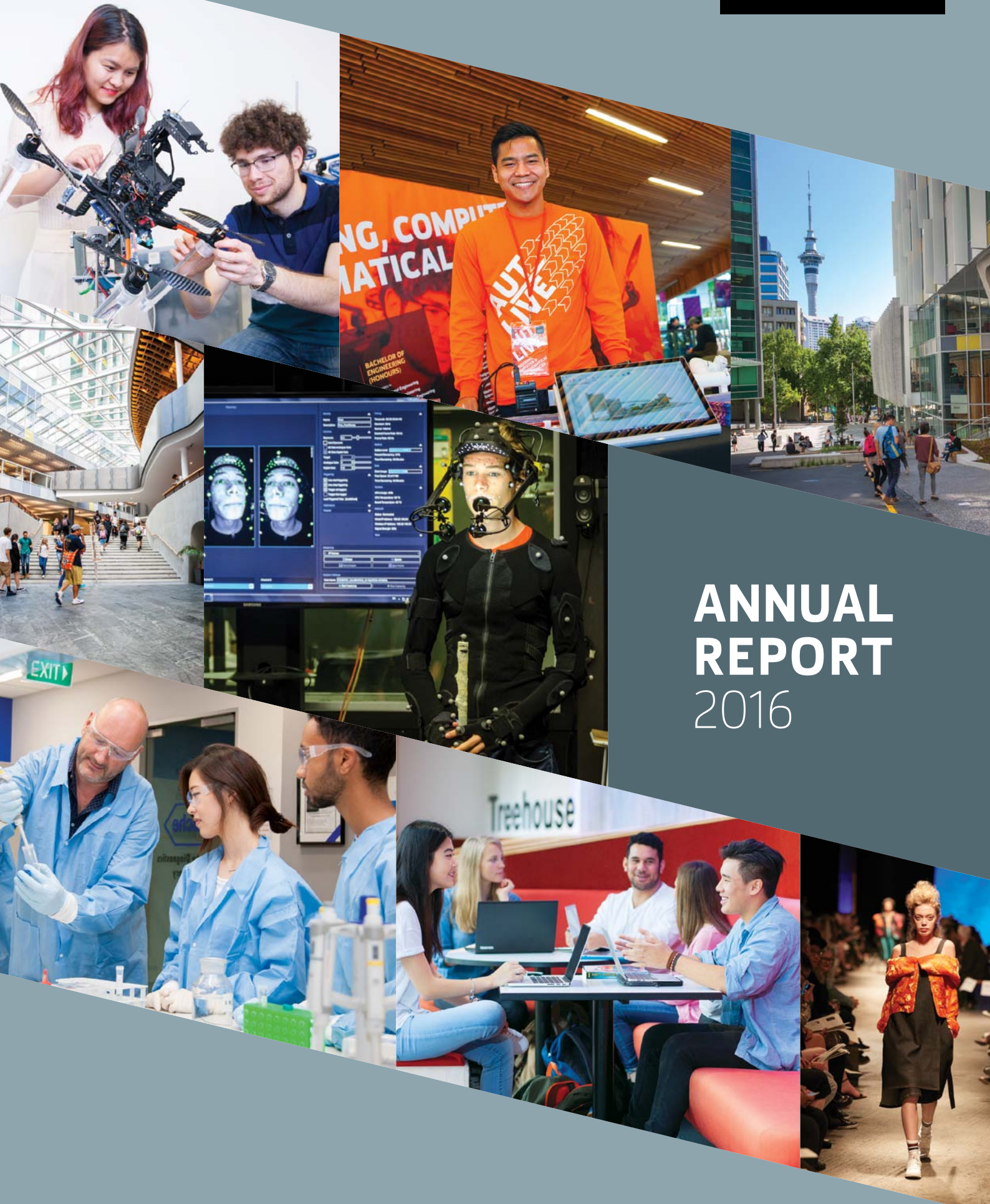


# AUT



## ANNUAL REPORT 2016



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

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

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

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



**Student material exhibited as part of AD16**

- 1 John Turpin 2 Natalie Barke 3 Anthony Kim 4 Anna Dangsang  
5 Anna Thompson 6 Jenny Palmer 7 Jae Woo Park 8 Abby Lyman

# THE YEAR: 2016

# CHANCELLOR'S FOREWORD



Kia ora tātou and welcome to Auckland University of Technology's Annual Report 2016. I am delighted to share with you the highlights from another successful year at AUT, and on behalf of Council to offer my congratulations and appreciation to all of those who have played an integral part in our success.

AUT has three main campuses in Auckland. One of our primary focuses in 2016 was the development of sustainable, attractive and fit-for-purpose facilities that support the needs of a growing student population and evolving technologies. Two major milestones have been beginning construction of the new Engineering, Technology and Design (ETD) building at City Campus, and completing construction of South Campus' MH building on time and on budget for the start of the 2017 academic year. Once completed in 2018, the ETD precinct will be the first of its kind in New Zealand and aims to enrich students with technology-enabled spaces, while living up to the expectation that AUT is a dynamic learning environment. The MH building will enable AUT South Campus to accommodate 3,000 equivalent full-time students (EFTS), with modern teaching and research facilities as well as a central green space and large atrium suitable for community and industry events. It is the new heart of the campus, creating greater connections within AUT and beyond.

Council is especially proud of the University's success at AUT South Campus this year. Since opening in 2010 the campus has continued to flourish, both in terms of its robust student profile and the valued programmes offered. In 2016 it reached more than 1,500 EFTS, meeting the first interim growth target under a new agreement between AUT and the Tertiary Education Commission (TEC). At a time of constrained funding in the sector, this commitment to growth at South Campus reaffirms its important role for unleashing students' potential in South Auckland and meeting the region's vital development needs.

Nationally, the Productivity Commission's review of new models of tertiary education and the draft Education (Tertiary Education and Other Matters) Amendment Bill generated discussion about innovation in the sector and how it can be promoted in a regulatory environment that largely encourages established approaches. Council welcomes this discussion, and hopes to see greater flexibility and autonomy for universities as a result, as well as recognition that innovation in teaching and learning has always been intrinsic to our core values.

One of the significant achievements of 2016 was AUT's recognition in university world rankings. AUT was named in the top 3% of universities worldwide by both the international quality agency Quacquarelli Symonds (QS) and Times Higher Education (THE). It gained significant ground in both evaluations, advancing 100 places in the latter in the past year alone. AUT's QS Stars rating rose to an outstanding five out of five stars. It was ranked by THE in the top 20 universities in the world, and first in Australasia, for international outlook. It was also included for the first time by THE in the top 150 universities under 50 years old, and was ranked amongst the top 60 worldwide in the equivalent QS ranking. These excellent results confirm AUT's rising status in the world and are worthy of celebration.

As a young university that places the student experience at the heart of everything it does, AUT has a strong drive to explore and be at the forefront of innovation. A prime example is UniPrep, an innovative leadership and talent development programme that supports high school leavers in their transition to university and encourages wider participation in tertiary education. AUT Internz (internships), the AUT Edge Award (leadership and employability), and CO.STARTERS (entrepreneurship) are just a few more recent examples of innovative projects that are creating opportunities for our richly deserving students and providing competitive graduates who are sought after by employers.

This year saw national honours awarded to several exceptional individuals, and Council extends its congratulations to them. Professor Max Abbott was made a Companion of the New Zealand Order of Merit in recognition of outstanding services to health, science and education; Lexie Matheson was named an Officer of the New Zealand Order of Merit for her influence in performing arts, education and LGBTQI rights; Professor John Raine was elected a Companion of the Royal Society of New Zealand for his national contribution to developing innovation policy and research infrastructure; Professor Marilyn Waring was named one of Zonta New Zealand's 50 Women of Achievement for her dedication to advancing the status of women and founding feminist economics; and the Health Research Council of New Zealand honoured both Professor Valery Feigin for his impactful stroke and traumatic brain injury research and Dr Alice Theadom as an emergent researcher in the field of traumatic brain injury. These honours are well-deserved and are testament to the University's culture of excellence, intellectual curiosity and service.

This is an exciting time for AUT as we look to invigorate the fundamental components of our work environment with a fresh and inspiring purpose. With AUT's current Strategic Plan 2012-2016 reaching the end of its course, planning and consultation has been underway to hone the University's guiding vision for the future. This is an opportunity to identify and renew how AUT can best serve its students and communities; champion the acquisition, advancement, and

application of knowledge; make local, regional and global contributions that reflect its distinctive character; and be a vibrant and inclusive organisation that instils people with pride and commitment.

Lastly, Council would like to thank the AUT strategic leadership team for its dedication this year and congratulate Derek McCormack who has been reappointed as Vice-Chancellor for a further five years from 2017. I would also like to thank members of Council for their efforts and support. I am proud of the many successes AUT has achieved this year, and look forward to working together on the next exciting phase of AUT's development.



**John Maasland**  
Chancellor





# THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2016

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

<b>Chancellor</b>	<b>John Maasland</b> MA, FIOD Co-opted by Auckland University of Technology Council
<b>Pro-Chancellor</b>	<b>Sussan Turner</b> Appointed by the Minister for Tertiary Education, Skills and Employment
<b>Secretary to Council</b>	<b>Dr Andrea Vujnovich</b> LLB (Hons), MSc (Hons), PhD <i>Auckland</i> Assistant Vice-Chancellor and General Counsel
<b>Council Co-ordinator</b>	<b>Richard Idoine</b> BA, LLB
<b>Members</b>	<b>Dr Pat Alley</b> MBChB, FRACS, Dip Prof Ethics Co-opted by Auckland University of Technology Council
	<b>Urshula Ansell</b> BMD Appointed by the Auckland Student Movement at Auckland University of Technology
	<b>Dr Helen Gaeta</b> BSc, MSc, PhD <i>Auckland</i> Elected by the academic staff of the Auckland University of Technology
	<b>Sophie Hayman</b> BA (Hons), PgDipArts, PGCE Elected by the professional staff of Auckland University of Technology
	<b>Lex Henry</b> LLB Appointed by the Minister for Tertiary Education, Skills and Employment
	<b>Lyn Lim</b> LLB (Hons) Appointed by the Minister for Tertiary Education, Skills and Employment
	<b>Derek McCormack</b> MSc, Dip Tchg Vice-Chancellor of Auckland University of Technology
	<b>James Schofield</b> BCom, MSc (Econ), FCA Co-opted by Auckland University of Technology Council
	<b>Stephen Stehlin</b> BA Co-opted by Auckland University of Technology Council
	<b>Judith Thompson</b> BSocSc, MMgt Appointed by the Minister for Tertiary Education, Skills and Employment

**Left image:** The Council of Auckland University of Technology  
Front row (from left): John Maasland, Sussan Turner, Derek McCormack  
Second row: James Schofield, Judith Thompson, Stephen Stehlin  
Third row: Lyn Lim, Sophie Hayman, Helen Gaeta, Urshula Ansell  
Back row: Pat Alley, Lex Henry, Andrea Vujnovich (Council Secretary), Richard Idoine (Council Co-ordinator)  
*Image: Nigel King, White Door Event Photography*

# VICE-CHANCELLOR'S REPORT



2016 has been a year of considerable growth and achievement for AUT, consolidating our position both in New Zealand and on the world stage.

AUT improved its international university rankings and has been recognised amongst the cohort of top young universities in the world. Student numbers continued to grow and major campus developments were progressed, particularly in South Auckland where our investment in university courses, facilities and services will contribute to the region's potential and development.

This year marked the end of the AUT Strategic Plan 2012-2016, prompting reflection on what has been achieved over the past five years and our emphases for the future. Consultations with staff on the University's strategic directions took place during 2016 and have helped map out the next stage of our development.

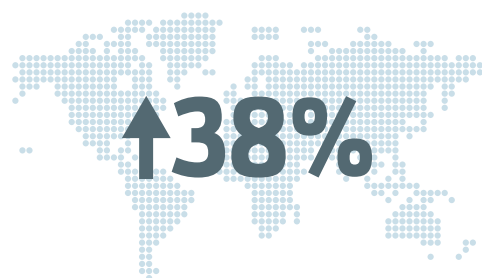
During this next phase the University's focus is on producing great graduates through exceptional student learning experiences that are achieved with: contemporary approaches to higher education; excellent physical, social and digital learning environments; a dynamic community of research, scholarship and innovation that has impact and is closely integrated with the University's teaching and learning community; and active connections with industry and international partners.

## LEARNING AND TEACHING

AUT is New Zealand's second largest and fastest growing university. Continued growth in 2016 took the University to almost 20,000 EFTS, including significant increases in Māori, Pacific and international students. After exceeding targets ahead of schedule last year, our postgraduate student body grew a further 8% to reach just under 3,500 EFTS, including 849 doctoral students. In 2016 the University awarded diplomas and degrees to more than 6,450 graduates, and conferred 81 doctorates.

# 849

Doctoral students  
in 2016



Increase in international postgraduate  
enrolments since 2014

The University was commended for its genuine student focus in its latest audit by the Academic Quality Agency for New Zealand Universities. In addition to imparting discipline-specific knowledge, AUT aims to prepare students to be successful in a rapidly changing world. As part of this, the University emphasises the development of transferable skills related to communication, critical reasoning, creativity, curiosity, collaboration, dealing with complexity, and cultural intelligence. This year several new programmes were developed, launched or expanded to enhance students' learning experience, employability and entrepreneurial abilities.

The Student Employability Lab was established and the co-curricular AUT Edge Award was launched to encourage and formally recognise students' personal development through such activities as volunteering in the community or the University, leadership of groups or projects and peer mentoring. The AUT Internz programme continued to

grow, with placements made across New Zealand, as well as overseas, mainly across the United States, where the number of host organisations taking interns almost doubled in 2016 and included amongst others Apple, Facebook, FCB West, Saatchi and Saatchi NY, Paramount Studios, the Metropolitan Museum of Art, Play Rugby USA, the Smithsonian and Stanford University. Match Ready workshops were delivered to help students develop their job-winning skills and provide the opportunity to hear from, and network with, employers. These programmes have all seen impressive uptake in 2016 with thousands of students participating.

Existing schemes to support student employability and their experience of applying knowledge and skills continued to be significant. In 2016, 89% of graduates from undergraduate programmes participated in a work placement or practicum, a significantly higher proportion than the New Zealand university sector average. This was further supported by the launch of the Student External Engagement Network, which links staff across the University involved in workplace learning, to help ensure that our students benefit from the best possible opportunities.



**89%**  
of graduates from undergraduate programmes participated in a work placement or practicum

To support the development of the next generation of New Zealand entrepreneurs we ran the CO.STARTERS programme, to equip aspiring entrepreneurs from amongst AUT's students and the wider community with insights, relationships and tools they need to take the next step with their business ideas. Forty-eight successfully completed CO.STARTERS this year, and the programme will be expanded in 2017. A new elective paper in Practical Entrepreneurship and Innovation was designed and will be offered to students throughout the University from 2017. Admission to the course will be by competitive selection based on the quality of ideas applicants wish to develop into business plans.

Further advances in our work with students are anticipated from the new Department for Student Experience and Success established during the year, and from a redesign that brings together our student learning support and library services.

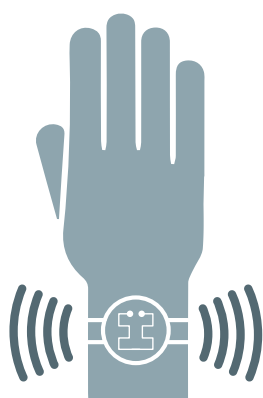
Many of our students were recognised locally and on the world stage in 2016, and those in creative fields were particularly successful. Thirteen top spatial design students were selected to showcase their work at the 2016 Venice Architecture Biennale; PhD Candidate Olivia Webb was invited to exhibit at the Edinburgh Arts Festival; a team of four Master's students won the European Street Design Challenge at the Futur-en-Seine Digital Festival in Paris; and School of Art and Design students won eight gold, eight silver, and four bronze pins at the New Zealand Best Design Awards.

#### RESEARCH AND SCHOLARSHIP

Our research made significant impact internationally in several fields. Amongst the year's noteworthy achievements, Professor Valery Feigin co-lead global research which revealed that air pollution contributes to around one third of strokes worldwide, a much higher degree of harm than previously appreciated. Professor Sergei Gulyaev, Senior Lecturer Tim Natusch and Software Engineer Stuart Weston played a key role in the international discovery of the origin of neutrinos, a major advance in space research. Professor Grant Schofield was part of worldwide research into how city design influences peoples' physical activity, with implications for many non-communicable conditions such as heart disease and diabetes.

Several new research centres were launched that have the potential to improve the lives of New Zealanders and people of our Pacific region. The Centre for Social Data Analytics uses data science to develop predictive models that can assess the impact of proposed interventions in healthcare, children at risk, families and education. The INTERACT Centre of Technology Excellence works with big data on projects as diverse as earthquake prediction and matching medicines to individuals' genetic makeup. The new Centre for Active Ageing is informing the development of age-friendly communities and helping older people to live healthier and happier lives. AUT is a foundation partner in the New Zealand Institute for Pacific Research, launched this year, with a remit for research on Pacific development, investment and foreign-policy issues.

A milestone achievement for the year was the University's first successful bid for funding in the Ministry of Business, Innovation and Employment (MBIE) Smart Ideas scheme, granted for Dr Andrew Lowe's research on wearable bio-sensors with implications for rehabilitation, fitness, consumer electronics and long-term healthcare. The Pacific Island Families Study, led by Dr El-Shadan Tautolo, received funding as part of the Ageing Well National Science Challenge, and AUT was awarded MBIE funding for technology that improves the earthquake resilience of buildings, co-designed by Dr Pouyan Zarnani. The Design for Health and Wellbeing Lab, based at Auckland City Hospital and co-directed by Dr Stephen Reay, received Royal Society of New Zealand support to explore design opportunities for people living with dementia in hospitals and the community.



**MBIE's Smart Ideas (grant)  
for research on wearable  
bio-sensors**

## STAFF

AUT staff received national and international honours in 2016. Professor Max Abbott and Senior Lecturer Lexie Matheson were appointed to the New Zealand Order of Merit. Professor John Raine became a companion of the Royal Society of New Zealand. Professor Judy McGregor won the Supreme Award in Governance at the Women in Governance Awards, and was named New Zealand-UK Link Foundation Visiting Professor to London. Professor Marilyn Waring was named one of Zonta New Zealand's 50 Women of Achievement.

Professor Valery Feigin was honoured by the Health Research Council (HRC) for contributions to health research, and Associate Professor Alice Theadom received early career excellence awards from both the HRC and the New Zealand Psychological Society. Six AUT scholars received HRC Career Development Awards for outstanding emerging talent: Karol Czuba, Terry Dobbs, Debra Gerrard, Dr Alayne Hall, Dr Tamasin Taylor and Zoe Tipa.

Tim Davison and Tasleem Hussein received the Technology Innovation Award and the Supreme Award at the 2016 Microsoft Tertiary ICT Excellence Awards for a prototype digital assistant that uses artificial intelligence to improve students' experience at AUT.

Two AUT sport scientists won international recognition this year with top awards in their fields. Professor Michael McGuigan was named 2016 William J. Kraemer Outstanding Sport Scientist and Professor Patria Hume was awarded the 2016 International Society of Biomechanics in Sports Geoffrey Dyson Award.

Professor Hume also received the 2016 AUT University Medal in recognition of her outstanding contributions to research throughout her career, including the recent work on the long-term impacts of concussion in rugby players, and her excellent work with students, colleagues and external parties. I congratulate Professor Hume and all of the staff whose commitment and achievements were recognised at the 2016 AUT Excellence Awards.

## AUT EXCELLENCE AWARDS 2016

### PROFESSIONAL EXCELLENCE:

Deborah Blake (Student Services and Administration)  
Lynne Flynn (Estates)  
Marybeth Takeda (Faculty of Business, Economics and Law)  
NZAID Scholarships Team (Scholarships Office)  
Space Planning and Timetabling Team (Estates)

### RESEARCH EXCELLENCE:

Professor Candice Harris (Business School)  
Professor Gail Pacheco (Business School)  
Dr David Rice (School of Clinical Sciences)  
Ergonomics and Human Factors Group  
(School of Clinical Sciences)

### TEACHING EXCELLENCE:

Irshad Ali (Business School)  
Dr Denise Atkins (School of Sport and Recreation)  
Patsi Davies  
(School of Public Health and Psychosocial Studies)  
Dr Jane Verbitsky  
(School of Social Sciences and Public Policy)  
Doctor of Health Science Teaching Team  
(School of Clinical Sciences)  
*Special recognition:* Centre for Refugee Education Teaching  
Team (School of Language and Culture)

### SPECIAL COMMENDATIONS:

John Carlson (Student Services and Administration) for  
exceptional contributions to the University's student relations

### UNIVERSITY MEDAL:

Professor Patria Hume (School of Sport and Recreation)

Professor Edwina Pio was appointed to the new role of University Director of Diversity to further enhance effectiveness and understanding in the crucial areas of advancing diversity and inclusiveness. These are issues of real significance at AUT, with a community embracing students and staff born in more than 140 countries, and a vision for more equitable representation of women, Māori and Pacific peoples in our academic and senior ranks.

