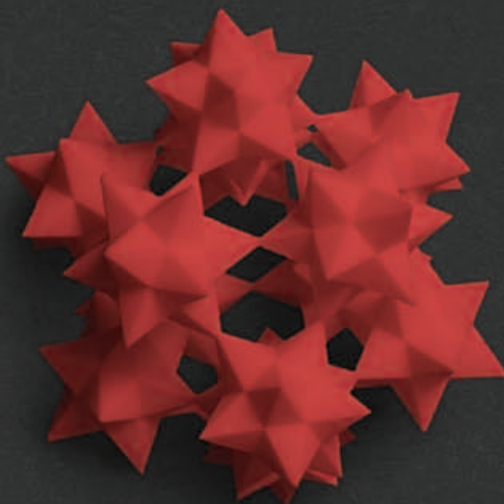
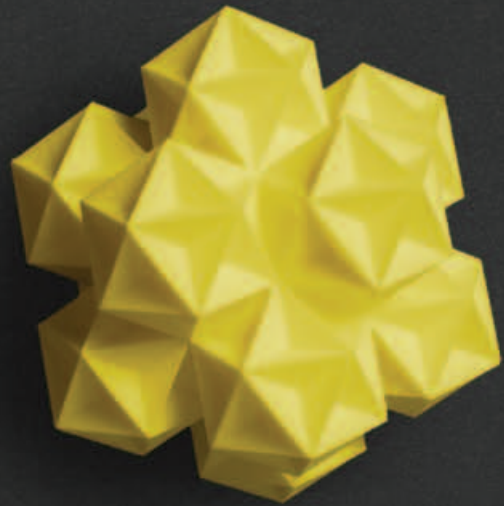
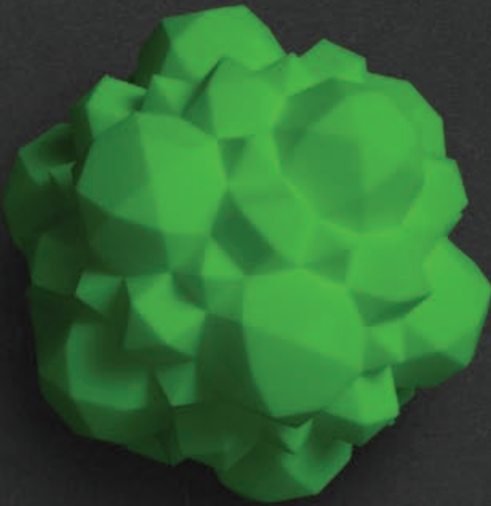


AUCKLAND
UNIVERSITY
OF TECHNOLOGY



ANNUAL
REPORT
2012



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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CHANCELLOR'S FOREWORD



In a time when discussions about university funding include warnings of no more investment for the foreseeable future, coupled with recommendations to do more with less, I am pleased to see how AUT has responded to the challenge. Although increased investment would allow more flexibility of response, the University has continued to find new ways to serve its communities and meet Government priorities despite the on-going financial restraints. These efforts are guided by the *Strategic Plan 2012-2016*, which provides the roadmap for AUT's continued development and growth over the next five years.

While 2012 was a year of achievement for AUT in many different fields, in this Foreword I wish to focus on AUT's engagement with community and industry groups, both in Auckland and in the wider Pacific region. In April AUT signed a memorandum of understanding (MoU) with the Government of the Cook Islands. This was a significant step forward for both parties, providing professional development opportunities for public servants in the Cook Islands, and furthering AUT's existing relationship with the University of the South Pacific (Rarotonga).

AUT Millennium Campus' profile and partnerships continue to surge ahead. Since 2009, the AUT Millennium Ownership Trust has received more than \$30 million in donations and central and local government funding for what is now a world-class sports science research facility and national training centre for high-performance athletes. Recognising the value of the research undertaken at the Campus, High Performance Sport New Zealand (HPSNZ) and other national sporting organisations have invested heavily in postgraduate scholarships. The Human Potential Centre (also based at the Campus), has partnered with Sovereign to develop the first comprehensive survey measuring the wellbeing and quality of life of New Zealanders.

AUT continues to take a leadership role on regional education issues. In 2012 the University lobbied strongly for Government funding for the next phase of development at Manukau Campus. Its case is supported by the close alignment

between AUT's and the Government's aims for the region, and by the sustained enrolment growth experienced at the Campus. I extend my congratulations to the first group of graduates from Manukau Campus, who completed their studies in December. Many others will follow in their footsteps, forming a new generation of leaders for the South Auckland community.

AUT became a founding member of both the Auckland Tertiary Education Network (ATEN), and the RAISE Pasifika initiative; ATEN seeks to foster economic growth through collaboration between tertiary institutions and local government, while RAISE Pasifika advocates for Pasifika educational aspirations. 2012 also saw the commencement of AUT's engagement with the furniture design industry, which is taking an industry characterised by small, disparate companies and building a culture of shared innovation, mutual benefit and collaborative development.

Turning now to governance matters, during 2012 Council was pleased to reappoint Vice-Chancellor Derek McCormack for a further five-year term. Under his leadership, AUT has grown from strength to strength in the breadth and depth of its curriculum and research activities, its student enrolments, its facilities, and its profile and presence, both in New Zealand and beyond. AUT has become one of the premier providers of higher education in the country, while maintaining a distinctive character and contribution as a university.

The Minister for Tertiary Education, Skills and Employment has signalled that changes may be in the wind for university governance. While reaction to the idea of constitutional amendment has varied, the universities agree that a model similar to that of the institutes of technology/polytechnic sector would be unsuitable. AUT, along with other universities, places a high value on the diversity of experience and perspective provided by Council in its current form. Council is enriched by the robust debate that springs from wide representation; such deep insight and new perspectives are required for the University to serve its communities effectively.

Finally, this Foreword would not be complete without a mention of the University's major achievement for 2012: gaining a place within the world's top 500 universities, as judged by independent quality agency Quacquarelli Symonds (QS). To have made this list after only twelve years as a university is quite remarkable, and such accolades testify to the quality of the education and scholarship generated by AUT. I am especially heartened to see the University's response to this achievement; the ranking was a catalyst to spur the University on to further heights, rather than an acknowledgement to rest upon. In the final analysis, while external recognition of success is rewarding, it is secondary to the fundamental desire that drives AUT: the determination to make a difference for Auckland and New Zealand.

That is why I am proud to be associated with AUT. I wish to thank all the members of Council for their contribution over the past year. I especially recognise the exemplary leadership and service of Lex Henry, who ably stepped into the role of Acting Chancellor after the sad passing of Sir Paul Reeves in 2011. I also acknowledge the work of the Vice-Chancellor and the Executive Management Team; the achievements included in this report are testament to their hard work and dedication. I commend to you this Annual Report, and look forward to the future with confidence.



John Maasland
Chancellor

THE COUNCIL OF AUCKLAND UNIVERSITY OF TECHNOLOGY

For the year ended 31 December 2012

Chancellor

John Maasland MA, FIOD
Appointed by Auckland University of Technology Council

Pro-Chancellor

Lex Henry LLB
Appointed by the Minister of Education

Secretary to Council

Dr Andrea Vujnovich LLB (Hons), MSc (Hons), PhD *Auckland*
General Counsel and Director of Governance

Members

Dr Pat Alley MBChB, FRACS, Dip Prof Ethics
Appointed by Auckland University of Technology Council
(after consultation with the Council of Trade Unions)

Nathan Bromberg BAppSc
Appointed by the Auckland Student Movement at Auckland University of Technology

Greg Campbell BCom (Hons)
Appointed by the Minister of Education

Dr Alan Cocker MA (Hons), PhD *Auckland*
Elected by the academic staff of Auckland University of Technology

Filomena Davies BA (Hons), NZLSC, ALIANZA
Elected by the general staff of Auckland University of Technology

Dr Henry Duncan BSc, MS, PhD *UCLA*, Dip Tchg
Appointed from the nominations of Auckland University of Technology
Academic Board

Kizito Essuman MEngSt, ME (Hons)
Appointed by the Auckland Student Movement at Auckland University of Technology

Lyn Lim LLB (Hons)
Appointed by the Minister of Education

Derek McCormack MSc, Dip Tchg
Vice-Chancellor of Auckland University of Technology

Paul Phillips BE, MBA
Co-opted member

James Schofield BCom, MSc (Econ), FCA
Co-opted member

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

Judith Thompson BSocSc, MMgt
Appointed by the Minister of Education

VICE-CHANCELLOR'S REPORT



INTRODUCTION

2012 was a year of significant development and achievement for Auckland University of Technology (AUT). We were included in the top 500 of the QS World University rankings for the first time, our enrolment profile shifted further towards degree and postgraduate qualifications, we continued our drive to boost research capacity and outputs, and we ended the year in a sound financial position.

The *Strategic Plan 2012-16* sets AUT's broad vision for this five-year period and groups the University's current strengths and development aims under five major themes: learning and teaching, research and scholarship, staff, engagement with communities, and continuous development and capacity building. The same themes are reflected throughout this Annual Report, demonstrating the centrality of the *Strategic Plan* to AUT's continued evolution. This report highlights some of our key achievements for this year: the ones of which we are most proud.

Early in the year I set a series of eight priorities, each aligned to at least one of the five *Strategic Plan* themes. These were designed to focus our attention on the crucial, immediate elements needed for long-term success. The 2012 priorities were:

- improving success at all levels and for all groups of students – through efficacy rather than selectivity;
- promoting research, scholarship, advanced professional practice and expertise; providing for open enquiry and welcoming discussion, debate and intellectual dispute;
- perfecting PBRF portfolios and celebrating individual achievements;
- advancing AUT as a place where people want to work, where staff understand and value the University's contribution and enjoy its community, culture and challenges;
- confirming, planning for, and commencing the second stage of development at Manukau;
- engaging with business, employers, industry and professions through exchanges and partnerships;
- planning our capital asset management and development; and

- considering our environmental sustainability, and how this might strengthen AUT's mission and reputation for advanced education and expert practice.

These priorities reflect AUT's distinctive approach to education, the nature of the challenges we face, and the solutions we seek to create.

LEARNING AND TEACHING

AUT again achieved strong growth in student numbers from 2011 to 2012. Domestic EFTS grew four per cent from 2011, and international EFTS were up six per cent. This was due in part to an improved admissions process and continuing growth in the demand for AUT's services. The number of students completing qualifications also grew. The University celebrated the achievements of close to 7,500 graduates in 2012, including 68 doctoral graduates, the largest number in AUT's history.

AUT has a strategic goal of accelerating student success without compromising our commitment to providing educational opportunities for all. In 2012, the University embarked on an ambitious and comprehensive programme designed to identify and remove barriers to achievement, as measured by the educational performance indicators (EPIs). The Student Success Working Group was formed to share best practice insights across the University; performance data was closely interrogated to reveal areas of strength and weakness; the Faculty of Design and Creative Technologies launched a research programme designed to increase mathematical confidence and competency in secondary school students; administrative processes were overhauled; and low-performing courses were reviewed. This programme of work has already begun to pay dividends; provisional 2012 EPI results rank AUT in the top half of the university sub-sector for the qualification completion and progression indicators. This is an excellent achievement and places the University well on its way to achieving its *Strategic Plan* goal of a top four placing on all four indicators.

Improved learning and teaching are the fundamental drivers of increased student success. AUT awarded 16 Learning and Teaching Fellowships to academic staff in 2012.

As emerging leaders in this field, the Fellows developed innovative approaches to learning and teaching that will influence University policy in future. All five faculties were represented in the successful fellowships, and the Fellows completed projects ranging from the use of mobile social media in education and for lecturer development, to creating electronic resources for teaching midwifery and saving endangered languages, to creating communities of practice.

