The Academic Audit panel visited AUT in June 2011, holding interviews with various staff, student and other stakeholder groups. The subsequent report described AUT's learning and teaching framework as "comprehensive and ambitious", and commended the University for its strong emphasis on learning spaces and advanced technologies to enhance the student learning experience. The Audit panel also commended the use of Annual Programme Reports as part of the University's quality assurance and enhancement goals. AUT was praised for its commitment to attracting and supporting students from traditionally under-represented groups and for its support of students through the First-Year Experience programme and the Student Mentor Programmes.

AUT's Business School gained accreditation from the internationally prestigious Association to Advance Collegiate Schools of Business (AACSB). This is an outstanding achievement; AACSB accreditation is the international hallmark of excellence, placing the school in the top five percent internationally. AACSB International expressed a particular interest in the school's business internships, a unique work placement programme that provides students with hands-on business experience.

Other benchmarking exercises also commended the learning and teaching environment at AUT. The *Australasian Survey of Student Engagement (AUSSE)* surveyed AUT students and investigated areas such as active learning, academic challenge, higher order thinking and career readiness. AUT achieved consistently above average results when compared with both other New Zealand universities, and universities from the Australian Technology Network. AUT also participated in the 2011 *International Student Barometer (ISB)* survey. Once again, the University achieved pleasing results; participants recognised AUT's holistic approach to learning and teaching, and on-arrival, learning, living and support services all rated highly. These achievements are timely, as teaching and student support receive greater scrutiny than ever before.

Improving the academic readiness of first-year students entering AUT was a key focus for 2011. The University undertook a project on tertiary readiness of students, establishing a protocol for identifying high-priority or at-risk students based on application data. This enabled tailored and proactive services and personal assistance where the need was greatest. This work built on the University's in-depth orientation and transition programmes.

In addition to academic success, AUT's experiential learning programme prepares students for a fulfilling and rewarding career. As was noted by the AACSB reviewers, the professionally oriented curriculum is a distinctive and valuable feature of undergraduate study at AUT. Through co-operative education, clinical placements and internships, students gain real-world experience and crucial training in modern workplace skills such as teamwork, business awareness and communication.

Projects aligned with AUT's Learning and Teaching Enabled by Technology (LATENT) strategy in 2011 included a trial of digital recordings of learning content to promote student engagement, exploring the use of i-Pads in teaching and learning, and the provision of a prototype blended learning space to support the development of the new WG Learning Precinct.

During the year, AUT's Institutional Research Unit published the results of its 2010 *Postgraduate Research Experience Survey*. Excellent and efficient research supervision is an essential component of the teaching environment and AUT has committed to gather feedback from postgraduate students on a regular basis, in order to continuously improve supervisory practices. Overall, 77% of respondents indicated they were satisfied with their research experience at AUT. Students were most satisfied with the way their supervisor treated them as an adult learner and colleague (94%) and their supervisor's enthusiasm for their research area (93%).

A key factor underpinning all these results in 2011 was AUT's enthusiastic and inspirational staff, both academic and administrative. The annual Vice-Chancellor's Awards for Excellence in Teaching recognise the outstanding contribution of teaching staff to the University. The 2011 winners were Rouxelle de Villiers, Faculty of Business & Law; Lexie Matheson, Applied Humanities; Dr Roy Nates, Design & Creative Technologies; and Associate Professor David Robie, Design & Creative Technologies. All were commended for their sustained commitment to excellent teaching, their innovative and student-centred practices, and their positive influence on their colleagues.

Graduation is always a highlight of the year at AUT; a chance to celebrate the success of students and the wider University community. This year, more than 4,500 graduates attended the ceremonies held in August and December. This included 40 doctoral students, evidence of the continuing growth of AUT's research programme.

PERFORMANCE MEASURES

1.1 To meet enrolment targets.

Key performance indicators

EFTS	Target 2011	Actual 2011	Actual 2010	Actual 2009
1.1.1 Domestic students	15,618	15,057	15,489	14,833
1.1.2 International students	2,400	2,369	2,445	2,257

Not achieved

The domestic EFTS target of 15,618 was not reached in 2011. Student numbers at AUT were the highest in its history in 2010 and led to concerns about breaching the Government's limit on enrolments. A new, centrally managed admissions system was introduced in 2011 to ensure the University stayed within the domestic enrolments levels set by the Tertiary Education Commission (TEC). This produced an overcautious approach to admissions so fewer offers of place were made than was warranted. The majority of the decline in EFTS was at pre-degree level (down 4% from 2010). Undergraduate EFTS increased to 75% of all funded EFTS (up 4% from 2010) and postgraduate EFTS remained stable at 12% of all funded EFTS. Overall, this trend of declining pre-degree EFTS is consistent with the University's commitment to increase study at degree level and above.

The 2011 target of 2,400 International students was narrowly missed. As with domestic students, the majority of the decline was at pre-degree level (down 2% to 11% in 2011).

PERFORMANCE MEASURES (continued)

- 1.2 To maintain or improve the successful course completion rates of our students.⁴

Key performance indicators

	Target 2011	YTD 2011	Actual 2010	Actual 2009
1.2.1 Auckland University of Technology average	84%	82.1%	81.4%	81.0%
1.2.2 Aged under 25 years (level 4 and above)	84%	81.4%	80.8%	80.2%
1.2.3 Māori (level 4 and above)	78%	78.5%	76.8%	76.8%
1.2.4 Pasifika (level 4 and above)	68%	68.9%	68.0%	65.4%
1.2.5 International ⁵	85%	83.4%	83.7%	84.0%

Partially achieved (based on provisional results)

2011 provisional results are calculated using the TEC Workspace. Final results for 2011 will not be available until after submission of the University's April Single Data Return (SDR). AUT's 2010 provisional average course completion results improved by one percentage point when the final 2010 results were released by the TEC in 2011.

All 2011 provisional results for domestic students improved on 2010 performance. Positively, AUT has exceeded its targets for Māori and Pasifika at levels 4 and above; Māori results in particular are pleasing, up 1.7 percentage points on the previous year. It is not possible at this stage to determine whether AUT will meet its 2011 targets for overall course completion and for students aged under 25 years.

The provisional figure for International students is calculated using AUT's internal data sources and is therefore not directly comparable to other course completion rates. The 2011 result for International students is subject to change and will be finalised after the submission of the April SDR.

⁴ Performance measures 1.2, 1.3, 1.5 and 1.6 are all TEC educational performance indicators and provide one measure of learning and teaching performance at AUT

⁵ Results for International students are not available on the TEC Workspace (where all other provisional 2011 data is held). Figures for International students are calculated using the University's December 2011 SDR file and exclude modules with an end-date of 2012

PERFORMANCE MEASURES (continued)

1.3	To maintain or improve the qualification completion rates of our students.	<i>Key performance indicators</i>	Target 2011	YTD 2011	Actual 2010	Actual 2009
		1.3.1 Auckland University of Technology average	67%	64.2%	62.7%	66.4%
		1.3.2 Aged under 25 years (level 4 and above)	64%	59.2%	59.8%	62.4%
		1.3.3 Māori (level 4 and above)	60%	57.4%	52.8%	59.0%
		1.3.4 Pasifika (level 4 and above)	50%	47.3%	45.6%	43.1%
		1.3.5 International ⁶	77%	65.1%	71.6%	76.0%
		Not achieved (based on provisional results)				

2011 provisional results are calculated using the TEC Workspace. Final results will not be available until after submission of the University's April SDR. AUT's 2010 provisional average qualification completion results improved by four percentage points when the final results were released by the TEC in 2011. Qualification completion rates in particular are subject to change due to the University's Summer School provision and co-operative education modules which often take place over the summer period.

AUT's provisional 2011 performance shows improved qualification completion rates for all groups apart from those aged under 25 which remained static. AUT continues to raise concerns with TEC regarding the method used to calculate qualification completion; the strong enrolment growth experienced in 2009 and 2010 is likely to impact negatively on the University's qualification completion rates in 2010 and 2011.

The provisional figure for International students is calculated using AUT's internal data sources and is therefore not directly comparable to other qualification completion rates. The 2011 result for International students is subject to change and will be finalised after the submission of the April SDR.

1.4	To ensure at least 90% of AUT graduates are in employment or further study six months after graduating.	<i>Key performance indicator</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		1.4.1 Percentage of students in employment or further study	≥90%	92%	91%	93%

Achieved

⁶ Results for International students are not available on the TEC Workspace (where all other provisional 2011 data is held). Figures for International students are calculated using the University's December 2011 SDR file and exclude modules with an end-date of 2012

PERFORMANCE MEASURES (continued)

1.5	To maintain or improve the student retention rate.	Key performance indicator	Target 2011	YTD 2011	Actual 2010	Actual 2009
		1.5.1 Auckland University of Technology average	83%	79.0%	79.5%	79.2%
Not achieved (based on provisional results)						
2011 provisional results are calculated using the TEC Workspace. Final results will not be available until after submission of the University's April SDR. AUT's 2010 provisional average student retention rate improved by one percentage point when the final results were released by the TEC in 2011. The 2011 provisional student retention rate of 79.0% remained at a similar level to previous years.						
1.6	To maintain or improve the progression rate from foundation level to undergraduate level courses.	Key performance indicator	Target 2011	YTD 2011	Actual 2010	Actual 2009
		1.6.1 Auckland University of Technology average	57%	80.1%	64.1%	44.9%
Achieved (based on provisional results)						
2011 provisional results are calculated using the TEC Workspace. The final result will not be available until mid-2012, after submission of the University's April SDR. AUT's 2010 provisional average progression rate improved by two percentage points when the final results were released by the TEC in 2011. The University's provisional 2011 progression rate of 80.1% exceeded the 2011 target and significantly improved on 2010 performance.						
1.7	To ensure at least 80% of students are satisfied with AUT.	Key performance indicators	Target 2011	Actual 2011	Actual 2010	Actual 2009
		1.7.1 Percentage of students who would recommend AUT to others	≥80%	84%	83%	84%
		1.7.2 Percentage of students who would recommend their programme of study to others	≥80%	79%	80%	81%
Partially achieved						
AUT's internal measurement of student satisfaction via the Annual Programme Survey (APS) reflected the University's performance on external benchmarking tools such as AUSSE and the ISB; 84% of AUT's students would recommend the University to others. The 2011 target of 80% or more of students recommending their programme of study was narrowly missed although the figure remained high at 79% and was not significantly different from the previous year. AUT will continue to develop customised, faculty-specific Programme Action Reports which focus on priority areas identified in the APS. The reports are used to develop faculty or departmental action plans and the student experience of those programmes is then tracked in subsequent surveys to ensure actions have been effective. In this respect, the feedback provided by students plays a critical role in AUT's commitment to continuous quality assurance and improvement.						

RESEARCH AND DEVELOPMENT

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

CRITICAL SUCCESS FACTORS 2, 3 AND 4

- To consolidate our higher education contribution
- To enhance our research contribution
- To enhance our international reputation

OBJECTIVES

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

The University has made impressive strides in developing its research capabilities over the last decade, although further growth is required. Preparations for the 2012 Performance-Based Research Fund (PBRF) quality evaluation round were underway throughout 2011. AUT currently receives approximately \$7 million a year from PBRF, just 5% of the total fund. To increase this share, improvement in research quality and outcomes would need to outpace that of the experienced, research-intensive universities. This is a challenging goal, but one the University has embraced through a series of policy and procedural changes, increased allocation of resources, and incentives for academic staff.

Research revenue increased by 17% in 2011 but narrowly missed the targeted \$11 million. This was a disappointing result but not entirely surprising given the current fiscally-constrained environment. Positive examples of our growing research capacity include AUT's excellent results in the Health Research Council's (HRC) funding round. Professor Valery Feigin, Professor Jane Koziol-McLain and Associate Professor Denise Taylor were successful in gaining health research funding totalling approximately \$2.52 million. AUT received an additional \$829,000 in HRC fellowship funding to develop careers for emerging health researchers. Two AUT researchers also received 2011 Marsden Fund grants, each valued at over \$300,000. The Marsden Fund supports leading-edge research and is regarded as a hallmark of excellence. Dr Irene Ryan will use her funding to study the role sport plays in male-dominated leadership cultures and Dr Jiamou Liu will further his research on game theory to understand how computer systems prioritise conflicting requests from multiple tasks. The Ministry of Health awarded a \$2.6 million contract to Professor Max Abbott and his team, to undertake a national gambling study with a longitudinal follow-up component.

During 2011, AUT's commercialisation team managed 30 projects, 14 of which received early stage commercialisation funding or Ministry of Science and Innovation (MSI) Pre-Seed funding. Growth in industry-engaged research is also a strategic priority and new partnerships were established in 2011 with Auckland Art Gallery, Fulton Hogan, High Performance Sport New Zealand, and ASICS, who now sponsor AUT's podiatry clinic. The University also heavily promoted the student internships funded by the MSI, and was a prominent presence at industry showcase events. Twelve new projects have resulted from these events, worth a total of almost \$0.5 million.

The Vice-Chancellor's awards for research excellence celebrate the University's developing areas of strength. In 2011, Professor Elaine Rush received the award for research excellence for her work with *Project Energize*, which has demonstrably improved physical activity and nutrition for thousands of children in the Waikato region. Emerging researcher awards were given to: Dr Jiamou Liu for work in computer science and mathematics; Nicola Kayes, specialising in client-centred approaches to rehabilitation, particularly physical activity for people with multiple sclerosis; and Dr BeomCheol (Peter) Kim, for raising the research profile of the hospitality department through postgraduate supervision. Professor John Bitchener received an award for excellence in postgraduate supervision. Established Research Team awards were presented to the Centre for Physical Activity and Nutrition and the Institute of Biomedical Technologies. The Gender and Diversity Research Group, based in the Faculty of Business and Law, received the award for Emerging Research Team.

Specialist and inter-disciplinary postgraduate education is increasingly important in the knowledge economy. In 2011, 12% of AUT's student population were enrolled in postgraduate programmes. Based on findings from the *Postgraduate Research Experience* survey, 70% of doctoral respondents had no previous enrolment at AUT, suggesting that the University's research profile and reputation is growing.

Professor John Raine, Pro Vice-Chancellor (Innovation and Enterprise), chaired an independent review for the MSI which resulted in the publicly released report *Powering Innovation – Improving access to and update of R&D in the high value manufacturing and services sector*. The report had a number of recommendations for maximising the economic and social benefits of the sector, including: increasing connections between research organisations and businesses; promoting greater commercialisation of new ideas; and more focussed Government investment.

PERFORMANCE MEASURES

2.1	Increase the number of quality assured research outputs.	<i>Key performance indicator</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		Increase the number of quality assured research outputs	1,277	1,619	1,627	1,103
		Achieved				
		At 1,619, total quality assured research outputs for 2011 substantially exceeded the target of 1,277 although were slightly behind the 2010 result. The 2011 target was set in mid-2010 based on incremental growth from the 2009 result. AUT has placed significant resources into growing its research capability over the past three years and both the 2010 and 2011 results provide evidence of the University's achievement in this area. It is likely that the 2012 Performance-Based Research Fund quality evaluation round has provided additional impetus to publish research outputs.				
2.2	Improve the ratio of outputs to faculty academic staff.	<i>Key performance indicator</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		Improve the ratio of outputs to faculty academic staff	1.40:1	1.62:1	1.70:1	1.19:1
		Achieved				
		A ratio of 1.62 quality assured outputs per academic staff member in the faculties exceeded the 2011 target of 1.40:1. The 2011 target was set in mid-2010 based on incremental growth from the 2009 result (1.19:1). This explains why the 2011 target is lower than what was actually achieved in 2010. AUT had better than expected results in 2010 so, while the 2011 result is slightly below that achieved in 2010, AUT has improved its overall performance over the past three years with regard to research outputs. Given that there were an additional 42 academic FTE in the faculties in 2011, the result provides good evidence of the widening of AUT's research activity.				