The 2016 AUT Staff Engagement Survey showed that AUT continues to perform well compared with benchmark organisations. Key strengths reported by staff were a sense of personal growth, autonomy and achievement, camaraderie and belonging. Specific plans have been developed within faculties and divisions to build on strengths and address areas identified for improvement.

### COMMUNITY ENGAGEMENT

At AUT South Campus enrolments increased by 18% to surpass the year's target of 1,500 EFTS, and construction of the MH Building was completed, significantly expanding the available space and providing an inspiring new focal point for the campus. The range of programmes offered increased in 2016 with a highlight being the first intake of law students at the Campus, and from next year new programmes will include public health and engineering.

 **↑18%** growth in student enrolments at South Campus to exceed 1,500 EFTS

Enabling and building participation in higher education through community connections is at the heart of our vision and strategy for the South Campus. This year saw the growth and development of several initiatives that advance this approach, including UniPrep, which helps prepare school-leavers for university study; MyFuture, which develops secondary students' life and study skills; STEMpreneurial Bugs, a programme encouraging South Auckland youth into science, technology, engineering and mathematics; the pilot of a Junior Science Challenge in South Auckland primary schools in partnership with SouthSci; and more Te Reo Māori classes on offer to anyone wanting to develop basic proficiency in the language.

A new mentoring programme supported by the Kea global network was launched this year, connecting AUT undergraduate students with globally successful business people. Fifteen AUT students, most of whom were inaugural recipients of Woolf Fisher First-in-Family Scholarships, were partnered with mentors in their areas of study, to complement their academic learning and help with the transition into employment or entrepreneurship.

Another highlight this year was the opening of the ASB Waterfront Theatre, in which AUT is a foundation partner. The theatre is a significant investment for AUT that expands the scope of our long-standing partnership with the Auckland Theatre Company, and is a major contribution to Auckland's development as a city with a vibrant cultural life.

This year AUT had its Rainbow Tick certification reconfirmed. We were one of the first organisations in New Zealand, and remain the only university in the country, to be awarded the Rainbow Tick, which attests to the University's work to ensure inclusiveness for the LGBTQI community, and in positively responding to issues of gender diversity. This is an example of AUT's wider commitment to diversity goals, which has resulted in AUT being awarded five out of five QS stars for inclusiveness.

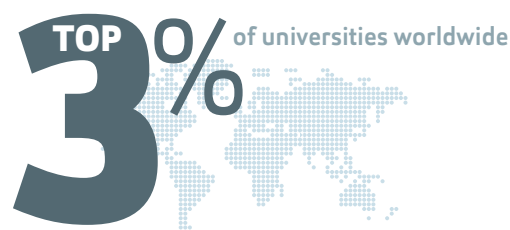


New Zealand's only university  
to be awarded the Rainbow Tick

## CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

AUT continued to perform well financially in 2016, achieving all of its financial covenants by a comfortable margin. Revenue increased by \$23 million, and the University posted a net surplus of \$18 million.

This year AUT made significant gains in world university rankings. We were promoted to five out of five stars overall in the QS Stars rating; ranked in the top 20 universities worldwide, and first in Australasia, for international outlook; and ranked in the top 3% of universities in the world, and amongst the cohort of top young universities by both THE and QS. In addition, AUT ranked among the top 250 universities worldwide by QS in five subjects: Art and Design, Accounting and Finance, Communication and Media Studies, Computer Science and Information Systems, and Education. These results are testament to the quality of scholarship at AUT and the University's growing reputation.



AUT is investing in major student-centred infrastructure projects at each of our three campuses. The completion of construction works on the MH Building at the South Campus was a major milestone, as was the start of construction of the new Engineering, Technology and Design (ETD) precinct on the corner of Symonds and St Paul Streets at the City Campus. The 12-storey, \$100 million ETD building will be home to the School of Engineering, Computer and Mathematical Sciences. Sustainable design and construction, visible plant rooms and exposed structural connections will make the building a part of the curriculum and research. Work is well underway on planning for a new building at the North Campus, and the fit-out of the new interprofessional health clinics and the health, counselling and wellbeing unit.

As part of the University's commitment to environmental sustainability, this year projects included collaborating with the Energy Efficiency and Conservation Authority to help reduce our carbon footprint and implementing low-cost energy efficiency initiatives. A waste audit was completed that showed significant reductions in landfill and increases in recycling. The first cohort of students in the Sustainable Enterprise major also undertook sustainability projects at the University. For the second year of their degree, the students worked on initiatives led by the University's Estates group, ranging from recycling batteries to surveying bird life on campus. In their upcoming final year, the students will act as sustainability consultants and I look forward to the contributions they will make both in the community and to the University projects and practice. Staff and students worked with the Manukau Beautification Charitable Trust, Auckland Council, Wai Care and Sustainable Coastlines to successfully set a New Zealand record for the largest single environmental clean-up at the Puhinui Reserve coastline in Manukau.

This year we became the second New Zealand university to join the United Nations (UN) Sustainable Development Solutions Network. AUT's contributions to the UN sustainable development goals are in the areas of affordable and clean energy, sustainable cities and communities, life on the land, responsible consumption and production, and clean water and sanitation.

#### FINAL THOUGHTS

This is an exciting time for the University, as we set out our strategic direction for the next five years, strengthened and motivated by our many successes highlighted in this Annual Report. I offer my thanks and congratulations to all of the students, staff, community partners and other stakeholders involved in the many achievements described here, as well as in the day-to-day running of the University. The development of the South Campus and its contributions to the region are a particular highlight and I look forward to the continued role AUT will play there.

My thanks go to Chancellor John Maasland and the AUT Council for their leadership. I am grateful to Urshula Ansell and Nicaela-Jane King, President and Vice-President of the AUT Student Movement for their contributions and dedication to AUT. I also thank Professor Rob Allen who will conclude his eight-year tenure as Deputy Vice-Chancellor in early 2017.

We are proud of the many accomplishments set out in this report and look to the future with enthusiasm.



**Derek McCormack**  
Vice-Chancellor



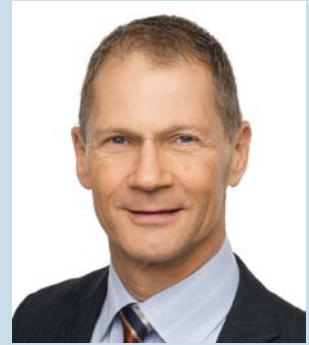
Derek McCormack



Professor Robert Allen



Professor Geoff Perry



Professor Nigel Hemmington



Professor Philip Sallis



Professor Max Abbott



Professor Pare Keiha



Professor John Raine



Professor Desna Jury



OFFICERS OF AUCKLAND  
UNIVERSITY OF TECHNOLOGY



Dr Andrea Vujnovich



Lyle Williams



Jenny Bygrave



Luke Patterson



Joanna Scarbrough



John Woods



Kim Tairi



Walter Fraser



Liz Gosling



# OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

As at 31 December 2016

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

## Vice-Chancellor

**Derek McCormack** MSc, Dip Tchg

## Deputy Vice-Chancellor

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

## Pro Vice-Chancellors and Deans

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

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

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

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

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

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

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

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

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

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

Pro Vice-Chancellor (Research and Innovation)

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

Pro Vice-Chancellor (Student Experience and Success)

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

## Assistant Vice-Chancellors

Corporate Development; General Counsel

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

Finance and Infrastructure; Chief Financial Officer

**Lyle Williams** BCom, CA

Strategy, Students and Marketing

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

## Group Directors

Brand and Marketing Services

**Luke Patterson** MBA

Student Services and Administration

**Joanna Scarbrough**

People and Organisation

**John Woods** BA

University Librarian

**Kim Tairi** BBus (InfoMgt), MEd, GradDipTerEd, DipVET, AFALIA (CP)

## Head of Pacific Advancement

**Walter Fraser** BA, PGDipCom

## Chief Information Officer

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

# THE UNIVERSITY FOR THE CHANGING WORLD



## HERITAGE AND VALUES

Auckland University of Technology is New Zealand's most contemporary university. Established in 2000, AUT draws on a century-long heritage of providing tertiary education to the Auckland region. As a young university, AUT aims to be a catalyst for redefining university education, research and partnerships in line with the changing world. The University values the pursuit of excellence through creativity, curiosity and critical enquiry, and conducts its activities with *tika*, *pono* and *aroha* – integrity, respect and compassion. With these values, AUT is recognised for quality learning, creativity and discovery, promoting the wellbeing of people and their environments, both in New Zealand and beyond.

## AUT TODAY

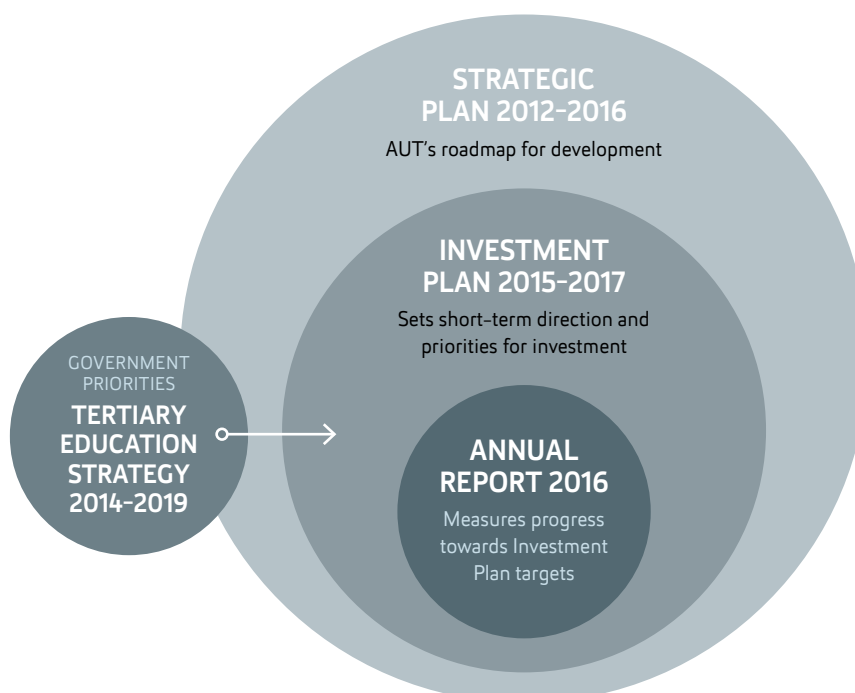
AUT's development has been rapid as evidenced by its growing national and international reputation. In 2016, AUT was upgraded to a five-star university by the QS rating agency and was ranked as one of the top 450 universities in the world. The University expanded its student and teaching facilities, providing more than 250 courses to over 29,000 students from five faculties: Business, Economics and Law; Culture and Society; Design and Creative Technologies; Health and Environmental Sciences; and Te Ara Poutama – Faculty of Māori and Indigenous Development. Another area of focus was advancing the University's research capabilities in line with AUT's key research goals of creating a vibrant learning community, and extending the impact of its research through application to current concerns faced by businesses, community groups, and industry. The University continues to be a leader in the tertiary sector for its involvement with the community and success in extending educational opportunities beyond the traditional boundaries.

## CAMPUSES

Each of AUT's campuses has a distinct character, reflecting its environment and mix of students and programmes. In the heart of Auckland's CBD, the AUT City Campus teaches over 19,900 students studying a range of disciplines including but not limited to design, engineering, business, Māori development, hospitality, languages and communication studies. With more than 6,800 students, the AUT North Campus is the home of health sciences and education. The adjunct AUT Millennium is a specialist sports sciences facility conducting leading research on enhancing the performance of elite athletes. The AUT South Campus was established in 2010, and is the University's largest venture to date. Enrolments grew to more than 3,000 students in 2016 and to support this growth, the University invested significantly in the construction of the MH building at the South Campus. Major construction work on this building was completed by the end of 2016 and the building will become operational in March 2017. Several health sciences disciplines are now also headquartered at South Campus, alongside undergraduate and postgraduate programmes in education, business, computer science and design. The campus itself offers new opportunities for the development of innovative curricula structured to be responsive to the needs of the region's business, industry, school and community groups.

## STRATEGIC DIRECTION

This Annual Report reflects the University's performance in 2016 against its vision outlined in the *Strategic Plan 2012-2016*, and its key metrics as outlined in the *Investment Plan 2015-2017*. Both are informed by government priorities.



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

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

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

Within the Statement of Service Performance, there is a particular emphasis on identifying the value added by AUT in key focus areas including graduate employment, South Auckland, and for Māori and Pacific peoples. The next Strategic Plan is currently being finalised after broad consultation.

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

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

AUCKLAND UNIVERSITY OF TECHNOLOGY'S OUTCOMES FRAMEWORK



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

# KEY FACTS AND FIGURES

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

EFTS	2016 Budget	2016 Actual	2015 Actual	2014 Actual
Domestic SAC-funded EFTS <sup>3</sup>	15,934	16,144	15,991	15,671
International EFTS receiving SAC funding <sup>4</sup>	240	360	305	264
<b>Total SAC-funded EFTS</b>	16,174	16,504	16,296	15,935
International EFTS	2,701	2,802	2,759	2,660
Other Domestic EFTS	173	230	183	170
Other International EFTS	390	289	408	632
Non EFTS	47	50	47	52
<b>Total programme EFTS</b>	19,485	19,875	19,693	19,449
AUT International House	105	96	105	133
<b>Total EFTS</b>	19,590	19,971	19,798	19,582
<b>Total number of students</b>		29,014	28,628	28,314

## EFTS BY QUALIFICATION TYPE

	2016		2015		2014	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
<b>SAC-funded EFTS</b>						
Postgraduate	2,417	15%	2,258	14%	2,051	13%
Bachelor degree and graduate programme	12,741	77%	12,618	77%	12,656	79%
Diploma and certificate	1,346	8%	1,420	9%	1,228	8%
<b>Total SAC-funded EFTS</b>	16,504	100%	16,296	100%	15,935	100%
<b>International EFTS</b>						
Postgraduate	935	34%	845	31%	678	25%
Bachelor degree and graduate programme	1,718	61%	1,749	63%	1,850	70%
Diploma and certificate	149	5%	165	6%	132	5%
<b>Total International EFTS</b>	2,802	100%	2,759	100%	2,660	100%

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

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

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

## DOMESTIC SAC-FUNDED STUDENTS

	2016		2015		2014	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
<b>Students by ethnicity<sup>5</sup></b>						
Asian	5,284	24%	5,203	24%	5,104	24%
Māori	2,369	11%	2,289	11%	2,136	10%
New Zealand European/Pākehā	9,135	42%	9,157	43%	9,110	44%
Pacific	3,238	15%	2,954	14%	2,816	13%
Other	1,523	7%	1,633	8%	1,630	8%
Non-declared	137	1%	184	<1%	196	1%
<b>Students by mode of study<sup>6</sup></b>						
Full-time	15,047	69%	14,894	70%	14,578	69%
Part-time	6,639	31%	6,526	30%	6,414	31%
<b>Students by age</b>						
Under 25 years	14,869	68%	14,447	68%	13,913	66%
25-39 years	4,717	22%	4,781	22%	4,816	23%
40+ years	2,100	10%	2,192	10%	2,263	11%
<b>Students by gender</b>						
Female	13,260	61%	13,027	61%	12,758	61%
Male	8,415	39%	8,393	39%	8,234	39%
Gender diverse <sup>7</sup>	11	0.05%	–	–	–	–

## INTERNATIONAL STUDENTS<sup>8</sup>

International students were enrolled from 94 countries. The top ten are listed below.

	2016		2015
	Numbers	Percentage	Percentage
China	1,946	46%	48%
India	553	13%	11%
Saudi Arabia	190	5%	5%
Vietnam	187	4%	5%
South Korea	125	3%	4%
Hong Kong	89	2%	2%
Malaysia	71	2%	2%
Taiwan	69	2%	2%
United States of America	63	2%	1%
Russia	56	1%	1%
Other (84 countries)	845	20%	19%
<b>Total International students</b>	<b>4,194</b>	<b>100%</b>	<b>100%</b>

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

<sup>6</sup> Results for 2014 and 2015 have been restated due to improved accuracy of reporting

<sup>7</sup> Gender diverse is a new option for students from 2015

<sup>8</sup> This section includes International students who are full-fee paying or SAC-funded

**QUALIFICATIONS AWARDED**

Doctorates  
 Masters  
 Honours, Postgraduate Diplomas and Postgraduate Certificates  
 Degrees, Graduate Diplomas and Graduate Certificates  
 Diplomas  
 Certificates  
**Total qualifications awarded**

2016	2015	2014
<b>81</b>	80	87
<b>732</b>	653	657
<b>1,263</b>	972	871
<b>4,132</b>	4,156	4,158
<b>250</b>	274	425
<b>1,149</b>	1,455	1,435
<b>7,607</b>	7,590	7,633



Recipients of the inaugural 2016 AUT Edge Award

## KEY FACTS BY FACULTY

EFTS Enrolments	Business, Economics and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama		University programmes	
	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual
SAC-funded EFTS	3,453	3,428	2,787	2,889	4,306	4,251	5,070	4,940	67	76	821	712
International EFTS	1,093	1,197	495	475	898	811	302	264	0	1	14	11
Other EFTS	10	57	58	52	139	217	186	167	0	-	176	145
<b>Total programme EFTS</b>	<b>4,556</b>	<b>4,682</b>	<b>3,340</b>	<b>3,416</b>	<b>5,343</b>	<b>5,279</b>	<b>5,558</b>	<b>5,371</b>	<b>67</b>	<b>77</b>	<b>1,011</b>	<b>868</b>
Taught EFTS	4,822	4,960	3,256	3,287	5,709	5,577	5,729	5,538	294	295	65	36

RESEARCH AND COST OF SERVICE	Business, Economics and Law		Culture and Society		Design and Creative Technologies		Health and Environmental Sciences		Te Ara Poutama	
	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual	2016 Actual	2015 Actual
Student:academic staff ratio <sup>9</sup>	28.0:1	28.6:1	18.2:1	17.2:1	17.1:1	18.1:1	14.0:1	13.9:1	13.6:1	12.2:1
MoE bulk-funded taught EFTS <sup>10</sup>	4,779	4,896	3,165	3,188	5,521	5,313	5,492	5,334	284	289
<b>Research</b>										
Research outputs <sup>11</sup>	394	337	348	344	744	645	670	575	34	27
External grants	\$587,492	\$447,497	\$659,568	\$147,364	\$3,852,736	\$2,157,378	\$7,989,275	\$7,389,410	\$135,238	\$118,658
<b>Financial \$000s</b>										
Faculty costs	34,382	33,848	32,012	29,038	58,044	52,627	67,084	60,357	3,026	3,004
Administrative costs	27,939	26,030	19,761	22,268	40,813	42,014	35,112	37,412	2,155	1,851
<b>Total costs</b>	<b>62,321</b>	<b>59,878</b>	<b>51,773</b>	<b>51,306</b>	<b>98,857</b>	<b>94,641</b>	<b>102,196</b>	<b>97,769</b>	<b>5,181</b>	<b>4,855</b>
Less recoveries	1,462	1,793	4,533	5,015	5,335	5,221	6,996	6,295	254	210
<b>Net cost of service</b>	<b>60,859</b>	<b>58,085</b>	<b>47,240</b>	<b>46,291</b>	<b>93,522</b>	<b>89,420</b>	<b>95,200</b>	<b>91,474</b>	<b>4,927</b>	<b>4,645</b>
Net cost of service per EFTS	\$12,735	\$11,864	\$14,926	\$14,520	\$16,939	\$16,830	\$17,334	\$17,149	\$17,349	\$16,073

9 2015 ratios have been restated due to improved FTE calculation

10 These figures do not include 65 EFTS that were not attributed to the University faculties. 62 of these EFTS were from the South campus UniPrep programme

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



## STAFF

For the year ended 31 December 2016

Faculties	2016			2015 <sup>12</sup>		
	Academic	Admin	Total	Academic	Admin	Total
Business, Economics and Law	172	75	247	173	71	244
Culture and Society	179	80	259	191	78	269
Design and Creative Technologies	333	119	452	307	114	421
Health and Environmental Sciences	410	151	561	399	132	531
Te Ara Poutama	22	4	26	24	3	27
<b>Total faculty FTE</b>	<b>1,116</b>	<b>429</b>	<b>1,545</b>	1,094	397	1,492
<b>Total central administration services FTE</b>	<b>50</b>	<b>879</b>	<b>929</b>	50	812	862
<b>Total University FTE</b>	<b>1,166</b>	<b>1,308</b>	<b>2,474</b>	1,144	1,209	2,354

12 Most figures have been restated for 2015 due to improved paid FTE calculation



2016 Staff Christmas party

# FINANCIAL REVIEW

For the year ended 31 December 2016

## KEY FINANCIAL INDICATORS

	University		
	2016 Actual	2016 Budget	2015 Actual
	\$000s	\$000s	\$000s
<b>Operations</b>			
<b>Total revenue</b>	<b>385,082</b>	369,147	362,169
<b>Total expenses before finance, depreciation, amortisation and impairment costs</b>	<b>320,292</b>	299,409	298,448
<b>Operating surplus before finance, depreciation, amortisation and impairment costs</b>	<b>64,790</b>	69,738	63,721
Finance costs	<b>4,113</b>	5,216	2,498
Depreciation, amortisation and impairment costs	<b>42,666</b>	48,644	46,925
<b>Net surplus</b>	<b>18,011</b>	15,878	14,298
<b>Cash flows from operations</b>			
Operating cash receipts	<b>384,026</b>	372,564	363,388
Operating cash payments	<b>322,226</b>	304,626	304,285
<b>Net cash flows from operations</b>	<b>61,800</b>	67,938	59,103
<b>Property, plant and equipment – net book value</b>	<b>809,733</b>	711,776	696,975
<b>Debt</b>			
Bank borrowings – term	<b>144,700</b>	135,220	103,150
Finance leases – current	<b>6,581</b>	6,319	6,485
Finance leases – term	<b>19,877</b>	25,087	28,665
<b>Total debt</b>	<b>171,158</b>	166,626	138,300
<b>Equity</b>	<b>568,767</b>	490,615	500,435
<b>Operating ratios</b>			
Net surplus/revenue	<b>4.7%</b>	4.3%	3.9%
Cash ratio	<b>119%</b>	122%	119%
Interest cover ratio	<b>5.38</b>	4.04	6.72
Liquidity ratio	<b>11%</b>	13%	19%
<b>Capital ratios</b>			
Debt cover ratio	<b>2.77</b>	2.45	2.34
Debt/debt + equity	<b>23%</b>	25%	22%
Debt/total revenue ratio	<b>44%</b>	45%	38%

# STATEMENT OF RESPONSIBILITY

*For the year ended 31 December 2016*

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

- the Council and management of the Auckland University of Technology accept responsibility for the preparation of the statement of service performance and financial statements and the judgements used therein; and
- the Council and management of the Auckland University of Technology accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance reporting and financial reporting; and
- the Council and management of the Auckland University of Technology are of the opinion that the statement of service performance and financial statements fairly reflect the financial position for the Auckland University of Technology and Group at 31 December 2016 and the results of the operations for the year ended 31 December 2016.