The new Learning and Teaching Enabled by Technology (LATENT) strategy was presented to Academic Board in August. The four-year strategy seeks to embed technology in the curriculum, and to develop technological competency in both staff and students, thereby transforming the way we teach, and the way students learn. Te Ara Poutama's use of digital technologies to revolutionise the teaching of te reo Māori is one notable example, as is the pilot Learning on Demand project, which records lectures for students to view as they wish.

RESEARCH AND SCHOLARSHIP

Our research activity continues to broaden. International sporting attention was focussed on AUT in August, when the International Study into the Long-term Effects of Exposure to Head Knocks in Rugby was launched at AUT Millennium Campus. This longitudinal study is led by AUT and was commissioned by the International Rugby Board. It will examine whether there is a correlation between exposure to rugby and other contact sports and long-term health issues. Up to 600 participants now in their 40s and 50s will be involved, including former elite and community rugby players as well as non-rugby sportspeople.

AUT consolidated its 2011 Marsden fund success, with Dr Peter Skilling gaining a Fast Start grant for his study *Inequality and injustice: Deliberation, power and the nature of public opinion*. The Health Research Council also continues to recognise the outstanding health research conducted by AUT; among other successes this year, Professor Grant Schofield gained a \$1.2 million grant for a project investigating the impact of the built environment on the physical activity of New Zealand youth, and Dr Margaret Dudley received a \$375,000 Māori postdoctoral fellowship career development award.

Although disappointed with the outcome of the Australasian bid to host the international Square Kilometre Array (SKA), the Institute of Radio Astronomy and Space Research (IRASR) is expected to be involved in development work over the next ten years. Notwithstanding the SKA result, IRASR has continued to attract international attention and played an important role in the 2012 SpaceX mission. AUT's Warkworth telescope tracked the spacecraft during its mission to the International Space Station. Because of its geographical location, data from Warkworth was critical in checking the status of all systems during re-entry and determining the precise landing location.

2012 was also dominated by preparations for the third Performance-Based Research Fund (PBRF) quality evaluation round. Preparations for the 2012 round began as far back as 2009, and culminated in 2012 with the preparation of researchers' individual evidence portfolios. The portfolios were then subjected to an exhaustive review process at both faculty and University level. As testament to the rapid growth in research activity across AUT, the number of staff submitting portfolios for review has increased by more than 50% since the 2006 assessment. Despite this heavy PBRF load, we also finished the year with more verified research outputs logged than in 2011 – an excellent achievement.

STAFF

A major focus for the University's senior leadership team in 2012 has been responding to the results of the 2011 Staff Engagement Survey. Although engagement was already high, the survey revealed several areas where improvements could be made. In addition to the University-wide response, each faculty and division established its own action plan to attend to specific areas of need. Some of the initiatives that were introduced in 2012 included: training to improve recruitment practices; a revised orientation and induction programme; the development of a staff migrant integration programme; introduction of a University-wide leadership programme and a more targeted academic leadership programme in two faculties; a review of promotion policies; and a review of academic staff career development and annual work planning procedures. The survey will be repeated in 2013 to gauge the impact of these initiatives.

The Brainchild project was piloted with Corporate Services staff in 2012. Brainchild is a web-based repository for suggested ideas, innovations or improvements at AUT. Staff responded enthusiastically to the tool and several suggestions were implemented.

The University also celebrated the achievements of three exemplary staff members over the past year. The Asia Pacific Neural Network Assembly (APNNA) gave Professor Nikola Kasabov, Director of the Knowledge Engineering and Discovery Research Institute, their prestigious Outstanding Achievement Award for 2012. This is the Assembly's highest accolade and is given to a prominent scientist for his/her overall outstanding scientific contribution to the field of neural networks. Professor Kasabov is only the ninth recipient, and the first from outside Asia. Dr Ella Henry (Te Ara Poutama) received the second ever Mana Wahine lifetime achievement award, in recognition of her outstanding service to the film and television industry as a writer, actor, director and producer. Dr Geoff Perry, Dean of the Faculty of Business and Law, received a business leadership award from the Auckland Chamber of Commerce, in recognition of the Business School's impressive achievements and contribution to the business community.

ENGAGEMENT WITH COMMUNITIES

AUT's close relationship with organisations in the Pacific region was further solidified in April with the signing of a memorandum of understanding (MoU) with the Cook Islands Government. Signed by myself and Teina Bishop, Cook Islands Minister of Education, the MoU aims to facilitate the collaborative development and promotion of educational opportunities for government officials, public servants and students in the South Pacific region. Postgraduate students from the Cook Islands are also able to study through AUT, with a particular emphasis on using indigenous research methods. Nine students attended a writing retreat and induction session at AUT later in the year.

AUT has been strengthening its relationships with Auckland Council, the Council-controlled organisations, and the relevant local boards. AUT has hosted several Council and local board delegations throughout 2012 and staff frequently collaborate on issues such as public safety and transport. A good example of the

success of these partnerships is the plan to pedestrianise Governor Fitzroy Place which will be completed in time for the opening of the Sir Paul Reeves Building in early 2013. In 2012, AUT made submissions on many of Auckland Council's draft plans, including the Long Term Plan, Regional Land Transport Plan, and the Regional Public Transport Plan.

AUT has thrown its weight behind several prominent Auckland business events in 2012. Two particular highlights were the inaugural AUT Excellence in Business Support Awards, and the Al Gore dinner. More than 700 people attended the awards ceremony, where 13 organisations were recognised for their outstanding contribution to business support in New Zealand. Michael Barnett, CEO of the Auckland Chamber of Commerce, received the supreme award. In October, close to 800 business leaders and their guests attended a dinner with former American presidential candidate Al Gore. Vice-President Gore has a similar vision to AUT; his address called for responsible and sustainable capitalism, and leadership on climate change. The dinner also provided a lasting legacy for senior students and recent graduates of AUT: more than \$100,000 was raised for an international business internship scheme with the New York-based Friends of AUT Foundation Inc. The interns will initially receive placements in the United States and AUT intends to expand the scheme more widely in future.

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING

Revenue grew to almost \$313 million in total, generating a net surplus of close to \$14 million. This surplus was \$4.8 million ahead of budget, reflecting higher student-derived income and lower depreciation costs, partially offset by higher staffing and property costs.

The most significant campus development for 2012 was the completion of the WG Precinct – on time, on budget and, most importantly, as envisaged. It enhances our City Campus magnificently, makes a significant contribution to the city scape, and provides world-class facilities for collaborative research and learning and teaching. We are delighted with it. Towards the end of the year, it was announced that the precinct would be named the Sir Paul Reeves Building, in honour of the late Chancellor and his drive to promote student learning and success.

A lot of work was also done to prepare for the next stage of development at Manukau Campus. AUT is seeking both capital funding and additional EFTS to expand the campus in line with its target of up to 5,000 EFTS by 2020. The initial case, presented to the Crown in October, was received positively; AUT's international student success and financial management both received special praise. The University is now working closely with the Crown to submit a full business case early in 2013.

A University-wide discussion on the long-term course of AUT's development was held during the latter half of 2012. Staff were encouraged to consider how a changing higher education environment may affect the University's infrastructure needs over the next twenty years. Several key themes emerged from the staff consultation, including: the need for each campus to have an individual identity and to be a focal point for the local community; for sustainable principles to be used in all developments; and the need for robust, agile technologies to drive the University forward. These themes underpinned the development of the Capital Asset Management Plan 2013-30.

In 2012, I convened the Vice-Chancellor's Sustainability Taskforce, a small group of senior academic and allied staff who were tasked with developing and communicating AUT's sustainability strategy. AUT has selected the Australasian Campuses Towards Sustainability LIFE Framework to establish, monitor and report on measurable goals based on this strategy.

CONCLUSION

Our progress is in large part due to the diligence and expertise of our Council, and I would like to acknowledge and thank Council members for their support and commitment over the past 12 months – in particular, Chancellor John Maasland, for his wise counsel and unswerving support.

Our performance is also due to the success of our students and the positive relationship that we have with AuSM, the University's student body. In particular I would like to acknowledge the significant contribution made by the President of AuSM, Kizito Essuman.

Finally, I would like to thank all of the staff for their contributions and commitment to AUT, upon which the University's success is founded. In particular, I would like to acknowledge the outstanding contribution of Richard Hall, General Manager of Corporate Services, who left AUT at the end of the year. His leadership has been integral to much of AUT's development over the past 12 years and we wish him all the best for the future.



Derek McCormack
Vice-Chancellor

OFFICERS OF AUCKLAND UNIVERSITY OF TECHNOLOGY

For the year ended 31 December 2012

Vice-Chancellor

Derek McCormack MSc, Dip Tchg

Deputy Vice-Chancellor

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

Pro Vice-Chancellors and Deans

Pro Vice-Chancellor
Dean, Faculty of Business and Law

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

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

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

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

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

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

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

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

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

Pro Vice-Chancellor (Research)

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

Pro Vice-Chancellor (Innovation and
Enterprise)

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

Pro Vice-Chancellor

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

Pro Vice-Chancellor

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

General Managers

Corporate Services
Finance and Estates
University Relations

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

Head of the Vice-Chancellor's Office

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

General Counsel & Director of Governance

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

Internal Auditor

Alastair Burrows CFIIA, AIIA (NZ)

Auditor

Audit New Zealand on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Limited

FINANCIAL REVIEW

For the year ended 31 December 2012

KEY FINANCIAL INDICATORS

	University		
	2012 Actual	2012 Budget	2011 Actual ¹
	\$000s	\$000s	\$000s
Operations			
Total revenue	312,764	306,402	300,438
Total expenses before finance costs	295,722	293,126	287,843
Surplus before finance costs	17,042	13,276	12,595
Finance costs			
Interest on borrowings	1,024	1,709	1,171
Finance charges on finance leases	2,059	2,367	2,203
Total finance costs	3,083	4,076	3,374
Total expenses	298,805	297,202	291,217
Net surplus	13,959	9,200	9,221
Cash flows			
Operating cash receipts	314,692	308,514	308,653
Operating cash payments	259,148	259,965	253,343
Net cash flows	55,544	48,549	55,310
Property, plant and equipment – net book value	552,964	530,664	495,198
Debt			
Bank borrowings – current	21,250	25,446	-
Bank borrowings – term	40,000	40,000	40,594
Finance leases – current	5,044	5,320	5,320
Finance leases – term	33,271	33,680	35,115
Total debt	99,565	104,446	81,029
Equity	389,883	373,271	364,078
Operating ratios			
Net surplus/revenue	4.5%	3.0%	3.1%
Cash ratio	121%	119%	122%
Interest cover ratio	5.5	3.3	3.7
Capital ratios			
Debt cover ratio	1.8	2.2	1.5
Debt/debt + equity	20%	22%	18%

1 Certain comparative figures in the previous year have been reclassified to conform to this year's presentation

STATEMENT OF MANAGEMENT RESPONSIBILITY

For the year ended 31 December 2012

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

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

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

We are of the opinion that these statements of service performance and these financial statements fairly reflect the financial position for Auckland University of Technology and Group at 31 December 2012 and the results of the operations for the year ended 31 December 2012.



John Maasland
Chancellor



Derek McCormack
Vice-Chancellor

5 April 2013

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and group's financial statements and non-financial performance information for the year ended 31 December 2012

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

We have audited:

- the financial statements of the University and group on pages 50 to 98, that comprise the balance sheet as at 31 December 2012, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non financial performance information of the University and group in the statement of service performance on pages 19 to 44.

OPINION

In our opinion:

- the financial statements of the University and group on pages 50 to 98:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - financial position as at 31 December 2012; and
 - financial performance and cash flows for the year ended on that date;
- the non financial performance information of the University and group on pages 19 to 44 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2012.

Our audit was completed on 5 April 2013. This is the date at which our opinion is expressed.

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

BASIS OF OPINION

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

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

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

An audit also involves evaluating:

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

- the overall presentation of the financial statements and non financial performance information.