PERFORMANCE MEASURES (continued)

2.3	Increase external research revenue.	<i>Key performance indicators</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		2.3.1 Total external research revenue	\$11.0M	\$10.8M	\$9.2M	\$8.4M
		2.3.2 External research revenue from research with industry	\$3.3M	\$3.6M	\$3.2M	\$2.4M

Partially achieved

Although the 2011 target for external research revenue was narrowly missed, AUT's external research revenue continues to increase, up 17% to \$10.8 million in 2011. The prevailing economic climate has led to constrained funding pools and, in some cases, the termination of funding streams. AUT's success in garnering prestigious grants from the Marsden Fund and HRC in 2011 is to be commended in this highly competitive environment. Sources of research revenue were also diversified in 2011, particularly with respect to research with industry. Thirty-three percent of total research revenue was derived from such research, with partners as diverse as Fisher and Paykel Healthcare, Rugby World Cup, Fonterra and Fulton Hogan.

2.4	Increase the proportion of students (EFTS) in postgraduate study.	<i>Key performance indicator</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		Increase the proportion of students (EFTS) in postgraduate study	12%	12%	11%	11%

Achieved

2.5	Increase the number of research degree completions.	<i>Key performance indicator</i>	Target 2011	Actual 2011	Actual 2010	Actual 2009
		Increase the number of research degree completions	264	246	212	218

Not achieved

Although the 2011 target of 264 research degree completions (RDCs) was not met, good growth of 16% was seen from the previous year. This exceeds planned growth of 10% per annum in the *Investment Plan 2011-2013*, but the 2010 results have had a flow-on effect in 2011. The University monitors both individual progress and programme issues with regard to research degrees. Research students are required to submit six-monthly reports to their supervisors detailing the progress of their research work. If any problems are identified, these are raised by the supervisor with the Associate Dean (Postgraduate) before submission of the reports to the faculty postgraduate board. AUT will continue to invest in building postgraduate capabilities over the next few years.

PERFORMANCE MEASURES (continued)

- 2.6 To enhance the University's research reputation: staff contributions to research and innovation are recognised with national and international awards.
- The University celebrated numerous research achievements in 2011, as staff members garnered national and international awards. Professor Nikola Kasabov became the first AUT academic to gain a globally prestigious Marie Curie fellowship, and was followed later in the year by Professor Ahmed Al-Jumaily. The Marie Curie fellowships are funded by the European Commission's Framework 7 research programme; Professor Kasabov used his fellowship to spend several months in Europe furthering his research into neuro-computing. Professor Al-Jumaily's fellowship will be used to advance his work in respiratory engineering with international colleagues. Professor Stephen Henry was awarded the Royal Society of New Zealand's prestigious R J Scott medal for engineering science and technology. Professor Henry is director of AUT's Biotechnology Research Institute and received the medal in recognition of his pioneering research into cell surface modification technology. Several staff members were also recognised for their contribution to New Zealand society. Hohepa Spooner, Te Ara Poutama, received an Apple Distinguished Educators (ADE) award, for his innovative use of Apple products in education. One of fewer than 20 New Zealand recipients, Mr Spooner led the development of digital resources for the teaching and learning of te reo Māori. Professor Elaine Rush was a finalist in Next magazine's Woman of the Year awards, in recognition of her research on establishing healthy lifestyles in children.

Achieved

- 2.7 Increase commercialisation activities or events.
- AUT was a prominent member of the TEC-funded industry showcase events in 2011, which sought to facilitate alliances between research institutions and businesses. The events were highly successful for both parties; AUT negotiated 12 partnerships as a result, worth almost \$0.5 million in total. The University also established a schedule of regular communication with Auckland businesses, promoting research opportunities, celebrating achievements and seeking new partners. AUT sought to build on its initial success in the Technology Transfer Voucher initiative, using additional MSI funding to offer a 'Free Expert for a Day' scheme to businesses interested in investing in research. Seven voucher proposals are currently under development, including five that resulted directly from this scheme. During 2011, AUT's commercialisation team managed 30 projects and provided marketing and business development advice to research groups around the University, including the Textile and Design Laboratory, Industrial Information and Control Centre, Food Science Research Centre and CoLab. Two spin-out companies were established in 2011, with AUT Enterprises Ltd negotiating equity shareholdings based on university intellectual property. Finally in 2011, the Institute of Biomedical Technologies became a foundation member of the national Centre for Medical Device Technologies (CMDT), in partnership with the University of Auckland and Industrial Research Ltd. The CMDT is an innovation hub for the development of medical devices and health technologies.

Achieved

ENGAGEMENT

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

CRITICAL SUCCESS FACTORS 4 AND 6

- To enhance our international reputation
- To ensure that the staff and student profile better reflects the population we serve

OBJECTIVES

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

Universities help to shape their communities through intellectual leadership and partnerships that drive social, cultural and economic development. As a university that promotes opportunity, AUT embraces its responsibility to create change, both for individuals and for society. This commitment underlies all its activities; from international agreements to research partnerships and from student recruitment initiatives to community events, the University seeks mutually beneficial partnerships that will result in shared success.

The Academic Audit report made a number of commendations with regard to Te Tiriti o Waitangi, Pacific peoples and wider community engagement activities. The entire AUT community was commended for "the embedded ethos of support for the aspirations of Māori and for the manner in which kaupapa Māori is integrated with institutional activity". The panel also praised the efforts taken to ensure research activity and curriculum initiatives reflected the needs and aspirations of Māori; the commitment to Pacific research was also commended, as was AUT's "responsiveness to existing and emerging communities of engagement".

The biennial Māori Expo took place in May; once again this exceptional event celebrated the very best of Māori culture and achievement, and guided young Māori towards participation in higher education. The Expo was supported by a series of other initiatives, including Ko Awatea, a partnership between AUT and the Counties Manukau District Health Board, the University of Auckland and Manukau Institute of Technology. This project aims to address South Auckland's future health workforce needs, and complements AUT's health science provision at Manukau Campus, and the *Rangatahi* project, which mentors young Māori through school, university and into careers as health professionals.

In its second year of operation, Manukau Campus remained a key mechanism by which AUT broadened access to and participation in higher education. The Campus exceeded enrolment targets for 2011 and is emerging as a focal point for the local community. The annual Plantation Business Challenge was held at the Campus in 2011; this business case competition for Pasifika secondary students develops entrepreneurial skills and was delivered in partnership with Manukau Institute of Technology and the Pacific Business Trust. Plantation Business Challenge was one of a series of projects funded by the TEC to increase aspiration for higher education amongst secondary students. Many of these projects focussed on students from traditionally under-represented groups. The TEC funding ended in December 2011 and the University is investigating alternative funding opportunities to ensure the projects' long-term sustainability.

The AUT Millennium Campus on Auckland's North Shore continues to be the fulcrum for AUT's involvement in sports science research and elite sport. The National Training Centre for high performance athletes is the first stage of a \$29 million expansion of the Campus. This world-class training and research centre houses a sports science laboratory; a strength, conditioning and recovery centre; sports medicine services; and the headquarters of High Performance Sport New Zealand. The centre is being used by many elite athletes in their preparation for the 2012 Olympic Games in London.

A single Auckland Council offers opportunities for greater regional collaboration and cohesion between major stakeholders. AUT has worked closely with the Council over the last year, sharing expertise, promoting a region-wide tertiary education strategy, and identifying a number of shared initiatives for the future. AUT Commercialisation and the Faculty of Design and Creative Technologies have also been involved in discussions on the development of a high-tech innovation precinct in Wynyard Quarter. Engagement with this project would provide opportunities to strengthen the University's links with other national and local government agencies, including Auckland Tourism, Events and Economic Development (ATEED), the Ministry of Science and Innovation (MSI) and Industrial Research Ltd.

Commercialisation is a key aspect of AUT's engagement strategy, both nationally and internationally. The Business Innovation Centre currently hosts 17 start-up companies in varying stages of development. This year, AUT was also chosen as a preferred university partner for the MSI's Technology Transfer Voucher scheme. This pilot scheme provides funding to support research and development partnerships between businesses and research agencies. AUT was closely involved as a founder and shareholder in Kiwinet, a network of commercialisation organisations from six universities and three crown research institutes with a combined research expenditure of more than \$500 million. Kiwinet, which encompasses a large proportion of New Zealand's science capability, will increase the scale and impact of commercialisation in New Zealand by facilitating a collaborative and capable commercialisation ecosystem. Several international commercialisation projects were advanced in 2011; representatives of AUT Commercialisation and the Geoinformatics Research Centre (GRC) travelled to India in May to participate in a nation-wide project to provide agro-meteorological information to farmers through the mobile phone network. This visit was followed by a Memorandum of Understanding between the GRC and India's Tata Consultancy Services, which will further a mutual interest in agro-meteorological research, and the development of related technologies.

Finally, AUT developed a new Internationalisation Strategy in 2011, which outlined aims and processes for international engagement activities. AUT has been highly successful in attracting students from abroad, collaborating with institutions overseas and bringing our expertise to bear on global challenges.

PERFORMANCE MEASURES

3.1	To ensure the proportion of Māori and Pasifika students better reflect the demographic mix of the region. ⁷	<i>Key performance indicators</i>	Target	Actual	Actual	Actual
			2011	2011	2010	2009
		3.1.1 Māori participation	9%	9%	10%	10%
		3.1.2 Pasifika participation	11%	12%	12%	11%
		Achieved				
3.2	To create new local, national and international partnerships that enhance the University's profile.	Throughout 2011, senior representatives of AUT worked with the new Auckland Council to determine education, skills and economic development priorities for the region. AUT was also heavily involved in the creation of Kiwinet, and was a founding member of the MSI's Technology Transfer Voucher scheme. Both initiatives are designed to foster research partnerships between the public and private sectors, with resultant benefits for both parties and the economy as a whole. Nine new partnerships were established during the year with universities in the Pacific, Asia and Europe. Among these, the Pacific Media Centre increased its presence in the Pacific region formalising a relationship with the University of the South Pacific in Rarotonga. The Faculty of Design and Creative Technologies signed Memoranda of Understanding with Germany's Leibniz University of Hanover and Universiti Tun Hussein Onn in Malaysia. The School of Education agreed to provide teaching training for Thailand's National Teacher In-service Centre (NIDTEP) and the University formalised an articulation agreement in hospitality and tourism with South Korea's Namseoul University.				
		Achieved				

⁷ Participation is calculated using the primary self-selected ethnicity for each student. This is different from how participation is calculated by TEC which uses all ethnic identities selected by a student; that is, the same student can be counted multiple times if they select more than one ethnic identity

PERFORMANCE MEASURES (continued)

3.3 To be engaged in public debate and enquiry.	AUT functions as a critic and conscience of society; this section summarises some of many instances in 2011 where members of the University shared their expertise with a wider audience. In October, the Government announced a series of reforms to the criminal justice system, in response to an AUT investigation into the experiences of child witnesses. The court will adopt a more inquisitorial system when dealing with child witnesses, seek to expedite the trial process, and provide a safe and non-threatening environment to testify in. The reforms were driven by research undertaken by the Institute of Public Policy's Drs Kirsten Hanna and Emma Davies, which raised concerns that children were traumatised by the prevailing adversarial system. Professor Elaine Rush received national recognition for her work on <i>Project Energize</i>, which responded to concerns about the increased incidence of childhood obesity. Professor Valery Feigin received media attention for his research into the efficacy of supplements containing enzogenol, a pine bark extract, for improving memory and cognitive function for sufferers of traumatic brain injury. More generally, during the period from late February to the end of May, media monitoring showed that AUT staff were sought for expert comment on current events or issues of note more than 220 times. While Professor Paul Moon, from Te Ara Poutama, was AUT's most prolific commentator in 2011, AUT staff members commented on a wide range of issues, including the environment, health, race relations and local government. Achieved
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STAFF

STRATEGIC THEME ► Auckland University of Technology will attract, develop and retain excellent staff.

CRITICAL SUCCESS FACTOR 7

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

OBJECTIVES

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

High levels of staff engagement are an important determinant for achieving AUT's strategic goals. Throughout 2011, the University has increased its efforts to measure the engagement of staff, improve safety and security of staff while at work, recognise good performance and celebrate success throughout the institution.

The inaugural staff engagement survey in mid-2011 highlighted the University's strengths as an employer and identified some areas for development. Broadly, the results were very positive; AUT had above average levels of staff engagement when compared to other large-scale organisations in the public, private and education sectors. Staff reported experiencing a strong sense of personal achievement from their jobs and feeling positive about the opportunities they have at AUT. This strong sense of belonging and pride was also noted by the Academic Audit panel in their review and is reflected in the staff turnover rate in 2011; 4.5% for academic staff and 6.6% for administrative staff. The survey also revealed the key drivers of engagement for staff: a sense of common purpose; confidence in leaders and leadership; and a focus on learning and continuous improvement. The University has adopted a comprehensive response to the survey, with a particular focus on these crucial aspects. Each faculty and division has a detailed plan to increase staff engagement, based on the specific issues identified for that area. In addition, university-wide initiatives will aim to improve coaching, performance management and leadership skills, and to foster greater collaboration and co-operation opportunities. The study will be repeated in 2013.

Increasing the research capability and impact of academic staff continued to be a focus in 2011. The Academic Work Executive Group released the new Academic Contribution Framework which establishes the University's expectations of academic staff in three areas: learning and teaching, research and scholarship, and academic leadership and service. The framework also recognises that staff workloads must allow for a balance of all three activities. The policy was subsequently endorsed by the Tertiary Education Union. A further 116 academic staff members voluntarily transferred onto employment conditions that are conducive to conducting research in 2011. This was intended to be the final year of this initiative, but continuing demand has led to its extension for another year. The Doctoral Study Awards are another sought-after initiative designed to increase research capacity; recipients are released from teaching duties for one semester to focus on their doctoral study. There were 14 successful applicants in 2011, and in the three years of the awards to date, 16 recipients have either graduated or are now under examination. The University also launched a successful short-term postdoctoral fellowships programme in 2011. The fellowships provide recent doctoral graduates with the opportunity to establish a research career, gain experience with peer-review processes and receive guidance from an experienced mentor.

The contribution and expertise of research staff gained national and international recognition in 2011. In addition to research awards previously noted in the Research and Development section of this report, Dr Paul Cullen, from the Faculty of Design and Creative Technologies, was awarded a Fulbright Senior Scholarship to research collaborative and non-gallery art practices at Auburn University in Alabama; Professor John Raine, Pro Vice-Chancellor (Innovation and Enterprise) was appointed as the principal moderator for the 2012 Performance-Based Research Fund quality evaluation round, and Tagaloatele Professor Peggy Fairbairn-Dunlop will chair the Pacific Research Expert Advisory Group. Another ten staff have been appointed as panellists, in recognition of their standing in their discipline. Nine staff were promoted to professorships in the 2011 academic promotions round.