John Maasland  
Chancellor



Derek McCormack  
Vice-Chancellor

3 April 2017

# 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 2016*

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

## OPINION

We have audited:

- the financial statements of the University and Group on pages 64 to 112, that comprise the statement of financial position as at 31 December 2016, the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and Group on pages 29 to 58.

In our opinion:

- the financial statements of the University and Group on pages 64 to 112:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2016; and
    - the financial performance and cash flows for the year then ended;
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance of the University and Group on pages 29 to 58 presents fairly, in all material respects, the University and Group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2016.

Our audit was completed on 3 April 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

## BASIS FOR OUR OPINION

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

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

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

## RESPONSIBILITIES OF THE COUNCIL

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

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

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

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

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

## RESPONSIBILITIES OF THE AUDITOR

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect

a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

#### OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included on pages 4 to 25, 59 to 62 and 113 to 116, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

#### INDEPENDENCE

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

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



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



1 AUT School of Economics launched to provide new opportunities for students wishing to combine economics with a wide range of complementary disciplines such as other social sciences, health, law, mathematics and communication studies 2 Professor Valery Feigin and Dr Alice Theadom receive Health Research Council honours 3 School of Communication Studies Storyboard Award 4 AUT South Campus first law students' cohort 5 AUT Professor of Strength and Conditioning, Michael McGuigan, has been named 2016 William J. Kraemer Outstanding Sport Scientist of the Year 6 Nuclear Magnetic Resonance (NMR) spectrometer acquisition - new technology to revolutionise chemistry research which supports New Zealand's STEM career drive

# STATEMENT OF SERVICE PERFORMANCE

The following Statement of Service Performance contains information on the University's KPIs. This documents the services provided by AUT to meet stakeholder needs and to ensure the intent of the *Strategic Plan 2012-2016* is fulfilled. For an overall view of the performance of the University, the Statement of Service Performance section must be read in conjunction with the section entitled '*The Year: 2016*'.



# IMPACT 1

## EXCELLENT SCHOLARS AND SOUGHT-AFTER GRADUATES

### STRATEGIC THEME

Learning and teaching

### LEVERS FOR CHANGE

Enhance support services and resources for students

Build a diverse student profile

Continue to improve Educational Performance Indicator results

Expand AUT South Campus

Enhance student engagement and satisfaction

### OUTPUTS

Create inspirational learning experiences

Create a vibrant and rewarding environment for work and learning

Serve our diverse communities

Spark debate and share knowledge

Advance knowledge and professional practice



AUT **Edge Award** launched

830

students **enrolled**

AUT **Internz**

200

**employers** hosted

89%

of students would **recommend AUT**

380

**interns** in NZ, Canada and USA

↑ 8% **growth** in **postgraduate EFTS** to just under 3500 EFTS

↑ 8% **growth** in **doctoral** students to reach **849**

6,500

**students engaged** in **clinical and corporate placements** through AUT Placez

**48** participants successfully completed the recently established **CO.STARTERS@AUT** programme

**AUT-Kea Mentoring Programme** launched



**8 gold, 8 silver** and **4 bronze** won at the **Best Design Awards** by School of Art & Design students

2,624

students **attended 465 employability** and **careers workshops**

## PERFORMANCE MEASURES

### 1.1 Create employable, work-ready graduates

#### Key performance indicators

	Target 2016	Actual 2016	Actual 2015	Actual 2014
1.1.1 Percentage of bachelors graduates who completed a work placement while studying	>80%	<b>89%</b>	89%	89%
1.1.2 Percentage of available graduates who are working full time*	85%	<b>86%</b>	82%	82%

\* This figure is from the annual Graduate Survey and refers to domestic graduates. The Survey provides insight into graduates' initial destinations after completing their qualification at AUT, and their experiences of transition into the workforce. Graduates from 2015 were invited to take part in the 2016 Survey. There was a 43% response rate for domestic students, which is the highest response rate for our 2016 internal AUT surveys.

The proportion of bachelors graduates who completed a work placement while studying has remained steady since 2014, and in 2016 there was a notable increase in the percentage of available graduates in full-time employment. Both measures exceeded their targets. A number of initiatives that aim to boost student and graduate employability have contributed to this, such as the AUT Internz internship programme, AUT Placez clinical placement service, CO.STARTERS@AUT entrepreneurship programme, and the extra-curricular AUT Edge Award which focusses on student leadership and employability.

Achieved

### 1.2 Increase postgraduate provision

#### Key performance indicators

	Target 2016	Actual 2016	Actual 2015	Actual 2014
1.2.1 More than 15% of EFTS in postgraduate study	17%	<b>17%</b>	16%	15%
1.2.2 Increase the number of doctoral students	750	<b>849</b>	787	696

AUT's growing reputation continues to positively impact postgraduate student enrolments. Since 2014, postgraduate enrolments have risen by 23%, with strong growth in both international (38% growth) and domestic (18% growth) postgraduate student numbers.

There was a 22% increase in the number of doctoral students over the same period, with year-on-year growth of 8% in 2016 to exceed the target number of doctoral students by 13%.

Achieved

## PERFORMANCE MEASURES (continued)

1.3 Enhance engagement and satisfaction of students

### Key performance indicator

	Target 2016	Actual 2016	Actual 2015	Actual 2014
1.3.1 Percentage of students who would recommend AUT to others*	88%	<b>89%</b>	88%	88%

\* This result is taken from AUT's University Experience Survey which had a 34% response rate, consistent with other AUT surveys.

AUT's excellent learning and teaching environment, world-class facilities and innovative programmes have resulted in consistently high levels of student satisfaction. A further increase in the percentage of students who would recommend AUT to others was reported in 2016, exceeding the target for the year. This coincided with the launch and expansion of new programmes to enhance students' employability, leadership and entrepreneurial skills through programmes such as AUT Internz, the AUT Edge Award, Placez and CO.STARTERS@AUT.

Achieved

## HIGHLIGHTS



### AUT INTERNZ KICK-STARTS FUTURE CAREERS

A good internship can be the foundation of a great career. That's why AUT Internz provides internships for AUT students with top companies in New Zealand, Canada and the USA – including Facebook, the Sundance Institute, Oxfam, the Metropolitan Museum of Art and Westpac Institutional Bank in New York. In only three years Internz has grown from a small programme for AUT's most outstanding graduates into a university-wide employability development initiative for students and recent graduates. Almost half of the 2016 AUT Internz scholarship recipients were offered a role or extension with their host company, while others found jobs through networks formed during their internships. Internz also offered over 250 paid New Zealand-based internships, and recently added voluntary internship opportunities. A partnership with Be. Accessible also makes it easy for employers to connect with and recruit students with accessibility issues.



### BUILDING A CULTURE OF INNOVATION-LED ENTREPRENEURSHIP

Every entrepreneur starts somewhere, and at AUT the best place for aspiring entrepreneurs is CO.STARTERS@AUT. This nine-week extra-curricular programme helps aspiring entrepreneurs turn their ideas into viable businesses. Each CO.STARTERS cohort includes 12 to 16 diverse individuals; a mix of students, alumni and business professionals. The programme provides a hub for peer-to-peer learning while building a strong entrepreneurial community that stays connected well after the nine weeks. Launched in Semester 1, the programme has been highly successful in its first year, with 65 applicants vying for a place and 100% of participants indicating they would recommend the programme. In December, CO.STARTERS@AUT was shortlisted for the Reimagine Education Awards at the University of Pennsylvania's Wharton School in the USA.

# IMPACT 2

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

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

↑ **9%**  
growth in **quality assured research** outputs

**2** new law research centres established **Centre for Private Law** and **Centre for Non-Adversarial Justice**

↑ **22%**  
growth in **total external research** revenue

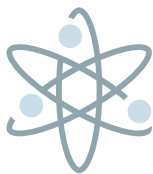
**4** **AUT finance students** took top prize at **2016 Chartered Financial Analyst Institute Research Challenge**

**\$1.45M**

**Health Research Council Career Development Awards** to **6** researchers

**\$0.9M**

funding received for Pacific Islands Families **Healthy Pacific Grandparents Study**



**Nuclear Magnetic Resonance spectrometer** launched



**2016 New Zealand Innovation Award**  
AUT/NZA won 'Highly Commended' for NZ SKA Alliance Big Data Challenges

## PERFORMANCE MEASURES

2.1 Increase the number of quality-assured research outputs

*Key performance indicator*

	Target 2016	<b>Actual 2016</b>	Actual 2015	Actual 2014
Number of quality-assured research outputs	1,860	<b>2,021</b>	1,855	1,547

Quality-assured research outputs rose by 9% in 2016, enabling the University to surpass its target by 161 outputs.

In 2016, AUT identified and supported areas of research strength, and implemented mechanisms to build its research capability, resulting in higher publication rates. Funding initiatives included the Strategic Research Investment Fund, Research and Innovation Office (RIO) Minor Grants, and an increased number of postgraduate scholarships.

Achieved

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

*Key performance indicator*

	Target 2016	<b>Actual 2016</b>	Actual 2015	Actual 2014
Proportion of academic staff contributing research outputs	75%	<b>56%</b>	57%	59%

The proportion of academic staff contributing to research outputs declined in 2016 and did not reach the target of 75%. Altogether 101 academic staff joined AUT in 2016, of which 53 were research active compared to 41 of the 105 new academics in 2015. Most research active staff continued to work on their research outputs during the year including those who started in the second half of the year. As a result, these outputs are expected to be reflected in the 2017 numbers. The University seeks to increase its research outputs through the recruitment and development of top academic staff, and by fostering strong links between staff members' research and teaching. Other initiatives to support staff research outputs include an Early Career Academics programme and the continuous improvement of AUT's research and innovation management software. This will provide high quality support for researchers through the grant and contract processes, together with records management for Performance-Based Research Fund performance assessment.

Not achieved

**PERFORMANCE MEASURES (continued)**

2.3 Increase external research revenue

*Key performance indicators*

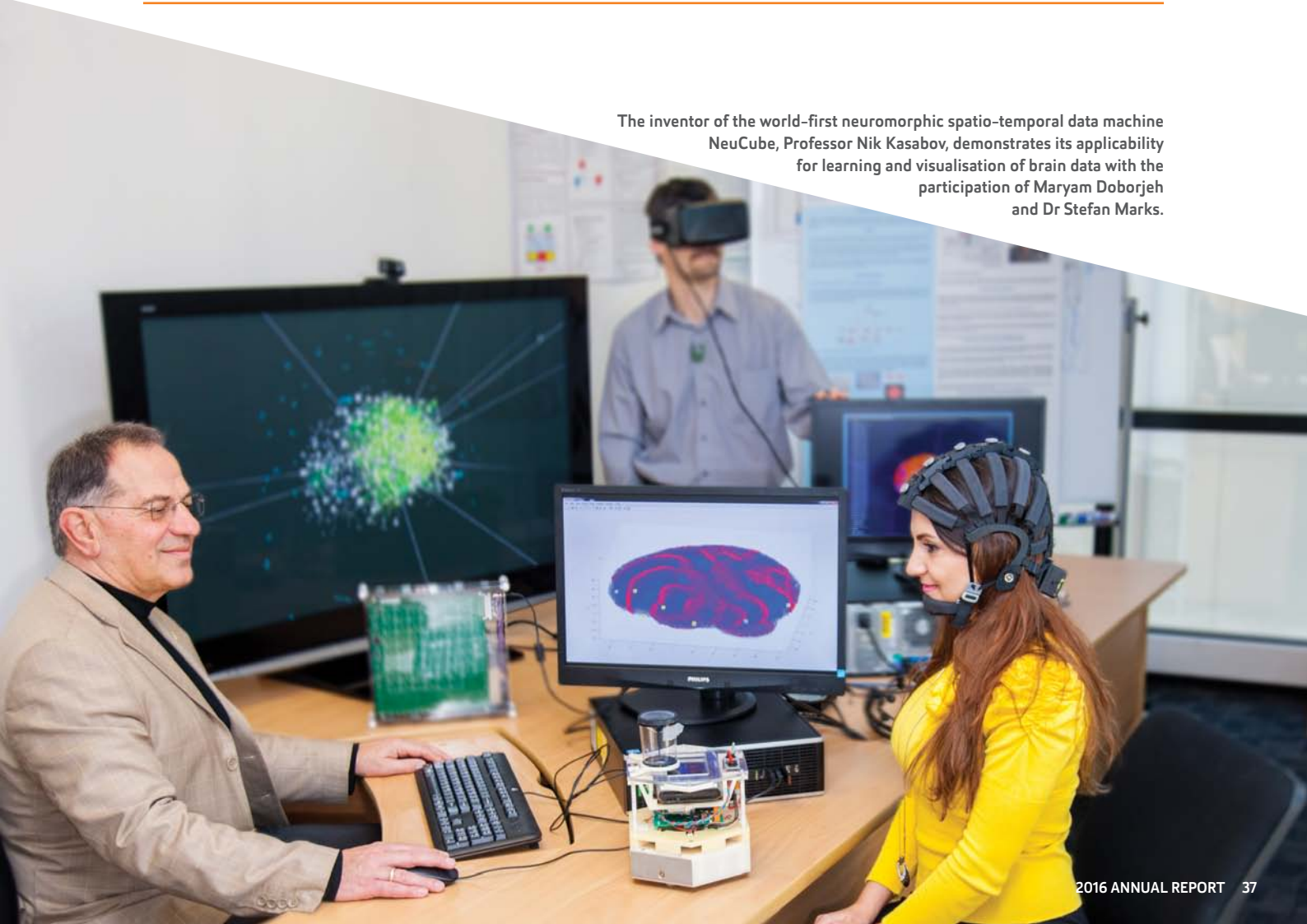
	Target 2016	<b>Actual 2016</b>	Actual 2015	Actual 2014
2.3.1 Total external research revenue	\$14.6M	<b>\$13.5M</b>	\$11.1M	\$9.6M
2.3.2 External research revenue from research with industry	\$4.9M	<b>\$5.2M</b>	\$3.8M	\$3.6M

External research revenue earned from contracts with government agencies, industry, and the community increased by 22% in 2016 but did not meet target. The University received \$2.3 million in Ministry of Business, Innovation and Employment (MBIE) funding, including its first Smart Ideas grant awarded to Dr Andrew Lowe for his work on bio-potential sensors (\$1.0 million) and \$1.3 million awarded to Dr Pouyan Zarnani as science leader of a collaborative project on damage-avoidance seismic technology. Revenue from research with industry grew by 37% in 2016. In addition, significant strategic partnerships were formed with both domestic and international companies, and the number of industry-linked research contracts increased from 108 in 2015 to 122 in 2016.

To help increase research revenue, AUT has implemented a strategy to publicise its research achievements, including participation in research partnerships such as the National Science Challenges and Centres of Research Excellence; successes in the Marsden Fund, Endeavour Fund, and other contestable funding sources, especially where AUT is a sub-contractor; and negotiated research contracts and targeted work with government and other funding agencies.

Partially achieved

The inventor of the world-first neuromorphic spatio-temporal data machine NeuCube, Professor Nik Kasabov, demonstrates its applicability for learning and visualisation of brain data with the participation of Maryam Doborjeh and Dr Stefan Marks.



## PERFORMANCE MEASURES (continued)

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### 2.4 Increase commercialisation and industry engagement activities

AUT engaged in a range of commercialisation activities in 2016. A licencing agreement was signed with Australian telehealth provider GP2U for the commercial use of image processing software developed by Dr Hamid Gholamhosseini and Peyman Sabouri from the School of Engineering, Computer and Mathematical Sciences. AUT Enterprises Ltd (AUTEL) signed a licence agreement with AB Foods Ltd to manufacture and sell a snack bar owned by AUTEL and developed at the University under the Nothing Else brand, in a collaboration between food, nutrition, brand and advertising researchers. AUTEL secured Pre-Seed Accelerator Funding from Kiwinet, and time-in-kind from two commercial partners, to carry out a proof-of-concept trial of the NeuCube data analytics system developed by the Knowledge Engineering and Discovery Research Institute (KEDRI). It also realised a capital gain of \$120,000 through the sale of its holding in iMonitor Ltd, a company specialising in wireless monitoring and control technology. Malay and Bengali versions of Professor Valery Feigin's Stroke Riskometer app were launched in 2016. The free app, commercialised in 2015, helps users to identify their risk of stroke and other cardiovascular disorders.

Working collaboratively with industry is a major focus for AUT and a key area for growth. The INTERACT Centre of Technology Excellence was launched in 2016. Hosted by AUT, INTERACT is a partnership between five universities, Callaghan Innovation, Opus Research and the Institute of Environmental Science and Research, which seeks to drive the use of big data and analytics in New Zealand, and provide opportunities for IT and data science graduates. It will significantly increase New Zealand's engagement in data-intensive research and development. The Rehabilitation Innovation Centre (RIC) was also launched in 2016 under the leadership of Professor Denise Taylor and Dr Nada Signal from the School of Clinical Sciences. The RIC is a partnership between industry and research, spearheaded by Callaghan Innovation, AUT and the Burwood Academy of Independent Living. It brings together clinicians, end-users, researchers and industry stakeholders to accelerate the development, commercial uptake and implementation of rehabilitation technologies.

MBIE awarded the AUT-led New Zealand Square Kilometre Array (SKA) Alliance more than \$0.9 million in continuation funding, which will enhance New Zealand industry engagement with the SKA international radio astronomy project. In addition, two scholarships for AUT Master of Creative Technologies students were offered in 2016 as a result of the partnership with Spark Ventures.

AUT staff and students were recognised at the 2016 New Zealand Innovation Awards. Dr Andrew Ensor was highly commended in the Innovation Excellence in Research category for AUT's leadership of the New Zealand SKA Alliance. Professor Tania Ka'ai and team from Te Ipukarea, the National Māori Language Institute hosted by AUT, were finalists in the Innovation in Media, Mobile and Entertainment category for their work on the Te Aka Dictionary, Te Reo Māori app, and Tāmata Toiere e-repository of waiata and haka. Student Alejandro Davila from Colab and Conical Ltd was a finalist in the Young New Zealand Innovator category for creating New Zealand's first virtual reality movie, "The Green Fairy".