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

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

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing non financial performance information that fairly reflects University and group's service performance achievements and outcomes.

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

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

RESPONSIBILITIES OF THE AUDITOR

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

INDEPENDENCE

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

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



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

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

This audit report relates to the financial statements and statement of service performance of Auckland University of Technology (the University) and group for the year ended 31 December 2012 included on the University and group's website. The University's Council is responsible for the maintenance and integrity of University and group's website. We have not been engaged to report on the integrity of University and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 5 April 2013 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

OUTCOMES FRAMEWORK

The *Strategic Plan 2012-2016* provides the Outcomes Framework for Auckland University of Technology. The Framework identifies five key impacts made by the University through activities that meet the University's strategic direction and fulfil government priorities. These impacts are:

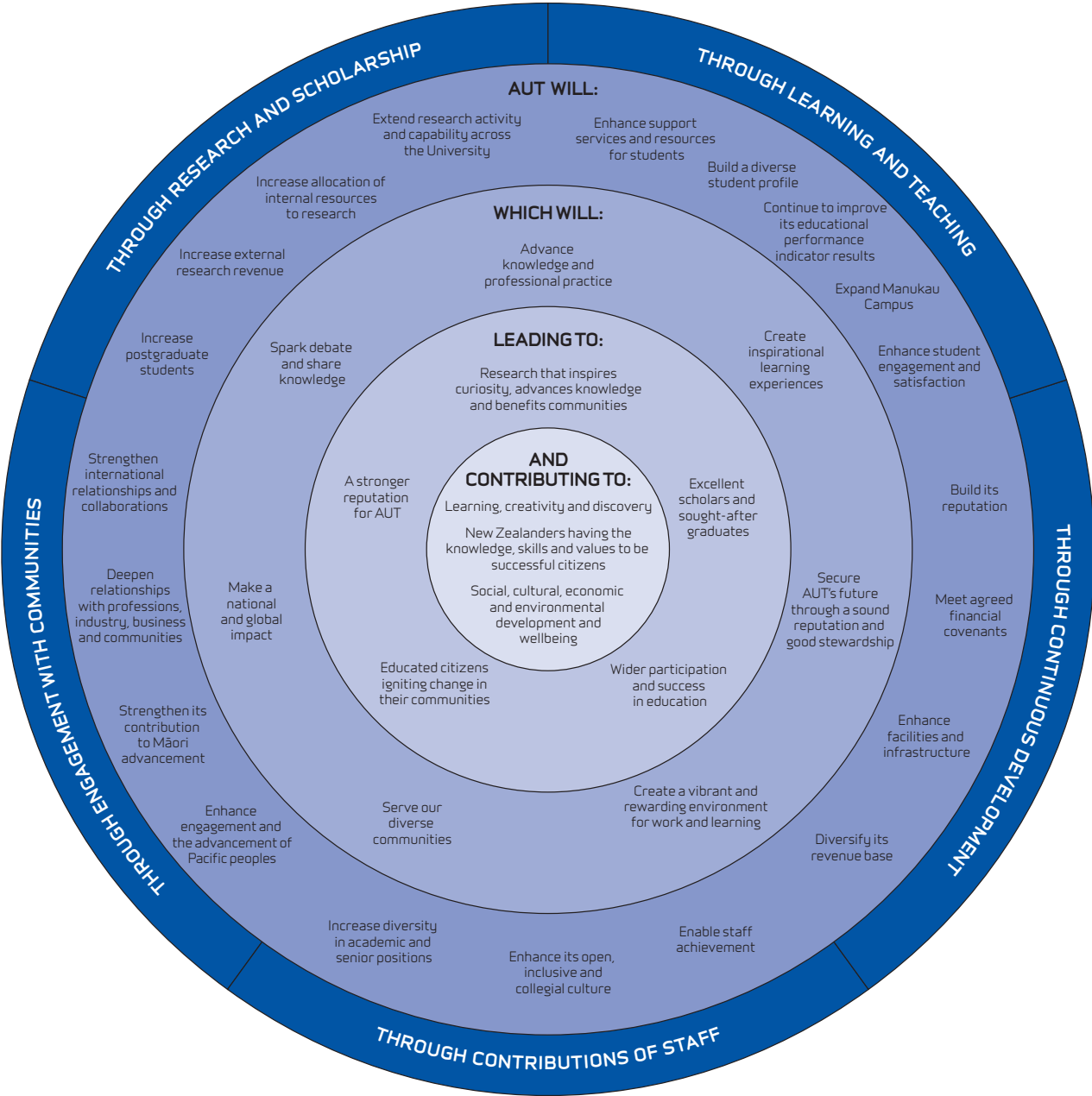
- excellent scholars and sought-after graduates;
- research that inspires curiosity, advances knowledge, and benefits communities;
- wider participation and success in education;
- educated citizens igniting change in their communities; and
- a stronger reputation for AUT.

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

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

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

AUCKLAND UNIVERSITY OF TECHNOLOGY'S OUTCOMES FRAMEWORK



WHY THESE IMPACTS?

IMPACT ONE ► Excellent scholars and sought-after graduates

University education benefits both the individual and our wider society, resulting in greater public and private returns.^{2,3} For this to be achieved, our graduates must understand the wider context within which they live and work. This requires subject-specific knowledge, a global mind-set, learning agility, advanced communication skills, and the ability to collaborate and embrace diversity. AUT delivers a student-centred learning environment which supports the development of these skills, based on a curriculum informed by research and professional practice. In many instances, AUT's students undertake co-operative education programmes, clinical placements or conduct other industry-based project work, which enables them to learn about business and the professions. The University is committed to offering a wide range of qualifications that are relevant. AUT will continue to make a significant contribution to New Zealand through the intellectual capital of its graduates.

IMPACT TWO ► Research that inspires curiosity, advances knowledge, and benefits communities

AUT seeks to combine academic excellence and relevance. Much of AUT's research is multidisciplinary, involving collaboration between disciplines both within and beyond the university – either with other universities or professional practitioners in relevant fields. By building and maintaining links with industry and the community, we are able to draw knowledge and input from a wide range of organisations and communities – enriching our students' university experience. This ensures that graduates are exposed to the challenges and demands of life beyond the University. For our researchers, links with industry and community mean that they address issues that matter to our society. AUT offers a range of services to business, from cutting-edge facilities and technologies – some unmatched across New Zealand – to a top rated business school and access to some of the world's best academics and researchers. Much of our research is internationally focussed and seeks to address global issues through international collaborations.

IMPACT THREE ► Wider participation and success in education and IMPACT FOUR ► Educated citizens igniting change in their communities

A well-educated citizenry is the foundation of social equity, engagement and inclusion and determines a nation's successful participation in the global knowledge economy. Successive New Zealand governments have aimed to increase the number of young people in higher education as well as broadening access for those who have been historically under-represented in tertiary education. Although Māori and Pasifika have increasingly engaged with higher education in recent years, average participation rates are still well below those of other ethnic groups.⁴ With a growing population and a younger average age, improved educational outcomes for Māori and Pasifika become more critical. AUT is recognised as a sector leader with respect to engaging its communities and extending higher education opportunities for all. The continuing development of Manukau Campus will be a catalyst for driving many of the priorities identified in the *Tertiary Education Strategy 2010-2015*, as well as supporting delivery of Auckland Council's goals to improve not only the social and economic wellbeing of people from South Auckland but also the economic prospects of Auckland and New Zealand.

IMPACT FIVE ► A stronger reputation for AUT

In order to ensure the best possible outcomes for students and for New Zealand, AUT must be sustainable over the long term. The University has successfully established its point of difference and brand as a vibrant and future-focussed university and will place emphasis over the next three years on ensuring that the University's facilities, technology, and infrastructure support its teaching, learning, research and administration. It will also build its reputation by communicating its strengths and successes so that it continues to thrive and maximises its cultural, social, economic and environmental contribution.

2 See Education Counts, Life after study: employment, income and other post-study outcomes http://www.educationcounts.govt.nz/statistics/tertiary_education/life_after_study

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

4 Ministry of Education (2010), Participation data tables 2009 http://www.educationcounts.govt.nz/statistics/tertiary_education/participation

EVIDENCE OF IMPACT

Examples from 2012

IMPACT ONE Graduates	IMPACT TWO Research	IMPACT THREE Participation and Success IMPACT FOUR Community	IMPACT FIVE Reputation
<ul style="list-style-type: none"> An AUT student team won the New Zealand Microsoft Imagine Cup for 2012 and was placed sixth at the international finals in Sydney. After winning the New Zealand challenge, a Business and Law student team placed third in the Chartered Institute of Management Accounting's (CIMA) Global Business Challenge in Sri Lanka. Postgraduate journalism student Skye Wishart was named the Science Media Centre/Industrial Research Ltd's science and innovation intern for 2012. The 2011 Graduate Outcomes Survey (released mid-2012) revealed that more than one quarter (26%) of 2010 graduates who completed a co-operative education component in the final year of their study subsequently gained employment with that organisation. AUT student Ivan Liang was a finalist in the 2012 Sony World Photography Awards Student Focus competition, the premier international student photography contest. 	<ul style="list-style-type: none"> AUT, the International Rugby Board and the NZ Rugby Union have joined forces to improve player welfare through the International Study into the Long-term Effects of Exposure to Head Knocks in Rugby. Research by the Institute of Public Policy is being used to offer community services targeted to the needs of Auckland's inner-city residents. The Human Potential Centre opened at AUT Millennium Campus. The multi-disciplinary research team is developing a wellbeing index for Sovereign. AUT's Warkworth telescope tracked the SpaceX spacecraft during its mission to the International Space Station in May. Data from Warkworth was critical in checking the status of all systems during re-entry and determining the precise landing location. 	<ul style="list-style-type: none"> AUT hosted the first He Huatau Auaha, a children's te reo writing competition. The contest promotes writing and scholarship in te reo and includes categories for short stories, waiata and haka. AUT held a community celebration in December to mark the first group of graduates from Manukau Campus. The campus continues to attract a high proportion of priority students: more than half of the students at Manukau are either of Māori or Pasifika descent. Close to 140 students from eight North Island schools participated in AUT's Te Arawhata Tuakana Prefects Training Programme (Māori). The programme develops group and individual leadership skills and fosters a culture of Māori success and achievement. 	<ul style="list-style-type: none"> Independent quality assurance agency Quacquarelli Symonds (QS) ranked AUT amongst the world's top 500 universities. The School of Business was rated second in New Zealand and given Four Palmes in the 2012 Eduniversal rankings. Media monitoring shows AUT's share of voice in top-tier regional and national media continues to grow, and that AUT had the most favourable media coverage of any New Zealand university in 2012.