The University remains committed to maintaining a safe place of work and study for staff and students, including establishing safety systems at the Manukau and AUT Millennium Campuses. The focus of occupational health and safety work in 2011 was participation and accountability, involving management, staff and contractors in order to maintain current levels of compliance, improve the safety culture and reduce the number and severity of injuries. Accident Compensation Corporation measures AUT favourably against industry peer groups; the University's Incident Rate (number of incidents per million hours worked) reduced from 48 to 17 over the five year period from 2007 and the Compensation Claims Rate remained steady over the same period (13 in 2007 to 12 in 2011). Emergency management procedures were reviewed following the devastating Christchurch earthquakes. The new Emergency Management Plan was adopted in October 2011 and is designed to control and mitigate the effect of a crisis on the University. This comprehensive plan outlines the procedures for directing the immediate response, co-ordinating support for staff and students and restoring essential infrastructure, and the timely restoration of usual business.

PERFORMANCE MEASURES

4.1	To ensure the development and retention of staff.	<i>Key performance indicators</i>	Target	Actual	Actual	Actual
			2011	2011	2010	2009
4.1.1		Ensure expenditure of staff development (academic and allied) equals 1 – 1.5% of gross salaries	1.50%	1.52%	1.62%	1.10%
4.1.2		Ensure average staff turnover is no higher than:				
		6% for academic staff	≤6%	4.5%	4.3%	6.0%
		14% for administrative staff	≤14%	6.6%	6.7%	9.1%
Achieved						

SUSTAINABILITY

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

CRITICAL SUCCESS FACTORS 8, 9 AND 10

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

OBJECTIVES

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

A major financial highlight for the year was the successful conversion of the \$50 million Suspensory Loan into equity. The loan was granted by the Crown in 2008 and was intended to support infrastructure initiatives, reduce debt, and assist AUT with developing research capability. The University met all its development targets two years earlier than anticipated, enabling full conversion of the loan in 2011 rather than 2013. This is a significant achievement and is testament to the drive and determination of many staff across the University. In this constrained financial climate, AUT is investigating potential options for diversifying its revenue base, including leveraging of non-core assets and joint ventures such as the successful AUT Millennium Campus.

Commitment to sustainability pervades all aspects of university life, extending beyond financial considerations to encompass building design, curriculum developments, environmental and health issues, and relationships with our staff, students and communities. A key strategic focus for 2011 continued to be the development of the Manukau Campus, the success of which relies on a flexible, innovative approach to teaching and learning, maximising resources, and a solid partnership with the Counties Manukau community. To date, the University has created adaptable learning spaces at the Manukau Campus that support both teacher-led and self-directed study. Good use has been made of technologies to support learning, including two-way video conferencing links to the North Shore and City Campuses, wireless access on campus and the adoption of new approaches to support student access to computers and broadband. AUT has also explored the benefits of alternative timetables and opening access to the campus to meet the needs of local families and businesses. AUT intends to develop the campus for 5,000 EFTS by 2020. This will require a major building programme that will be outlined in the campus plan to be prepared in 2012.

Work has progressed throughout 2011 on AUT's largest-ever capital project; the WG Learning Precinct is on schedule for occupation by early 2013. The new precinct incorporates sustainable building methods, including solar heating, natural ventilation and daylight, low-energy lighting, sustainably harvested timber and long-life materials. The design of the precinct also reflects the changing nature of teaching and learning in the 21st century. Students are seeking more collaborative and immersive experiences and the demands of interdisciplinary research are stimulating new academic relationships and interactions. As a result, learning can happen anywhere and will increasingly take place in virtual spaces as well as physical. WG Learning Precinct will therefore have flexible learning spaces that can be reallocated and reconfigured, large lobbies for use as social study areas, and will be equipped with the latest technologies to energise and inspire students and staff.

AUT's innovative and future-focussed approach to building design was again recognised by the Property Council of New Zealand in the 2011 Property Industry Awards. AUT received merit awards for three buildings in the education and arts category: the new School of Education Building and the new AF Lecture Theatres and Conference Centre, both on the North Shore Campus; and the retrofit of the MC Teaching and Library Building at Manukau Campus. The MC retrofit also received a merit award in the heritage and adaptive reuses category.

On World Smoke-free Day 2011, AUT announced that its campuses will be totally smoke free from 1 February 2012. A smoke-free policy is consistent with AUT's position as a major provider of health education and research and will create a healthier environment for students, staff and visitors. The University is providing a range of support services to staff and students who wish to stop smoking.

PERFORMANCE MEASURES

- 5.1 To meet the ratios required under the University's Conditions of Funding.

Key performance indicators

TEC Target			2011 Actual
TEC Financial Covenants			
1. Maximum Commercial Debt Borrowings (\$000s)	\$70,000	Maximum	\$40,594
2. Maximum Aggregate Financings (\$000s)	\$110,000	Maximum	\$81,029
3a. Minimum Net Surplus Ratio	3.0%	Minimum	3.09%
3b. Minimum Operating Cash Inflows/ Operating Cash Outflows	111%	Minimum	122%
3c. Debt to Debt Plus Equity	25%	Maximum	18%
3d. Interest Cover Ratio	2.00	Minimum	3.73
3e. Debt Cover Ratio	3.25	Maximum	1.47
Achieved			

- 5.2 To maintain an effective and efficient operating environment.

Key performance indicator

	Target 2011	Actual 2011	Actual 2010	Actual 2009
5.2.1 Total staff costs as a proportion of total revenue	<60%	61%	59%	62%

Not achieved

Total staff costs increased by \$14 million in 2011, up 8.3% from 2010. Staff costs included an unbudgeted provision of \$1.9 million for research and study leave, which will enable continued support of strategic priorities regarding research capability and capacity building. If this provision was excluded, staff costs would have totalled 60% of revenue.

- 5.3 To ensure progress is made against the Capital Asset Management Plan.

Key performance indicator

	Budget 2012	Budget 2011	Actual 2011	Actual 2010
5.3.1 To develop and implement a five year capital plan (\$000s)				
Major new buildings				
City Campus				
WG Precinct	45,915	35,000	32,850	7,294
Other	-	-	-	134
North Shore Campus				
Education Building	-	-	-	2,945
Manukau Campus				
Refurbishment	1,382	3,100	1,984	3,366
AUT Millennium Campus	814	-	5,838	-
Total major new buildings	48,111	38,100	40,672	13,739

PERFORMANCE MEASURES (continued)

5.3	To ensure progress is made against the Capital Asset Management Plan.	<i>Key performance indicator</i>	Budget 2012	Budget 2011	Actual 2011	Actual 2010
<i>continued</i>	5.3.1	To develop and implement a five year capital plan (\$000s)				
		Other capital				
		Planned maintenance/ minor capital works	4,000	4,149	2,951	1,748
		Library	6,000	5,551	5,238	4,732
		Information technology	7,906	5,781	3,319	2,441
		Plant and equipment	6,833	4,899	5,245	2,954
		Other	-	120	-	-
		Total other capital	24,739	20,500	16,753	11,875
		Total capital plan	72,850	58,600	57,425	25,614

Achieved

The University has developed a ten year *Campus Asset Management Plan 2010-2020* which is derived from and supports the strategic direction of the University for the period. The five year capital plan is a subset of the ten year Plan. The Plan will ensure a positive legacy for AUT's stakeholders, both present and future generations. The current major project is the WG Precinct, a building of 20,000 square metres, which will transform the City Campus on its completion in February 2013. Significant resources continue to be directed towards refurbishing Manukau Campus, to convert the previous office buildings into modern learning and teaching spaces. During 2011, land adjacent to the AUT Millennium Campus became available and was acquired to allow for future expansion of the Campus. Further resource was applied to fit-out the new extension to the existing building. This will continue in 2012. The University plans to continue to invest in its Library, IT and equipment and to maintain a programme of planned maintenance over the next five years.

EQUAL OPPORTUNITIES

EQUAL OPPORTUNITIES

Through its *Tertiary Education Strategy 2010-2015*, the Government continues to prioritise participation and success of Māori, Pasifika and students with a disability in tertiary education. AUT retains its commitments to these groups but widened its equal opportunities practice in 2011 to better support the diverse communities that work and study at the University. Some examples from the year include the development of an AUT gender equity study to advance understanding of the career pathways of female academic staff and to identify issues and barriers faced by them during the promotion process. The University also hosted a number of international conferences focussed on sharing best practice and research around equity and diversity. These included the EDI (Equality Diversity and Inclusion), EOPHEA (Equal Opportunity Practitioners in Higher Education Australasia) and Refugee Education Conferences.

AUT was pleased to be selected as a finalist in the Equal Employment Opportunities (EEO) Trust Work Life Awards in 2011. AUT's nominations included the Hāpai programme that seeks to build the Māori academic workforce at AUT, and the Pasifika Learning Villages programme which supports Pasifika students to enter the health workforce. Associate Professor Pare Keiha was also nominated as an innovator in this area. All nominations are a testament to the calibre of work undertaken to support equal opportunities at AUT.

STUDENTS

Improving Māori and Pasifika success remained a focus in 2011. The University is committed to lifting completion and retention scores for Māori and Pasifika students as measured by the TEC's educational performance indicators. AUT recognises the limits of such metrics and continues to advocate for a holistic view of what is considered student success and achievement.

The *Agents of Change* and *Rangatahi* programmes continued to take a broad approach to lifting aspiration for, and transition into, tertiary education, as well as providing appropriate pastoral and academic support to aid progression and completion. Student success is fostered by involving families, schools and community networks in the student journey at AUT.

Results from the 2011 *Annual Programme Survey* showed that Māori and Pasifika students rated their experience at AUT higher than other ethnic groups. Eighty-three percent of both Māori and Pasifika students were satisfied with AUT which surpasses the overall student satisfaction rate of 79% for the University and aligns with 2010 scores for Māori and Pasifika.

STAFF

AUT remains committed to increasing the number of Māori and Pasifika staff, particularly in academic positions. The University recognises that the market for Māori and Pasifika academics is competitive so has focussed in recent years on growing a pool of talent from within its own Māori and Pasifika student cohort.

In 2011, the University's staff networks continued to contribute to the University's sense of community. Nga Whānau Māori ki Horotiu (the Māori Staff Network), the Pasifika Staff Network, Women on Campus, the Asian Staff Network, OUT@AUT Staff Network and the AUT Staff Disabilities Network were all supported financially by the University in 2011; the networks hosted events and professional development workshops for their members and participated in the consultation process for the University's new *Strategic Plan 2012-2016*.

FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 31 December 2011

		University			Consolidated	
		2011 Actual \$000s	2011 Budget \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
	Note					
REVENUE						
Government operational funding	2	141,620	140,668	138,709	141,620	138,709
Student tuition fees	3	116,437	117,653	112,849	116,437	112,849
Research grants	4	10,766	12,340	9,215	10,858	9,270
Other income	5	29,632	23,694	26,618	30,293	26,961
TOTAL REVENUE		298,455	294,355	287,391	299,208	287,789
EXPENSES						
Personnel costs	6	182,286	174,748	168,268	182,286	168,268
Supplies and other costs	7	70,436	70,626	64,906	71,060	65,150
Depreciation, amortisation and impairment	8	33,138	30,361	32,322	33,138	32,322
Total expenses before finance costs		285,860	275,735	265,496	286,484	265,740
Operating surplus before finance costs		12,595	18,620	21,895	12,724	22,049
Finance costs	9	3,374	3,620	3,548	3,374	3,548
Operating surplus		9,221	15,000	18,347	9,350	18,501
Share of associate's surplus	14	-	-	-	11	45
Share of jointly-controlled entity's surplus	15	-	-	-	726	2,266
NET SURPLUS		9,221	15,000	18,347	10,087	20,812

The accompanying notes form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

		University			Consolidated	
		2011 Actual \$000s	2011 Budget \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
	Note					
NET SURPLUS		9,221	15,000	18,347	10,087	20,812
OTHER COMPREHENSIVE INCOME						
Net gain/(loss) on available-for-sale financial assets	26	(2)	(4)	(4)	(2)	(4)
Net gain/(loss) on cash flow hedges	26	9	300	(371)	9	(371)
Net gain/(loss) on land and buildings revaluation	26	-	-	242	-	242
Total other comprehensive income		7	296	(133)	7	(133)
TOTAL COMPREHENSIVE INCOME		9,228	15,296	18,214	10,094	20,679

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

As at 31 December 2011

		University			Consolidated	
		2011 Actual \$000s	2011 Budget \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and cash equivalents	10	2,821	1,879	3,706	3,891	4,662
Short-term investments		-	-	129	-	129
Trade and other receivables	11	4,358	8,547	23,474	4,523	23,550
Inventories		214	171	204	214	204
Prepayments		1,938	1,059	1,771	1,938	1,771
Derivative financial instruments	23	52	-	14	52	14
Total current assets		9,383	11,656	29,298	10,618	30,330
NON-CURRENT ASSETS						
Available-for-sale financial assets	12	135	185	157	135	157
Investment in subsidiaries	13	100	100	100	-	-
Investment in associate	14	417	417	417	526	535
Investment in jointly-controlled entity	15	18,300	18,300	18,300	21,147	20,421
Property, plant and equipment	16	495,198	488,745	464,525	495,198	464,525
Intangible assets	17	3,220	3,549	3,442	3,220	3,442
Total non-current assets		517,370	511,296	486,941	520,226	489,080
TOTAL ASSETS		526,753	522,952	516,239	530,844	519,410
CURRENT LIABILITIES						
Trade and other payables	18	28,944	20,636	26,185	28,969	26,156
Income in advance	19	32,201	24,725	42,778	32,201	42,778
Employee entitlements	20	14,307	12,333	13,565	14,307	13,565
Provisions	21	488	90	82	488	82
Finance lease borrowings	22	5,320	5,905	5,079	5,320	5,079
Derivative financial instruments	23	18	30	176	18	176
Total current liabilities		81,278	63,719	87,865	81,303	87,836
NON-CURRENT LIABILITIES						
Borrowings	24	40,594	44,700	33,550	40,594	33,550
Employee entitlements	20	4,529	2,375	2,214	4,529	2,214
Provisions	21	808	720	706	808	706
Finance lease borrowings	22	35,115	36,892	36,851	35,115	36,851
Derivative financial instruments	23	351	55	203	351	203
Total non-current liabilities		81,397	84,742	73,524	81,397	73,524
TOTAL LIABILITIES		162,675	148,461	161,389	162,700	161,360
EQUITY						
General equity	25	247,062	255,879	237,841	251,128	241,041
Revaluation reserves	26	117,016	118,612	117,009	117,016	117,009
Total equity		364,078	374,491	354,850	368,144	358,050
TOTAL LIABILITIES AND EQUITY		526,753	522,952	516,239	530,844	519,410

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	University			Consolidated	
	2011 Actual \$000s	2011 Budget \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	354,850	359,195	336,636	358,050	337,371
COMPREHENSIVE INCOME					
Net Surplus	9,221	15,000	18,347	10,087	20,812
Other Comprehensive Income	7	296	(133)	7	(133)
Total Comprehensive income	9,228	15,296	18,214	10,094	20,679
TOTAL EQUITY AT THE END OF THE YEAR	364,078	374,491	354,850	368,144	358,050

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

		University		Consolidated		
		2011 Actual \$000s	2011 Budget \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
	Note					
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from government grants		141,379	139,560	140,072	141,379	140,072
Receipts from student tuition fees		122,911	117,791	112,162	122,911	112,162
Receipts from service-provided activities		31,696	29,059	24,270	31,696	24,270
Interest received		510	199	373	537	389
Dividend received		262	25	22	262	22
Receipts from other revenue		9,912	8,666	13,292	10,523	13,619
Payments to employees		(179,229)	(174,748)	(166,031)	(179,229)	(166,031)
Payments to suppliers		(65,210)	(67,788)	(63,201)	(65,733)	(63,618)
Interest paid		(3,374)	(3,810)	(3,548)	(3,374)	(3,548)
Net GST received/(paid) ^a		(3,547)	(2,000)	1,533	(3,548)	1,512
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	55,310	46,954	58,944	55,424	58,849
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		93	-	50	93	50
Purchases of property, plant and equipment		(56,545)	(55,501)	(25,614)	(56,545)	(25,614)
Purchases of intangible assets		(1,029)	(3,099)	(1,430)	(1,029)	(1,430)
Receipt on maturity/(placement) of short-term investments		129	-	(129)	129	(129)
Disposal/(acquisition) of investments		20	-	(7,500)	20	(7,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(57,332)	(58,600)	(34,623)	(57,332)	(34,623)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from/(repayment of) borrowings		7,044	16,779	(15,150)	7,044	(15,150)
Repayment of finance lease borrowings		(5,907)	(5,079)	(6,282)	(5,907)	(6,282)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,137	11,700	(21,432)	1,137	(21,432)
Net increase/(decrease) in cash and cash equivalents		(885)	54	2,889	(771)	2,794
Cash and cash equivalents at beginning of the year		3,706	1,825	817	4,662	1,868
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		2,821	1,879	3,706	3,891	4,662

The accompanying notes form part of these Financial Statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 an associate 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 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 2011. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 26 March 2012.