AUT's long-standing relationship with the Auckland Theatre Company was further advanced with a \$5 million investment by the University in the ASB Waterfront Theatre, which opened officially on 22 September 2016.

Achieved

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# HIGHLIGHTS



## AUT SCIENTISTS IN STARRING ROLE FOR COSMIC RESEARCH

The Square Kilometre Array Project (SKA) is a global effort to build the world's largest and most capable radio telescope. Once SKA Phase One becomes operational from 2023, the SKA telescope will span across continents and create data images that enable scientists to see back to the early stages of the universe. AUT leads New Zealand's role in the project and, along with its partners, is helping design the correlator that houses the high-speed computers. This is the brain of the operation, meaning all data will appear as though it is coming from just one telescope, making it easier for scientists to collect information. The University is also co-designing the Science Data Processor supercomputer that will generate images from the signals, and is using its radio telescopes at Warkworth to model the SKA's demands. AUT was recognised for its contribution to this billion-dollar science project at the New Zealand Innovation Awards in October, winning 'Highly Commended' in the Innovation Excellence in Research category.



## JOINING FORCES FOR TECHNOLOGICAL CHANGE

Researchers and experts from across the technology field can share ideas and test the boundaries of new technologies at AUT's two hubs for tech research. The newly launched AUT INTERACT Centre of Technology Excellence brings together industry experts and researchers from New Zealand universities and organisations, as well as multinational partners to find innovative tech solutions to social problems. Research projects range from using neural computing to forecast earthquakes; using drones to create 3D maps of plant species; working with sensor networks, cameras and data analytics to make driverless cars safer; and creating predictive models that support families at risk. AUT's Colab is also tackling critical issues through big data, and has partnered with Spark Ventures for research on data visualisation and the internet of things. The partnership also awarded two full-time postgraduate scholarships for AUT's Master of Creative Technologies.



## EYES IN THE SKY

Resources to monitor the impact of humans are limited, but drones could well be the answer to understand the human footprint in Antarctica. AUT's Dr Barbara Bollard-Breen and the AUT Unmanned Aerial Vehicle (UAV) team used drones to map areas of Antarctica's Ross Sea region on a month-long research expedition funded by the New Zealand Antarctic Research Institute. They were the first to use drones in this way in the ecology and conservation field, and the drones performed well in cold and extreme conditions. The team was able to see the footprint of walking trails and camping sites, and find artefacts from sites that date back to 1911, while creating high-resolution baseline maps of the areas from the thousands of images captured by the drones. By visualising the maps in 3D, people can now use virtual reality goggles to walk around the dry valleys and experience the unique Antarctic landscape.



# IMPACT 3

## WIDER PARTICIPATION AND SUCCESS IN EDUCATION

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

246

students enrolled in UniPrep at South Campus, an **81%** increase

380


South Auckland students enrolled in MyFuture Programme

↑ 18%


growth in South Campus EFTS

1,158

recipients of awards and scholarships valued at **\$14.9M**

↑ 3% 

growth in Māori EFTS

↑ 9% 

growth in Pacific EFTS

## PERFORMANCE MEASURES

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

#### Key performance indicators

		2016	2015	2014
3.1.1 Successful course completion rate	Target	<b>*TBA</b>	>84.6%	>84.3%
	Actual	<b>**TBA</b>	85.0%	84.6%
	Provisional	<b>84.0%</b>	84.0%	83.5%

\* The 2016 target as per AUT Investment Plan 2015-17 is the "University sub-sector median", which was 86% in 2015. (In 2014 and 2015, the target was "Annual increase".)

\*\* Actual 2016 course completion rates are calculated using the TEC Workspace2, and will be available following the submission of the University's April SDR on the TEC website from July: <http://www.tec.govt.nz/funding/funding-and-performance/performance/teo/epi-reports/>.

AUT's provisional course completion rate of 84.0% for 2016 is equivalent to the 2015 provisional result, and is expected to increase once finalised. In 2015, AUT's actual course completion rate of 85% was slightly below the university sub-sector median of 86%. However, when looking at 2015 course completion rates at Levels 7 and 8 only, AUT was on par with the sector average at 86%.

AUT expects to see improvement in its 2016 course completion rates due to a greater focus on teaching and learning practices, and increased academic support in the form of student learning networks, hubs and mentors, together with one-on-one academic support and tutorial groups for Māori and Pacific students.

Result pending

AUT mentor, Neemia Vaili, with Sutton Park Primary School students.  
Image: Susan Epskamp  
(Photographer)



## PERFORMANCE MEASURES (continued)

### 3.2 Increase educational opportunities

#### Key performance indicators

	Target 2016	Actual 2016	Actual 2015	Actual 2014
3.2.1 Increase the proportion of students from areas with high deprivation scores	26.5%	27%	27%	26%
3.2.2 Increase the number of new students from key areas of South and Southwest Auckland*	1,100	1,087	1,060	924

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

AUT is committed to encouraging wider participation and success in tertiary education, and in particular to increasing the involvement of students from areas with high deprivation scores and from its target areas of South and Southwest Auckland.

To achieve these aims AUT has invested significantly in its South Campus to complete the MH building and expand the range of academic programmes offered. The proportion of students from areas with high deprivation scores remained stable in 2016 and was above the target for the year. A year-on-year increase of 3% in the number of new students from the target areas was achieved, translating to an 18% increase since 2014, but remained slightly below the target for the year. The greatest annual growth occurred in Māngere-Ōtāhuhu (18%), with smaller growth of 3% from students living in Manurewa. There were fewer new students from Papakura (-17%) and Ōtara-Papatoetoe (-1%), compared to the previous year.

Partially achieved

### 3.3 Increase participation and success for Māori

#### Key performance indicators

	Target 2016	Actual 2016	Actual 2015	Actual 2014
3.3.1 Increase the number of Māori graduates from bachelors degrees	370	310	272	301
3.3.2 Increase the number of postgraduate students that are Māori	330	314	324	295

The number of Māori graduates from bachelor's degrees grew 14% in 2016, but remained below the target for the year. A range of initiatives support Māori student participation and success at the undergraduate level at AUT, such as the Ngā Ra Whakatereā-Māori Transition (university readiness), He Korowai Mana Kē – Empowering Futures (mentoring) and Our Futures (employability) programmes. These are described in greater detail under KPI 4.1.

The number of Māori postgraduate students declined slightly (3%) in 2016 following substantial growth in 2015. AUT initiatives to increase Māori postgraduate enrolments include a wānanga study series and providing a range of postgraduate scholarship opportunities.

Not achieved

**PERFORMANCE MEASURES (continued)**

**3.4 Increase participation and success for Pacific peoples**

*Key performance indicators*

	Target 2016	Actual 2016	Actual 2015	Actual 2014
3.4.1 Increase the number of Pacific graduates from bachelors degrees	435	350	336	330
3.4.2 Increase the number of Pacific postgraduate students	250	346	299	249

The number of Pacific graduates from bachelor’s degrees at AUT continues to grow, although more slowly than anticipated. Annual growth of 4% was achieved in 2016, but graduate numbers were below the target for the year. A range of initiatives supporting Pacific peoples’ participation and achievement at AUT, including UniPrep (university preparation), MyFuture (secondary students’ personal and academic development), Pacific Island Leaders of Tomorrow (secondary students’ career decision making, sponsored by AUT along with nine other tertiary education institutions), StudyUP and AspireUP (AUT academic support and leadership), and Project Parity (AUT Pacific student success), are described in greater detail in KPI 4.2. The University expects that these programmes will result in higher numbers of Pacific bachelors’ graduates in coming years.

The number of Pacific postgraduate students at AUT continues to grow steadily, and exceeded the 2016 target by 96 students. Annual growth of 16% was achieved in 2016, with 39% growth since 2014.

Partially achieved



Students at South Campus

# HIGHLIGHTS



## AUT ENABLES SECONDARY SCHOOL STUDENTS TO STEP INTO THEIR FUTURE

To help raise NCEA pass rates in low decile schools, AUT's MyFuture programme works with South Auckland secondary school students, schools, families and communities. Delivered in four sessions throughout the school year, MyFuture helps participants increase their academic skills, investigate future career prospects and build aspiration for higher education. Launched at the AUT South Campus in 2015, the programme started as a one-day session for Year 10 students. In 2016, MyFuture extended to Year 11 students, and gathered strong support from the five participating schools – James Cook High School (Manurewa), Tangaroa College (Ōtara), Tamaki College (Glen Innes), Papakura High School and Alfriston College (Manurewa).



## STUDENTS GEAR UP AT UNIPREP

Moving from high school to university can be daunting, but AUT's UniPrep programme prepares students for the changes ahead. Held at AUT South Campus, the programme helps students build skills, confidence and resilience through a mix of numeracy and literacy classes, outdoor sport, team building activities, and opportunities to work with inspiring student mentors and community leaders. In its second year, UniPrep nearly doubled its intake, with 246 school leavers dedicating five weeks of their summer to get ready for the university journey. More than three-quarters (78%) of UniPrep participants were Pacific and 10% Māori. Demonstrating UniPrep's commitment to unleashing potential, 83% of the cohort enrolled in university in Semester 1, including 70% who enrolled at AUT.



# IMPACT 4

## EDUCATED CITIZENS IGNITING CHANGE IN THEIR COMMUNITIES

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



118

year 13 students **participated** in **Pacific Island Leaders of Tomorrow**

92%

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

69

year 11 **Māori and Pacific** students **attended** the **Science Sizzler**

80

**Māori** students **participated** in **Ngā Rā Whakaterea Transition**



**New Zealand Institute for Pacific Research** established in collaboration with University of Auckland and University of Otago

100

students attended **Ngāti Whātua Tertiary Summit** co-hosted with **Te Rūnanga o Ngāti Whātua and Whai Maia**

**Te Kākano Māori Language classes** offered at AUT South Campus

**Launch of Asia Pacific Report Website**

## PERFORMANCE MEASURES

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### 4.1 Strengthen the contribution to Māori advancement

AUT continued to demonstrate its commitment to Māori advancement through a range of activities and initiatives in 2016 to help Māori students achieve success in their studies and the wider world, and build community and iwi connections.

Amongst several new developments in 2016, AUT launched the bilingual Tōhī Toastmasters club giving students the opportunity to become confident in public speaking in both English and Te Reo Māori, and joined the Auckland-based Whāriki Māori business development network to help Māori students build professional networks and create future employment and work placement opportunities. The Pou Herenga Wānanga leadership development series was also piloted, building students' confidence in their personal stories and reflecting the core belief that tertiary education makes a key contribution to the future of Māori.

Ongoing initiatives at AUT in 2016 included Ngā Ra Whakaterere – Māori Transition, helping Māori students adjust to university life and develop their networks; He Korowai Mana Kē – Empowering Futures, a peer mentoring programme that provides academic support for newly enrolled Māori undergraduates and builds Māori leaders; Our Futures, developing Māori students' professional skills and employability; and a wānanga study series and regular student-driven Noho Marae at AUT Ngā Wai o Horotiu marae, providing shared spaces where students can study and socialise.

AUT continued to consolidate its relationships with the Māori community and iwi during the year. Te Ara Poutama, the Faculty of Māori and Indigenous Development, hosted an inaugural contemporary indigenous performing arts symposium bringing researchers and performers together. The University hosted the annual Ngāti Whātua Tertiary Summit in partnership with Te Rūnanga o Ngāti Whātua and Whai Maia, to encourage young people of Ngāti Whātua descent to consider tertiary study and showcase potential career paths. It further strengthened its relationship with Waikato Tainui with an inaugural Digital Wānanga for Year 9 and 10 secondary school students. AUT also participated in a range of community events, such as attending the Koroneihana (coronation) 10-year celebration, the Te Haaro o Te Kaahu secondary school kapa haka competition, and the Ngā Manu Kōrero secondary school speech competition, hosting the two winners of the latter event to experience a day in the life of an AUT student.

Te Ara Poutama expanded its Te Reo Māori offering at South Campus in 2016. The classes are available to anyone wanting to develop basic oral and written language proficiency, and reflect the faculty's commitment to ensure that Te Reo Māori continues to be understood and spoken for many generations to come. AUT also continued to develop and upskill its staff members through events such as professional development days to strengthen Ngā Whānau Māori, share data relating to Māori students, and celebrate new beginnings at Matariki; and Te Tiriti o Waitangi workshops focused on putting the Treaty into action.

The AUT 2016 Graduate Survey revealed very positive results for Māori graduates. More than nine in ten (92%) of those Māori graduates who were available for full-time work were employed full time, compared with 86% of all domestic graduates. Just over one third (38%) of Māori respondents who were not employed indicated that they were enrolled in further study, compared with 32% of domestic respondents overall. Additionally, 86% of responding Māori graduates believed that their qualification improved their employability.

Achieved

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## PERFORMANCE MEASURES (continued)

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

The University's commitment to the advancement of Pacific communities, both in New Zealand and the wider Pacific region, remains strong.

A significant development for AUT in 2016 was the establishment of the New Zealand Institute for Pacific Research (NZIPR), to enhance local research capacity to understand the challenges and opportunities faced by Pacific communities. This was achieved as part of a consortium with the University of Auckland and University of Otago, with AUT researchers leading and making significant contributions to the first five research projects. The Pacific Islands Families Study (PIFS) at South Campus received funding in two key areas. It was awarded \$1.4 million from MBIE for collaborative work to translate the PIFS into an international context, and determine how and why child development environments change. The Ageing Well National Science Challenge awarded \$0.9 million to the Pacific Island Families: Healthy Pacific Grandparents Study, to examine the factors older Pacific people consider important for their health and wellbeing.

The University demonstrated its support for the Pacific region in the wake of Cyclone Winston which hit Fiji in 2016. AUT culinary graduates worked with some of New Zealand's top chefs to prepare 5,000 meals served at The Cloud in Auckland to raise money for cyclone relief efforts. AUT also continued to support Pacific languages, as well as raise awareness and stimulate discussion of topics affecting Pacific communities, through a series of short videos on the United Nations Sustainable Development Goals featuring Pacific students and staff.

Promoting Pacific peoples' participation and success in tertiary education is a priority for the University. Following a successful pilot last year, AUT's UniPrep programme doubled its intake to 246 in 2016. Offered during summer break at South Campus, the programme helps school leavers transition into university life. The majority of participants are Pacific students (78% in 2016). Most participants were satisfied with UniPrep and would recommend it to others (96%), and were more confident about studying (90%) as a result. Many (70%) went on to enrol at AUT in the first semester of 2016. The MyFuture programme was expanded in 2016. Targeting students from low-decile South Auckland secondary schools, the majority of whom are Pacific, this programme aims to raise tertiary study aspirations and awareness of university requirements. AUT also worked with intermediate schools and low-decile primary schools in South Auckland, with the aim of increasing the number of Pacific students in STEM subjects. It also continued to offer free NCEA exam preparation at South Campus, and hosted more than 100 Year 13 students from 30 secondary schools as part of the Pacific Island Leaders of Tomorrow (PILOT) programme.

AUT supported its Pacific students in a variety of ways. Project Parity was piloted in 2016, offering additional learning support across 11 first-year papers with a high proportion of Pacific students. The StudyUP and AspireUP programmes, which ran during semester breaks and had high attendance from Pacific students, provided further academic support and leadership development opportunities. The first cohort of law students, with a high proportion of Pacific students, was welcomed at South Campus in 2016, and it is anticipated that the number of Pacific law students will grow in coming years. The University also remained successful in encouraging Pacific students into postgraduate study, with 39% growth since 2014 (see KPI 3.4). A particular focus now is encouraging Pacific students into postgraduate study areas with lower participation rates, through initiatives such as doctoral awards and Post-Doctoral Fellowships.

Finally, the Early Career Academic initiative, aimed at increasing the number of Māori and Pacific academic staff, was offered again in 2016 and four new Pacific staff were appointed in Art and Design, Applied Linguistics, and Interprofessional Health Studies and Public Health.

Achieved

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# HIGHLIGHTS



## PROMOTING ACTIVE AGEING AND WELLBEING

Created by a group of forward-thinkers who see a need to better support New Zealand's ageing population, the AUT Centre for Active Ageing (ACAA) is a unique research and development centre at the AUT North Campus. Complemented by the Silver Line Charitable Trust, the Centre aims to promote active ageing, advance the health and wellbeing of older people and encourage inclusive communities. It brings together experts in public health, psychology, nursing, physiotherapy, occupational therapy, podiatry and sport science. Research focuses on alleviating loneliness in the general population, as well as in specific communities.



## GIVING SIGN LANGUAGE A HELPING HAND

New Zealand Sign Language (NZSL) is one of New Zealand's official languages, used by more than 20,000 people every day. AUT is the only university in New Zealand where people can study to become qualified NZSL/English interpreters. First-year student Lisa Thompson explored why learning NZSL is not an option in New Zealand's secondary school curriculum, and her six-minute documentary "The Future is in Your Hands" received the NZSL in the Media Award at the annual New Zealand Sign Language Awards for promoting NZSL and Deaf awareness.



Ngā Wai o Horotiu marae is the focal point that embraces the history of Māori and welcomes the many rich and diverse cultures at AUT.  
*Image: Sophie Buchan, Strategy & Planning, AUT*



# IMPACT 5

## A STRONGER REPUTATION FOR AUT

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

5<sup>⁄</sup>5

QS Stars rated AUT 5 stars overall and for teaching, internationalisation, employability and inclusiveness

2<sup>nd</sup>

largest university in New Zealand by total EFTS

Top 60 young universities (QS)

3%  
worldwide overall

QS World rankings by subject:

**Top 100: Art and Design**

**Top 150: Accounting and Finance**

**Top 200: Communication and Media Studies**

**Top 250: Computer Science and Information Systems**

**Top 250: Education**

1<sup>st</sup> in Australasia and 19<sup>th</sup> in the world for international outlook by Times Higher Education

9<sup>th</sup> most attractive employer in New Zealand in the 2016 Randstad Awards

29<sup>th</sup> in the world for Sports Science by Academic Ranking of World Universities

6,500

AUT LIVE registrations and estimated 10,000 visitors

2<sup>nd</sup>

New Zealand university to join the United Nations Sustainable Development Solutions Network

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

The University achieved substantial gains in world university rankings in 2016, signalling its growing international reputation and the quality of its scholarship. AUT was recognised as a five-star university in the QS Stars ranking, and was named amongst the top 3% of universities worldwide by QS and THE. AUT was also included amongst the world's top 60 young universities by QS, and ranked for the first time in THE's top 150 universities under 50 years old. It was number one in Australasia, and in the top 20 universities worldwide, for international outlook (THE). AUT also appeared for the first time in the prestigious Academic Ranking of World Universities, placing 29th in the world and number one in New Zealand for Sports Science.

AUT continued to develop important international relationships in 2016, particularly in Asia, through a variety of collaborations and diplomatic engagements. In association with the Minister for Tertiary Education, AUT hosted the President of the Republic of India, Shri Pranab Mukherjee, in the first visit of an Indian head of state to New Zealand. AUT has the largest Indian university student community in New Zealand. During his visit, the President announced a scholarship scheme for Indian students at New Zealand universities, to which AUT has contributed. AUT also hosted the new Consul General of the People's Republic of China, Madam Erwen Xu, and her diplomatic colleagues. There are nearly 2,000 international Chinese students at AUT, representing the University's largest international market. The Three Brothers project between AUT, Shanghai Jiao Tong University and Xinjiang University, and the University's interest in research and university partnerships were amongst the wide range of topics discussed during the visit. Also in 2016, the Indonesian Ministry of Education and Culture selected AUT for a New Zealand Arts and Culture Development Programme. This collaborative programme, the first of its kind, will see AUT provide 50 Indonesian experts with professional training in New Zealand arts and culture, including matching participants with New Zealanders in similar fields, from history to dance, theatre and visual arts.

Nationally, AUT continued to strengthen its community relationships and profile, and build its reputation. The University launched two new networks in 2016. The by-invitation AUTEURs network shares leading AUT research with prominent figures in industry and the community, and taps into contemporary thinking outside the University. The Student External Engagement Network (SEEN) aims to increase the quantity and quality of AUT's student experience opportunities outside the classroom, and has members from across the university contributing, collaborating and looking at ways to keep AUT at the forefront of Industry engagement. AUT also continued to support a wide range of community activities during 2016, such as hosting The Project16 innovation conference; broadcasting an Auckland Mayoral debate from its television studio; sponsoring the Cook Islands stage at Polyfest; and hosting and participating in the Lifewise Big Sleep Out, with a particular focus this year on Rainbow youth living on the streets. The University also continued to engage with schools through initiatives such as the inaugural Vice Chancellor's Principals dinner, the South Auckland Schools partnership, and a Leadership Summit for secondary school student leaders. AUT continued to engage with the news media to increase public awareness of its work, as shown by the extensive national and international coverage of world-first drone footage of a Bryde's whale feeding captured by AUT researchers. In 2016, AUT began hosting high profile media events, launched with a visit by British 'bad science' expert Ben Goldacre.