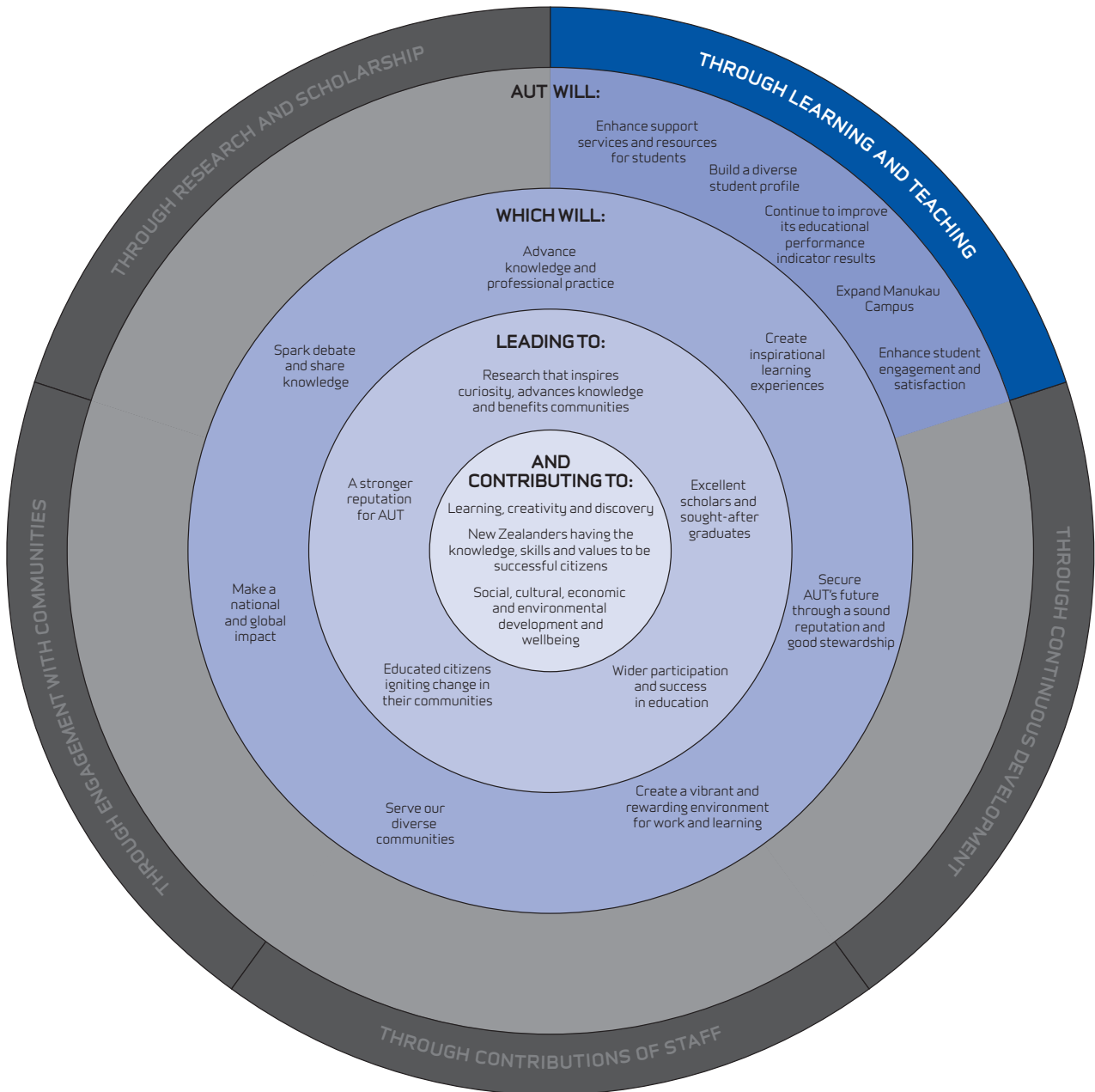
STATEMENT OF SERVICE PERFORMANCE

AUT's *Strategic Plan 2012-2016* outlines the University's strategic direction for a five year period. It includes high-level information on the organisation's purpose and role, as well as the nature and scope of its operations and its fit with the Government's long-term objectives. The *Strategic Plan 2012-2016* is an evolution of the previous *Strategic Plan 2007-2011* with the University's development again guided by five key themes: learning and teaching, research and scholarship, staff, engagement with communities, and continuous development and capacity building. The Outcomes Framework defines the impacts and outcomes that result from the University's activities.

Included in the Outcomes Framework is a series of levers for change, which drive progress in identified areas for development. The levers for change are then translated into key performance indicators (KPIs), which measure AUT's effectiveness in achieving the ambitious targets it has set. The KPIs are recorded in the *Investment Plan 2013-15* and reported in the Statement of Service Performance. As agreed with the Tertiary Education Commission, AUT will report on its progress against these targets from the Annual Report 2012.

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

LEARNING AND TEACHING



As a university of opportunity, AUT is committed to providing excellent learning and teaching that inspires and equips all students to reach their full potential and achieve long-term career success. This requires an unrelenting pursuit of new approaches, improved pedagogies, and better support services.

The University introduced several support services in 2012, including the Peer-Assisted Study Scheme (PASS), trialled in two Business papers; ThesisLink, a blog hosted by the University Postgraduate Centre and designed to connect and support AUT's postgraduate research community; and the full implementation of the Student Analysis of Readiness Tool (START), following a successful pilot in 2011. This initiative is discussed in more detail in KPI 2.2. START and its parent programme, the First Year Experience (FYE), received international recognition for excellence in 2012. AUT was the only New Zealand university invited to participate in a project funded by the Australian Learning and Teaching Council, examining university programmes that monitor student learning engagement. START and FYE were subsequently profiled in the *Good Practice Guide: Safeguarding Student Learning Engagement*, which is the major outcome of this research. The researchers noted AUT's diverse student body, commitment to educational achievement for all regardless of background, and expertise at creating successful transitions to university.

Feedback from students is critical for the continued enhancement of AUT services. The University has its own comprehensive survey programme and also participates in several external surveys such as the Australasian Survey of Student Engagement (AUSSE). The 2012 AUSSE report found that an overwhelming majority (87%) of first-year students rated their entire educational experience at AUT as either good or excellent. The work-integrated learning programme also scored highly with respondents valuing the opportunity for workplace experience, assistance with career planning, and applied learning. The 2012 Annual Programme Survey (APS) also revealed a high level of satisfaction with AUT, with 85% willing to recommend the University to others and 81% recommending their programme of study. To reinforce the value of their feedback, in 2012 AUT shared with students the actions taken in response to the previous year's APS. It is expected that this process will be extended to other surveys from 2013.

The *Strategic Plan 2012-2016* articulates AUT's student success goals for the next five years: to achieve a top-four ranking in the educational performance indicators (EPIs); and for Māori and Pasifika achievement to equal that of other students. AUT aims to achieve both without compromising its commitment to equality of opportunity. Provisional 2012 results indicate that the University is on the path to achievement of these aims; alongside steady growth in most areas, AUT has also demonstrated outstanding improvements in the qualification completion rate, in overall terms as well as for Māori and Pasifika. The University is currently ranked fourth in the sub-sector for both qualification completion and progression, and improved its retention ranking to fifth place overall. The University remains in sixth position for course completion. 2011 results (the latest comparative data available) suggest that course completion rates for Māori and Pasifika are comparable with the sector average for these groups, but still below that of other students. Broadly speaking, the 2012 results are showing positive signs of improvement for both Māori and Pasifika. EPI results were used extensively in 2012 to determine areas for investment in student-focussed learning and teaching initiatives, and to evaluate the effectiveness of existing programmes.

AUT actively contributed to the body of knowledge on learning and teaching in 2012 with a particular focus on research into the use of mobile technologies in real and virtual classrooms. The University also rewarded individual excellence in learning and teaching. The winners of the 2012 Awards for Academic Excellence in Teaching were: Dr Ineke Crezee, Culture and Society; Associate Professor Sergiy Klymchuk, Design and Creative Technologies; and Sheree O'Neill, Culture and Society. Two staff members also received special awards for teaching: Dr Camille Nakhid, Culture and Society; and Helene Wilkinson, Business and Law.

The first cohort of students completed the Master of Professional Accountancy degree in 2012. In total, more than 7,400 graduates were capped during the year, including the largest number of doctoral graduates in the University's history. The 2011 Graduate Outcomes Survey was released in mid-2012 and showed that AUT graduates remain in high demand despite the slow economy; 87% of work-ready graduates were employed six months after graduation. The study also demonstrated the value of AUT's co-operative education component; more than a quarter (26%) of students who completed a work placement in their final year of study had subsequently gained employment with the same organisation. These results testify to the high standard of graduates emerging from AUT, and the quality of the education they receive.

PERFORMANCE MEASURES

Student profile

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

Key performance indicators

		Target 2012	Actual 2012	Actual 2011	Actual 2010
1.1	More than 90% of EFTS in degree and postgraduate qualifications	85-90%	88%	87%	83%
1.2	More than 15% of EFTS in postgraduate study	12-15%	13%	12%	12%
1.3	An increased number of research EFTS	600-650	593	592*	535
1.4	An increased number of doctoral students (distinct students)	550	546	510	471

Substantially achieved

* This figure is incorrectly recorded as 597 in *Investment Plan 2013-15*

AUT continues to increase its proportion of EFTS in higher education programmes, with pleasing growth at postgraduate level. The *Strategic Plan 2012-2016* introduced several ambitious targets for increasing enrolments in postgraduate research programmes and the 2012 targets were only narrowly missed.

Learning experience

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

AUT's performance in the national EPIs continued to improve, with provisional 2012 results indicating pleasing improvement in three of the four indicators. At 74%, the improvement in qualification completion was particularly impressive, leaping eight percentage points from 66% in 2011. Available data also indicate that the University's progression rate grew by close to 20 points from 2010 to 2012. The retention rate increased two points from 79% in 2011 to 81% in 2012, while the course completion rate held steady at 83%; historical trends suggest that this could increase further once final data is released.

In terms of sub-sector ranking, AUT provisionally remained in sixth position (of the eight universities) for course completion but improved its ranking on all other indicators. With scores that are either equal to or above the sub-sector median for qualification completion and progression, AUT is currently in fourth position for both indicators, up from sixth and fifth respectively in 2011. AUT's improved performance since 2010 indicates the University is on track to achieve its *Strategic Plan* goal to be placed in the top four New Zealand universities for national EPI results by 2016. The improvement in results also validates the implementation, in 2012, of an ambitious student success programme, designed to identify and remove academic, administrative, support, and transitional barriers to student achievement.

	Provisional 2012*	Actual 2011**	Provisional 2011**	Actual 2010
Successful course completion rate	83.0%	83.3%	82.1%	81.4%
Qualification completion rate	74.0%	65.7%	64.2%	62.7%
Student progression rate (Levels 3-4 only)	85.0%	80.4%	80.1%	65.8%
Student retention rate	81.2%	79.2%	79.0%	79.5%

PERFORMANCE MEASURES (continued)

Learning experience

2.1 (Continued)

Achieved (based on provisional results)

* Provisional EPI results are calculated using the TEC Workspace. Final results for 2012 will not be available until after the submission of the University's April Single Data Return (SDR).

** 2011 Actuals are slightly higher than the 2011 provisional results reported in the previous Annual Report. The difference between the two is due to timing: provisional results are derived from interim data submitted in the December SDR, whereas final results are based on comprehensive data provided in the April SDR.

2.2 Enhance support services and resources for students.

AUT is constantly seeking new approaches to enhance student success, and to refine existing services. This KPI highlights several new initiatives introduced in 2012.

Building on the research conducted into the use of mobile technologies for learning and teaching, the Learning on Demand project was launched in mid-2012. Learning on Demand is a new initiative whereby lectures are videotaped and then made available online for students to view. This initiative supports AUT's aim of providing flexible, supportive learning options for students. By the end of the year more than 300 presentations had been recorded, with close to 35,000 views. Other professorial and conference addresses were also recorded and streamed live for students to access.

As mentioned earlier, the Student Analysis of Readiness Tool (START) was extended to all new students. START augments existing student support activities by assessing new first-year students and identifying those who are more likely to encounter difficulties or withdraw from study. Staff then proactively contact and offer assistance to students before the semester commences. The aim is to identify and mitigate any potential obstacles before university begins. START works in partnership with the First Year Experience programme, which identifies students at risk of disengagement and uses peer support to connect students with specialist support services.

Wireless coverage extended over 99% of the campus in 2012, and the Library continued to invest substantial resources in supporting AUT's students and graduates. A highlight of the year was the introduction of a te reo Māori version of the Library search engine.

Several cross-University partnerships were established to benefit students. Following the introduction of voluntary student membership, AUT and the Auckland Student Movement (AUT (AuSM) signed an agreement to ensure the continuation of key services for students. To address the need for increased academic writing, programming and mathematical skills, Learning Development and Success and the Faculty of Design and Creative Technologies together created an embedded skills workshop series for students in the Bachelor of Computer and Information Sciences and Certificate in Science and Technology.