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.

New or revised Standards and Interpretations that have been approved but are not yet effective have not been adopted by the University and the Consolidated Group for the reporting period ended 31 December 2011. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact on these Financial Statements.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

Adoption of the revised NZ IAS 24 Related Party Disclosure

The revised NZ IAS 24 Related Party Disclosures (Revised 2009) has been adopted for the year ended 31 December 2011. The effect of adopting the revised NZ IAS 24 is:

- more information is required to be disclosed about transactions between the University and government related entities;
- and
- commitments with related parties now require disclosure.

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

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

- NZ IFRS 9 Financial Instruments will replace NZ IAS 39 Financial Instruments: Recognition and Measurement through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 Classification and Measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 31 December 2014. The University and the Consolidated Group have not yet assessed the effect of the new standard and expect it will not be early adopted.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must be adopted for the year ended 31 December 2012. The University and the Consolidated Group have not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

As the External Reporting Board is consulting on a new accounting standards framework for public benefit entities, it is expected that no new NZ IFRS nor amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 will be applicable to public benefit entities. This means that the financial reporting requirements for public benefit entities are expected to be effectively frozen in the short term. 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, its subsidiaries, interest in an associate and joint venture interests.

Subsidiaries

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

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

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

Associates

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

Joint Ventures

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

Jointly-controlled entity

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

Under the equity method, the investment in the jointly-controlled entity is carried at cost 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 accrual basis. Income from the sale or use of the University's share of the output of the joint venture 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 these land and buildings and has assumed ownership of these assets by means of a lease from the Ministry of Education for a period of 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 value at the balance date.

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

Library collection

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

Work in progress

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

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 its 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. Capital costs are amortised from the commencement of a particular programme on a straight-line basis over the period of their expected benefit, being three years.

Intellectual property

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

(f) Impairment

Financial assets

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

(h) Short-term investments

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

(i) Trade and other receivables

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

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

(j) Inventories

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

(k) Investments and other financial assets

The University classifies its investments 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.

(l) Leases

Finance leases

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

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

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

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

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

Operating leases

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

(m) Foreign currency translation

Transactions in foreign currencies are translated to New Zealand dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance 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 values of interest rate swaps and forward foreign exchange contracts are determined by reference to market values for similar instruments.

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

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

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

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

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

(o) Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

(p) Taxation

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

(q) Budget figures

The budget figures are those approved by the 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

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

Sick leave

Liabilities for sick leave are 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 are calculated on an actuarial basis and are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of the estimated future cash flows. 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

Liabilities for research and study leave is measured as the value of the unused guaranteed entitlement accumulated at balance date that the University anticipates employees will use in the 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 borrowing.

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

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

(u) Borrowing costs

The University and the 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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is negligible.

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 equity

General equity comprises Equity and Suspensory Loans from the Crown with equity conversion features.

Revaluation reserves

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

(x) Critical accounting estimates and assumptions

In preparing these Financial Statements, the University and the 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.

Changes to accounting estimates on depreciation charges

The University and the Consolidated Group have revised the estimated useful lives of certain property, plant and equipment with effect from 1 January 2011. Based on the information gained from the University's property experts, management believes that part of the building structures and components will have estimated useful lives of fifty years for depreciation purposes; and defined plant equipment such as gym equipment, will have estimated useful lives of five years for depreciation purposes. The original estimated useful lives were sixty years for building structures and components, and ten years for the plant and equipment.

The revisions were accounted for prospectively as a change in accounting estimates and, as a result, the depreciation charges for the financial year ended 31 December 2011 have been increased by \$0.7 million.

(y) Critical judgements in applying accounting policies

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2011:

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 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	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Student Achievement Component (SAC)	122,070	103,725	122,070	103,725
Tertiary Education Organisational Capability (TEOC)	–	12,618	–	12,618
Performance-Based Research Funding (PBRF) - Note (A)	7,301	7,145	7,301	7,145
Tripartite funding	4,490	6,963	4,490	6,963
Priorities for Focus	1,208	1,581	1,208	1,581
Encouraging and Supporting Innovation (ESI)	1,417	1,335	1,417	1,335
Mangere Refugee Centre	1,530	1,530	1,530	1,530
Tertiary students with disabilities	442	432	442	432
Māori and Pacific Peoples	836	657	836	657
TOPS/ETSA	831	761	831	761
Early childhood education - Note (B)	414	430	414	430
Other government funding (excl. research contracts)	1,081	1,532	1,081	1,532
TOTAL GOVERNMENT OPERATIONAL FUNDING	141,620	138,709	141,620	138,709

TEOC funding was disestablished on 31 December 2010 and the component of TEOC funding was transferred into SAC funding from 1 January 2011. There are no unfulfilled conditions or other contingencies attached to government grants recognised as income.

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Note (A): PBRF funding				
Provisional PBRF funding received	7,107	7,386	7,107	7,386
Prior year PBRF final wash-up	194	(241)	194	(241)
Total PBRF funding	7,301	7,145	7,301	7,145
Note (B): Early Childhood Education				
Income				
Early childhood education bulk funding	408	419	408	419
Support grant for provisionally registered teachers	6	11	6	11
Total early childhood education funding received	414	430	414	430
Other income*	217	190	217	190
Total income	631	620	631	620
Expenditure				
Operating expenses	(669)	(694)	(669)	(694)
Support grant expenses	(7)	(9)	(7)	(9)
Total expenditure	(676)	(703)	(676)	(703)
Net deficit	(45)	(83)	(45)	(83)
Value of support grants received	6	11	6	11
Amount spent on supporting provisionally registered teachers	7	9	7	9
Support grants were applied to:				
Teaching resources and equipment	–	1	–	1
Training, coaching and support	7	8	7	8
TOTAL	7	9	7	9
Number of support grants received	18	37	18	37

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

NOTE 3: STUDENT TUITION FEES

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Domestic fees	69,387	67,758	69,387	67,758
International fees	47,050	45,091	47,050	45,091
TOTAL STUDENT TUITION FEES	116,437	112,849	116,437	112,849

NOTE 4: RESEARCH GRANTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Research grants received	11,655	11,139	11,747	11,194
Research grants carried forward	(889)	(1,924)	(889)	(1,924)
TOTAL RESEARCH GRANTS	10,766	9,215	10,858	9,270

Research grants carried forward represent the future obligations to complete research in respect of grants which are unearned at the balance date.

NOTE 5: OTHER INCOME

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Trading income	14,093	12,835	14,093	12,835
Accommodation income	5,002	4,376	5,002	4,376
Interest income	510	373	540	388
Income from available-for-sale financial assets	242	4	242	4
Income from investment in associate	20	18	-	-
Donation received	26	29	26	29
Gain on disposal of property, plant & equipment	14	-	14	-
Gain on foreign currency translation	116	-	116	-
Gain on derivative financial instruments	52	14	52	14
Other operating income	9,557	8,969	10,208	9,315
TOTAL OTHER INCOME	29,632	26,618	30,293	26,961

NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Academic:				
Salaries and wages	101,014	95,177	101,014	95,177
Defined contribution scheme employer contributions	520	466	520	466
Employee entitlements	2,585	796	2,585	796
Other staff related costs	5,916	4,927	5,916	4,927
	110,035	101,366	110,035	101,366
Administration:				
Salaries and wages	67,198	62,317	67,198	62,317
Defined contribution scheme employer contributions	346	305	346	305
Employee entitlements	805	459	805	459
Other staff related costs	3,902	3,821	3,902	3,821
	72,251	66,902	72,251	66,902
TOTAL PERSONNEL COSTS	182,286	168,268	182,286	168,268

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

NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Consumables / faculty costs	23,942	22,739	23,942	22,739
Occupancy / property costs	12,048	10,376	12,048	10,376
Operating lease costs - buildings	8,982	8,087	8,982	8,087
Operating lease costs - equipment	1,731	942	1,731	942
Administration expenses	9,795	7,859	9,795	7,859
Fees to principal auditor:				
Financial statements audit (Note A)	147	149	154	158
Performance-Based Research Fund audit	8	8	8	8
Provision for bad debts:				
Change in provision for doubtful debts	(243)	560	(243)	560
Bad debts written off	311	445	311	445
Council fees (Note 28)	123	110	123	110
Loss on disposal of property, plant and equipment	-	17	-	17
Loss on foreign currency translation	-	54	-	54
Other operating costs	13,592	13,560	14,209	13,795
TOTAL SUPPLIES AND OTHER COSTS	70,436	64,906	71,060	65,150

Note (A) – Includes audit fees of \$9,430 (2010: \$9,040) for Auckland University of Technology Foundation paid on behalf by Auckland University of Technology.

NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Depreciation (Note 16)	28,851	26,913	28,851	26,913
Amortisation (Note 17)	1,423	2,568	1,423	2,568
Impairment (Note 16 & 17)	2,864	2,841	2,864	2,841
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	33,138	32,322	33,138	32,322

NOTE 9: FINANCE COSTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Interest on borrowings	1,171	1,072	1,171	1,072
Finance charges on finance leases	2,203	2,476	2,203	2,476
TOTAL FINANCE COSTS	3,374	3,548	3,374	3,548

NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Cash at bank and in hand	1,078	2,995	2,148	3,951
Short-term bank deposits	1,743	711	1,743	711
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	2,821	3,706	3,891	4,662

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 is \$1,070,000 (2010: \$956,000).

The weighted average effective interest rate for cash and cash equivalents was 3.08% (2010: 3.20%).

NOTE 11: TRADE AND OTHER RECEIVABLES

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Trade debtors	2,040	3,275	2,157	3,351
Less provision for impairment of trade debtors	(491)	(601)	(491)	(601)
	1,549	2,674	1,666	2,750
Student debtors	1,697	19,957	1,697	19,957
Less provision for impairment of student debtors	(612)	(745)	(612)	(745)
	1,085	19,212	1,085	19,212
Related parties (Note 27)	95	11	95	6
Accrued revenue	914	1,141	918	1,141
Tertiary Education Commission	-	-	-	-
Other debtors	715	436	759	441
TOTAL TRADE AND OTHER RECEIVABLES	4,358	23,474	4,523	23,550

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

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

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Trade debtors:				
Opening provisions	601	525	601	525
Additional provisions made during the year	-	311	-	311
Release of provisions during the year	(77)	-	(77)	-
Amount of provisions utilised during the year	(33)	(235)	(33)	(235)
Closing provisions for impairment of trade debtors	491	601	491	601
Student debtors:				
Opening provisions	745	261	745	261
Additional provisions made during the year	145	694	145	694
Amount of provisions utilised during the year	(278)	(210)	(278)	(210)
Closing provisions for impairment of student debtors	612	745	612	745

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:						
2011 – Under 30 days	1,492	-	1,492	1,609	-	1,609
31 – 60 days	156	(99)	57	156	(99)	57
61 – 90 days	62	(62)	-	62	(62)	-
Over 90 days	330	(330)	-	330	(330)	-
Total trade debtors	2,040	(491)	1,549	2,157	(491)	1,666
2010 – Under 30 days	2,052	-	2,052	2,128	-	2,128
31 – 60 days	408	-	408	408	-	408
61 – 90 days	257	(43)	214	257	(43)	214
Over 90 days	558	(558)	-	558	(558)	-
Total trade debtors	3,275	(601)	2,674	3,351	(601)	2,750
Student debtors:						
2011 – Under 30 days	426	-	426	426	-	426
31 – 60 days	326	-	326	326	-	326
61 – 90 days	49	-	49	49	-	49
Over 90 days	896	(612)	284	896	(612)	284
Total student debtors	1,697	(612)	1,085	1,697	(612)	1,085
2010 – Under 30 days	18,419	-	18,419	18,419	-	18,419
31 – 60 days	102	-	102	102	-	102
61 – 90 days	117	-	117	117	-	117
Over 90 days	1,319	(745)	574	1,319	(745)	574
Total student debtors	19,957	(745)	19,212	19,957	(745)	19,212

NOTE 12: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Listed securities (at fair value):				
Independent News & Media Plc	2	4	2	4
	2	4	2	4
Unlisted securities (at cost, less impairment):				
New Zealand Vice-Chancellors' Committee	100	100	100	100
Polytechnics International New Zealand Limited	33	33	33	33
New Zealand Tertiary Education Consortium Limited	-	20	-	20
	133	153	133	153
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	135	157	135	157

During the year, the shareholders of New Zealand Tertiary Education Consortium Limited gave approval for the Company to go into a voluntary solvent liquidation and to distribute all the remaining equity back to the shareholders. As a result, the share capital investment in New Zealand Tertiary Education Consortium Limited has been valued at nil, after the distribution.