The University also worked to strengthen its alumni network in 2016 and thereby build its reputation nationally and around the world. Alumni events were held in Vietnam, the United States, the United Kingdom, Norway and New Zealand, and the University made connections with notable alumni from international companies such as Uber, Facebook, Snapchat, Google, Microsoft, Twitter, Dropbox, Salesforce, Apple, and Tesla.

Achieved

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## PERFORMANCE MEASURES (continued)

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

Proportion of international EFTS	20%	<b>16%</b>	16%	16%
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AUT's strategic aim of increasing international EFTS to 15-20% of all EFTS by 2016 was achieved several years ahead of schedule. *Investment Plan 2015-2017* therefore set a more ambitious target of 20% for 2016. Although international EFTS have increased by 5% since 2014, strong domestic growth over the same period has meant that international students continue to make up a similar proportion of total EFTS.

AUT seeks to continue to increase international student numbers, and its improved position in world university rankings during 2016 will support progress towards this goal.

Not achieved

5.3	Increase international postgraduate EFTS	<i>Key performance indicator</i>	Target	<b>Actual</b>	Actual	Actual
			2016	<b>2016</b>	2015	2014

International postgraduate EFTS	870	<b>1,234</b>	1,107	900
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AUT's international postgraduate EFTS grew by 11% in 2016, continuing a strong upward trend and exceeding the target by 364 EFTS. The continued increase in international doctoral EFTS was a particular achievement, with 17% growth since 2015.

Achieved

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

Proportion of academic staff with doctoral qualifications	60%	<b>54%</b>	51%	47%
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The proportion of academic staff with doctoral qualifications increased to 54% in 2016, up from 51% in 2015. Despite significant progress in this area, AUT fell short of achieving the aspirational target of 60% originally articulated in its *Strategic Plan 2012-2016*. While the target was not achieved, AUT celebrated more than 40 staff members completing their doctoral studies in 2016, almost double the number of staff doctoral completions seen in 2015.

The University seeks to further increase its proportion of doctoral-qualified academic staff through recruitment and building capability amongst existing staff members. Doctoral Study Awards, which release staff from teaching duties for a semester to focus on completing their doctoral thesis, are one of the ways that AUT supports its staff to achieve this goal.

Not achieved

**PERFORMANCE MEASURES (continued)**

5.5 Continue to develop an open, inclusive and consultative staff culture	<i>Key performance indicator</i>	Target	<b>Actual</b>	Actual	Actual
		2016	<b>2016</b>	2015	2014
5.5.1	Overall employee engagement index score	73%	<b>72%</b>	*	*

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

AUT conducted its Employee Engagement Survey in April 2016, with an impressive response rate of 71%, which was similar to the last survey in 2013. The engagement score of 72% is substantially higher than typically seen in similarly sized New Zealand organisations (68%), and only slightly below the target.

Compared with employees in other large New Zealand organisations, AUT staff were more positive about their opportunities to learn, develop and progress their careers. They self-reported a stronger sense of autonomy and achievement; and were more likely to believe that AUT is an enjoyable place to work, and report a strong sense of belonging. Areas in which the results have increased meaningfully compared to the last AUT survey relate to staff experiencing a positive and inclusive culture, care for staff wellbeing, and a focus on performance, specifically the availability of performance feedback and coaching, rewarding outstanding performance and celebrating success.

The main factor making AUT a positive place to work was identified as its people. In 2016, 78% of employees felt AUT had a positive and inclusive culture that supports the diversity of its workforce, a notable increase from 70% in 2013. This reflects a number of initiatives and opportunities for staff to network, consult, learn, and celebrate diversity and inclusion. Examples include the Kin network, which encourages staff and their families to connect with one another, and AUT achieving Rainbow Tick certification. Staff also expressed that they feel AUT cares about the wellbeing of its people, with 66% of respondents answering in the affirmative, up six percentage points from 2013. This may be attributed to a number of wellbeing initiatives, such as resilience and mindfulness workshops and free AUT gym membership for staff who work at least 0.5 FTE.

AUT also continues to celebrate the outstanding performance of its people in the AUT Excellence Awards, which recognise significant and sustained contributions to the University by both professional and academic staff.

As with any organisation, there are areas for improvement. Staff noted that AUT could improve the alignment between the University's policies and its goals and objectives; the connection between leaders and frontline staff; and the University's response to poor performance. Faculties and divisions have since developed specific plans to build on strengths and address those areas identified for improvement.

Not achieved

## PERFORMANCE MEASURES (continued)

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

### Key performance indicators

	Target 2016	Actual 2016	Actual 2015	Actual 2014
5.6.1 Senior Māori and Pacific staff	Annual increase	18	15	14
5.6.2 Senior female staff	Annual increase	96	97	89

A small but important increase in the number of senior Māori staff was achieved in 2016, growing from eight to eleven staff members, while the number of senior Pacific staff remained constant. This translated to 20% growth in the total number of senior Māori and Pacific staff at AUT. In addition to increasing Māori and Pacific representation in its senior ranks, AUT aims to grow the number of Māori and Pacific staff overall. A three-year pilot programme to recruit and develop Māori and Pacific scholars in their first permanent appointment was launched in late 2014. Of the five early career academics recruited in 2015, four remained at AUT in 2016 and are all making positive contributions to their schools and actively participating in the development programme.

As part of its diversity and inclusion goals, AUT seeks to increase the number of women in senior positions. Although the number of senior female staff declined in 2016, five senior female academics were promoted to Associate Professor and three were promoted to Professor. The women's leadership development programme 'Ignite' also continued in 2016 with a further 19 women participating.

Partially achieved

5.7 Continue to diversify the University's revenue base

### Key performance indicator

	Target 2016	Actual 2016	Actual 2015	Actual 2014
5.7.1 Increase third stream revenues*	\$30.4M	\$39.6M	\$33.5M	\$32.2M

\* These include revenues from trading, student accommodation, interest, investment dividends, asset disposal, foreign currency translation, donations and other operating activities.

Third stream revenues continued to grow in 2016, up 18% from the previous year, with total revenue remaining well above the target. This was driven by increases in other operating, trading and student accommodation revenue of 25%, 9% and 4% respectively.

Achieved

# HIGHLIGHTS



## GOING FOR GOLD

More than 150 Olympic athletes in 14 sports prepared for the Rio 2016 Olympics and Paralympics at AUT Millennium, including shot putter Valerie Adams, pole jumper Eliza McCartney and weightlifter Tracey Lambrechts. New Zealand had its highest medal tally in history at Rio 2016, with sailing reigning as our most successful sport. Cruising to victory were gold medallists Peter Burling and Blair Tuke, silver medallists Jo Aleh, Polly Powrie, Alex Maloney and Molly Meech and bronze medallist Sam Meech: all of whom trained at AUT Millennium. To take New Zealand's high-flyers from the lab to the podium, AUT invested \$18.5 million to transform the University's training and research facilities. AUT Millennium's unique features include a world-class heat chamber that shows athletes' responses to exercise in heat. AUT Millennium is also home to the AUT Sports Performance Research Institute (SPRINZ), which specialises in applied research in human health and sport performance. Professor Patria Hume, based at SPRINZ, was the recipient of AUT's University Medal at the AUT Excellence Awards for her outstanding contribution to reducing sporting injuries.

*Image: Sophie Buchan, Strategy & Planning, AUT*



## CURTAIN GOES UP FOR AUCKLAND'S NEWEST THEATRE

AUT enjoys a long-standing relationship with the Auckland Theatre Company (ATC), and its substantial investment in the new ASB Waterfront Theatre demonstrates the University's commitment to supporting the arts, and to supporting Auckland in its goal to be the world's most liveable city. Since becoming a foundation partner at the theatre, AUT and ATC have collaborated on more than 70 projects, including the AUT Associates Programme, the upcoming ATC Youth Programme, and sharing digital video screen content. AUT's partnership with ATC has flourished through working together in areas of shared interest including the tourist economy, the retail environment, and the social and economic sector.

*Image: Simon Devitt Photographer*



## SETTING AN EXAMPLE FOR INCLUSIVENESS

With "integrity, respect and compassion" as its stated values, AUT aims to offer a safe, positive and inclusive learning and working environment. QS Stars recognised the University's efforts in 2016 with a maximum five-star rating for Inclusiveness. AUT was the first university in New Zealand to establish a University Director of Diversity role, to be awarded the Rainbow-tick, and to offer a New Zealand Sign Language programme. The University sponsored cultural programmes throughout the year including Diversity week, World Refugee Day, Polyfest, and Big Gay Out. AUT collaborated with Be.Accessible to create internships for students with accessibility issues. To broaden access to higher education, \$14.9 million in scholarships was awarded to nearly 1,200 students, including New Horizons, Kiwa and Doctoral scholarships, which support Māori and Pacific students. AUT offered the Ignite Women's Leadership Programme, supported participation in the New Zealand Women in Leadership programme, and sponsored the Women on Campus network.

# REPORTS

## STATEMENT OF THE COST OF OUTPUTS

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

OUTPUTS	University		
	2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s
Learning and teaching	270,070	266,259	261,330
Research and scholarship	60,040	52,937	54,662
Engagement with communities	36,961	34,073	31,879
<b>TOTAL COST OF OUTPUTS</b>	<b>367,071</b>	<b>353,269</b>	<b>347,871</b>

# COMPULSORY STUDENT SERVICES FEES

*For the year ended 31 December 2016*

The Compulsory Student Services Fee (CSSF) was set at \$573.30 (GST inclusive) per full-time student in 2016 and may be borrowed against a student loan. The fee is used to fund key services that assist student success, retention and overall wellbeing while enrolled at AUT. It is compulsory for all students except those on exchange or studying by distance.

## STUDENT ADVISORY COMMITTEE

AUT's formal partnership with AuSM is through the Student Advisory Committee, which also provides oversight and guidance on the allocation of the CSSF. The membership consists of equal numbers of representatives from AUT and AuSM. The committee is responsible for ensuring the best value for students and promoting student engagement with learning and with AUT. The following report outlines the investment in service provision in 2016.

### ADVOCACY AND LEGAL ADVICE

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

### CAREERS ADVICE AND GUIDANCE

AUT offers career counselling, employability development services and job search support to prospective and current AUT students and alumni. AUT's career specialists provide advice and support clients to make informed decisions about their career path and study programme, and to improve their employability. In 2016, AUT launched the AUT Edge Award, which formally acknowledges students' involvement in volunteering, leadership and employability activities.

### CLUBS AND SOCIETIES

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

### CHILDCARE SERVICES

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

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

### COUNSELLING AND PASTORAL CARE

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

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

### EMPLOYMENT INFORMATION

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

### FINANCIAL SUPPORT AND ADVICE

AUT offers students information and advice to help manage their money, including assistance with Studylink issues, budgeting, and banking. In addition, the University provides Justice of the Peace services and emergency financial assistance for students experiencing extreme financial hardship.

### HEALTH SERVICES

The health centres at City and North Campuses offer integrated general practice medical, nursing, counselling, spiritual and wellbeing services to support students' overall health and wellbeing. The Centres are part of the Auckland Primary Health Organisation. Routine consultations are free for domestic students who register with one of the centres as their primary health care organisation.

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

### MEDIA

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

### SPORT, RECREATION AND CULTURAL SERVICES

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

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

## COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2016

	2016 \$000s			2015 \$000s		
	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus (deficit)	
<b>AuSM SERVICE LEVEL AGREEMENT</b>						
Advocacy and legal advice	417	-	417	430	(13)	15
Clubs and societies	98	-	98	101	(3)	4
Media	318	-	318	328	(10)	11
Employment information	18	-	18	18	-	-
Sports, recreation and cultural services	272	-	272	281	(9)	10
<b>Total AuSM service level agreement</b>	<b>1,123</b>	<b>-</b>	<b>1,123</b>	<b>1,158</b>	<b>(35)</b>	<b>40</b>
<b>AUT SERVICES</b>						
Careers advice and guidance	910	-	910	939	(29)	18
Counselling and pastoral care	4,457	668	5,125	5,269	(144)	124
Financial support and advice	530	-	530	547	(17)	26
Health services	629	697	1,326	1,347	(21)	15
Childcare services	223	698	921	928	(7)	10
Sports, recreation and cultural services	1,502	1,240	2,742	2,791	(49)	43
<b>Total AUT student services</b>	<b>8,251</b>	<b>3,303</b>	<b>11,554</b>	<b>11,821</b>	<b>(267)</b>	<b>236</b>
<b>TOTAL</b>	<b>9,374</b>	<b>3,303</b>	<b>12,677</b>	<b>12,979</b>	<b>(302)</b>	<b>276</b>

The administration of Compulsory Student Services Fees is integrated within the University's normal operations. All income and expenditure associated with the provision of student services is separately accounted for in the University's accounting system. Certain comparative figures of AuSM service level agreement in the prior year have been reclassified to conform with this year's presentation.

# EQUAL OPPORTUNITIES

In 2016, AUT remained committed to providing equal opportunities to both staff and students by delivering various innovative plans, programmes and initiatives.

AUT published its Diversity Strategy and Action Plan in 2016, which articulates how the University will action and measure progress towards its diversity goals. Subsequently a Diversity Scorecard was created using AUT's Data Warehouse, to report in real time how AUT is tracking towards its diversity commitments to staff and students. The University's Staff Recruitment Policy was updated to actively promote inclusiveness during the selection and recruitment process. With a diverse community of staff and students from over 140 countries, AUT became the first New Zealand university to create the position of University Director of Diversity and appointed Professor Edwina Pio to this role for an initial term of two years.

AUT's 2016 Employee Engagement Survey revealed encouraging results for diversity and inclusiveness. Approximately 78% of employees affirmed AUT had a positive and inclusive culture that supported the diverse workforce at the University. This was achieved through a number of initiatives and opportunities for staff and students to get together to learn, consult, network and celebrate our diversity and inclusion. The Preventing Harassment Programme was launched, to support staff and students at AUT to work and learn in a safe environment with respect and dignity. Inclusive events included hosting Diversity week and AUT Islam Awareness week, the celebration of World Refugee Day, and sponsoring Polyfest, Big Gay Out and the Pride Parade.

AUT was re-accredited with the Rainbow Tick for the second year running and continues to be the only university in New Zealand to be awarded the Rainbow Tick and have a full time staff position dedicated to supporting Rainbow students. In addition to this, staff from all levels and communities across the University have shown their support for Rainbow initiatives.

The Disability Access and Inclusion network has evolved over the years from a forum for staff with disabilities to meet and socialise to a network that is open to all staff who are interested in promoting access and inclusion in relation to disability issues at AUT. In addition to this, AUT is the only university in New Zealand that provides an opportunity to people to study New Zealand Sign Language, gain skills to communicate with Deaf clients, customers, or colleagues and become qualified New Zealand Sign Language interpreters. To increase opportunities for people with accessibility issues, AUT established a partnership with Be.Accessible, and under its AUT Internz programme, employers can now connect with and recruit students with accessibility issues. In 2016 the Faculty of Culture and Society was awarded the Be.Accessible standard, and AUT aims to achieve this across the University. In addition, there are many diversity clubs and associations that students can join. QS Stars awarded AUT the maximum five out of five stars for Inclusiveness, reiterating the important role AUT plays in creating opportunities for all regardless of gender identity, socio-economic backgrounds, ethnicity or disability.

The University seeks equitable representation and aims to build capacity of women, Māori and Pacific staff, particularly in senior academic roles, through a number of initiatives. For women, this includes the continuation of Ignite – the AUT Women's Leadership Programme and funding of four nominees (two academic and two allied staff members) to participate in the nationwide New Zealand Women in Leadership programme. To encourage greater participation and provide a platform for discussion and advancement of women, AUT remains supportive of the Women on Campus network. The Māori and Pacific Early Career Academic Programme continued in 2016 enabling scholars to develop their teaching skills, extend their research capability and advance their professional skills in supervision and graduate mentoring through a series of workshops and other training activities. Out of the five early career academics recruited in 2015, four remained at AUT in 2016. In addition, the Māori and Pacific Advancement Offices provide strategic guidance to ensure the development of Māori and Pacific staff and students, while the Chancellor's Committee on Māori and Pacific Matters provides strategic guidance on AUT's approach to encouraging Māori and Pacific participation and success.

Some of the support programmes for Māori students at the undergraduate level included the Ngā Ra Whakatere – Māori Transition programme, the He Korowai Mana Kē – Empowering Futures, a peer-mentoring programme and a wānanga study series, while Uniprep, MyFuture, StudyUP and AspireUP, Inspiring Māori and Pacific Success, Inspiring Business Student Success and Kaveinga programmes attracted and supported Māori and Pacific students. In addition to these, Project Parity provided targeted learning support to Pacific students across 11 first-year papers. At the postgraduate level, programmes for Māori and Pacific students included the Postgraduate Mix and Mingle for new students, Study Smart postgraduate workshops, academic writing and research support and research writing retreats. The Pasifika Talanoa, an online access grid, assisted Pacific postgraduate research students by providing access to research work by other universities. A major achievement for AUT in 2016 was the completion of the construction of the MH building at South Campus, attesting to AUT's commitment to providing the diverse students of South Auckland with greater educational opportunities and reducing barriers to education, particularly for Māori and Pacific students.



# FINANCIAL STATEMENTS

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2016

	Note	University			Consolidated	
		2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>REVENUE</b>						
Government grants	2	163,717	163,533	159,948	163,717	159,948
Student-derived revenue	2	168,174	161,394	157,647	168,174	157,647
Research revenue	2	13,544	12,061	11,061	13,544	11,105
Other revenue	2	39,647	32,159	33,513	40,100	35,549
<b>Total Revenue</b>		<b>385,082</b>	369,147	362,169	<b>385,535</b>	364,249
<b>EXPENSES</b>						
Personnel costs	3	231,336	219,704	215,917	231,336	215,917
Supplies and other costs	4	88,956	79,705	82,531	89,434	84,050
Depreciation, amortisation and impairment	13, 14	42,666	48,644	46,925	42,666	46,925
<b>Total expenses before finance costs</b>		<b>362,958</b>	348,053	345,373	<b>363,436</b>	346,892
Operating surplus before finance costs		22,124	21,094	16,796	22,099	17,357
Finance costs	5	4,113	5,216	2,498	4,113	2,498
<b>Operating surplus</b>		<b>18,011</b>	15,878	14,298	<b>17,986</b>	14,859
Share of associate's surplus	10	–	–	–	1,638	2,221
Share of jointly-controlled entity's (deficit)/surplus	11	–	–	–	(1,097)	1,378
<b>NET SURPLUS</b>		<b>18,011</b>	15,878	14,298	<b>18,527</b>	18,458

The accompanying notes form part of these Financial Statements.

# STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2016

	Note	University			Consolidated	
		2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>NET SURPLUS</b>		<b>18,011</b>	15,878	14,298	<b>18,527</b>	18,458
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>						
<b>Items that may be reclassified subsequently to surplus/(deficit)</b>						
Net gain/(loss) on other financial assets		–	–	–	<b>166</b>	–
Net gain/(loss) on cash flow hedges	22	<b>(79)</b>	–	(50)	<b>(79)</b>	(50)
<b>Item that will not be reclassified to surplus/(deficit)</b>						
Net gain on asset revaluations	22	<b>50,400</b>	–	23,977	<b>50,400</b>	23,977
<b>Total other comprehensive revenue and expense</b>		<b>50,321</b>	–	23,927	<b>50,487</b>	23,927
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>68,332</b>	15,878	38,225	<b>69,014</b>	42,385

The accompanying notes form part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	University			Consolidated	
		2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	6	10,847	8,018	7,398	12,967	9,518
Receivables	7	7,083	6,283	7,325	7,216	7,276
Inventories	8	144	124	144	144	144
Prepayments		2,298	2,290	2,671	2,300	2,673
<b>Total current assets</b>		<b>20,372</b>	16,715	17,538	<b>22,627</b>	19,611
<b>NON-CURRENT ASSETS</b>						
Investment in subsidiaries	9	100	100	100	–	–
Investment in associates	10	5,000	5,000	3,340	9,178	5,880
Investment in jointly-controlled entity	11	18,528	18,528	18,528	36,140	37,237
Other financial assets	12	192	192	192	358	192
Property, plant and equipment	13	809,733	711,776	696,975	809,733	696,975
Intangible assets	14	22,463	23,295	18,081	22,463	18,081
<b>Total non-current assets</b>		<b>856,016</b>	758,891	737,216	<b>877,872</b>	758,365
<b>TOTAL ASSETS</b>		<b>876,388</b>	775,606	754,754	<b>900,499</b>	777,976
<b>CURRENT LIABILITIES</b>						
Payables	15	60,311	39,085	37,823	60,743	38,048
Deferred revenue	16	50,066	51,432	49,771	50,066	49,771
Employee entitlements	17	14,569	19,890	19,248	14,569	19,248
Provisions	18	192	246	238	192	238
Finance lease borrowings	19	6,581	6,319	6,485	6,581	6,485
Derivative financial instruments	20	69	167	162	69	162
<b>Total current liabilities</b>		<b>131,788</b>	117,139	113,727	<b>132,220</b>	113,952
<b>NON-CURRENT LIABILITIES</b>						
Borrowings	21	144,700	135,220	103,150	144,700	103,150
Employee entitlements	17	9,074	5,640	6,524	9,074	6,524
Provisions	18	2,054	1,905	2,203	2,054	2,203
Finance lease borrowings	19	19,877	25,087	28,665	19,877	28,665
Derivative financial instruments	20	128	–	50	128	50
<b>Total non-current liabilities</b>		<b>175,833</b>	167,852	140,592	<b>175,833</b>	140,592
<b>TOTAL LIABILITIES</b>		<b>307,621</b>	284,991	254,319	<b>308,053</b>	254,544
<b>EQUITY</b>						
General equity	22	323,167	319,264	305,156	346,680	328,153
Revaluation reserves	22	245,600	171,351	195,279	245,766	195,279
<b>Total equity</b>		<b>568,767</b>	490,615	500,435	<b>592,446</b>	523,432
<b>TOTAL LIABILITIES and EQUITY</b>		<b>876,388</b>	775,606	754,754	<b>900,499</b>	777,976

The accompanying notes form part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	University			Consolidated	
	2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Total equity at the beginning of the year</b>	<b>500,435</b>	474,737	462,210	<b>523,432</b>	481,047
<b>COMPREHENSIVE REVENUE</b>					
Net surplus	<b>18,011</b>	15,878	14,298	<b>18,527</b>	18,458
Other comprehensive revenue	<b>50,321</b>	–	23,927	<b>50,487</b>	23,927
<b>Total comprehensive revenue</b>	<b>68,332</b>	15,878	38,225	<b>69,014</b>	42,385
<b>TOTAL EQUITY AT THE END OF THE YEAR</b>	<b>568,767</b>	490,615	500,435	<b>592,446</b>	523,432

The accompanying notes form part of these Financial Statements.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	University			Consolidated	
		2016 Actual \$000s	2016 Budget \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from government grants		163,717	161,688	159,948	163,717	159,948
Receipts from student derived revenue		169,552	161,395	159,339	169,552	159,339
Receipts from service activities		39,156	35,871	33,647	39,677	35,111
Interest received		16	–	151	24	192
Dividend received		–	–	55	–	55
Receipts from other revenue		10,824	10,783	10,248	10,616	11,028
Payments to employees		(233,465)	(219,704)	(217,249)	(233,465)	(217,249)
Payments to suppliers		(84,648)	(79,706)	(84,316)	(85,090)	(85,750)
Interest paid		(4,113)	(5,216)	(2,498)	(4,113)	(2,498)
Net GST received/(paid)		761	2,827	(222)	762	(223)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	25	<b>61,800</b>	67,938	59,103	<b>61,680</b>	59,953
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of property, plant and equipment		–	–	41	–	41
Purchases of property, plant and equipment		(82,395)	(79,050)	(110,109)	(82,395)	(110,109)
Purchases of intangible assets		(8,428)	(4,000)	(8,068)	(8,428)	(8,068)
Receipt on maturity of short-term investments		–	–	–	–	710
Acquisition of investments		(1,660)	(1,660)	(1,694)	(1,540)	(1,694)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(92,483)</b>	(84,710)	(119,830)	<b>(92,363)</b>	(119,120)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings		41,550	23,942	68,850	41,550	68,850
Repayment of finance lease		(7,418)	(7,170)	(6,653)	(7,418)	(6,653)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>34,132</b>	16,772	62,197	<b>34,132</b>	62,197
Net increase/(decrease) in cash and cash equivalents		3,449	–	1,470	3,449	3,030
Cash and cash equivalents at beginning of the year		7,398	8,018	5,928	9,518	6,488
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>10,847</b>	8,018	7,398	<b>12,967</b>	9,518

The accompanying notes form part of these Financial Statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2016*

## **NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

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

### **REPORTING ENTITY**

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

The Financial Statements of the University and the Consolidated Group are for the year ended 31 December 2016. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 3 April 2017.

### **BASIS OF PREPARATION**

#### *Statement of compliance*

The Financial Statements of the University and the Consolidated Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, as referred to in section 203 of the Education Act 1989, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Financial Statements have been prepared to comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) for a Tier 1 entity.

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

#### *Measurement base*

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

#### *Functional and presentation currency*

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

#### *Standards issued and not yet effective and not early adopted*

There are no standards issued and not yet effective that are relevant to the University and the Consolidated Group.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### *Basis of consolidation*

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

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

### **Foreign currency translation**

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Taxation**

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

### **Budget figures**

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

### **Critical accounting estimates and assumptions**

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

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

### **Critical judgements in applying accounting policies**

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

- Research Revenue Recognition – see note 2
- Crown-owned land and buildings – see note 13
- Research and study leave – see note 17



## NOTE 2: REVENUE

### 2(i) Government Grants

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Student Achievement Component (SAC) Funding	144,022	141,284	144,022	141,284
Performance Based Research Funding (PBRF) – Note (a)	14,260	13,902	14,260	13,902
Mangere Refugee Centre	2,067	1,591	2,067	1,591
Tertiary students with disabilities	462	460	462	460
Māori and Pacific Peoples	1,116	1,055	1,116	1,055
Early childhood education centre – Note (b)	423	419	423	419
Other Government funding (excl. research contracts)	1,367	1,237	1,367	1,237
<b>TOTAL GOVERNMENT GRANTS</b>	<b>163,717</b>	<b>159,948</b>	<b>163,717</b>	<b>159,948</b>

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Note (a): PBRF</b>				
Provisional PBRF received	14,239	13,812	14,239	13,812
Prior year PBRF final wash-up	21	90	21	90
<b>Total PBRF</b>	<b>14,260</b>	<b>13,902</b>	<b>14,260</b>	<b>13,902</b>

### Note (b): Early childhood education centre

#### Revenue

	University	Consolidated
	2016 Actual \$000s	2015 Actual \$000s
Early childhood education funding	423	419
Other revenue *	275	269
<b>Total revenue</b>	<b>698</b>	<b>688</b>

#### Expenditure

	University	Consolidated
	2016 Actual \$000s	2015 Actual \$000s
Operating expenses	685	678
<b>Total expenditure</b>	<b>685</b>	<b>678</b>
<b>NET SURPLUS</b>	<b>13</b>	<b>10</b>

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

**NOTE 2: REVENUE (continued)****2(ii) Student Derived Revenue**

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Domestic student tuition fees	84,455	81,123	84,455	81,123
International student tuition fees	73,048	67,043	73,048	67,043
Compulsory student service fees	9,374	8,195	9,374	8,195
Other student-related fees	1,297	1,286	1,297	1,286
<b>TOTAL STUDENT-DERIVED REVENUE</b>	<b>168,174</b>	<b>157,647</b>	<b>168,174</b>	<b>157,647</b>

**2(iii) Research Revenue**

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Research revenue received	16,603	10,262	16,603	10,306
Movement in research revenue carried forward	(3,059)	799	(3,059)	799
<b>TOTAL RESEARCH REVENUE</b>	<b>13,544</b>	<b>11,061</b>	<b>13,544</b>	<b>11,105</b>

**2(iv) Other Revenue**

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Trading revenue	19,119	17,550	19,119	17,550
Student accommodation revenue	7,191	6,946	7,191	6,946
Interest revenue	16	151	33	180
Dividend from investment in associate	–	55	–	55
Net gain on foreign exchange derivatives	93	–	93	–
Gain on foreign currency translation	–	61	–	61
Gain on finance lease termination	2,261	–	2,261	–
Other operating revenue	10,963	8,736	11,399	10,743
Donations received	4	14	4	14
<b>TOTAL OTHER REVENUE</b>	<b>39,647</b>	<b>33,513</b>	<b>40,100</b>	<b>35,549</b>

## **NOTE 2: REVENUE (continued)**

### **ACCOUNTING POLICY**

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

#### ***Student Achievement Component (SAC) funding***

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

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

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

#### ***International student tuition fees***

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

#### ***Performance-Based Research Fund (PBRF)***

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

#### ***Research revenue***

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

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

#### ***Other grants received***

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

#### ***Donations, bequests, and pledges***

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

#### ***Trading revenue***

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

#### ***Student accommodation services***

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

### Interest and dividends

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

## CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

### Research revenue

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

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

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

## NOTE 3: PERSONNEL COSTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Academic:</b>				
Salaries and wages	118,558	113,451	118,558	113,451
Defined contribution plan employer contributions	3,179	2,881	3,179	2,881
Movement in employee entitlements	2,824	(369)	2,824	(369)
Other staff related costs	4,322	3,871	4,322	3,871
	<b>128,883</b>	119,834	<b>128,883</b>	119,834
<b>Administration:</b>				
Salaries and wages	91,943	87,866	91,943	87,866
Defined contribution plan employer contributions	2,465	2,231	2,465	2,231
Movement in employee entitlements	(37)	(253)	(37)	(253)
Other staff related costs	8,082	6,239	8,082	6,239
	<b>102,453</b>	96,083	<b>102,453</b>	96,083
<b>TOTAL PERSONNEL COSTS</b>	<b>231,336</b>	215,917	<b>231,336</b>	215,917

## ACCOUNTING POLICY

### Superannuation schemes

#### Defined contribution schemes

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

#### Defined benefit schemes

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

## NOTE 4: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Consumables / faculty costs	32,495	29,873	32,495	29,873
Occupancy / property costs	15,352	14,269	15,352	14,269
Operating lease costs – buildings	8,143	11,693	8,143	11,693
Operating lease costs – equipment	1,151	1,534	1,151	1,534
Administration expenses	16,648	15,356	16,648	15,356
Fees to principal auditor:				
Financial Statements audit*	178	183	189	194
Performance Based Research Fund audit	9	9	9	9
Provision for impairment of receivables:				
Change in provision for impairment of receivables	(270)	101	(270)	101
Uncollectible receivables written off	461	417	461	417
Councillors' fees (Note 24)	245	85	245	85
Loss on disposal of property plant and equipment	2	69	2	69
Loss on foreign currency translation	263	–	266	–
Net loss on foreign exchange derivatives	–	162	–	162
Other operating costs	14,279	8,780	14,743	10,288
<b>TOTAL SUPPLIES AND OTHER COSTS</b>	<b>88,956</b>	<b>82,531</b>	<b>89,434</b>	<b>84,050</b>

\* Includes audit fees of \$10,570 (2015: \$10,570) for Auckland University of Technology Foundation paid on its behalf by Auckland University of Technology.

### Operating lease commitments as lessee

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

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Not later than one year	5,878	5,267	5,878	5,267
Later than one year and not later than five years	20,667	17,867	20,667	17,867
Later than five years	9,702	13,416	9,702	13,416
<b>TOTAL NON-CANCELLABLE OPERATING LEASES</b>	<b>36,247</b>	<b>36,550</b>	<b>36,247</b>	<b>36,550</b>

The University leases 25,010 square metres (2015: 22,791 square metres) of office space in Auckland for teaching, research and administrative purposes. Most of these leases can be renewed at the University's option, with rents set by reference to current market rates for items of equivalent age and condition.

## ACCOUNTING POLICY

### Operating leases

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

## NOTE 5: FINANCE COSTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Interest on bank borrowings	2,790	845	2,790	845
Interest on finance leases	1,323	1,653	1,323	1,653
<b>TOTAL FINANCE COSTS</b>	<b>4,113</b>	<b>2,498</b>	<b>4,113</b>	<b>2,498</b>

## NOTE 6: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Cash at bank and on hand	3,316	1,166	5,436	3,286
Short-term bank deposits	7,531	6,232	7,531	6,232
<b>TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS</b>	<b>10,847</b>	<b>7,398</b>	<b>12,967</b>	<b>9,518</b>

The carrying value of cash at bank and short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for cash and cash equivalents was 1.78% (2015: 2.31%).

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

The cash and cash equivalents balance of the Consolidated Group includes an amount of \$1.29m (2015: \$1.55m) that relates to unspent funds received that are subject to restrictions. These unspent funds relate to donations and bequests received by the Auckland University of Technology Foundation. The restrictions generally specify how the funds are required to be used for specified purposes as outlined by donors.

## ACCOUNTING POLICY

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

## NOTE 7: RECEIVABLES

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Trade receivables	2,612	3,162	2,761	3,299
Less: provision for impairment	(1,048)	(1,127)	(1,048)	(1,127)
	1,564	2,035	1,713	2,172
Student fee receivables	2,804	4,073	2,804	4,073
Less: provision for impairment	(401)	(592)	(401)	(592)
	2,403	3,481	2,403	3,481
Other receivables	2,797	1,113	2,797	1,113
Accrued revenue	171	279	171	279
Related parties	148	417	132	231
<b>Total receivables</b>	<b>7,083</b>	<b>7,325</b>	<b>7,216</b>	<b>7,276</b>

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

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

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

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Trade receivables:</b>				
Opening provisions	1,127	974	1,127	974
Additional provisions made during the year	137	336	137	336
Amount of provisions utilised during the year	(216)	(183)	(216)	(183)
<b>Closing provisions for impairment of trade receivables</b>	<b>1,048</b>	<b>1,127</b>	<b>1,048</b>	<b>1,127</b>
<b>Student fee receivables:</b>				
Opening provisions	592	644	592	644
Additional provisions made during the year	54	182	54	182
Amount of provisions utilised during the year	(245)	(234)	(245)	(234)
<b>Closing provisions for impairment of student fee receivables</b>	<b>401</b>	<b>592</b>	<b>401</b>	<b>592</b>

## NOTE 7: RECEIVABLES (continued)

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

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
<b>Trade receivables:</b>						
<b>2016 – Under 30 days</b>	705	–	705	854	–	854
31 – 60 days	817	–	817	817	–	817
61 – 90 days	331	(289)	42	331	(289)	42
Over 90 days	759	(759)	–	759	(759)	–
<b>Total trade receivables</b>	<b>2,612</b>	<b>(1,048)</b>	<b>1,564</b>	<b>2,761</b>	<b>(1,048)</b>	<b>1,713</b>
<b>2015 – Under 30 days</b>	252	–	252	389	–	389
31 – 60 days	603	–	603	603	–	603
61 – 90 days	244	(110)	134	244	(110)	134
Over 90 days	2,063	(1,017)	1,046	2,063	(1,017)	1,046
<b>Total trade receivables</b>	<b>3,162</b>	<b>(1,127)</b>	<b>2,035</b>	<b>3,299</b>	<b>(1,127)</b>	<b>2,172</b>
<b>Student fee receivables:</b>						
<b>2016 – Under 30 days</b>	1,910	–	1,910	1,910	–	1,910
31 – 60 days	256	(19)	237	256	(19)	237
61 – 90 days	19	(1)	18	19	(1)	18
Over 90 days	619	(381)	238	619	(381)	238
<b>Total student fee receivables</b>	<b>2,804</b>	<b>(401)</b>	<b>2,403</b>	<b>2,804</b>	<b>(401)</b>	<b>2,403</b>
<b>2015 – Under 30 days</b>	3,144	–	3,144	3,144	–	3,144
31 – 60 days	246	(28)	218	246	(28)	218
61 – 90 days	53	(6)	47	53	(6)	47
Over 90 days	630	(558)	72	630	(558)	72
<b>Total student fee receivables</b>	<b>4,073</b>	<b>(592)</b>	<b>3,481</b>	<b>4,073</b>	<b>(592)</b>	<b>3,481</b>

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

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

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

### ACCOUNTING POLICY

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. Collectability of receivables is reviewed on an on-going basis. Receivables which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of payment.



## NOTE 8: INVENTORIES

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Commercial inventories:</b>				
AUT Shop	61	41	61	41
<b>Non-commercial inventories:</b>				
Material and consumables	83	103	83	103
<b>TOTAL INVENTORIES</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>

No inventories are pledged as security for liabilities at the balance date (2015: \$nil).

The write-down of inventories during the year was \$40,361 (2015: \$nil). There have been no reversals of write downs (2015: \$nil).

### ACCOUNTING POLICY

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

**NOTE 9: INVESTMENT IN SUBSIDIARIES**

Name of entity	Country of incorporation/ operation	Nature of business	Ownership interest	
			2016	2015
Auckland University of Technology Foundation	New Zealand	To receive donations and endowments that are used to promote and support academic excellence at the University	100%	100%
AUT Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%
			<b>University</b>	
			<b>2016</b>	2015
			<b>Actual</b>	Actual
			<b>\$000s</b>	\$000s
<b>Investment in subsidiaries:</b>				
Auckland University of Technology Foundation			-	-
AUT Enterprises Limited			100	100
<b>TOTAL INVESTMENT IN SUBSIDIARIES</b>			<b>100</b>	<b>100</b>

All subsidiaries have a balance date of 31 December.

**ACCOUNTING POLICY**

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

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

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

## NOTE 10: INVESTMENT IN ASSOCIATES

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

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2016	2015
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium	–	21%
Waterfront Theatre Limited	New Zealand	Develops, owns and manages Auckland Waterfront Theatre	15%	15%

All associates have a balance date of 31 December.

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

	University	
	2016 Actual \$000s	2015 Actual \$000s
<b>Investment in associates:</b>		
LCo New Zealand Limited	–	77
Less: Return of Share Capital	–	(77)
	–	–
Waterfront Theatre Limited	3,340	1,660
Add: Share capital contribution	1,660	1,680
	5,000	3,340
<b>TOTAL INVESTMENT IN ASSOCIATES</b>	<b>5,000</b>	<b>3,340</b>

### LCo NEW ZEALAND LIMITED

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

On 15 January 2016, LCo New Zealand Limited was removed from the Company Register.

### WATERFRONT THEATRE LIMITED

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

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

## NOTE 10: INVESTMENT IN ASSOCIATES (continued)

### Consolidated Group

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

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

	Consolidated	
	2016 Actual \$000s	2015 Actual \$000s
<b>Share of associate's Statement of Financial Position:</b>		
Assets	-	-
Liabilities	-	-
<b>Net assets</b>	-	-
<b>Share of associate's revenue and surplus:</b>		
Revenue	-	-
Net surplus	-	-
<b>Movement in carrying amount of investment in associate:</b>		
Balance at the beginning of the year	-	132
Share of associate's net (deficit)/surplus	-	-
Return of share capital	-	(77)
Dividend received	-	(55)
<b>Carrying amount at the end of the year</b>	-	-

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

	Consolidated	
	2016 Actual \$000s	2015 Actual \$000s
<b>Share of associate's Statement of Financial Position:</b>		
Assets	5,187	3,569
Liabilities	(116)	(279)
<b>Net assets</b>	5,071	3,290
<b>Share of associate's revenue and surplus:</b>		
Revenue	1,845	2,254
Net surplus	1,638	2,221
<b>Movement in carrying amount of investment in associate:</b>		
Balance at the beginning of the year	5,880	1,979
Share capital contribution	1,660	1,680
Share of associate's net surplus	1,638	2,221
<b>Carrying amount at the end of the year</b>	9,178	5,880

### ACCOUNTING POLICY

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.