Finally, to ensure Manukau Campus students have access to healthcare services, AUT established a free weekly nursing and counselling clinic on the campus, and formed partnerships with four local medical practices, where the University will fund up to three routine consultations for each student per year.

Achieved

PERFORMANCE MEASURES (continued)

Learning experience

2.3	Enhance engagement and satisfaction of students.	<i>Key performance indicator</i>	Target	Actual	Actual	Actual
			2012	2012	2011	2010
2.3.1	Percentage of students reporting satisfaction with student life at AUT		80%	79%	80%	71%
Substantially achieved						
<p>Although the percentage of students reporting satisfaction with student life at AUT decreased slightly between 2011 and 2012, this change was not statistically significant and still represents a considerable overall increase since 2010. Overall student satisfaction grew slightly, with the proportion of students willing to recommend AUT to others increasing from 84% in 2011 to 85% in 2012.</p>						

Educational opportunities

3.1	Increase Manukau Campus to more than 4,000 EFTS by 2020.*	<i>Key performance indicator</i>	Target	Actual	Actual	Actual
			EFTS	2012	2012	2011
	Manukau Campus EFTS		697	696	563**	427
*subject to funding						
** This figure is incorrectly recorded as 464 in <i>Investment Plan 2013-15</i>						
Substantially achieved						
<p>With 686 domestic and 10 international EFTS, enrolments at Manukau Campus remain on the anticipated growth trajectory and represent compound growth of 63% since 2010. AUT continues to seek additional funding for the infrastructure and facilities to expand the Campus, and to increase the range of programmes on offer.</p>						

3.2	Continue to build Māori and Pacific participation.	<i>Key performance indicators</i>	Target	Actual	Actual	Actual
			2012	2012	2011	2010
3.2.1	Increase the proportion of undergraduate students that are Māori	>10%		10.2%	9.8%	10.1%
3.2.2	Increase the proportion of postgraduate students that are Māori	>8%		8.3%	8.2%	8.1%
3.2.3	Increase the proportion of undergraduate students that are Pasifika	>11%		12.0%	11.2%	11.0%
3.2.4	Increase the proportion of postgraduate students that are Pasifika	>5%		6.0%	5.2%	5.3%
Achieved						
<p>AUT successfully increased the proportion of Pasifika students represented in both undergraduate and postgraduate study in 2012 and achieved marginal growth for Māori. As Manukau Campus grows, it is expected to drive further growth for both Māori and Pasifika enrolments in higher education, as the Campus continues to attract a large proportion of these priority students.</p>						

PERFORMANCE MEASURES (continued)

Educational opportunities

3.3 Improve the EPI results for Māori and Pacific students.

Educational performance indicator results show that Māori and Pasifika students at AUT have lower successful course completion rates than other AUT students, although their levels of achievement are comparable with counterparts across the university sub-sector. Unwilling to accept this performance gap for its students, AUT has the stated aim of achieving parity in EPI results by 2016. AUT has invested considerable resources into increasing success rates for Māori and Pasifika students, including: Pasifika Learning Villages, a group mentoring and learning support programme; peer mentoring schemes; additional study sessions; and intensive pastoral care of students. The University is also seeking to embed mātauranga Māori and Pasifika pedagogies in the curriculum, through programmes such as Te Ara Hauora Māori (the Māori health path) and the *talanoalālāngā* approach developed for the new Bachelor of Pasifika Education (ECE, Teaching), to be introduced in 2013. Māori and Pasifika course completion rates are improving at a faster rate than that of all students. This is supported by pleasing improvements in the qualification completion rate, up close to seven percentage points for Māori and almost five for Pasifika. AUT has also improved Māori and Pasifika retention rates, up by two percentage points for Māori students and three for Pasifika.

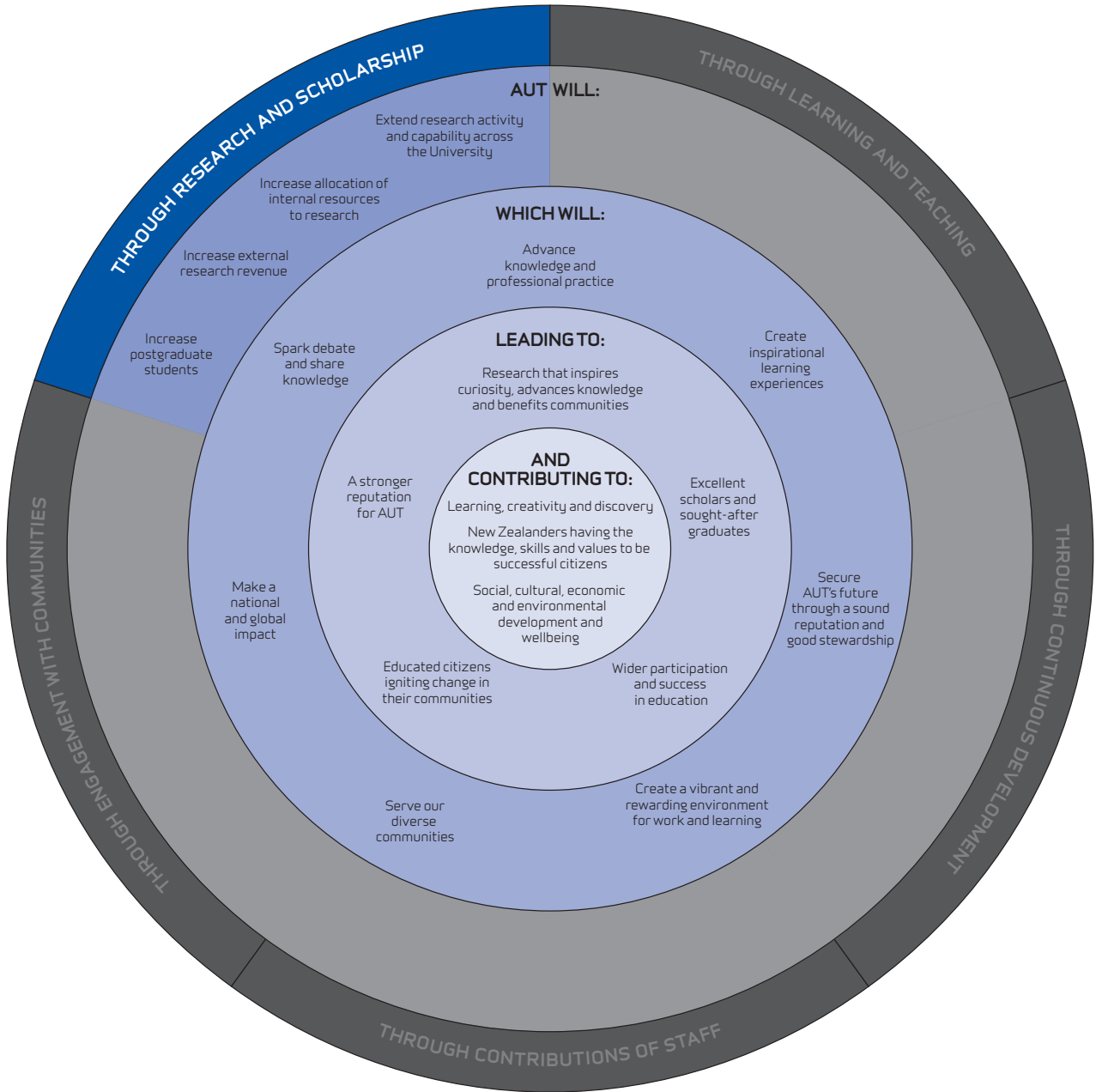
<i>Māori</i>	Provisional 2012*	Actual 2011**	Provisional 2011**	Actual 2010
Successful course completion rate (Level 4 and above)	80.3%	79.5%	78.5%	76.8%
Qualification completion rate (Level 4 and above)	65.0%	58.1%	57.4%	52.8%
Student progression rate (Levels 3-4 only)	75.7%	72.5%	72.5%	57.6%
Student retention rate (Level 4 and above)	74.0%	71.8%	71.7%	75.0%
<i>Pasifika</i>	Provisional 2012*	Actual 2011**	Provisional 2011**	Actual 2010
Successful course completion rate (Level 4 and above)	70.3%	70.1%	68.9%	68.0%
Qualification completion rate (Level 4 and above)	53.7%	49.0%	47.3%	45.6%
Student progression rate (Levels 3-4 only)	86.3%	88.2%	88.2%	65.9%
Student retention rate (Level 4 and above)	75.1%	72.0%	71.9%	72.9%

Substantially achieved (based on provisional results)

* Provisional EPI results are calculated using the TEC Workspace. Final results for 2012 will not be available until after submission of the University's April SDR.

** 2011 Actuals for course and qualification completion are slightly higher than the provisional results reported in the 2011 Annual Report. The difference between the two is due to timing: provisional results are derived from interim data submitted in the December SDR, whereas final results are based on comprehensive data provided in the April SDR.

RESEARCH AND SCHOLARSHIP



AUT's research programme aims to address economic, environmental and social issues and to foster the exchange and application of knowledge through the community. The depth, breadth and influence of AUT's research activities have expanded rapidly over the past 12 years. The University is confident this trajectory will be recognised when the results of the 2012 Performance-Based Research Fund (PBRF) quality evaluation round are released in 2013. Much of the first half of the year was focussed on preparing, reviewing and submitting evidence portfolios in advance of the PBRF deadline. As evidence of AUT's development in research activity and reputation, the number of portfolios submitted increased by more than half since 2006, while a group of prominent academics served on expert review panels. Particularly notable contributions were made by Professor John Raine, the principal moderator for the quality evaluation round, and Professor Peggy Fairbairn-Dunlop, who chaired the Pacific Research Expert Advisory Group.

Preparations for the quality evaluation round absorbed much of the early part of the year. This affected the number of peer-reviewed research outputs produced but to come close to the 2011 result was still an impressive effort on behalf of AUT's research staff. Overall research activity increased, with the number of verified outputs growing 5% from 2011 to 2012. Although external research revenue declined, a 15% increase in PBRF income meant that total research revenue grew 4% to \$18.7 million. Professor Grant Schofield received \$1.2 million from the Health Research Council (HRC) for an investigation into the impact of the built environment on young people's physical activity. Other successful applicants to the HRC included: Professor Keith Rome, who received funding for a feasibility study on footwear for patients with gout; Dr Margaret Dudley, who received a Māori Postdoctoral Fellowship Career Development Award; Angela Brenton-Rule, who received a clinical research training fellowship; and Litiuingi Ahio and Athena Tapu, who were granted HRC Pacific Health Research Summer Studentships. Although a lesser return than in previous years, this outcome still represents an impressive achievement due to intense competition for funding. Dr Peter Skilling built on the previous year's success in the 2012 Marsden Fund round, gaining \$0.3 million for his study entitled *Inequality and injustice: Deliberation, power and the nature of public opinion*.

AUT continued to build its reputation for research that tackles contemporary social and health issues, with benefits for all New Zealanders. In 2012 Professor Schofield launched the Human Potential Centre, a research institute dedicated to understanding and improving health behaviours and outcomes; he received funding from Sovereign Ltd to create and implement a Wellbeing Index tool; and he co-authored *Buck Up: the real bloke's guide to getting healthy and living longer* with former All Black captain Wayne 'Buck' Shelford. In other examples, Professor Jane Koziol-McLain received close to \$0.5 million to continue her family violence study for another three years; Dr Andrew Parsons investigated the cost of alcohol and its impact on youth drinking habits, and Associate Professor Paula Kersten gained funding to complete a validation and norming study of the Strengths and Difficulties Questionnaire (DQD) for the New Zealand health sector.