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	Nature of business	Ownership interest	
			2011	2010
Auckland University of Technology Foundation	New Zealand	Promote academic excellence at Auckland University of Technology by charitable means.	100%	100%
AUT Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

	University	
	2011 Actual \$000s	2010 Actual \$000s
Investment in subsidiaries:		
Auckland University of Technology Foundation	-	-
AUT Enterprises Limited	100	100
TOTAL INVESTMENT IN SUBSIDIARIES	100	100

NOTE 14: INVESTMENT IN ASSOCIATE

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

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2011	2010
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium.	20%	20%

LCo NEW ZEALAND LIMITED

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

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

	University	
	2011 Actual \$000s	2010 Actual \$000s
Investment in associate:		
LCo New Zealand Limited	417	417
TOTAL INVESTMENT IN ASSOCIATE	417	417

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

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

	Consolidated	
	2011 Actual \$000s	2010 Actual \$000s
Share of associate's balance sheet:		
Assets	796	586
Liabilities	(270)	(51)
Net assets	526	535
Share of associate's revenue and profit:		
Revenue	291	289
Net surplus	11	45
Movement in carrying amount of investment in associate:		
Balance at the beginning of the year	535	508
Share of associate's net surplus	11	45
Dividend received	(20)	(18)
Carrying amount at the end of the year	526	535

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	
	2011 Actual \$000s	2010 Actual \$000s
Investment in jointly-controlled entity:		
AUT/Millennium Ownership Trust	18,300	18,300
TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY	18,300	18,300

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

	Consolidated	
	2011 Actual \$000s	2010 Actual \$000s
Share of jointly-controlled entity's balance sheet:		
Assets	27,684	20,169
Liabilities	(6,881)	(91)
Net assets	20,803	20,078
Share of jointly-controlled entity's revenue and surplus:		
Revenue	1,307	821
Net surplus	726	2,266
Movement in carrying amount of investment in jointly-controlled entity:		
Balance at the beginning of the year	20,421	10,655
Capital contribution – cash	–	7,500
Share of jointly-controlled entity's net surplus	726	2,266
Carrying amount at the end of the year	21,147	20,421

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

All land and buildings, whether Crown-owned or AUT-owned, were last revalued by Seagars and Partners, Registered Valuers, at 31 December 2010 to a fair value of \$379,261,000 using the depreciated replacement cost method.

A desktop revaluation of land and buildings was completed as at 31 December 2011 by Seagars and 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 \$4.4 million of computers and electronic equipment under finance leases (2010: \$5.1 million).

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2011 – University/Consolidated	Cost/Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2011 \$000s	Additions/ (reclassification) \$000s	Revaluation/ increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2011 \$000s	Balance at 1 Jan 2011 \$000s	Depreciation \$000s	Disposals/ eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31 Dec 2011 \$000s
AUT-owned assets:										
Land	19,298	4,552	-	-	23,850	-	-	-	-	19,298
Land – Manukau Campus	28,022	-	-	-	28,022	-	-	-	-	28,022
Buildings	226,767	943	-	-	227,710	-	7,125	-	219	226,767
Buildings – Manukau Campus	17,012	1,950	-	-	18,962	-	594	-	-	17,012
Library collection	48,872	5,238	-	-	54,110	28,205	7,203	-	1,965	20,667
Computers and electronic equipment	16,701	2,290	-	(4)	18,987	13,255	2,307	(4)	186	3,446
Furniture and fittings	13,562	904	-	(12)	14,454	11,393	874	(10)	4	2,169
Leasehold improvements	13,219	265	-	(61)	13,423	11,337	697	(61)	-	1,882
Motor vehicles	645	51	-	(94)	602	396	55	(74)	7	249
Office equipment	4,894	937	-	(39)	5,792	4,561	288	(37)	1	333
Plant and equipment	21,433	3,407	-	(130)	24,710	11,422	1,741	(75)	479	10,011
Specialty electronics	1,819	-	-	-	1,819	1,349	228	-	-	470
Works of art	309	-	-	-	309	-	-	-	-	309
WIP – buildings	10,273	35,958	-	-	46,231	1,507	-	(1,507)	-	8,766
WIP – Manukau Campus buildings	253	(8)	-	-	245	-	-	-	-	253
WIP – others	675	58	-	-	733	-	-	-	-	675
TOTAL AUT-OWNED ASSETS	423,754	56,545	-	(340)	479,959	83,425	21,112	(1,768)	2,861	340,329
Crown-owned land and buildings:										
Land	39,202	-	-	-	39,202	-	-	-	-	39,202
Buildings	48,960	-	-	-	48,960	-	1,382	-	-	48,960
TOTAL CROWN-OWNED LAND & BUILDINGS	88,162	-	-	-	88,162	-	1,382	-	-	88,162
Assets under finance leases:										
Computers and electronic equipment	20,400	4,412	-	(5,858)	18,954	13,823	4,353	(5,858)	-	6,577
Buildings	43,242	-	-	-	43,242	13,785	2,004	-	-	29,457
TOTAL ASSETS UNDER FINANCE LEASES	63,642	4,412	-	(5,858)	62,196	27,608	6,357	(5,858)	-	36,034
TOTAL PROPERTY, PLANT & EQUIPMENT	575,558	60,957	-	(6,198)	630,317	111,033	28,851	(7,626)	2,861	464,525
										495,198

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTE 17: INTANGIBLE ASSETS

2011 – University/Consolidated

Intangible assets:

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2011 \$000s	Additions/ (reclassification) \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2011 \$000s	Balance at 1 Jan 2011 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2011 \$000s
Intellectual property	50	-	-	-	50	-	-	-	-	-
Software	13,148	1,347	-	-	14,495	11,151	1,423	-	3	1,997
Programme development	3,039	-	-	-	3,039	3,039	-	-	-	-
WIP - software	1,620	(318)	-	-	1,302	175	-	(175)	-	1,445
WIP - programme development	-	-	-	-	-	-	-	-	-	-
TOTAL INTANGIBLE ASSETS	17,857	1,029	-	-	18,886	14,415	1,423	(175)	3	3,220

2010 – University/Consolidated

Intangible assets:

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2010 \$000s	Additions/ (reclassification) \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 31 Dec 2010 \$000s	Balance at 1 Jan 2010 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2010 \$000s
Intellectual property	50	-	-	-	50	50	-	-	-	-
Software	11,370	1,818	-	(40)	13,148	9,019	2,040	(41)	133	2,351
Programme development	2,948	91	-	-	3,039	2,024	528	-	487	924
WIP - software	1,283	337	-	-	1,620	-	-	-	175	1,283
WIP - programme development	816	(816)	-	-	-	725	-	(725)	-	91
TOTAL INTANGIBLE ASSETS	16,467	1,430	-	(40)	17,857	11,818	2,568	(766)	795	4,649

NOTE 18: TRADE AND OTHER PAYABLES

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Trade creditors	3,489	3,168	3,489	3,168
Creditors accruals	19,206	12,448	19,372	12,567
Sundry creditors	2,649	3,392	2,649	3,349
GST payable	1,390	4,937	1,393	4,940
Withholding tax payable	1,780	1,668	1,780	1,668
Related party (Note 27)	430	331	286	223
Tertiary Education Commission	-	241	-	241
TOTAL TRADE AND OTHER PAYABLES	28,944	26,185	28,969	26,156

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	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Students fees in advance	19,661	31,314	19,661	31,314
Trust funds	2	2	2	2
Research funding received in advance	9,250	8,657	9,250	8,657
Other income in advance	3,288	2,805	3,288	2,805
TOTAL INCOME IN ADVANCE	32,201	42,778	32,201	42,778

NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Annual leave	10,245	9,184	10,245	9,184
Accrued salary payments	2,122	1,806	2,122	1,806
Sick leave	450	440	450	440
Other employee entitlements	1,490	2,135	1,490	2,135
Total employee entitlements – current	14,307	13,565	14,307	13,565
Long service leave	793	757	793	757
Retirement leave	1,783	1,457	1,783	1,457
Research and study leave	1,953	-	1,953	-
Total employee entitlements – non-current	4,529	2,214	4,529	2,214
TOTAL EMPLOYEE ENTITLEMENTS	18,836	15,779	18,836	15,779

The present value of the long service leave and retirement leave obligations depends 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 3.81% and the salary inflation factor of 3.0%. Any changes in these assumptions will impact on the carrying amount of the liability.

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

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	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Reinstatement provision for leased buildings:				
Opening balance	788	669	788	669
Provision made during the year	508	119	508	119
CLOSING BALANCE	1,296	788	1,296	788
Comprising:				
Current	488	82	488	82
Non-current	808	706	808	706
TOTAL PROVISIONS	1,296	788	1,296	788

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

NOTE 22: FINANCE LEASES BORROWINGS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Not later than one year	7,404	7,324	7,404	7,324
Later than one year and not later than five years	17,801	17,977	17,801	17,977
Later than five years	32,895	36,641	32,895	36,641
Total minimum finance leases:	58,100	61,942	58,100	61,942
Future finance charges	(17,665)	(20,012)	(17,665)	(20,012)
Total present value of minimum finance leases payments	40,435	41,930	40,435	41,930
Present value of minimum finance leases:				
Not later than one year	5,320	5,079	5,320	5,079
Later than one year and not later than five years	10,301	9,989	10,301	9,989
Later than five years	24,814	26,862	24,814	26,862
Total minimum finance leases borrowings	40,435	41,930	40,435	41,930
Comprising:				
Current	5,320	5,079	5,320	5,079
Non-current	35,115	36,851	35,115	36,851
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASES BORROWINGS	40,435	41,930	40,435	41,930

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 (2010: 18,332 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 6,464 computers and items of electronic equipment for teaching, research and administrative purposes (2010: 6,411 computers and items of electronic equipment).

NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Current asset portion				
Forward Foreign Exchange Contract – Non-hedges	52	14	52	14
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS	52	14	52	14
Current liability portion				
Interest rate swap – Cash flow hedges	(18)	(176)	(18)	(176)
Non-current liability portion				
Interest rate swap – Cash flow hedges	(351)	(203)	(351)	(203)
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	(369)	(379)	(369)	(379)

Fair value

Interest rate swaps

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

Forward foreign exchange contracts

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

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

Notional Principal Amount

Interest rate swaps

The notional principal amounts of interest rate swap contracts as at 31 December 2011 totalled \$14.0 million (2010: \$19.0 million). At 31 December 2011, the fixed interest rates of interest rate swaps varied from 4.46% to 4.49% (2010: 4.46% to 6.98%).

Forward foreign exchange contracts

The notional principal amounts of forward foreign exchange contracts in New Zealand dollars totalled \$2.49 million (2010: \$0.41 million). The foreign currency principal amounts were United States dollars \$2.0 million (2010: Australian dollars \$0.33 million).

NOTE 24: BORROWINGS

Auckland University of Technology renewed the multi-facility agreement (and the accompanying negative pledge deed) with the ANZ National Bank Limited on 10 October 2011. The renewed facility is for a maximum amount of \$70 million as follows:

- (a) from (and including) 1 March each year to (and including) 31 July each year, \$40 million;
- (b) (subject to (c) below) from (and including) 1 August each year to (and including) the last day of February each year, \$70 million; and
- (c) from (and including) 1 August 2014 to (and including) 31 December 2014, \$60 million.

At 31 December 2011, \$40.59million (2010: \$33.55 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 4.07% (2010: 4.28%).

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Opening balance	33,550	48,700	33,550	48,700
Net borrowings/(repayments)	7,044	(15,150)	7,044	(15,150)
CLOSING BALANCE	40,594	33,550	40,594	33,550

Fair value

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

NOTE 25: GENERAL EQUITY

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Equity:				
Balance at the beginning of the year	187,841	149,161	191,041	149,896
Net surplus for the year	9,221	18,347	10,087	20,812
Transfers from suspensory loans	50,000	20,333	50,000	20,333
Balance at the end of the year	247,062	187,841	251,128	191,041
Suspensory Loan:				
Balance at the beginning of the year	50,000	70,333	50,000	70,333
Convert to equity (Note 37)	(50,000)	(20,333)	(50,000)	(20,333)
Balance at the end of the year	-	50,000	-	50,000
TOTAL GENERAL EQUITY	247,062	237,841	251,128	241,041

During the financial year, the suspensory loan amount of \$50 million was converted into equity upon receiving the Conversion Confirmation Notice from the Crown as detailed in Note 37.

NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Assets revaluation reserve:				
Balance at the beginning of the year	117,424	117,182	117,424	117,182
Changes due to revaluation of:				
Crown-owned land	-	4,277	-	4,277
Crown-owned buildings	-	(2,088)	-	(2,088)
AUT-owned land	-	(7,606)	-	(7,606)
AUT-owned buildings	-	5,659	-	5,659
Balance at the end of the year	117,424	117,424	117,424	117,424
Available-for-sale financial assets revaluation reserve:				
Balance at the beginning of the year	(37)	(33)	(37)	(33)
Net fair value gains/(losses) in the year	(2)	(4)	(2)	(4)
Balance at the end of the year	(39)	(37)	(39)	(37)
Cash flow hedge reserve:				
Balance at the beginning of the year	(378)	(7)	(378)	(7)
Net fair value gains/(losses) in the year	9	(371)	9	(371)
Balance at the end of the year	(369)	(378)	(369)	(378)
TOTAL REVALUATION RESERVES	117,016	117,009	117,016	117,009

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 \$141.62 million (2010: \$138.70 million) to provide education and research services for the year ended 31 December 2011.

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 2011 are small 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 venture interests as disclosed in the Financial Statements. During the year, the following transactions were carried out with related parties:

	2011 Actual \$000s	2010 Actual \$000s
SUBSIDIARY COMPANIES		
Auckland University of Technology Foundation		
Donation received on behalf	-	1
Grants and scholarships received on behalf	77	20
Grants and scholarships paid to subsidiary	77	-
Grants and scholarships received from subsidiary	-	5
Creditor payment on behalf	3	1
Accounts receivable	-	5
Accounts payable	-	-
AUT Enterprises Limited		
Operating revenue received on behalf	230	70
Development Fund paid to Subsidiary	100	188
Operating expenses paid on behalf	194	185
Management services provided to Subsidiary	100	80
Accounts payable	144	108
ASSOCIATE COMPANY		
LCo New Zealand Limited		
Purchase of services	396	311
Accounts payable	286	223
JOINTLY-CONTROLLED ENTITY		
AUT/Millennium Ownership Trust		
Capital contribution – cash	-	7,500
Reimbursement of capital expenditure	567	-
Operating expenses paid on behalf	69	10
Accounts receivable	95	6

All related party transactions are on market terms and conditions.

Key management personnel

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Salaries and other short-term employee entitlements	4,404	3,762	4,404	3,762
Post-employment entitlements	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	4,404	3,762	4,404	3,762

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
2011				
G Campbell				
Vodafone NZ Limited (Director)	803	58	63	-
P Dunphy				
Accident Compensation Corporation (Director)	681	72	-	-
New Zealand Post (Director)	296	-	12	-
L Henry				
Cranleigh Merchant Bankers (Chairman)	-	-	-	-
Trans-Tasman Business Circle (Deputy Chairman)	50	4	-	-
Medtech Limited (Director)	9	-	1	-
Minter Ellison Rudd Watts (Special Counsellor)	105	-	3	-
J Maasland				
The Radio Network Limited (Chairman)	2	-	-	-
APN News & Media (Director)	13	-	1	-
Auckland Regional Chamber of Commerce and Industry Limited (Director)	3	-	-	-
V Bridgwater				
Auckland Tourism Events and Economic Development Limited (Director)	17	24	17	-
2010				
P Dunphy				
New Zealand Post (Director)	277	16	22	-
Accident Compensation Corporation (Director)	802	75	-	9
L Henry				
Cranleigh Merchant Bank (Chairman)	10	-	-	-
Trans Tasman Business Circle (Deputy Chairman)	43	-	-	-
Medtech Limited (Director)	14	-	-	-
N Glavish				
Health & Disability Commission (Chairman)	1	-	-	-
Auckland District Health Board (General Manager)	1,073	60	-	-
J Maasland				
APN News & Media (Director)	9	-	2	-
J Martin				
Minter Ellison Rudd Watts (Consultant)	122	-	-	-

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 (2010: \$nil).