## NOTE 11: INVESTMENT IN JOINTLY-CONTROLLED ENTITY

### Jointly-Controlled Entity

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

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

	University	
	2016 Actual \$000s	2015 Actual \$000s
<b>Investment in jointly-controlled entity:</b>		
AUT Millennium Ownership Trust	18,528	18,528
<b>TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY</b>	<b>18,528</b>	18,528

### Consolidated Group

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

	Consolidated	
	2016 Actual \$000s	2015 Actual \$000s
<b>Share of jointly-controlled entity's Statement of Financial Position:</b>		
Assets	40,078	41,025
Liabilities	(3,764)	(3,588)
<b>Net assets</b>	<b>36,314</b>	37,437
<b>Share of jointly-controlled entity's revenue and surplus:</b>		
Revenue	2,351	4,063
Net (deficit)/surplus	(1,097)	1,378
<b>Movement in carrying amount of investment in jointly-controlled entity:</b>		
Balance at the beginning of the year	37,237	35,859
Share of jointly-controlled entity's net (deficit)/surplus	(1,097)	1,378
<b>Carrying amount at the end of the year</b>	<b>36,140</b>	37,237

## NOTE 11: INVESTMENT IN JOINTLY-CONTROLLED ENTITY (continued)

### 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	
		2016	2015
Ko Awatea Education Centre	Partnership with healthcare professionals and educational institutes to improve efficiency and achieve effective application of healthcare.	13.2%	13.2%

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

	University	
	2016 Actual \$000s	2015 Actual \$000s
Property, plant and equipment	-	6
<b>TOTAL JOINTLY CONTROLLED ASSETS</b>	<b>-</b>	<b>6</b>

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

### ACCOUNTING POLICY

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

#### Jointly-controlled entity

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

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

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

#### Jointly-controlled assets

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

## NOTE 12: OTHER FINANCIAL ASSETS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Listed securities (at fair value):</b>				
Independent News & Media Plc	1	1	1	1
	<b>1</b>	1	<b>1</b>	1
<b>Unlisted securities (at cost, less impairment):</b>				
New Zealand Vice-Chancellors' Committee	100	100	100	100
New Zealand Synchrotron Group Limited	91	91	91	91
Imersia Group Limited	-	-	138	-
Liquidstrip Limited	-	-	28	-
	<b>191</b>	191	<b>357</b>	191
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>192</b>	192	<b>358</b>	192

### 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.

## ACCOUNTING POLICY

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

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

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

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

**NOTE 13: PROPERTY, PLANT AND EQUIPMENT**

**2016 – University / Consolidated**

	Cost / Revaluation			Accumulated Depreciation and Impairment Losses			Net Book Value	
	Balance at 1 Jan 2016 \$000s	Additions / reclassifications \$000s	Revaluation movements \$000s	Disposals \$000s	Balance at 31 Dec 2016 \$000s	Balance at 1 Jan 2016 \$000s	Disposals/ Impairment losses eliminated on revaluation \$000s	Balance at 31 Dec 2016 \$000s
<b>AUT-owned assets:</b>								
Land	101,577	68	5,677	-	107,322	-	-	101,577
Buildings	390,324	1,681	(10,967)	-	381,038	33,601	(44,531)	356,723
Library collection	53,045	7,082	-	-	60,127	36,302	-	16,743
Computers and electronic equipment	22,983	701	-	(147)	23,537	18,936	(146)	4,047
Furniture and fittings	18,366	2,308	-	(90)	20,584	14,757	(86)	3,609
Leasehold improvements	16,768	3,939	-	(202)	20,505	14,115	(202)	2,653
Motor vehicles	971	40	-	-	1,011	475	-	496
Office equipment	3,308	22	-	(84)	3,246	3,219	(84)	89
Plant and equipment	39,511	7,761	-	(633)	46,639	19,800	(617)	19,711
Specialty electronics	1,903	623	-	-	2,526	1,819	-	84
Works of art	410	-	-	-	410	-	-	410
WIP – buildings	29,407	71,632	-	-	101,039	-	-	29,407
WIP – others	6,100	(1,071)	-	-	5,029	-	-	6,100
<b>TOTAL AUT-OWNED ASSETS</b>	<b>684,673</b>	<b>94,786</b>	<b>(5,290)</b>	<b>(1,156)</b>	<b>773,013</b>	<b>143,024</b>	<b>(45,666)</b>	<b>541,649</b>
<b>Crown-owned land and buildings:</b>								
Land	86,539	-	9,043	-	95,582	-	-	86,539
Buildings	44,726	5,257	(1,512)	-	48,471	3,657	(3,626)	41,069
<b>TOTAL CROWN-OWNED LAND &amp; BUILDINGS</b>	<b>131,265</b>	<b>5,257</b>	<b>7,531</b>	<b>-</b>	<b>144,053</b>	<b>3,657</b>	<b>(3,626)</b>	<b>127,608</b>
<b>Assets under finance leases:</b>								
Computers and electronic equipment	15,831	6,061	-	(4,071)	17,821	7,547	(4,071)	8,284
Buildings	43,242	-	-	(10,737)	32,505	23,808	(5,945)	19,434
<b>TOTAL ASSETS UNDER FINANCE LEASES</b>	<b>59,073</b>	<b>6,061</b>	<b>-</b>	<b>(14,808)</b>	<b>50,326</b>	<b>31,355</b>	<b>(10,016)</b>	<b>27,718</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>875,011</b>	<b>106,104</b>	<b>2,241</b>	<b>(15,964)</b>	<b>967,392</b>	<b>178,036</b>	<b>(59,308)</b>	<b>696,975</b>



**NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)**

	2015 – University / Consolidated			Cost / Revaluation			Accumulated Depreciation and Impairment Losses			Net Book Value	
	Balance at 1 Jan 2015 \$000s	Additions / reclassifications \$000s	Revaluation movements \$000s	Disposals \$000s	Balance at 31 Dec 2015 \$000s	Balance at 1 Jan 2015 \$000s	Depreciation \$000s	Disposals/eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 1 Jan 2015 \$000s	Balance at 31 Dec 2015 \$000s
<b>AUT-owned assets:</b>											
Land	58,367	33,725	9,485	-	101,577	-	-	-	-	58,367	101,577
Buildings	340,149	50,175	-	-	390,324	14,657	18,944	-	-	325,492	356,723
Library collection	46,291	6,754	-	-	53,045	30,248	6,054	-	-	16,043	16,743
Computers and electronic equipment	21,640	4,062	-	(2,719)	22,983	17,793	3,829	(2,686)	-	3,847	4,047
Furniture and fittings	18,017	1,194	-	(845)	18,366	14,166	1,430	(839)	-	3,851	3,609
Leasehold improvements	17,135	797	-	(1,164)	16,768	13,394	1,466	(745)	-	3,741	2,653
Motor vehicles	959	92	-	(80)	971	424	117	(66)	-	535	496
Office equipment	4,037	8	-	(737)	3,308	3,727	229	(737)	-	310	89
Plant and equipment	40,220	2,409	-	(3,118)	39,511	19,302	3,529	(3,032)	1	20,918	19,711
Specialty electronics	1,810	93	-	-	1,903	1,801	18	-	-	9	84
Works of art	407	3	-	-	410	-	-	-	-	407	410
WIP – buildings	17,670	11,737	-	-	29,407	-	-	-	-	17,670	29,407
WIP – others	4,487	1,613	-	-	6,100	-	-	-	-	4,487	6,100
<b>TOTAL AUT-OWNED ASSETS</b>	571,189	112,662	9,485	(8,663)	684,673	115,512	35,616	(8,105)	1	455,677	541,649
<b>Crown-owned land and buildings:</b>											
Land	72,047	-	14,492	-	86,539	-	-	-	-	72,047	86,539
Buildings	44,726	-	-	-	44,726	2,089	1,568	-	-	42,637	41,069
<b>TOTAL CROWN-OWNED LAND &amp; BUILDINGS</b>	116,773	-	14,492	-	131,265	2,089	1,568	-	-	114,684	127,608
<b>Assets under finance leases:</b>											
Computers and electronic equipment	19,000	4,572	-	(7,741)	15,831	10,496	4,792	(7,741)	-	8,504	8,284
Buildings	43,242	-	-	-	43,242	21,803	2,005	-	-	21,439	19,434
<b>TOTAL ASSETS UNDER FINANCE LEASES</b>	62,242	4,572	-	(7,741)	59,073	32,299	6,797	(7,741)	-	29,943	27,718
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	750,204	117,234	23,977	(16,404)	875,011	149,900	43,981	(15,846)	1	600,304	696,975

## NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)

### Assets under Finance leases

Note 19 provides further information about assets under finance leases.

### Non-cash transactions

During the year the University acquired \$6.1 million of computers and electronic equipment under finance leases (2015: \$4.6 million).

### Disposals

Included in the current financial year's disposals are \$15.9 million of property, plant and equipment and \$0.3 million of intangible assets that had been retired from active use and depreciated. Accordingly, their cost and related accumulated depreciation or amortisation was completely removed from the Statement of Financial Position during the financial year.

### Capital Commitments

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Capital commitments</b>				
Buildings	66,782	41,398	66,782	41,398
Capital contribution to the Waterfront Theatre Limited	–	1,660	–	1,660
<b>TOTAL CAPITAL COMMITMENTS</b>	<b>66,782</b>	<b>43,058</b>	<b>66,782</b>	<b>43,058</b>

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

## ACCOUNTING POLICY

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

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

### Revaluations

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

Revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

## NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)

### 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

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

### Disposals

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

### Work in progress

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

### Impairment of property, plant, and equipment

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

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

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

### Value in use for non-cash-generating assets

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

### Revaluation of land and buildings

The University relies on the services of an independent Registered Valuer to assess the carrying values of land and buildings. In 2016, a full revaluation of land and buildings was completed as required every three years by AUT's Accounting Policy. The revaluation of land and buildings was performed by Seagar & Partners (Auckland) Limited, an independent Registered Valuer, at 31 December 2016, to a fair value of \$629 million.

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

All buildings, whether Crown-owned or AUT-owned are valued at fair value using depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

### NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Net book value (before revaluation) \$000s	Revaluation movements \$000s	Accumulated depreciation eliminated \$000s	Net revaluation movements \$000s	Net book value (after revaluation) \$000s
<b>University/Consolidated</b>					
AUT-owned land	101,645	5,677	–	5,677	107,322
AUT-owned buildings	345,936	(10,967)	44,531	33,564	379,500
Crown-owned land	86,539	9,043	–	9,043	95,582
Crown-owned buildings	44,760	(1,512)	3,626	2,114	46,874
<b>TOTAL</b>	<b>578,880</b>	<b>2,241</b>	<b>48,157</b>	<b>50,398</b>	<b>629,278</b>

#### *Depreciation and amortisation*

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

#### **CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

##### *Crown-owned land and buildings*

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

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

**NOTE 14: INTANGIBLE ASSETS**

**2016 – University / Consolidated**

	Cost		Accumulated Amortisation and Impairment Losses				Net Book Value		
	Balance at 1 Jan 2016 \$000s	Additions / reclassifications \$000s	Disposals \$000s	Balance at 1 Jan 2016 \$000s	Amortisation \$000s	Disposals \$000s	Impairment losses \$000s	Balance at 1 Jan 2016 \$000s	Balance at 31 Dec 2016 \$000s
<b>Intangible assets:</b>									
Intellectual property	–	–	–	–	–	–	–	–	–
Software	25,424	7,386	(290)	16,029	3,735	(290)	–	9,395	13,046
Programme development	294	–	(10)	294	–	(10)	–	–	–
WIP – software	8,686	731	–	–	–	–	–	8,686	9,417
<b>TOTAL INTANGIBLE ASSETS</b>	<b>34,404</b>	<b>8,117</b>	<b>(300)</b>	<b>16,323</b>	<b>3,735</b>	<b>(300)</b>	<b>–</b>	<b>18,081</b>	<b>22,463</b>

**2015 – University / Consolidated**

	Cost		Accumulated Amortisation and Impairment Losses				Net Book Value		
	Balance at 1 Jan 2015 \$000s	Additions / reclassifications \$000s	Disposals \$000s	Balance at 1 Jan 2015 \$000s	Amortisation \$000s	Disposals \$000s	Impairment losses \$000s	Balance at 1 Jan 2015 \$000s	Balance at 31 Dec 2015 \$000s
<b>Intangible assets:</b>									
Intellectual property	50	–	(50)	50	–	(50)	–	–	–
Software	18,057	8,313	(946)	14,032	2,943	(946)	–	4,025	9,395
Programme development	314	–	(20)	314	–	(20)	–	–	–
WIP – software	8,172	2,290	(1,776)	840	–	(840)	–	7,332	8,686
<b>TOTAL INTANGIBLE ASSETS</b>	<b>26,593</b>	<b>10,603</b>	<b>(2,792)</b>	<b>15,236</b>	<b>2,943</b>	<b>(1,856)</b>	<b>–</b>	<b>11,357</b>	<b>18,081</b>

## NOTE 14: INTANGIBLE ASSETS (continued)

### ACCOUNTING POLICY

#### Computer software

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

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

#### Programme development

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

#### 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.

#### Impairment of intangible assets

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

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

## NOTE 15: PAYABLES

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Payables under exchange transactions:</b>				
Trade payables	6,576	4,401	6,576	4,401
Creditors accruals	45,537	26,691	45,964	26,908
Sundry creditors	1,848	773	1,848	773
<b>Payables under non-exchange transactions:</b>				
GST payable	3,618	2,857	3,623	2,865
Withholding tax payable	2,732	3,101	2,732	3,101
<b>TOTAL PAYABLES</b>	<b>60,311</b>	<b>37,823</b>	<b>60,743</b>	<b>38,048</b>

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

### ACCOUNTING POLICY

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

## NOTE 16: DEFERRED REVENUE

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Tuition fees received in advance	35,024	34,724	35,024	34,724
Research revenue received in advance	10,270	9,863	10,270	9,863
Other revenue received in advance	4,772	5,184	4,772	5,184
<b>TOTAL DEFERRED REVENUE</b>	<b>50,066</b>	<b>49,771</b>	<b>50,066</b>	<b>49,771</b>

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

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

## NOTE 17: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Annual leave	11,591	11,901	11,591	11,901
Accrued salary payments	–	5,028	–	5,028
Sick leave	501	459	501	459
Other employee entitlements	2,477	1,860	2,477	1,860
<b>Total employee entitlements – current</b>	<b>14,569</b>	<b>19,248</b>	<b>14,569</b>	<b>19,248</b>
Long service leave	1,375	1,265	1,375	1,265
Retirement leave	1,510	1,560	1,510	1,560
Research and study leave	6,189	3,699	6,189	3,699
<b>Total employee entitlements – non-current</b>	<b>9,074</b>	<b>6,524</b>	<b>9,074</b>	<b>6,524</b>
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>23,643</b>	<b>25,772</b>	<b>23,643</b>	<b>25,772</b>

## **NOTE 17: EMPLOYEE ENTITLEMENTS (continued)**

### **ACCOUNTING POLICY**

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

#### *Annual leave*

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

#### *Sick leave*

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

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

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

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

#### *Research and study leave*

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

### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

The present values of the long service leave and retirement leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate of 3.36 % (2015: 3.58%) and the salary inflation factor of 3.0 % (2015: 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.

### **CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

#### *Research and study leave*

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



**NOTE 18: PROVISIONS**

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Reinstatement provision for leased buildings:</b>				
Opening balance	2,441	2,292	2,441	2,292
Provision (reversed)/made during the year	(195)	149	(195)	149
<b>CLOSING BALANCE</b>	<b>2,246</b>	<b>2,441</b>	<b>2,246</b>	<b>2,441</b>
Comprising:				
Current	192	238	192	238
Non-current	2,054	2,203	2,054	2,203
<b>TOTAL PROVISIONS</b>	<b>2,246</b>	<b>2,441</b>	<b>2,246</b>	<b>2,441</b>

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

**ACCOUNTING POLICY**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The reinstatement provision is calculated on the net present value of the estimated liability at lease expiry using a discount rate of 3.36% (2015: 3.58%).

## NOTE 19: FINANCE LEASE BORROWINGS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Not later than one year	7,451	8,018	7,451	8,018
Later than one year and not later than five years	15,005	18,754	15,005	18,754
Later than five years	8,710	17,908	8,710	17,908
<b>Total minimum finance leases:</b>	<b>31,166</b>	<b>44,680</b>	<b>31,166</b>	<b>44,680</b>
Future finance charges	(4,708)	(9,530)	(4,708)	(9,530)
<b>Total present value of minimum finance lease payments</b>	<b>26,458</b>	<b>35,150</b>	<b>26,458</b>	<b>35,150</b>
<b>Present value of minimum finance leases:</b>				
Not later than one year	6,581	6,485	6,581	6,485
Later than one year and not later than five years	11,985	13,502	11,985	13,502
Later than five years	7,892	15,163	7,892	15,163
<b>Total minimum finance lease borrowings</b>	<b>26,458</b>	<b>35,150</b>	<b>26,458</b>	<b>35,150</b>
Comprising:				
Current	6,581	6,485	6,581	6,485
Non-current	19,877	28,665	19,877	28,665
<b>TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE BORROWINGS</b>	<b>26,458</b>	<b>35,150</b>	<b>26,458</b>	<b>35,150</b>

Auckland University of Technology has entered into finance leases for various properties, computers and electronic equipment. The net carrying amount of the leased items within each class of property, plant and equipment is shown in Note 13.

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

The University leases approximately 14,082 square metres (2015: 18,332 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 7,668 computers and items of electronic equipment for teaching, research and administrative purposes (2015: 7,524).

### ACCOUNTING POLICY

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

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

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

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

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

## NOTE 20: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Current liability portion</b>				
Forward foreign exchange contract – Non-hedges	69	162	69	162
<b>Non-Current liability portion</b>				
Interest rate swap – Cash flow hedges	128	50	128	50
<b>TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES</b>	<b>197</b>	<b>212</b>	<b>197</b>	<b>212</b>

### FAIR VALUE

#### *Interest rate swaps*

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

#### *Forward foreign exchange contracts*

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

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

### NOTIONAL PRINCIPAL AMOUNT

#### *Interest rate swaps*

The notional principal amounts of the outstanding interest rate swap contracts totalled \$61.5 million (2015: \$32.0 million). The fixed interest rates of interest rate swaps vary from 2.42% to 3.02%.

#### *Forward foreign exchange contracts*

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$1.79 million (2015: \$5.28 million). The foreign currency principal amounts were US\$1.2 million (2015: US\$3.45 million).

### ACCOUNTING POLICY

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

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

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

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

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

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

## NOTE 21: BORROWINGS

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

The total revolving advances facility from ANZ Bank New Zealand Limited and Westpac New Zealand Limited are for the facility amount up to \$213 million (2015: \$213 million), with a final maturity date of 31 January 2020. As at 31 December 2016, the total revolving advances facility amount were \$168 million (2015: \$153 million), and \$145 million (2015: \$103 million) had been drawn down on this facility. The University uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 2.79% (2015: 3.44%).

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Opening balance</b>	<b>103,150</b>	34,300	<b>103,150</b>	34,300
Net borrowings / (repayments)	<b>41,550</b>	68,850	<b>41,550</b>	68,850
<b>CLOSING BALANCE</b>	<b>144,700</b>	103,150	<b>144,700</b>	103,150
Comprising:				
Current	–	–	–	–
Non-current	<b>144,700</b>	103,150	<b>144,700</b>	103,150
<b>TOTAL BORROWINGS</b>	<b>144,700</b>	103,150	<b>144,700</b>	103,150

## FAIR VALUE

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

## ACCOUNTING POLICY

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

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

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

## NOTE 22: EQUITY

### General Equity

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>General equity:</b>				
Balance at the beginning of the year	<b>305,156</b>	290,858	<b>328,153</b>	309,695
Net surplus for the year	<b>18,011</b>	14,298	<b>18,527</b>	18,458
<b>TOTAL GENERAL EQUITY</b>	<b>323,167</b>	305,156	<b>346,680</b>	328,153

**NOTE 22: EQUITY (continued)****Revaluation Reserves**

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>Asset revaluation reserve:</b>				
<i>Land revaluation reserve</i>				
Balance at the beginning of the year	73,140	49,163	73,140	49,163
Net revaluation movement in the year				
Crown-owned land	9,044	14,492	9,044	14,492
AUT-owned land	5,677	9,485	5,677	9,485
Balance at the end of the year	87,861	73,140	87,861	73,140
<i>Buildings revaluation reserve</i>				
Balance at the beginning of the year	122,228	122,228	122,228	122,228
Net revaluation movement in the year				
Crown-owned buildings	2,114	–	2,114	–
AUT-owned buildings	33,565	–	33,565	–
Balance at the end of the year	157,907	122,228	157,907	122,228
<b>Balance at the end of the year</b>	<b>245,768</b>	<b>195,368</b>	<b>245,768</b>	<b>195,368</b>
<b>Other financial assets revaluation reserve:</b>				
Balance at the beginning of the year	(39)	(39)	(39)	(39)
Net fair value gains/(losses) in the year	–	–	166	–
<b>Balance at the end of the year</b>	<b>(39)</b>	<b>(39)</b>	<b>127</b>	<b>(39)</b>
<b>Cash flow hedge reserve:</b>				
Balance at the beginning of the year	(50)	–	(50)	–
Net fair value gains/(losses) in the year	(79)	(50)	(79)	(50)
<b>Balance at the end of the year</b>	<b>(129)</b>	<b>(50)</b>	<b>(129)</b>	<b>(50)</b>
<b>TOTAL REVALUATION RESERVES</b>	<b>245,600</b>	<b>195,279</b>	<b>245,766</b>	<b>195,279</b>
<b>TOTAL EQUITY</b>	<b>568,767</b>	<b>500,435</b>	<b>592,446</b>	<b>523,432</b>

**ACCOUNTING POLICY**

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

- General equity
- Revaluation reserves.