Several research projects with national and/or international significance were launched in 2012. Professor Felix Tan and the Institute of IT Professionals New Zealand commenced a major investigation into the central factors that attract and retain professionals in the IT industry. This will be the largest-ever research project focussed on the IT profession in New Zealand. The International Study into the Long-term Effects of Exposure to Head Knocks in Rugby also began during the year. This is a longitudinal study led by AUT in conjunction with the International Rugby Board and the New Zealand Rugby Union, and involves researchers from AUT, the University of Otago and the University of North Carolina at Chapel Hill. Finally, Professor Nikola Kasabov received a \$0.3 million Strategic Research Alliance Grant from the Ministry of Science and Innovation to work with Chinese partners on methods of computational intelligence and software-hardware systems for personalised mental health risk analysis.

As evidence of the international standing in which he is held, Professor Kasabov was honoured by colleagues at the International Conference on Neuro-Information Processing in Qatar. Professor Kasabov received the prestigious 2012 Outstanding Achievement Award of the Asia-Pacific Neural Network Assembly (APNNA). This is APNNA's highest award, presented annually to a prominent scientist in recognition of their contribution to the field of neural networks.

The Research Excellence awards again recognised staff who make an outstanding contribution to research at AUT. The 2012 individual award for academic excellence in research was presented to Professor Alvis Fong, Design and Creative Technologies. The Auckland Centre for Financial Research won the award for emerging research team, while the Person-Centred Research Centre won the established research team award. Professor Ahmed Al-Jumaily and Professor Tania Ka'ai were recognised for their excellence in postgraduate research supervision.

In line with AUT's strategic goals, the number of postgraduate students grew strongly from 2011 to 2012. Postgraduate EFTS grew six per cent overall, driven by a substantial increase in international student numbers. The results of the 2012 Postgraduate Research Experience Survey were also pleasing. Respondents reported a high level of satisfaction with their overall research experience at AUT and, in particular, rated highly the quality of the supervision they had received, together with the level of research confidence they had developed. These results were borne out by the excellent return achieved by AUT research students in the 2012 New Zealand Aid Programme Field Research Awards round. With four out of five successful candidates, AUT received the greatest number of awards and the highest amount of funding of all the New Zealand universities. The awards are sponsored by the Ministry of Foreign Affairs and Trade, and provide funding for masters and doctoral students undertaking field research in developing countries.

PERFORMANCE MEASURES

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

Key performance indicator

	Target 2012	Actual 2012	Actual 2011	Actual 2010
Number of peer-reviewed research outputs	1,700-1,800	1,607	1,619	1,627

Not achieved

Although the total number of verified research outputs grew from 2,495 in 2011 to 2,611 in 2012, there was a marginal decrease in the number of peer-reviewed research outputs. This result was affected by the extensive portfolio preparations required for the PBRF round, which reduced the capacity of researchers to submit publications for peer review.

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

Key performance indicator

	Target 2012	Actual 2012	Actual 2011	Actual 2010
Proportion of academic staff contributing research outputs	60%	56%	*	*

* This is a new key performance indicator introduced in 2012. Results for previous years are not available.

Not achieved

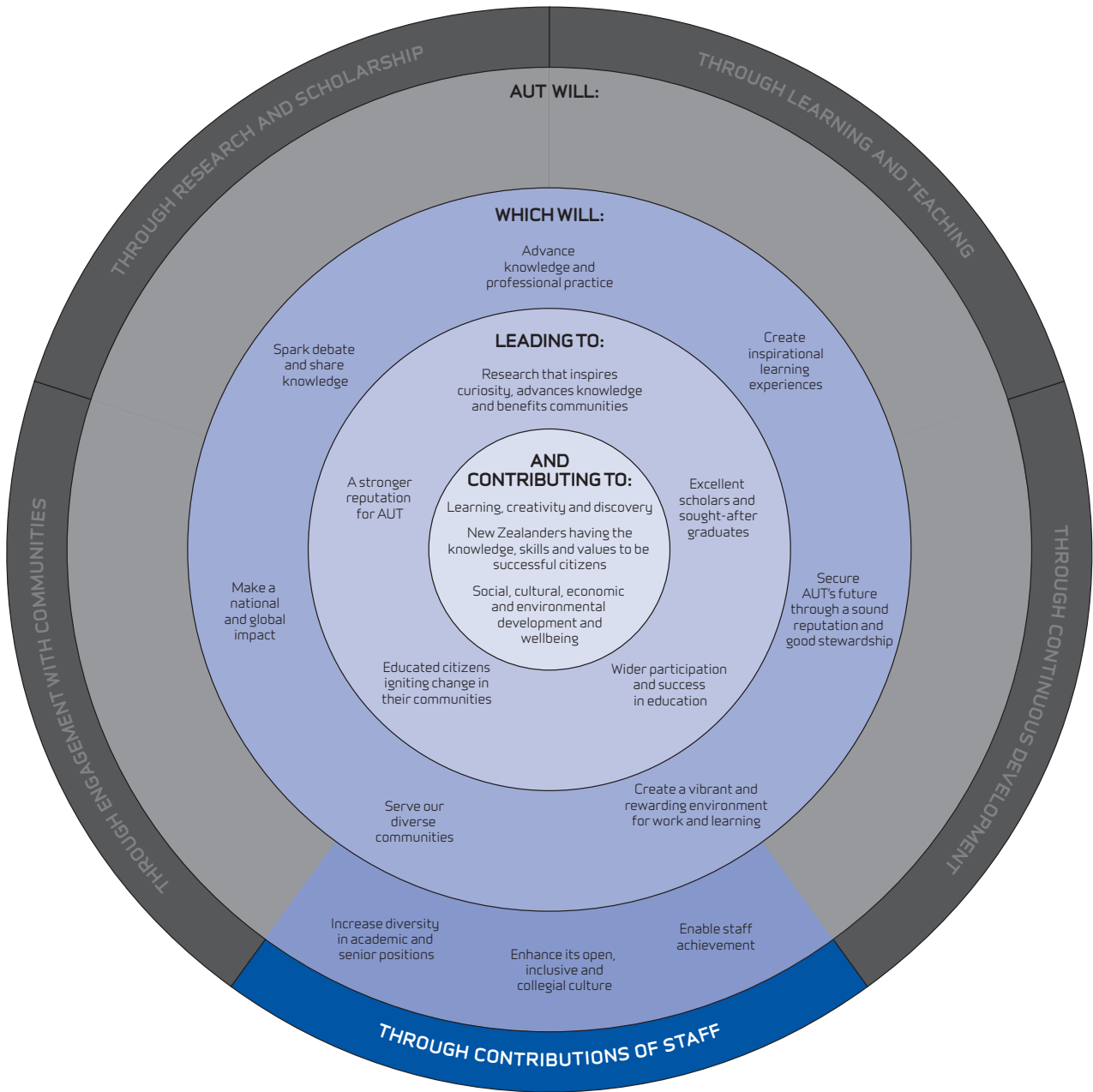
Although this target was not achieved, the number of research-active staff has grown considerably in recent years, as demonstrated by an increase of more than 50% in the number of staff submitting evidence portfolios from the 2006 to the 2012 PBRF rounds.

The University has a range of policies in place to increase the number of research-active academic staff members. In 2012 these included: an offer of an increased salary and eligibility for sabbatical and research leave, in return for moving to employment conditions more conducive to conducting research; the provision of short-term postdoctoral fellowships, graduate assistants and summer research assistant awards; awards to assist academic staff in completing their doctorates; and a comprehensive research plan for each faculty. These plans are discussed in more detail in KPI 4.4.

PERFORMANCE MEASURES (continued)

4.3 Increase the allocation of internal resources to research.	<p>Preparations for the PBRF quality evaluation round absorbed a substantial proportion of additional resources for research in 2012. This investment is expected to pay long-term dividends as the number of staff who submitted evidence portfolios increased substantially from the 2006 round. Looking beyond PBRF, AUT has a strategic commitment to supporting staff through increased resources for research. Some of the major initiatives introduced included: a reduction in the standard teaching load for academics, with the reduction allocated to research; further allocation of funding to strengthen research centres; the strategic appointment of research leaders within faculties; the development of programmes to support new and emerging researchers; and an increase in funding for postgraduate scholarships. The University also implemented a comprehensive new research management system, designed to improve monitoring and reporting on research performance.</p>															
	Achieved															
4.4 Ensure that each academic unit has an active research plan with clear targets for research activity and outputs.	<p>Each faculty has a comprehensive research plan designed to increase the breadth and depth of research activity across the University. Several research plans were reviewed in 2012 to ensure alignment with the new <i>Strategic Plan</i>. Some faculties, such as Business and Law, have targeted specific disciplines to develop as fields of research excellence, while seeking to expand research activity more generally through the formation of research groups and provision of support staff. The Faculty of Culture and Society commenced a full review of their research plan in 2012; initiatives under consideration for the draft plan include mentoring and support targeted to the different needs of emerging and established researchers. Te Ara Poutama's plan specifically seeks to promote collaborative research activities and partnerships with community groups, especially through their three research centres. Each school and research institute of the Faculty of Design and Creative Technologies has a research plan, which is then incorporated into the wider faculty plan and reviewed by the Faculty Research Committee. Finally, a key 2012 initiative for the Faculty of Health and Environmental Sciences was the introduction of the PBRF Step Up within each school. The Step Up provides additional resources for researchers to strengthen their PBRF portfolio. Applicants for the funding were required to present a strategy to enhance their individual portfolio, within the context of their school's research activities.</p>															
	Achieved															
4.5 Increase external research revenue.	<p><i>Key performance indicators</i></p> <table border="1"> <thead> <tr> <th></th> <th>Target 2012</th> <th>Actual 2012</th> <th>Actual 2011</th> <th>Actual 2010</th> </tr> </thead> <tbody> <tr> <td>4.5.1 Total external research revenue</td> <td>\$11.5M</td> <td>\$10.3M</td> <td>\$10.8M</td> <td>\$9.2M</td> </tr> <tr> <td>4.5.2 External research revenue from research with industry</td> <td>\$3.6M</td> <td>\$3.3M</td> <td>\$3.6M</td> <td>\$3.2M</td> </tr> </tbody> </table>		Target 2012	Actual 2012	Actual 2011	Actual 2010	4.5.1 Total external research revenue	\$11.5M	\$10.3M	\$10.8M	\$9.2M	4.5.2 External research revenue from research with industry	\$3.6M	\$3.3M	\$3.6M	\$3.2M
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	Not achieved															
	<p>Although external research revenue fell from 2011 to 2012, overall research revenue increased from \$18.1 million to \$18.7 million, due largely to significant growth in PBRF income. Revenue from research with industry declined, despite an increase in the number of projects. These results reflect the competitive environment for research funding, and the focus on PBRF preparations in 2012.</p>															

STAFF



The *Strategic Plan* recognises the value and expertise of AUT's academic and administrative staff, and commits to providing an attractive, collegial and stimulating environment that fosters personal and professional development and achievement. The 2011 Staff Engagement Survey showed that staff experience a high level of engagement with the University, enjoy a sense of pride in their involvement, and identify strongly with AUT's accomplishments.

The survey did reveal some areas for development, which were the focus of a comprehensive response in 2012. Action plans were created for each faculty and division, as well as a University-wide plan. Actions to improve internal communications were implemented early in 2012, followed by the development of a three-year plan to address issues identified in talent management, equity and diversity, leadership, organisational culture, and development and rewards. Some of the initiatives introduced in response to the Staff Engagement Survey include: training to improve recruitment practices; a revised orientation and induction programme; development of a staff migrant integration programme to help new migrant staff integrate and understand New Zealand and AUT's distinctive culture; introduction of a University-wide leadership programme and a more targeted academic leadership programme in two faculties; a review of promotion policies; and a review of academic staff career development and annual work planning procedures. Staff demand also led to the introduction of several new management and leadership training courses in 2012. Two courses, the Practical Coaching Series and Spark, build staff management skills. Another new workshop aims to develop leadership skills for females early in their career. The survey will be repeated in 2013 to gauge the effectiveness of these initiatives.