NOTE 28: COUNCILLORS' FEES

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

	2011 Actual \$000s	2010 Actual \$000s
Council Member		
U Aiono	-	7
P Alley	3	1
G Campbell	4	-
A Cocker	6	5
F Davies	6	7
H Duncan	5	6
P Dunphy	-	2
K Essuman	3	-
N Glavish	-	1
L Henry*	8	8
J Hill	-	7
P Kingi	9	5
L Lim	4	-
J Maasland	5	3
J Martin	7	7
V Ng Lam	7	7
J O'Hara	-	3
P Phillips	12	6
P Reeves	25	25
D Schofield	-	6
J Schofield	11	4
S Stephen	3	-
J Thompson	5	-
TOTAL COUNCILLORS' FEES	123	110

* L Henry is a Trustee of AUT/Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2010: \$10,000) in relation to that position.

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

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Net surplus from operations	9,221	18,347	10,087	20,812
Adjustments for items not involving cash				
Depreciation, amortisation and impairment	33,138	32,322	33,138	32,322
Increase/(decrease) in employee entitlements – term portion	2,315	168	2,315	168
Increase/(decrease) in reinstatement provision	508	119	508	119
(Gain)/loss on foreign currency translation	(116)	54	(116)	54
(Gain)/loss on derivative financial instruments – non-hedged	(52)	(14)	(52)	(14)
Share of associate's net surplus	-	-	(11)	(45)
Share of jointly-controlled entity's net surplus	-	-	(726)	(2,266)
Total items not involving cash	35,793	32,649	35,056	30,338
Movements in working capital				
(Increase)/decrease in trade and other receivables	19,116	(15,921)	18,996	(15,946)
(Increase)/decrease in prepayments	(167)	23	(167)	23
(Increase)/decrease in inventories	(10)	(44)	(10)	(44)
Increase/(decrease) in trade and other payables	2,759	5,121	2,844	4,879
Increase/(decrease) in income in advance	(10,577)	18,246	(10,577)	18,246
Increase/(decrease) in current employee entitlements	742	2,069	742	2,069
Total movements in working capital	11,863	9,494	11,828	9,227
Increase/(decrease) in capital accruals	(1,553)	(1,563)	(1,533)	(1,545)
(Gain)/loss on disposal of property, plant and equipment	(14)	17	(14)	17
Add/(less) items classified as investing activities	(1,567)	(1,546)	(1,547)	(1,528)
NET CASH FLOW FROM OPERATING ACTIVITIES	55,310	58,944	55,424	58,849

NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment (Note A)	50,378	75,541	50,378	75,541
TOTAL CAPITAL COMMITMENTS	50,378	75,541	50,378	75,541

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

NOTE 31: OPERATING LEASES COMMITMENTS – AS LESSEE

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

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Not later than one year	6,940	5,911	6,940	5,911
Later than one year and not later than five years	14,932	15,603	14,932	15,603
Later than five years	823	1,167	823	1,167
TOTAL NON-CANCELLABLE OPERATING LEASES	22,695	22,681	22,695	22,681

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

The University leases 29,923 square metres (2010: 26,431 square metres) of office space in Auckland for teaching, research, and administrative purposes. The majority 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 items below:

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	2,821	3,706	3,891	4,662
Short-term investments	–	129	–	129
Trade and other receivables	4,358	23,474	4,523	23,550
Investments carried at cost	133	153	133	153
TOTAL LOANS AND RECEIVABLES	7,312	27,462	8,547	28,494
Fair value through other comprehensive income				
Listed securities	2	4	2	4
Derivatives not designated as hedges				
Forward foreign exchange contracts	52	14	52	14
FINANCIAL LIABILITIES				
Derivatives designated as cash flow hedges				
Interest rate swap	369	379	369	379
Financial liabilities measured at amortised costs				
Trade and other payables	28,944	26,185	28,969	26,156
Borrowings	40,594	33,550	40,594	33,550
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COSTS	69,538	59,735	69,563	59,706

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

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

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

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

	Total \$000s	Valuation Technique		
		Quoted market price \$000s	Observable inputs \$000s	Significant non-observable input \$000s
University 2011				
Financial assets				
Forward foreign exchange contracts – non-hedged	53	–	52	–
Listed securities	2	2	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	369	–	369	–
Consolidated 2011				
Financial assets				
Forward foreign exchange contracts – non-hedged	52	–	52	–
Listed securities	2	2	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	369	–	369	–
University 2010				
Financial assets				
Forward foreign exchange contracts – non-hedged	14	–	14	–
Listed securities	4	4	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	379	–	379	–
Consolidated 2010				
Financial assets				
Forward foreign exchange contracts – non-hedged	14	–	14	–
Listed securities	4	4	–	–
Financial liabilities				
Interest rate swap – cash flow hedges	379	–	379	–

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 Poor's credit rating of at least 'A-2' for short-term and 'A' for long-term investments.

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

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

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
Cash and cash equivalents	2,821	3,706	3,891	4,662
Short-term investments	-	129	-	129
Trade and other receivables	4,358	23,474	4,523	23,550
TOTAL CREDIT RISK	7,179	27,309	8,414	28,341

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	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents:				
AA-	2,821	3,706	3,891	4,662
Total cash and cash equivalents	2,821	3,706	3,891	4,662
Short-term investments:				
AA-	-	129	-	129
Total short-term investments	-	129	-	129
Derivative financial instrument assets:				
AA-	52	14	52	14
Total derivative financial instrument assets	52	14	52	14

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 ongoing basis to ensure that the exposure to bad debts is not significant.

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities

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

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2011					
Trade and other payables	28,944	28,944	28,944	-	-
Net settled derivative liabilities	369	369	18	351	-
Finance leases	40,435	58,100	7,404	17,801	32,895
Borrowings	40,594	45,442	1,642	43,800	-
TOTAL	110,342	132,855	38,008	61,952	32,895
CONSOLIDATED 2011					
Trade and other payables	28,969	28,969	28,969	-	-
Net settled derivative liabilities	369	369	18	351	-
Finance leases	40,435	58,100	7,404	17,801	32,895
Borrowings	40,594	45,442	1,642	43,800	-
TOTAL	110,367	132,880	38,033	61,952	32,895
UNIVERSITY 2010					
Trade and other payables	26,185	26,185	26,185	-	-
Net settled derivative liabilities	379	379	176	203	-
Finance leases	41,930	61,942	7,324	17,977	36,641
Borrowings	33,550	34,982	1,422	33,560	-
TOTAL	102,044	123,488	35,107	51,740	36,641
CONSOLIDATED 2010					
Trade and other payables	26,156	26,156	26,156	-	-
Net settled derivative liabilities	379	379	176	203	-
Finance leases	41,930	61,942	7,324	17,977	36,641
Borrowings	33,550	34,982	1,422	33,560	-
TOTAL	102,015	123,459	35,078	51,740	36,641

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

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

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2011					
Cash and cash equivalents	2,821	2,821	2,821	-	-
Short-term investments	-	-	-	-	-
Trade and other receivables	4,358	4,358	4,358	-	-
Net settled derivative assets	52	52	52	-	-
TOTAL	7,231	7,231	7,231	-	-
CONSOLIDATED 2011					
Cash and cash equivalents	3,891	3,891	3,891	-	-
Short-term investments	-	-	-	-	-
Trade and other receivables	4,523	4,523	4,523	-	-
Net settled derivative assets	52	52	52	-	-
TOTAL	8,466	8,466	8,466	-	-
UNIVERSITY 2010					
Cash and cash equivalents	3,706	3,706	3,706	-	-
Short-term investments	129	129	129	-	-
Trade and other receivables	23,474	23,474	23,474	-	-
Net settled derivative assets	14	14	14	-	-
TOTAL	27,323	27,323	27,323	-	-
CONSOLIDATED 2010					
Cash and cash equivalents	4,662	4,662	4,662	-	-
Short-term investments	129	129	129	-	-
Trade and other receivables	23,550	23,550	23,550	-	-
Net settled derivative assets	14	14	14	-	-
TOTAL	28,355	28,355	28,355	-	-

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Sensitivity analysis

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

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2011								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	28	-	(28)	-	39	-	(39)	-
Short-term investments	-	-	-	-	-	-	-	-
Financial liabilities								
Interest rate swaps	-	35	-	(35)	-	35	-	(35)
Borrowings	(266)	-	266	-	(266)	-	266	-
Total sensitivity to interest rate risk	(238)	35	238	(35)	(227)	35	227	(35)

	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
2011								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(2)	-	6	-	(2)	-	6	-
Forward foreign exchange contracts	(179)	-	336	-	(179)	-	336	-
Total sensitivity to currency risk	(181)	-	342	-	(181)	-	342	-
EQUITY PRICE RISK								
Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
Total sensitivity to equity price risk	-	1	-	(1)	-	1	-	(1)

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

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

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

NOTE 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. Sixteen percent (2010: 15%) of total revenue is derived from International student fees.

NOTE 37: CONTINGENCIES

Contingent assets

As at 31 December 2011, a contractor's performance bond in the sum of \$1,000,000 and a contractor's bond in lieu of retentions in the sum of \$1,500,000, jointly issued by the Fletcher Construction Company Limited (Contractor) and the Fletcher Trust & Investment Company Limited (Sureties), are held by the University.

These Bonds are held to ensure the Contractor complies with its obligations under the Contract Documents between the Contractor and the University in respect of the construction of the 20,000 square metre WG Precinct. These Bonds can be drawn by the University in circumstances should the Contractor fail to meet its performance obligations under the contract documents.

NOTE 37: CONTINGENCIES (continued)

Contingent liabilities

Suspensory loans from Crown

In 2008, the University received three suspensory loans from the Crown to the value of \$50 million, \$25 million and \$12 million. These loans were recognised as contingent liabilities. These suspensory loans have been recognised as the Crown's equity injection within general equity until the option to convert expires at 30 November 2013, 30 June 2010 and 30 June 2014 respectively.

During the financial year, \$50 million (2010: \$20.33 million) has been converted to equity following the University meeting the conversion conditions noted below. As a result, all the suspensory loans from the Crown have now been converted to equity.

	University		Consolidated	
	2011 Actual \$000s	2010 Actual \$000s	2011 Actual \$000s	2010 Actual \$000s
\$50 million Suspensory Loan				
Balance at the beginning of the year	50,000	50,000	50,000	50,000
Convert to equity	(50,000)	-	(50,000)	-
Balance at the end of the year	-	50,000	-	50,000
\$25 million Suspensory Loan				
Balance at the beginning of the year	-	8,333	-	8,333
Convert to equity (see note below)	-	(8,333)	-	(8,333)
Balance at the end of the year	-	-	-	-
\$12 million Suspensory Loan				
Balance at the beginning of the year	-	12,000	-	12,000
Convert to equity (see note below)	-	(12,000)	-	(12,000)
Balance at the end of the year	-	-	-	-
TOTAL SUSPENSORY LOANS	-	50,000	-	50,000

\$50 million Suspensory Loan

The University received a Conversion Confirmation Notice dated 23 August 2011 from the Crown. This confirmed that the University had met all the Specific Objective and Performance Target specified in Schedule 2 of the Agreement regarding a \$50 million Suspensory Loan Convertible into Equity between the Crown and the Auckland University of Technology dated 29 May 2008 ("Agreement"). Subject to the conversion condition in clause 9.1.1 of the Agreement, the suspensory loan amount of \$50 million was converted into equity from the date of Conversion Confirmation Notice.

\$25 million Suspensory Loan

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

\$12 million Suspensory Loan

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

NOTE 38: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget information are as follows:

Income Statement

Government operational funding

Government operational funding was \$0.9 million ahead of budget as a result of the following unbudgeted activities; \$0.2 million prior year PBRF wash up, \$0.2 million additional training contracts and \$0.5 million of other government grants related to areas such as Priorities for Focus.

Student tuition fees

Student tuition fees were \$1.2 million below budget driven by a 5% shortfall in domestic enrolments, partially offset by a 5% increase in International enrolments.

Research grants

Research grants received during the year were \$11.6 million which was \$1.1 million above budget. Of these, \$0.9 million was carried forward, being the research grants unearned at balance date.

Other income

Other income was \$6.0 million above budget. The significant items were \$0.8 million unbudgeted interest and dividend income, \$0.7 million from increased enrolments in International House, \$0.7 million insurance recovery related to the widely reported fraud in the Business Innovation Centre and \$0.4 million from additional short-courses. The balance was miscellaneous recoveries from a variety of sources across the University.

Personnel costs

Total personnel costs were \$7.5 million above budget. Of this \$1.9 million was accrued research and study leave. The balance of \$5.6 million reflected a 5.7% increase in full-time equivalent staff (FTE).

Depreciation, amortisation and impairment

Depreciation was \$2.8 million above budget primarily due to an adjustment of depreciation rates to more accurately recognise the estimated useful lives of building, plant and equipment.

Balance Sheet

Trade debtors and other receivables

Trade debtors and other receivables were \$4.2 million below budget. This was mainly due to a decrease in student debtors, reflecting deferred invoicing of students until January 2012 for the 2012 enrolment year. For the 2011 enrolment year, a substantial amount of invoicing was done in December 2010.

Property, plant and equipment

Property, plant and equipment was \$6.4 million above budget, mainly due to the unbudgeted \$4.6 million purchase of land at Apollo Drive, Mairangi Bay, to enable future expansion of the AUT Millennium Campus.

Trade and other payables

Trade and other payables were \$7.0 million above budget. This was mainly due to an increase in creditor accruals, offset by decreases in GST payable and withholding tax payable.

Income in advance

Income in advance was \$7.5 million above budget. The 2011 budget of \$24.7 million was based on the 2009 actual income in advance of \$24.5 million. Changes in enrolment patterns and invoicing procedures over the last two years have produced significant movements in the income in advance balances at balance date.

Employee entitlements

Employee entitlements were \$4.1 million above budget. The significant items were a \$1.9 million provision for research & study leave, a \$1.1 million annual leave accrual, a \$0.8 million restructuring provision and a \$0.3 million salary accrual.

Bank borrowings

Bank borrowings of \$40.6 million were \$4.1 million below the budget of \$44.7 million at year end. This was due to above budget receipts from government grants (\$1.8 million) and student fees (\$5.9 million), and lower capital expenditure (\$1.3 million), offset by a \$3.2 million increase in employee payments and a \$1.5 million increase in GST.

Finance lease borrowings

Finance lease borrowings at \$40.4 million were \$2.4 million less than the budget of \$42.8 million, mainly due to a higher proportion of new equipment being purchased outright instead of by way of finance leases.

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	
		2011	2010
Ko Awatea Education Centre	Partnership with healthcare professionals and educational institutes to improve efficiency and achieve effective application of healthcare.	13.2%	–

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

	University	
	2011 Actual \$000s	2010 Actual \$000s
Property, plant and equipment	287	–
TOTAL JOINTLY CONTROLLED ASSETS	287	–

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

NOTE 40: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period.