*Revaluation reserves*

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

## NOTE 23: RELATED PARTY TRANSACTIONS

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

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

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

### Key management personnel compensation

	University		Consolidated	
	2016 Actual	2015 Actual	2016 Actual	2015 Actual
<b>Councillors</b>				
Remuneration (\$000s)	245	85	245	85
Full-time equivalent members	11	13	11	13
<b>Strategic Leadership Team, including the Vice-Chancellor</b>				
Remuneration (\$000s)	4,989	5,004	4,989	5,004
Full-time equivalent members	21	18	21	18
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION (\$000s)</b>	<b>5,234</b>	5,089	<b>5,234</b>	5,089
<b>TOTAL FULL-TIME EQUIVALENT MEMBERS</b>	<b>32</b>	31	<b>32</b>	31

The Vice-Chancellor and Pro Vice-Chancellor (North Shore) are Trustees of AUT/Millennium Ownership Trust (a jointly-controlled entity of the University). Their fees in relation to those positions are paid directly to the University. Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

**NOTE 24: COUNCILLORS' FEES**

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

<b>Council Member</b>	<b>2016 Actual \$000s</b>	2015 Actual \$000s
P Alley	20	5
A Pokino	–	7
G Campbell	–	1
H Duncan	–	4
H Gaeta	20	–
S Hayman	20	4
L Henry*	20	7
U Ansell	20	6
L Lim	20	5
J Maasland	40	25
J Schofield	20	7
S Stehlin	20	6
J Thompson	20	4
S Turner	25	4
<b>TOTAL COUNCILLORS' FEES</b>	<b>245</b>	<b>85</b>
<b>Non-councillor member of Committees</b>		
J Martin	–	6
P Phillips	5	7
<b>TOTAL FEES PAID TO NON-COUNCILLOR MEMBERS OF COMMITTEES</b>	<b>5</b>	<b>13</b>

\*L Henry is a Trustee of AUT Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2015: \$10,000) in relation to that position.

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

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Net surplus from operations	18,011	14,298	18,527	18,458
<b>Adjustments for items not involving cash</b>				
Depreciation, amortisation and impairment	42,666	46,925	42,666	46,925
Increase/(decrease) in employee entitlements – term portion	2,550	165	2,550	165
Increase/(decrease) in reinstatement provision	(195)	149	(195)	149
(Gain)/loss on foreign currency translation	263	(61)	266	(61)
(Gain)/loss on foreign exchange derivatives	(93)	162	(93)	162
Gain on finance lease termination	(2,261)	–	(2,261)	–
Share of associate’s net deficit/(surplus)	–	–	(1,638)	(2,221)
Share of jointly-controlled entity’s net deficit/(surplus)	–	–	1,097	(1,378)
<b>Total items not involving cash</b>	<b>42,930</b>	<b>47,340</b>	<b>42,392</b>	<b>43,741</b>
<b>Movements in working capital</b>				
(Increase)/decrease in receivables	242	(1,430)	234	(1,506)
(Increase)/decrease in prepayments	373	(628)	373	(628)
(Increase)/decrease in inventories	–	(32)	–	(32)
Increase/(decrease) in payables	22,488	1,916	22,518	2,226
Increase/(decrease) in deferred revenue	295	2,710	295	2,710
Increase/(decrease) in current employee entitlements	(4,679)	(1,497)	(4,679)	(1,497)
<b>Total movements in working capital</b>	<b>18,719</b>	<b>1,039</b>	<b>18,741</b>	<b>1,273</b>
<b>Add/(less) items classified as investing activities</b>				
Movement in capital creditors	(17,862)	(3,643)	(17,862)	(3,588)
Loss on disposal of property, plant and equipment	2	69	2	69
Gain on disposal of other financial assets	–	–	(120)	–
<b>Total items classified as investing activities</b>	<b>(17,860)</b>	<b>(3,574)</b>	<b>(17,980)</b>	<b>(3,519)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>61,800</b>	<b>59,103</b>	<b>61,680</b>	<b>59,953</b>



## NOTE 26: FINANCIAL INSTRUMENT

### Financial instrument categories

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

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>FINANCIAL ASSETS:</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	10,847	7,398	12,967	9,518
Receivables	7,083	7,325	7,216	7,276
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>17,930</b>	<b>14,723</b>	<b>20,183</b>	<b>16,794</b>
<b>Other financial assets</b>				
Listed securities (fair value through other comprehensive revenue and expense)	1	1	1	1
Unlisted securities (carried at cost)	191	191	357	191
<b>TOTAL OTHER FINANCIAL ASSETS</b>	<b>192</b>	<b>192</b>	<b>358</b>	<b>192</b>
<b>FINANCIAL LIABILITIES:</b>				
<b>Derivatives not designated as hedges</b>				
Forward foreign exchange contracts	69	162	69	162
<b>Derivatives designated as cash flow hedges</b>				
Interest rate swap	128	50	128	50
<b>Financial liabilities measured at amortised cost</b>				
Payables	60,311	37,823	60,743	38,048
Borrowings	144,700	103,150	144,700	103,150
<b>TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>	<b>205,011</b>	<b>140,973</b>	<b>205,443</b>	<b>141,198</b>

**NOTE 26: FINANCIAL INSTRUMENT (continued)****Fair value hierarchy disclosures**

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

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the Statement of Financial Position:

	Total \$000s	Valuation Technique		
		Quoted market price \$000s	Observable inputs \$000s	Significant non-observable input \$000s
<b>University 2016</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	69	–	69	–
Interest rate swap –Cash flow hedges	128	–	128	–
<b>Consolidated 2016</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	69	–	69	–
Interest rate swap –Cash flow hedges	128	–	128	–
<b>University 2015</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	162	–	162	–
Interest rate swap –Cash flow hedges	50	–	50	–
<b>Consolidated 2015</b>				
<b>Financial assets</b>				
Listed securities	1	1	–	–
<b>Financial liabilities</b>				
Forward foreign exchange contracts – Non-hedges	162	–	162	–
Interest rate swap –Cash flow hedges	50	–	50	–

## NOTE 27: FINANCIAL INSTRUMENT RISKS

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

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

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

### Market risk

#### *Interest rate risk*

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

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

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

#### *Currency risk*

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

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

#### *Price risk*

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

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

## NOTE 27: 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 or Moody's long term credit rating of A or above.

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

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

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
Cash and cash equivalents	10,847	7,398	12,967	9,518
Receivables	7,083	7,325	7,216	7,276
<b>TOTAL CREDIT RISK</b>	<b>17,930</b>	<b>14,723</b>	<b>20,183</b>	<b>16,794</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	University		Consolidated	
	2016 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2015 Actual \$000s
<b>CASH AND CASH EQUIVALENTS:</b>				
AA-	10,847	7,398	12,967	9,518
<b>Total cash and cash equivalents</b>	<b>10,847</b>	<b>7,398</b>	<b>12,967</b>	<b>9,518</b>

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

## NOTE 27: FINANCIAL INSTRUMENT RISKS (continued)

### Liquidity risk

#### Management of liquidity risk

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

The University manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. To provide flexibility in the management of the University's liquidity, the University has established a multi-facility agreement (and the accompanying negative pledge deed) with the ANZ Bank New Zealand Limited (for details refer to Note 21).

#### Contractual maturity analysis of financial liabilities

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

	Carrying amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
<b>UNIVERSITY 2016</b>					
Payables	60,311	60,311	60,311	–	–
Net settled derivative liabilities	197	197	69	128	–
Finance leases	26,458	31,166	7,451	15,005	8,710
Borrowings	144,700	156,626	4,085	152,541	–
<b>TOTAL</b>	<b>231,666</b>	<b>248,300</b>	<b>71,916</b>	<b>167,674</b>	<b>8,710</b>

#### CONSOLIDATED 2016

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

#### UNIVERSITY 2015

Payables	37,823	37,823	37,823	–	–
Net settled derivative liabilities	212	212	162	50	–
Finance leases	35,150	44,680	8,018	18,754	17,908
Borrowings	103,150	117,218	3,552	113,666	–
<b>TOTAL</b>	<b>176,335</b>	<b>199,933</b>	<b>49,555</b>	<b>132,470</b>	<b>17,908</b>

#### CONSOLIDATED 2015

Payables	38,048	38,048	38,048	–	–
Net settled derivative liabilities	212	212	162	50	–
Finance leases	35,150	44,680	8,018	18,754	17,908
Borrowings	103,150	117,218	3,552	113,666	–
<b>TOTAL</b>	<b>176,560</b>	<b>200,158</b>	<b>49,780</b>	<b>132,470</b>	<b>17,908</b>

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

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

	Carrying amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
<b>UNIVERSITY 2016</b>					
Cash and cash equivalents	10,847	10,847	10,847	-	-
Receivables	7,083	7,083	7,083	-	-
<b>TOTAL</b>	<b>17,930</b>	<b>17,930</b>	<b>17,930</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED 2016</b>					
Cash and cash equivalents	12,967	12,967	12,967	-	-
Receivables	7,216	7,216	7,216	-	-
<b>TOTAL</b>	<b>20,183</b>	<b>20,183</b>	<b>20,183</b>	<b>-</b>	<b>-</b>
<b>UNIVERSITY 2015</b>					
Cash and cash equivalents	7,398	7,398	7,398	-	-
Receivables	7,325	7,325	7,325	-	-
<b>TOTAL</b>	<b>14,723</b>	<b>14,723</b>	<b>14,723</b>	<b>-</b>	<b>-</b>
<b>CONSOLIDATED 2015</b>					
Cash and cash equivalents	9,518	9,518	9,518	-	-
Receivables	7,276	7,276	7,276	-	-
<b>TOTAL</b>	<b>16,794</b>	<b>16,794</b>	<b>16,794</b>	<b>-</b>	<b>-</b>

## NOTE 27: FINANCIAL INSTRUMENT RISKS (continued)

### Sensitivity analysis

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

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
<b>2016</b>								
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	108	-	(108)	-	130	-	(130)	-
Short-term investments	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
Interest rate swaps	-	149	-	(149)	-	149	-	(149)
Borrowings	(377)	-	377	-	(377)	-	377	-
<b>Total sensitivity to interest rate risk</b>	<b>(269)</b>	<b>149</b>	<b>269</b>	<b>(149)</b>	<b>(247)</b>	<b>149</b>	<b>247</b>	<b>(149)</b>

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
<b>2016</b>								
<b>CURRENCY RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	(289)	-	353	-	(289)	-	353	-
Receivables	(6)	-	8	-	(6)	-	8	-
<b>Financial liabilities</b>								
Payables	114	-	(139)	-	114	-	(139)	-
Forward foreign exchange contracts	(157)	-	192	-	(157)	-	192	-
<b>Total sensitivity to currency risk</b>	<b>(338)</b>	<b>-</b>	<b>414</b>	<b>-</b>	<b>(338)</b>	<b>-</b>	<b>414</b>	<b>-</b>
<b>EQUITY PRICE RISK</b>								
<b>Other financial assets</b>								
Listed securities	-	1	-	(1)	-	1	-	(1)
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>

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

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
<b>2015</b>								
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	74	-	(74)	-	95	-	(95)	-
Short-term investments	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
Interest rate swaps	-	79	-	(79)	-	79	-	(79)
Borrowings	(782)	-	782	-	(782)	-	782	-
<b>Total sensitivity to interest rate risk</b>	<b>(708)</b>	<b>79</b>	<b>708</b>	<b>(79)</b>	<b>(687)</b>	<b>79</b>	<b>687</b>	<b>(79)</b>

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s	Surplus \$000s	Other equity \$000s
<b>2015</b>								
<b>CURRENCY RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	(7)	-	10	-	(7)	-	10	-
Receivables	(37)	-	45	-	(37)	-	45	-
<b>Financial liabilities</b>								
Payables	40	-	(49)	-	40	-	(49)	-
Forward foreign exchange contracts	(466)	-	569	-	(466)	-	569	-
<b>Total sensitivity to currency risk</b>	<b>(470)</b>	<b>-</b>	<b>575</b>	<b>-</b>	<b>(470)</b>	<b>-</b>	<b>575</b>	<b>-</b>
<b>EQUITY PRICE RISK</b>								
<b>Other financial assets</b>								
Listed securities	-	1	-	(1)	-	1	-	(1)
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1)</b>



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

### **Explanation of interest rate risk sensitivity**

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%. The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2015: -100bps/+100bps).

### **Explanation of currency risk sensitivity**

The currency sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate. The sensitivity for foreign exchange derivatives has been calculated using a derivative valuation model based on movement in foreign exchange rates of -10%/+10% (2015: -10%/+10%).

### **Explanation of equity price risk sensitivity**

The sensitivity for listed shares has been calculated based on a -10%/+10% (2015: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

## **NOTE 28: CAPITAL MANAGEMENT**

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

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

## **NOTE 29: SEGMENTAL INFORMATION**

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

## **NOTE 30: EXCEPTIONAL RISKS OF OPERATING**

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, international student revenue could be affected by a significant change to New Zealand's, or foreign governments', immigration or visitors' permits policies. 19% (2015: 19%) of total revenue is derived from International student fees.

## **NOTE 31: CONTINGENCIES**

### **Contingent assets**

There are no contingent assets as at 31 December 2016 (2015: Nil).

### **Contingent liabilities**

There are no contingent liabilities as at 31 December 2016 (2015: Nil).

## **NOTE 32: EVENTS AFTER THE REPORTING PERIOD**

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

## **NOTE 33: COMPARATIVE YEAR FINANCIAL STATEMENTS**

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

## **NOTE 34: EXPLANATION OF VARIANCES AGAINST BUDGET**

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

Explanations for major variances against budget are as follows:

### **STATEMENT OF FINANCIAL PERFORMANCE**

#### ***Student-derived revenue***

Student derived revenue were \$6.8 million ahead of budget driven by a 2.0% increase in domestic enrolments and 3.7% increase in international enrolments.

#### ***Research revenue***

Research grants recognised in 2016 were \$1.5 million above budget primarily due to higher than expected external research revenue generated during the year.

#### ***Other revenue***

Other revenue was \$7.5 million ahead of budget as a result of higher third stream revenue generated across all operational areas and other external revenue.

#### ***Personnel costs***

Personnel costs were \$11.6 million above budget mainly due to additional staffing needed to support additional Teaching, Revenue generating activities and Research activity.

#### ***Supplies and other costs***

Supplies and other costs were \$9.2 million above budget mainly due to higher than expected costs incurred to support additional teaching and research activities, and additional agency commission payments on international enrolments.

#### ***Depreciation, amortisation and impairment***

Depreciation, amortisation and impairment were \$5.9 million below budget reflecting later than expected capitalisation of assets.

#### ***Finance costs***

Finance costs were \$1.0 million below budget mainly due to lower interest rates and cash facility management.

### **STATEMENT OF FINANCIAL POSITION**

#### ***Cash and cash equivalents***

Cash and cash equivalents were \$2.8 million above budget mainly due to higher USD foreign currency account balance at the end of financial year.

#### ***Property, plant and equipment***

Property, plant and equipment was \$97.9 million above budget mainly due to \$24 million increase in the land revaluation in 2015 and \$50.4 million increase in the land and buildings revaluation in 2016 that were not budgeted for, and higher capital expenditure accruals related to WIP-buildings.

#### ***Payables***

Payables were \$21.2 million above budget mainly due to higher capital expenditure accruals related to WIP- buildings at year-end.

#### ***Deferred revenue***

Deferred revenue was \$1.4 million below budget mainly due to timing of student fees invoices.

#### ***Employee entitlements***

Total employee entitlements of \$23.6 million were \$1.9 million below budget mainly due to the lower salary accrual balances.

#### ***Finance lease borrowings***

Total finance lease borrowings of \$26.4 million were \$4.9 million below budget mainly due to termination of finance lease buildings for student accommodation at North Campus.

#### ***Bank borrowings***

Bank borrowings were \$9.4 million above the budget at year-end. This was mainly due to the higher than budgeted operating and capital expenditure during the year. .

#### ***Reserves***

Reserves were \$74.2 million above budget mainly due to \$50.4 million increase in the revaluation of land and buildings in 2016 and \$24 million increase in land revaluation in 2015 not budgeted.

### **STATEMENT OF CASH FLOWS**

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

# STATEMENT OF RESOURCES



## LIBRARY AND LEARNING SUPPORT SERVICES

The Library was renamed 'Library & Learning Support Services' to reflect its expanded range of student services following re-alignment of Learning Advisors who joined the Library in July. The Library demonstrated its commitment to lifelong learning with 20% of library staff in postgraduate study in 2016. The University Librarian joined AUT's strategic leadership team enhancing the Library's influence and visibility within the University.

AUT's international research profile grew, with a 58% increase in downloads from the University's central research repository, Scholarly Commons. There was also a 10% increase in AUT-produced content in Scholarly Commons, a 41% increase in Scholarly Commons page views, and a 17% increase in research consultations. In addition, AUT's new open journals publishing platform, Tuwhera, launched successfully with two peer-reviewed journals.

Enhancing students' learning experience was a priority in 2016, as the Library successfully completed implementation of a new management system and discovery tool. Course Resources (reading lists and a copyright e-reporting system), was successfully piloted in 2016. There was also a 20% increase in use of library guides, a 31% increase in website page views, and a 10% increase in the number of e-books.

With the implementation of its new branding, the Library made significant changes to its level of engagement and outreach, including video and radio. The Library's social media presence continued to grow with increased communication with students. Increased engagement between Liaison Librarians and academic staff was a focus, particularly in the areas of scholarly communications and research support services. Pop-Up Makerspaces ran throughout the year and led to the funding of a dedicated creativity and learning space called Studio 55, which will open in Semester 1, 2017.

# INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

ICT made significant contributions to the University during 2016.

A priority for the year was enhancing students' experience at AUT. ICT developed and piloted a Student Mobile App and a Student Digital Workspace, delivered 24/7 computer access in Tech Central areas during exam periods, and resolved 98% of student queries within agreed timeframes.

Investment in learning in 2016 included a \$570,000 upgrade of more than 50 learning spaces and technologies, improved ICT infrastructure for the Blackboard Learning Management system, and delivery of learning resource Lynda.com, with over 430,000 videos viewed by staff and students.

Staff benefited from ICT initiatives including an upgrade of AUT's IT Help portal, the implementation of an online Staff Development Centre, enhanced change management capability to manage the impact of technology-related change, and the development of a Global Calendar.

Research practice at AUT was enhanced through the development and launch of ART (Adaptive Research Technologies), which enables University researchers to store and share their research documentation and data sets in a single cloud-based platform. In addition, the Surf Clam App was developed to support a collaborative research project between AUT's Health and Environmental Sciences Faculty and New Zealand primary industry.

The University improved its project management and business architecture capability, procured the ProMapp process mapping tool, and implemented an Agile Scrum methodology to ensure the effective delivery of solutions. It also enhanced capability by migrating core services to a commercial data centre, refreshed Arion, the AUT student database, to improve student data reporting, outsourced the University's printing contract, and piloted an Emergency Management Centre to support the University's emergency management and business continuity planning.

AUT's Digital Action Plan was published, outlining the University's response to digital transformation. The plan articulates the technology required to meet the accelerating pace of technological change for the benefit of students, staff and the broader community.



# LAND AND BUILDINGS

In 2016, AUT invested significantly in capital projects including the commencement of construction of a new Engineering, Technology and Design (ETD) Building on City Campus and the MH building at South Campus.

The ETD building is a \$100 million project, designed to provide fit-for-purpose amenities for research, collaboration with industry, and learning, particularly at the postgraduate level. The building itself will be an educational tool with sustainable design, construction methods and finishes, glazed plant rooms displaying different mechanical systems and exposed structural connections. It will host AUT's new Engineering, Computer and Mathematical Sciences School, making AUT the only university in New Zealand to combine these three disciplines in one precinct.

The MH building is a \$56 million project and the largest investment to date at the South Campus, built specifically to support projected student growth and provide modern and spacious study, teaching and public facilities. It provides 9,800 m<sup>2</sup> of space comprising a north and south wing connected by an atrium, and includes lecture theatres, classrooms, postgraduate space, staff offices, collaborative learning areas and computer labs.

Other developments include the relocation of AUT's new Interprofessional Health Clinic at North Campus to new, leased premises approximately 800 metres from the Campus. The clinic provides easy access for community-based clients and reduces the demand for space at North Campus. With AUT as the key tenant, the complex will become a community health hub with all other tenancies leased to health or medical services. Construction of the new centre concluded at the end of 2016, and the facility will open in time for Semester 2, 2017.

In 2016, AUT utilised the space at the 622 Great South Road property to provide 380 additional carparks at South Campus. Additional space remains available for future development. The front portion of the property is currently on the market to realise capital for the University.

AUT invested \$5 million, a 15% share, in the development of the ASB Waterfront Theatre. This new home for the Auckland Theatre Company (ATC) opened its doors in September at the Wynyard Quarter in Auckland. Through this investment AUT and ATC see opportunities to build their partnership further.

The new MH building  
at South campus







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