AUT staff are widely known for their expertise and significant contribution to the community. In 2012, Dr Geoff Perry, Dean of the Faculty of Business and Law, received a Business Leadership Award from the Auckland Chamber of Commerce. The award recognised both Dr Perry's leadership and the AUT Business School's significant recent accomplishments, including the accreditation by ACCSB International, expansion of its industry networks and co-operative education programme, and the growth of its research portfolio and postgraduate offerings. Dr Ella Henry, Te Ara Poutama, was another award winner in 2012; she was presented with the second-ever Mana Wahine lifetime achievement award. The citation noted her outstanding service to film and television as a writer, actor, director and producer, and her continued encouragement and support of others in the industry. Remaining with the film industry, Professor Welby Ings was awarded a short-term residency at the internationally prestigious Murtis Binger Film Institute in Holland to advance the production of his first feature-length film, PUNCH.

AUT redoubled its efforts to improve learning, teaching, and technological capabilities of staff throughout 2012, directing energies and resources into both research and practice-oriented initiatives. As part of the Learning and Teaching Enabled by Technology (LATENT) strategy, students were hired to instruct academic and administrative staff members in the use of new technologies, including iPads. The University also invested close to \$0.5 million in learning and teaching fellowships and grants. The funds were used to test a range of new approaches to academic, professional, and curriculum development. Preliminary evaluations suggest that the new initiatives were well received and will be considered for expansion in future years. As part of the drive to foster excellence in this field, the Faculties of Design and Creative Technologies and Business and Law established regular learning and teaching fora for academic staff members.

Several staff members were invited on to ministerial advisory boards in 2012. Hon Tony Ryall, Minister of Health, appointed Kate O'Connor to the Health and Disability Ethics (Northern B) Committee, and Professor Grant Schofield to the establishment board of the Health Promotion Agency. Hon Paula Bennett appointed Professor Kathryn McPherson to the Social Welfare Working Group. Other significant appointments made during the year include Pauline Winter, Director of the Office of Pasifika Advancement, who became the chief executive of the Ministry of Pacific Island Affairs in late 2012, and Associate Professor Pare Keiha's nomination to the board of Ngā Pae o te Māramatanga, the Centre of Research Excellence hosted by the University of Auckland.

The University is committed to maintaining a safe environment for work and study. Staff participated in the national 'Drop, Cover, Hold' earthquake drill in September, and both the Emergency Management Plan (EMP) and the Employee Participation Protocol were revised during the year. The updated EMP designates the North Shore Campus gymnasium as an emergency community welfare centre, following an agreement with Auckland Civil Defence. As a result of a review of emergency procedures following the Christchurch earthquakes, AUT launched the first biannual 'Is it right?' campaign, encouraging staff to keep emergency contact details up to date. A business continuity planning group was also established to ensure that, in the event of a disaster, the University can return to regular operations in a timely manner.

PERFORMANCE MEASURES

5.1	Increase the proportion of doctoral qualified academic staff to 60% by 2016.	<i>Key performance indicator</i>			
		Target 2012	Actual 2012	Actual 2011	Actual 2010
	Proportion of academic staff with doctoral qualifications	38-40%	38%	*	*

* This is a new key performance indicator introduced in 2012. Results for previous years are not available.

Achieved

5.2	Continue to develop an open, inclusive and consultative staff culture.	<p>AUT continues to communicate regularly with staff, to gauge staff responses through surveys on a wide range of issues, and to hold full consultation processes when significant changes are proposed to strategic plans and University policies. Following the highly successful <i>Strategic Plan</i> consultation process in 2011, this year the University consulted with staff on the revised Capital Asset Management and Pasifika Plans. The Brainchild project was successfully trialled in Corporate Services, providing staff with a web-based repository to submit suggested improvements, and receive feedback from senior management. The response was positive with staff making a significant contribution to the direction of both plans. The 2011 Staff Engagement Survey identified a need for enhanced communication across the University, so a number of division-specific newsletters and staff fora were introduced, along with regular email updates from the Vice-Chancellor.</p>
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AUT promotes an inclusive culture by celebrating the diversity of its staff. The inaugural Cultural Diversity Event, held in October, was highly successful. As detailed in the Equal Opportunities section of this report, the University also supports networks for staff with disabilities, Māori, Pasifika, Asian, female, and LGBT staff.

Achieved

5.3	Increase senior academic and allied appointments of Māori, Pacific people and women.	<p>The numbers of Māori, Pasifika and women in senior roles at AUT have remained relatively stable over the last year. The number of Pasifika senior staff remained at four, while senior Māori staff dropped by one, to end the year at ten. In a market where there is strong competition for Māori and Pasifika academic staff, AUT implemented several new initiatives to support the achievement of these aims. These included advertising all AUT vacancies on a Māori and Pasifika job listing website, and meeting with Ngāti Whātua o Orakei to discuss employment opportunities within the University.</p> <p>The number of female staff in senior academic positions remained at 38, with another 22 in senior allied roles, one less than in 2011. The University completed a gender equity study in 2012 to review employment opportunities for AUT's female academic staff. The ensuing report recommended enhancements to some procedures and working practices that could improve the career development of female staff. The Equity Steering Committee also commissioned a review of AUT's Equal Employment Opportunities (EEO) policy framework.</p>
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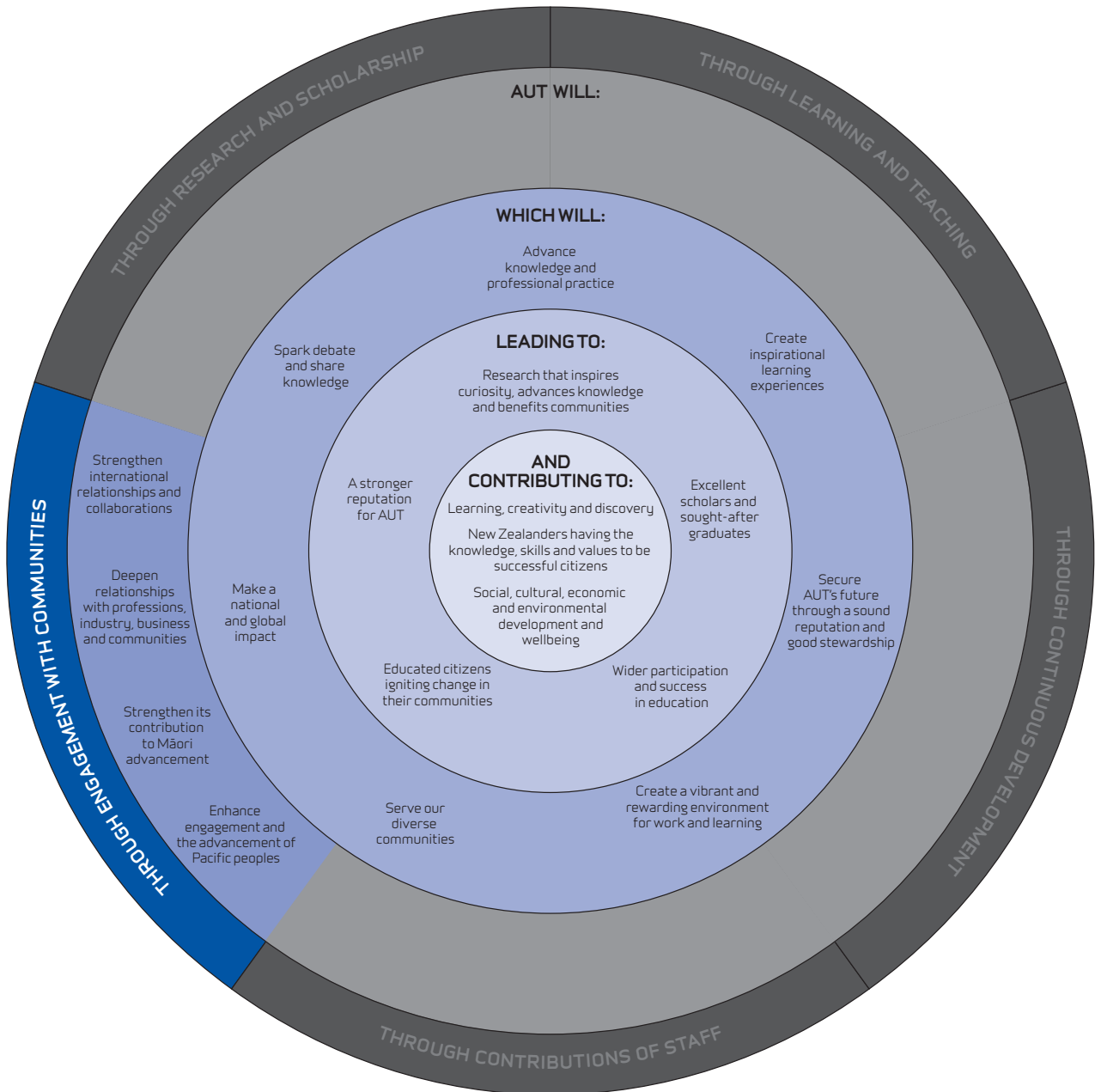
Partially achieved

PERFORMANCE MEASURES (continued)

5.4 Encourage and support the development of all staff.	<p>To give effect to its commitment to the development of staff, AUT supports a range of professional development initiatives which enhance specialist capabilities and personal proficiency. These include on-the-job, in-house and out-sourced training, free study for most academic courses, and awards such as the staff MBA scholarship. Individual development is embedded in AUT's human resource policies and procedures; all staff receive financial and time entitlements for professional development; and the majority of academic staff have access to research and study leave. Each staff member has an Individual Development Plan (IDP) which is agreed with their manager and sets out their professional and personal development goals for the year. Progress on agreements is monitored through the annual Performance Review and Planning process.</p> <p>The Organisational Development Group (ODG) oversees all in-house training and development, and liaises with external providers. Fourteen staff completed the ODG's Leadership and Management Enhancement Programme in 2012, which introduces mid- and senior-level managers to AUT's wider strategic environment, financial management processes, and people leadership. The course also includes an optional mentoring component. Three administrative and two academic staff attended the 2012 New Zealand Women in Leadership nationwide programme, which will be augmented by an internal leadership development course for women in 2013. Another two staff commenced the Future Auckland Leaders Programme. New courses introduced in 2012 are discussed in KPI 5.5.</p> <p>Achieved</p>
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5.5 Enhance leadership and management performance.	<p>AUT offers a range of internal and external programmes to support the development of current and future leaders. The flagship Leadership and Management Enhancement Programme has been held each year since 2008, with more than 100 graduates to date. This year the University has increased its investment in leadership development with the launch of several new programmes, which were developed in response to needs identified in the 2011 Staff Engagement Survey. Thirteen associate deans, faculty managers and other mid-level managers attended the pilot Spark course in 2012, which developed self-awareness, change management, and interpersonal skills. The Academic Leadership Advancement Programme (ALAP) was piloted with 16 participants from the Faculties of Design and Creative Technologies and Culture and Society. ALAP works with lower-level managers to develop self-leadership skills, including resilience, mindfulness, and self-understanding. This was augmented by the Practical Coaching Series, which aimed to build solutions-focussed management and coaching skills. All three new programmes were well received and will continue into 2013.</p> <p>Achieved</p>
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ENGAGEMENT WITH COMMUNITIES



AUT embraces the idea that knowledge should be created, debated and shared with others; that ideas developed in the University can be tested in real-world situations; and that the University can make an important contribution to social, economic and environmental development. Community engagement activities can encompass industry-engaged research and commercialisation, Māori and Pasifika advancement, and relationships with schools, central and local government, and community organisations.