NOTE 41: COMPARATIVE FIGURES

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



STATEMENT OF RESOURCES

LIBRARY

LEARNING AND TEACHING/RESEARCH AND DEVELOPMENT

e-resources

e-journal titles	111,261	105,462
e-book titles	74,734	57,295
e-Reserve items (AUTonline)	3,702	3,047
Research repository items (ScholarlyCommons)	1,805	966

Print resources (titles)

Books	214,188	207,406
Journals (serials)	2,367	2,360
Multimedia (AV items)	17,570	17,308

ENGAGEMENT

Online access – full-text downloads

e-journal full-text downloads	1,691,095	1,928,639
e-book full-text downloads	58,562	33,514
e-Reserve full-text downloads	37,443	32,415
Research repository full-text downloads	436,868	578,090

Online access – page views

Research repository page views	265,103	193,523
Library guides page views	591,629	592,277
Library website page views	1,720,777	1,675,553

Physical access

Turnstile counts (visits to Library)	1,508,200	1,517,197
Opening hours (per week) ⁹	86	86

Loans

Print and multimedia	305,294	335,537
Course reserve (high demand)	56,294	55,877
Interloan items supplied and received	9,047	10,508

Information services

Information literacy workshops (participants)	17,213	14,583
Information literacy workshops (groups)	650	612
Research consultations	3,886	3,729
Library Help Desk enquiries	11,786	14,971

STAFF

Total Library staff (FTE)	62.7	57.7
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SUSTAINABILITY

Expenditure – \$'000s

Operating expenditure – excluding depreciation	5,520	5,345
Depreciation and asset impairment ¹⁰	9,230	5,689

Total operating expenditure	14,750	11,034
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Capital expenditure – information resources	5,232	4,799
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Total Library expenditure	19,982	15,833
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Total Library expenditure (\$) per EFTS (MoE and International) and FTE	1,025	796
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⁹ Weekly opening hours increase to 98 hours for the last four weeks of each semester

¹⁰ The increase in depreciation and asset impairment is caused by changes to the definition of the useful life of e-resources and serials. This resulted in a \$1.99 million impairment costs write off of e-resources and serials older than five years

INFORMATION TECHNOLOGY SERVICES

LEARNING AND TEACHING

Computers and student users

Total number of computers (including laptops)	6,852	6,810
Number of computers in classrooms and open-access laboratories	5,323	4,586
Total EFTS: computer ratio	3.5:1	4.1:1

Computer facilities and support

Available open-access laboratory hours ¹¹	2,709,384	1,987,879
Total number of open-access hours used	593,544	623,139
Percentage open-access usage	21.9%	31.3%
Number of student log-ons to the wireless network (peak) ¹²	2,090	1,221
Number of student log-ons to the wireless network (busiest day) ¹³	3,373	1,942
Total service desk enquiries	74,658	75,077
Percentage incident resolution within four hours – students ¹⁴	94.4%	–

RESEARCH AND DEVELOPMENT

KAREN network (average traffic)	23.8Mb	–
KAREN network (maximum traffic both ways)	447Mb	–
Total AUT traffic to Google Scholar	27,456 Mb	7,839Mb
URL hits to Google Scholar	3,071,382	1,370,670

COMMUNITY ENGAGEMENT

Number of page views on AUT website from external users	8,352,049	6,229,581
Number of distinct users for AUTonline	27,025	28,097
Number of page views (events /activities) for AUTonline	506,929	339,549

STAFF

Staff satisfaction with Information Technology Services (ITS) ¹⁵	94.1%	–
Percentage incident resolution within four hours – staff	77.2%	–

SUSTAINABILITY

Expenditure – \$'000s

Operating expenditure for ITS – excluding depreciation	11,961	12,050
Depreciation	1,961	1,397
Operating expenditure for computer leases in other divisions	3,030	3,549
Total operating ITS expenditure for University	16,952	16,996
Capital expenditure	1,732	1,558
Total ITS expenditure	18,684	18,554
Percentage increase/(decrease) total ITS expenditure	<1%	5%
ITS operating expenditure as percentage of total University expenditure	5.9%	6.3%
ITS salaries / total ITS operating expenditure	41%	36%
Total ITS staff (FTE) ¹⁶	90	82
Total ITS expenditure per EFTS (MoE and International) and FTE (\$)	959	933

¹¹ The increase in open-access hours for 2011 is the result of a larger number of labs providing access for 24 hours a day/7 days a week

¹² This is the average log-ins in the peak month for usage in 2011 which was October

¹³ This is the total student log-ins on the busiest day which was 4 October in 2011 and 11 May in 2010

¹⁴ The Information Technology Services report was reviewed in 2011 to align with best practice reporting and reflect AUT's strategic priorities. Some information presented in the 2011 report was not previously collected and cannot be reported for 2010 (this is indicated with a dash)

¹⁵ This figure is based on the staff response to "Overall satisfaction with IT support" from the 2011 staff engagement survey

¹⁶ Due to more precise reporting of FTE by faculty and administration area, the 2010 figure for total ITS staff has been restated (previously reported as 85 FTE)

LAND AND BUILDINGS

LAND	2011		2010	
	Gross Area ha	Value \$'000s	Gross Area ha	Value \$'000s
Crown owned land	16.9	39,202	16.9	39,203
AUT owned land				
City Campus	1.0	19,298	1.0	19,298
Manukau Campus	7.8	28,022	7.8	28,022
AUT Millennium Campus	1.3	4,552		
Total land	27.0	91,074	25.7	86,523

BUILDINGS	2011		2010	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
Crown owned buildings				
City Campus	12,063	20,627	12,062	19,289
North Shore Campus ¹⁷	18,947	26,951	19,223	29,622
Total Crown owned buildings	31,010	47,578	31,285	48,911
AUT owned buildings				
City Campus				
Art and Design Building	9,266	21,835	9,266	22,053
Business Building	10,681	34,391	10,681	34,705
Dadley Building	2,975	2,222	2,975	2,296
Hotel and Restaurant Studies Building	7,887	26,800	7,887	27,096
Ngā Wai Ō Horotiu Marae	559	1,624	559	1,640
Science and Technology Building	10,012	23,038	10,012	22,869
Symonds Street Building	10,320	10,786	10,320	10,987
Te Ara Poutama and Hikuwai Buildings	7,896	15,528	7,896	15,714
Wellesley Learning Centre (Te Amorangi)	16,500	34,955	16,500	35,134
46 Wakefield Street	3,221	2,064	3,221	2,111
Other buildings ¹⁸	-	7,766	515	13,501
Site improvements and infrastructure	-	1,471	-	1,469
Work in progress	-	45,619	-	8,528
Total City Campus	79,317	228,099	79,832	198,103
North Shore Campus				
AA Building	3,320	1,917	3,320	2,135
AD Building Level 1 Extension	553	252	553	232
AE Building ¹⁹	515	24	-	-
AF Lecture Theatre Complex	2,059	9,648	1,272	9,812
Akoranga Learning Centre	2,677	6,089	2,677	6,126
Akoranga Administration Building	1,129	2,710	1,129	2,741
Education Building	817	2,719	817	2,762
Sport and Recreation Centre	5,930	9,419	5,930	9,481
Other buildings ²⁰	-	4,048	-	2,940
Site improvements and infrastructure	-	1,059	-	1,014
Work in progress	-	613	-	238
Total North Shore Campus	17,000	38,498	15,698	37,481

17 The gross area of Crown owned buildings on North Shore Campus was overstated in 2010. The 2011 figure includes the portion of AF Lecture Theatre Complex that is Crown owned; the remaining portion has been correctly allocated to the AF Lecture Theatre Complex under AUT owned buildings

18 The 2011 net book value for 'Other buildings' relates to the refurbishment of buildings for which the gross floor area is included under 'Crown owned buildings'. The 2010 net book value for 'Other buildings' on City Campus has reduced from what was reported in the previous Annual Report (\$17.455 million). \$2.94 million is now shown under 'Other buildings' and \$1.01 million is now shown under 'Site improvements and infrastructure', both on North Shore Campus

19 The gross area of AE Building was incorrectly allocated to 'Other buildings' on the City Campus in 2010

20 The net book value for 'Other buildings' relates to the refurbishment of buildings for which the gross floor area is included under 'Crown owned buildings'

AUT owned buildings (continued)

Manukau Campus

Manukau Campus buildings

Work in progress

Total Manukau Campus

Total AUT owned buildings

Total land and buildings

Contractual leases (various)²¹

Mangere Refugee Centre

University total gross area

Less: Non leasable area

Net usable area

	2011		2010	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
Manukau Campus buildings	8,075	18,368	8,075	16,904
Work in progress	-	245	-	361
Total Manukau Campus	8,075	18,613	8,075	17,265
Total AUT owned buildings	104,392	285,210	103,605	252,849
Total land and buildings		423,862		388,283
Contractual leases (various) ²¹	53,362		46,999	
Mangere Refugee Centre	1,312		1,312	
University total gross area	190,076		183,201	
Less: Non leasable area	33,575		31,030	
Net usable area	156,501		152,171	

Utilised as follows

Faculties

Faculty of Applied Humanities

Faculty of Business and Law

Faculty of Design and Creative Technologies

Faculty of Health and Environmental Sciences

Te Ara Poutama

AUT International House

Total faculties

Administration

Administration services

Carparks

Student accommodation

In development/vacant²⁴

TOTAL

	2011			2010		
	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS
Faculty of Applied Humanities	15,316	3,554	4.3	15,524	3,816	4.1
Faculty of Business and Law	10,875	4,788	2.3	10,511	4,837	2.2
Faculty of Design and Creative Technologies	35,667	4,692	7.6	34,445	4,777	7.2
Faculty of Health and Environmental Sciences	28,468	4,900	5.8	25,878	4,951	5.2
Te Ara Poutama	1,030	219	4.7	1,106	230	4.8
AUT International House	1,780	287	6.2	1,658	229	7.2
Total faculties	93,136	18,440 ²²		89,122	18,840 ²³	
Administration services	33,964			35,596		
Carparks	10,712			9,387		
Student accommodation	15,232			15,759		
In development/vacant ²⁴	3,457			2,307		
TOTAL	156,501			152,171		

²¹ Gross area of contractual leases increased in 2011 to meet the University's need for more office space prior to the completion of the WG Learning Precinct in 2013

²² The 2011 figure does not include 78 EFTS that are not assigned to any faculty

²³ The 2010 figure does not include 112 EFTS that are not assigned to any faculty

²⁴ The gross usable area in development or vacant increased in 2011 due to development of the WG Learning Precinct



DIRECTORY

INDUSTRY ADVISORY COMMITTEES

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

FACULTY OF APPLIED HUMANITIES

Centre for Refugee Education	Abdirizak Abdi , Ministry of Education
Education – Career	Gabrielle Riley , Electricians Industry Training Organisation
Education – Early Childhood	Rosemary Searle , Auckland Kindergarten Association
Education – Pasifika Early Childhood	Dr Mere Kepa , Community
Education – Postgraduate	Dr Vicki Carpenter , The University of Auckland
Education – Primary	Paul Engles , St Mary's School
Education – Secondary	Miranda Makin , Albany Senior High School
Education – Tertiary	Helen Sword , The University of Auckland Jens Hansen , Independent Education Researcher (co-Chairs)
Hospitality and Tourism	David Comery , Waipuna Hotel and Conference Centre
International Languages	James Penn , Asia New Zealand Foundation
Language Education	Dr Sue Gray , The University of Auckland
Social Sciences	Prof Charles Crothers , Auckland University of Technology

FACULTY OF BUSINESS AND LAW

Dean's Advisory Board

Mark Porath, Porath Executive Search

Business School Industry Advisory Board

Rory Walker, Silkroad

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Communication Studies

Selwyn Manning, scoop.co.nz (Acting Chair)

Computer and Information Science

Jan Hilder, Panacea Healthcare

Construction Management

Dan Ashby, Hawkins Construction (NZ) Ltd

Electrical and Electronic Engineering

Tim Otley, TruTest Ltd

Fashion Technology

Peter Meadowcroft, Global Textiles Ltd
Geoff Mertz, Mertz & Associates Ltd (co-Chairs)

Graphic Design

Kerenza Smith, Designsmith Ltd

Mathematical Science

Rowan Robinson, Telecom New Zealand

Mechanical and Production Engineering

Rotating Chairs

Spatial Design

Mark Gascoigne, Gascoigne Associates

Visual Arts

Ron Brownson, Auckland Art Gallery

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Adult and Child Psychotherapy	Anna Hedley , Private practice (Acting Chair)
Applied Mental Health	John Cavanagh , Ministry of Social Development
Applied Sciences	Karen De Lacy , Auckland Laboratory
Medical Laboratory Science	Colleen Behr , New Zealand Blood Service
Midwifery	Anne Yates , New Zealand College of Midwives
Nursing	Anne Fitisemanu , Counties Manukau District Health Board
Occupational Therapy	Kim Henneker , Hawke's Bay District Health Board
Oral Health	Pip Zammit , Northland Dental Services
Paramedic and Emergency Specialities	Major Brendon Wood , New Zealand Defence Force
Physiotherapy	Darren Knight , Accident Compensation Corporation
Podiatry	Leigh Shaw , Tauranga Hospital
Postgraduate Psychology	Associate Professor Douglas Boer , University of Waikato
Sport and Recreation	
Cricket	Colin McGough , Auckland University of Technology (Acting Chair)
Golf	Colin McGough , Auckland University of Technology (Acting Chair)
Health and Physical Education	Karen Stimson , Albany Senior High School
Outdoor Recreation	Lyndsay Simpkin , Adventure Specialities
Sport and Exercise Science	Andrew Kilding , Auckland University of Technology

PROFESSORIAL STAFF

PROFESSORS

Faculty of Applied Humanities	Faculty of Business and Law	Faculty of Design and Creative Technologies	Faculty of Health and Environmental Sciences	Te Ara Poutama
Dr Allan Bell	Dr Trish Corner	Dr Adnan Al-Anbuky	Dr Max Abbott	Dr Tania Ka'ai
Dr John Bitchener	Dr Bill Doolin	Dr Ahmed Al-Jumaily	Dr John Brooks	Dr Paul Moon
Dr Charles Crothers	Dr Ian Eagles	Dr Zhan Chen [#]	Dr John Cronin	Dr John Moorfield
Dr Peggy Fairbairn-Dunlop	Dr Peter Enderwick	Dr Olaf Diegel	Dr Valery Feigin	Dr Muiris O'Laoire
Dr Nigel Hemmington	Dr Keith Hooper	Dr Alvis Fong	Dr Stephen Henry	
Dr Simon Milne	Dr Kate Kearins	Dr Sergei Gulyaev	Dr Clare Hocking [#]	
Dr Mark Orams	Dr Ming-Hua Liu	Dr Jeffrey Hunter	Dr Will Hopkins	
Dr Ian Shirley	Louise Longdin	Dr Welby Ings [#]	Dr Patria Hume	
Dr Marilyn Waring	Dr Tim Maloney	Dr Nikola Kasabov	Dr Jane Koziol-McLain	
	Dr Raymond Markey (resigned November 2011)	Dr Barry King	Dr Peter McNair	
	Dr Roger Marshall	Dr Tek-Tjing Lie [#]	Dr Kathryn McPherson	
	Dr Deryl Northcott	Dr Stephen MacDonell	Dr Janis Paterson	
	Dr Chris Ohms	Gary Mersham (resigned October 2011)	Dr Keith Rome	
	Dr Judith Pringle	Dr Ajit Narayanan	Dr Elaine Rush	
	Dr Erling Rasmussen	Dr Thomas Neitzert	Dr Grant Schofield	
	Dr Felix Tan	Dr Krishnamachar Prasad	Dr David Seedhouse (resigned October 2011)	
	Dr Alireza Tourani-Rad	Dr John Raine		
		Dr David Robie [#]		
		Dr Philip Sallis		
		Dr Leong Yap		
		Dr Albert (Wai) Yeap		

[#] promoted to Professor in October 2011

ASSOCIATE PROFESSORS

Faculty of Applied Humanities	Faculty of Business and Law	Faculty of Design and Creative Technologies	Faculty of Health and Environmental Sciences	Te Ara Poutama
Dr Andy Begg	Dr Brett Collins	Dr Christopher Braddock	Dr Andrea Alfaro	Dr Pare Keiha
Dr Love Chile	Dr Margaret Craig-Lees (resigned August 2011)	Dr Jiling Cao	Dr Stephen Appel	
Dr Nesta Devine	Dr Bart Frijns	Dr Tony Clear*	Dr Mark Boocock	
Dr Sharyn Graham Davies	Dr Sonjaya Gaur	Dr Paul Cowpertwait	Dr Simeon Cairns	
Dr Michael Luck	Dr Mark Glynn	Nancy de Freitas	Dr Geoff Dickson	
Dr Pat Strauss	Dr Ahsan Habib	Dr Tina Engels-Schwarzpaul	Dr Lynne Giddings	
	Dr Candice Harris *	Dr Martin Hirst (resigned July 2011)	Dr Wayne Hing	
	Dr Kenneth Hyde *	Dr Wayne Hope	Dr Marion Jones	
	Dr Coral Ingley	Dr Loulin Huang	Dr Justin Keogh (resigned August 2011)	
	Dr Felicity Lamm	Dr Mark Jackson	Dr Paula Kersten	
	Dr Romie Littrell	Dr Frances Joseph	Dr Andrew Kilding	
	Dr Keith Macky	Dr Sergiy Klymchuk	Dr Antoinette McCallin	
	Dr Simon Mowatt	Dr Tom Moir	Dr Steve O'Shea	
	Dr Gail Pacheco *	Dr Sigrid Norris	Dr Duncan Reid	
	Dr Andrew Parsons	Dr Aukje Thomassen	Dr John F. Smith	
	Dr Edwina Pio	Andy Thomson	Dr Liz Smythe	
	Dr Peiming Wang	Dr John Tookey	Dr Denise Taylor	
	Dr William Wang	Dr Charles Walker	Dr Keith Tudor	
	Dr Donald Webber (resigned July 2011)	Dr David Wilson	Dr Alain Vandal	
	Dr Nevan Wright		Dr Denise Wilson	
			Dr Owen Young	

* promoted to Associate Professor in October 2011

RESEARCH INSTITUTES

FACULTY OF APPLIED HUMANITIES

Institute of Culture, Discourse
and Communication

Director: **Professor Allan Bell**

Institute of Public Policy

Director: **David Wilson** (to June 2011)
Acting Director: **Associate Professor Love Chile**
(from July 2011)

New Zealand Tourism Research Institute

Director: **Professor Simon Milne**

FACULTY OF BUSINESS AND LAW

New Zealand Work and
Labour Market Institute

Director: **Professor Ray Markey** (to November 2011)
Acting Director: **Professor Erling Rasmussen**
(from November 2011)

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Creative Industries Research Institute

Director: **Professor Olaf Diegel**

Engineering Research and Innovation Cluster

Director: **Professor Thomas Neitzert**

Institute of Biomedical Technologies

Director: **Professor Ahmed Al-Jumaily**

Institute for Radio Astronomy
and Space Research

Director: **Professor Sergei Gulyaev**

Knowledge Engineering and
Discovery Research Institute

Director: **Professor Nikola Kasabov**

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Biotechnology Research Institute

Director: **Professor Stephen Henry**

Earth and Oceanic Sciences Research Institute

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

Health and Rehabilitation Research Centre

Director: **Professor Peter McNair**

Sports Performance Research Institute
New Zealand

Director: **Professor John Cronin**

National Institute for Public Health
and Mental Health Research

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

National Institute for Stroke and
Applied Neurosciences

Director: **Professor Valery Feigin**

TE ARA POUTAMA

Te Ipukarea: the National Māori
Language Institute

Director: **Professor Tania Ka'ai**



KEY FACTS AND FIGURES

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ALL EFTS

EFTS	2011 Budget	2011 Actual	2010 Actual	2009 Actual
Domestic Ministry funded EFTS	15,861	14,942	15,391	14,767
Onshore International PhD EFTS	57	109	93	58
International postgraduate research MOE	8	6	5	8
Funded EFTS²⁵	15,926	15,057	15,489	14,833
Domestic RGA EFTS	68	217	161	151
International EFTS ²⁶	2,261	2,369	2,445	2,257
Other international EFTS	333	492	530	453
Non EFTS	93	96	98	80
Total programme EFTS	18,681	18,231	18,723	17,774
AUT International House	170	287	229	289
Total EFTS	18,851	18,518	18,952	18,063
Total number of students		26,243	27,141	26,002

EFTS BY QUALIFICATION TYPE

	2011		2010		2009	
Funded EFTS						
Postgraduate	1,735	12%	1,759	11%	1,557	11%
Bachelor degree and graduate programme	11,345	75%	11,034	72%	10,118	68%
Diploma and certificate	1,975	13%	2,691	17%	3,129	21%
Not categorised	2	<1%	5	<1%	29	<1%
Total Funded EFTS	15,057	100%	15,489	100%	14,833	100%
International EFTS						
Postgraduate	427	18%	476	19%	379	17%
Bachelor degree and graduate programme	1,675	71%	1,641	67%	1,494	66%
Diploma and certificate	267	11%	328	13%	384	17%
Total International EFTS	2,369	100%	2,445	99%	2,257	100%

²⁵ Funded EFTS are all EFTS receiving Student Achievement Component (SAC) funding. They include onshore international PhD students and international students enrolled in research masters courses

²⁶ Not including Revenue Generating Activity (RGA) or Special Purpose Funding (SPF)

DOMESTIC MINISTRY FUNDED STUDENTS

	2011		2010		2009	
Students by ethnicity²⁷						
Asian	5,380	26%	5,692	27%	5,555	27%
Māori	1,932	9%	2,064	10%	2,038	10%
New Zealand European/Pākehā	8,619	42%	8,903	42%	8,684	42%
Pasifika	2,492	12%	2,538	12%	2,256	11%
Other	1,828	9%	1,865	9%	1,783	9%
Non declared	232	1%	236	1%	296	1%
Students by mode of study						
Full-time	13,912	68%	14,157	66%	13,501	66%
Part-time	6,571	32%	7,141	34%	7,111	34%
Students by age						
Under 25 years	12,909	63%	13,172	62%	12,631	61%
25-39 years	5,208	25%	5,553	26%	5,329	26%
40+ years	2,366	12%	2,573	12%	2,652	13%
Students by gender						
Female	12,441	61%	13,004	61%	12,806	62%
Male	8,042	39%	8,294	39%	7,806	38%

INTERNATIONAL STUDENTS

International students were enrolled from 85 countries. The top ten are listed below.

	2011 Numbers	2011 Percentage	2010 Percentage
China	1,140	35%	32%
India	482	15%	19%
South Korea	223	7%	8%
Saudi Arabia	205	6%	5%
Vietnam	200	6%	5%
Russia	100	3%	3%
Malaysia	97	3%	4%
Taiwan	73	2%	3%
Thailand	56	2%	1%
Hong Kong	51	2%	2%
Other (75 countries)	600	19%	18%
Total international students²⁸	3,227		

²⁷ The figures for ethnic breakdown of students total 99% due to rounding

²⁸ This includes International students that are SAC funded. Percentages for 2010 have been adjusted to reflect the inclusion of SAC funded international students

QUALIFICATIONS AWARDED

	2011	2010	2009
Doctorates	40	37	37
Masters	592	593	597
Honours, Postgraduate Diplomas and Postgraduate Certificates	750	810	777
Degrees, Graduate Diplomas and Graduate Certificates	3,458	3,378	4,126
Diplomas	657	849	1,413
Certificates	1,301	1,761	1,097
Total qualifications awarded	6,798	7,428	8,047

KEY FACTS BY FACULTY

EFTS	Applied Humanities		Business and Law		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual
Enrolments												
Funded EFTS	3,146	3,237	3,417	3,689	3,662	3,671	4,347	4,364	59	90	426	439
International EFTS	422	462	1,043	1,054	611	617	284	296	-	-	9	15
Other EFTS	196	163	191	228	87	72	187	195	-	-	144	131
Total programme EFTS	3,764	3,862	4,651	4,971	4,360	4,360	4,818	4,855	59	90	579	585
Taught EFTS	3,554	3,816	4,788	4,837	4,692	4,777	4,900	4,951	219	230	78	112

Research and cost of service	Applied Humanities		Business and Law		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama	
	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual	2011 Actual	2010 Actual
Student:academic staff ratio	18.7:1	20.1:1	26.3:1	26.7:1	17.4:1	18.7:1	14.5:1	15.8:1	10.4:1	12.1:1
MbE bulk-funded taught EFTS	3,402	3,464	4,584	4,803	4,560	4,642	4,677	4,741	203	215
Research										
Research outputs ²⁹	260	523	527	603	887	574	767	933	4 ³⁰	39
External grants	\$370,960	\$833,571	\$166,920	\$163,444	\$1,488,050	\$2,235,911	\$8,469,790	\$6,585,355	\$742,241	\$461,132
Financial \$000s										
Faculty costs	24,775	23,120	30,375	30,674	37,011	36,139	39,396	36,784	2,278	1,948
Administrative costs	18,182	15,325	18,517	15,757	26,213	23,371	25,240	21,842	1,032	926
Total costs	42,957	38,445	48,892	46,431	63,224	59,510	64,636	58,626	3,310	2,874
Less recoveries	2,368	2,029	204	308	231	112	1,028	428	64	127
Net cost of service	40,589	36,416	48,688	46,123	62,993	59,398	63,608	58,198	3,246	2,747
Net cost of service per EFTS	\$11,931	\$10,513	\$10,621	\$9,603	\$13,814	\$12,796	\$13,600	\$12,275	\$15,990	\$12,777

²⁹ Research outputs by faculty exceed total research outputs reported in the Statement of Service Performance. Where there are multiple AUT authors in more than one faculty, an output can be counted once per faculty.
For the University total reported in the Statement of Service Performance, each output is only counted once

³⁰ Due to process constraints, Te Ara Poutama did not verify many of its 2011 outputs. This figure under-represents their 2011 contribution

STAFF

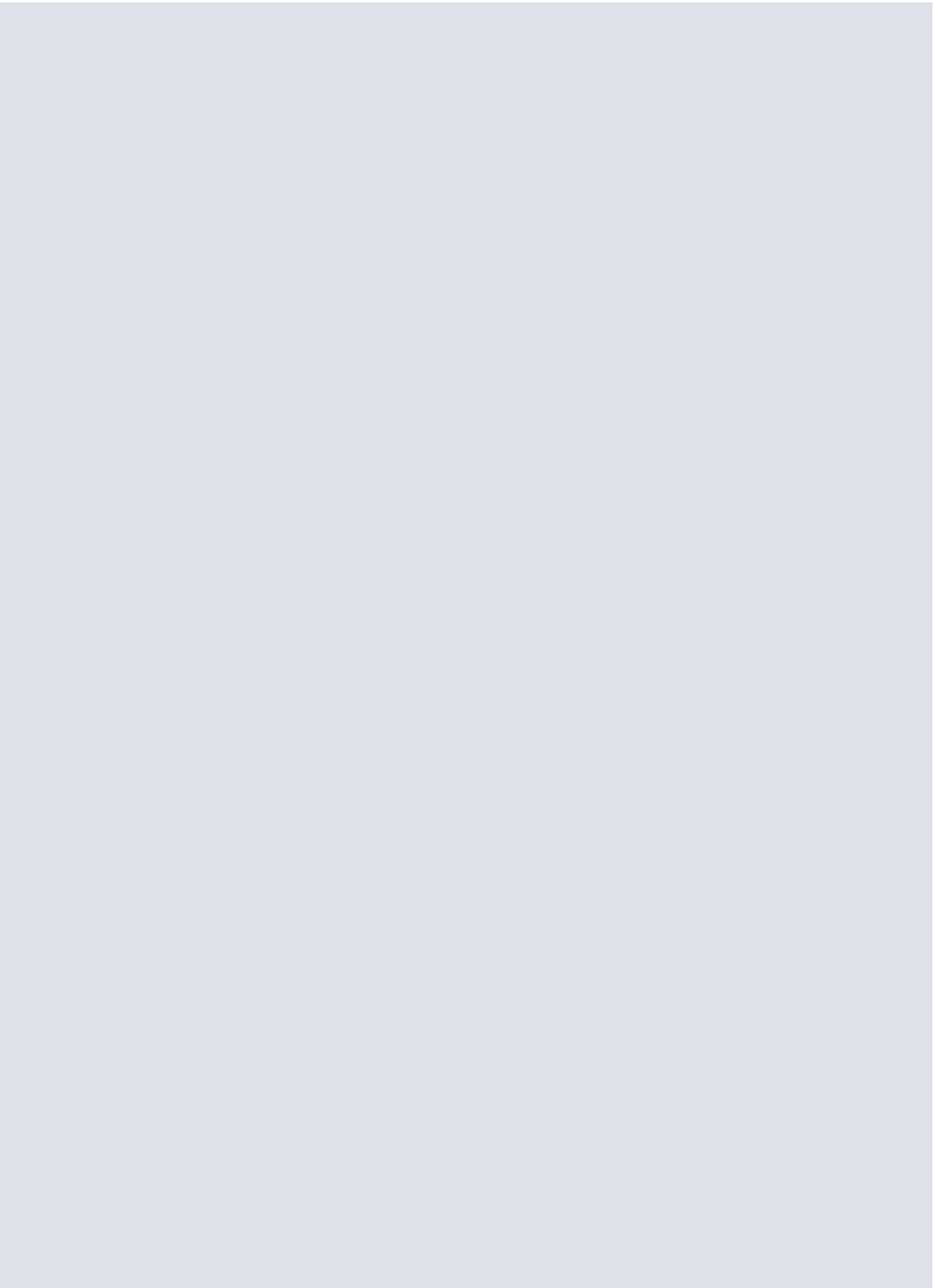
For the year ended 31 December 2011

Faculties	2011			2010 ³¹		
	Academic	Admin	Total	Academic	Admin	Total
Applied Humanities	190	69	259	190	58	248
Business and Law	182	54	236	181	49	230
Design and Creative Technologies	269	89	358	256	85	341
Health and Environmental Sciences	339	116	455	313	106	419
Te Ara Poutama	21	3	24	19	3	22
Total Faculty FTE	1,001	331	1,332	959	301	1,260

Central Administration Services

Corporate Services	4	177	181	2	174	176
Finance and Estates	-	122	122	-	117	117
Innovation and Enterprise	-	9	9	-	10	10
International	29	21	50	25	20	45
Learning and Teaching	8	11	19	10	10	20
Library	-	63	63	-	58	58
Māori Advancement	2	1	3	2	1	3
Research and Development	7	17	24	6	20	26
University Relations	11	235	246	13	221	234
Vice-Chancellor's Office	8	6	14	7	5	12
Total Central Administration Services FTE	69	662	731	65	636	701
Total University FTE	1,070	993	2,063	1,024	937	1,961

31 The figures for 2010 have been restated to include contractual staff not previously reported







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