The *Strategic Plan* recognises the essential place of Māori as tangata whenua, and reaffirms AUT's commitment to being the university of choice for Māori. In 2012, Te Ipukarea: the National Māori Language Institute hosted the Foundation for Endangered Languages' annual conference. Delegates considered how new technologies have restored vitality to endangered languages across the globe, and shared ideas for the documentation, teaching and learning of endangered languages, and the use of Indigenous epistemologies to advance achievement for students.

In 2012 AUT was again part of Tuia Rangatahi, which offers professional growth opportunities for young Māori with strong potential as community leaders. Tuia Rangatahi is a nationwide programme that takes a Māori lens to leadership and personal development through intergenerational learning and civic participation. The final wānanga of the year was held at AUT's Ngā Wai o Horotiu marae. AUT's flagship Māori youth leadership programme for school-aged students, Te Arawhata Tuakana (Prefects Training Programme Māori), grew in strength in 2012. Close to 150 young leaders from around the North Island participated in this programme, which develops leadership, academic, cultural, and life skills. AUT also has a high level of engagement with one of the participating schools, Northcote's Hato Petera College, sharing digital resources for teaching and learning te reo Māori, and providing oral health care and co-operative education opportunities through the Faculty of Health and Environmental Sciences.

The *Strategic Plan* also recognises the important contribution of Pacific peoples to the University and New Zealand. One of AUT's major highlights of 2012 was the signing of the memorandum of understanding with the Government of the Cook Islands. The University was subsequently proud to host several senior government health officials from the Cook Islands.

The other significant Pasifika-focussed activity of 2012 was the review of the Pasifika Action Plan. A draft plan was developed in line with the *Strategic Plan*, incorporating feedback from the staff consultation process. Eight Pasifika students have graduated with a doctorate from AUT since 2009 and another 25 are currently enrolled in doctoral programmes. The University offers a range of support services to Pasifika students engaged in research, building a culture of success and achievement, and encouraging progression to the highest levels.

The Manukau Campus is also supporting the educational aspirations of priority groups within the South Auckland community. After three years of operation, the campus continues to surge ahead. Postgraduate enrolments grew substantially from six EFTS in 2011 to 57 in 2012, and the campus itself neared 700 EFTS. AUT's engagement and investment in South Auckland does not end at the campus gate. The whole community was invited to celebrate the graduation of AUT's first cohort of students from Manukau Campus in December. The University continues to foster strong, mutually beneficial partnerships with community groups, business, industry and schools in the region. An excellent example is AUT's research partnership with Sistema Aotearoa, working with the Auckland Philharmonia Orchestra and the Ministry of Culture and Heritage to evaluate the impact of music tuition on educational success for a group of Otara children.

Industry partnerships have long been one of AUT's main strengths. The University is actively engaged with a wide range of industries to identify issues of concern and create shared solutions. The highly successful engagement with the furniture design industry, discussed in KPI 6.3, exemplifies this approach. Another central focus for 2012 has been to identify and capitalise on the opportunities for further commercial research that arise out of student projects, creating a value-added solution for organisations and broadening the University's revenue stream.

Three outstanding events helped boost AUT's profile in the business community in 2012. The inaugural AUT Business Support Awards attracted a field of exceptional candidates, and more than 700 people attended the gala dinner in November. There were 13 category award winners on the night, with the supreme award being presented to Michael Barnett, chief executive of the Auckland Chamber of Commerce. As part of the Project [R]evolution social media conference, AUT and the Trans-Tasman Business Circle co-hosted a business luncheon with conference keynote speaker Alec Ross, director of innovation for United States' Secretary of State Hilary Clinton. The first joint venture between AUT and the Circle, the event attracted more than 400 business and community leaders. Finally, the dinner with former United States Vice-President Al Gore was an exceptional event that will have far-reaching benefits for AUT students, raising \$100,000 for the first international internship scheme to be held at any New Zealand university.

Partnerships with central and local government are also crucial to AUT's community engagement aims. The relationship between AUT and Auckland Council was further solidified when AUT became one of the founding members of the Auckland Tertiary Education Network (ATEN) in 2012. The network aims to identify opportunities for collaboration between the tertiary sector and local government that will stimulate economic growth and transformation, create a regional network of provision, and promote Auckland as an education destination.

Free2Move, AUT's new community partnership, was introduced in late 2012 to encourage healthy and active lifestyles. Supported by CM Active and Vodafone, Free2Move is a weekly, free community fun walk/run held at Bruce Pulman Park in Papakura. Students developed and administered the programme as part of their co-operative education requirements, guided by a multidisciplinary staff team with expertise in healthy lifestyles and event management. Participants also receive individual timing devices developed by the School of Computing and Mathematical Sciences. In all, Free2Move exemplifies the AUT approach: researchers, students and the community together responding to a shared need.

PERFORMANCE MEASURES

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

AUT is committed to furthering Māori advancement through engagement, research, education and partnerships. The International Centre for Language Revitalisation (ICLR) officially opened in April. Part of Te Ipukarea: the National Māori Language Institute, the ICLR draws together international researchers engaged in language revitalisation, creating a community of practice, a shared vision, and strengthened research outcomes through the use of Indigenous epistemologies. The ICLR was developed in response to international interest in the pioneering work of Te Ipukarea, particularly in the use of digital technologies for the teaching and learning of te reo Māori. Te Ipukarea co-hosted the Foundation for Endangered Languages conference in September 2012, the first time this conference has been held in Aotearoa/New Zealand. Focussed on the role of new media in language revitalisation, delegates identified new strategies for research in, and the teaching and learning of, endangered languages. Members of Te Ipukarea and the ICLR also travelled to the United States in 2012, to present at the Native American and Indigenous Studies Association Annual Conference.

As part of a cross-University drive to improve success and retention rates for Māori students, AUT developed and implemented He Korowai Mātauranga in mid-2012. This holistic peer mentoring programme includes pastoral, cultural and academic care for Māori students. The programme was piloted with 28 students from Te Ara Poutama and the School of Hospitality and Tourism. While results should be viewed with caution given the small sample size, early evaluations attest to the value of the programme. The feedback from participants who engaged fully with the programme was highly positive, and at least half the students who engaged with the programme from both Schools showed a marked improvement in academic performance, as measured by number of papers passed.

AUT also seeks to build educational success through partnerships with schools. The inaugural He Huatau Auaha te reo Māori creative writing competition aimed at writers aged 6-18 years. The three categories were short stories, waiata and haka, and were judged by Hana O'Regan, Dr Timoti Kāretu and Dr Wharehuia Milroy, all of whom are fellows of the ICLR and exponents of creative writing. Other school partnership activities included the continuation of Te Arawhata Tuakana (Prefects Training Programme Māori), with close to 150 participants from Tūtahi and kura kaupapa schools around the North Island. The University continues its close association with Northcote's Hato Petera College, through shared use of digital resources for teaching and learning te reo Māori, provision of oral health care, and co-operative education placements for students.

Achieved

PERFORMANCE MEASURES (continued)

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

AUT had 70 externally funded research and consultancy projects with industry in 2012, up 11% from 2011. Examples of industry-engaged research projects that commenced this year include a biomass survey for Cloudy Bay Clams, sediment core analysis for Trans-Tasman Resources Ltd, manufacturing processes for the dairy industry and other projects for diverse industries including food and beverage, medical devices, health informatics, high performance sports, manufacturing, solar power, tourism, construction, and pest control. A joint project with Fulton Hogan, funded by a Ministry of Business, Innovation and Employment Technology Transfer Voucher, successfully completed in 2012.

The Parnell Trust is basing their activities programme on the findings from Associate Professor Love Chile's investigation into inner-city residents' sense of connection with their surroundings. Sovereign Ltd contracted Professor Grant Schofield to create a wellbeing index, and the University also signed a memorandum of understanding with the Auckland Theatre Company. A number of collaboration opportunities are already underway with the Faculty of Design and Creative Technologies.

Through the AI Gore and Alec Ross events, AUT forged new partnerships with the Trans-Tasman Business Circle, Oracle, Duco Events and the United States Embassy to New Zealand. These partnerships were highly successful and, along with the Business Support Awards, significantly raised AUT's profile within the Auckland business community. The Alec Ross event was different to those usually promoted by the Trans-Tasman Business Circle, and attracted a wider variety of attendees, many of whom subsequently joined the Circle. Community events such as Free2Move and the Lifewise Big Sleepout underscore AUT's commitment to grassroots community development, and desire to effect social transformation for all New Zealanders.

The University hosted New Zealand's first Health Fusion Team Challenge, which pitted interprofessional teams of students against staff of the Waitemata District Health Board (WDHB). The challenge was to create a person- and community-centred solution to a real-life scenario. This offered professional development opportunities for participants from WDHB and valuable experience for students.

Manukau Campus is a fount of community, business and industry engagement opportunities. AUT hosted the Careers New Zealand Summit at Manukau in 2012. The summit was attended by more than 70 community and industry representatives and careers advisors, including the Minister of Education, Hon Hekia Parata. AUT's partnership with Counties Manukau District Health Board (CMDHB) continues to flourish as the two institutions seek to encourage South Auckland's young people into health careers through joint initiatives such as Health Could B4U (HCB4U) and Ko Awatea.

AUT has also built its profile within the wider Auckland region in 2012. The University became one of the founding members of the Auckland Tertiary Education Network (ATEN), which aims to create a regional network of provision, promote Auckland as an education destination and stimulate economic growth through collaboration between the tertiary sector and Auckland Council. AUT also became a supporter of the Gay Auckland Business Association and sponsored, or had a significant presence at, several community events including the Parachute Music Festival, Pasifika Festival, ASB Polyfest, Diwali celebrations and the Big Gay Out.

Achieved

PERFORMANCE MEASURES (continued)

- 6.3 Raise the University's profile and increase the number of successful research commercialisation ventures through business and industry engagement.
- Commercialisation and industry engagement activities at AUT continue to expand. A total of 43 commercialisation projects were under the auspices of AUT Enterprises Ltd (AUTEL) in 2012, of which 31 remain active. One project is in the prototype development stage; another project, Move Office Furniture, gained attention from the national media; and the spin-out company Crunchouse was established to commercialise personal medical modelling software developed by Professor Nikola Kasabov. iMonitor, a start-up company now in the post-incubation phase, secured a second lucrative contract with Mighty River Power, who in turn won a 2012 energy innovation award using iMonitor's Glow Bug technology.
- In May, AUT hosted the university presence at the successful Engineering, Manufacturing and Electronics sector showcase, which was attended by more than 150 trade exhibitors and close to 4,000 visitors. AUT identified more than 50 potential collaborations as a result of the showcase. The University also continues to be an active member of Kiwinet, and hosted a workshop focussed on creating value from innovation for industry and commercialisation organisations. Involvement with Kiwinet continues to pay dividends; in 2012 AUT successfully gained pre-seed accelerator funding for several commercialisation projects.
- AUT's relationship with the furniture design industry was established in 2012 and is already having an impact on an industry characterised by small, disparate players who have difficulty maximising the benefits of potential innovations. AUT hosted two events designed to facilitate communication, co-operation and a collaborative approach to innovation between companies. From these events, a working group has now been established to investigate realising human potential in cognitive workspaces.
- The AUT Innovation Challenge fosters entrepreneurship and product development skills amongst staff and students, and reinforces ties with business partners. The 2012 winner was Inverse Problem Ltd, a team of two students and one staff member from the School of Engineering, who developed a model predictive controller for small- to medium-sized production and process systems. AUTEL has subsequently provided market strategy and commercialisation advice to the start-up company. AUTEL also held a lecture series on intellectual property issues and the commercialisation process for postgraduate students and researcher groups from the Knowledge Engineering and Discovery Research Institute, the National Institute for Stroke and Applied Neurosciences, and the Institute of Biomedical Technologies.
- Achieved
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PERFORMANCE MEASURES (continued)

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

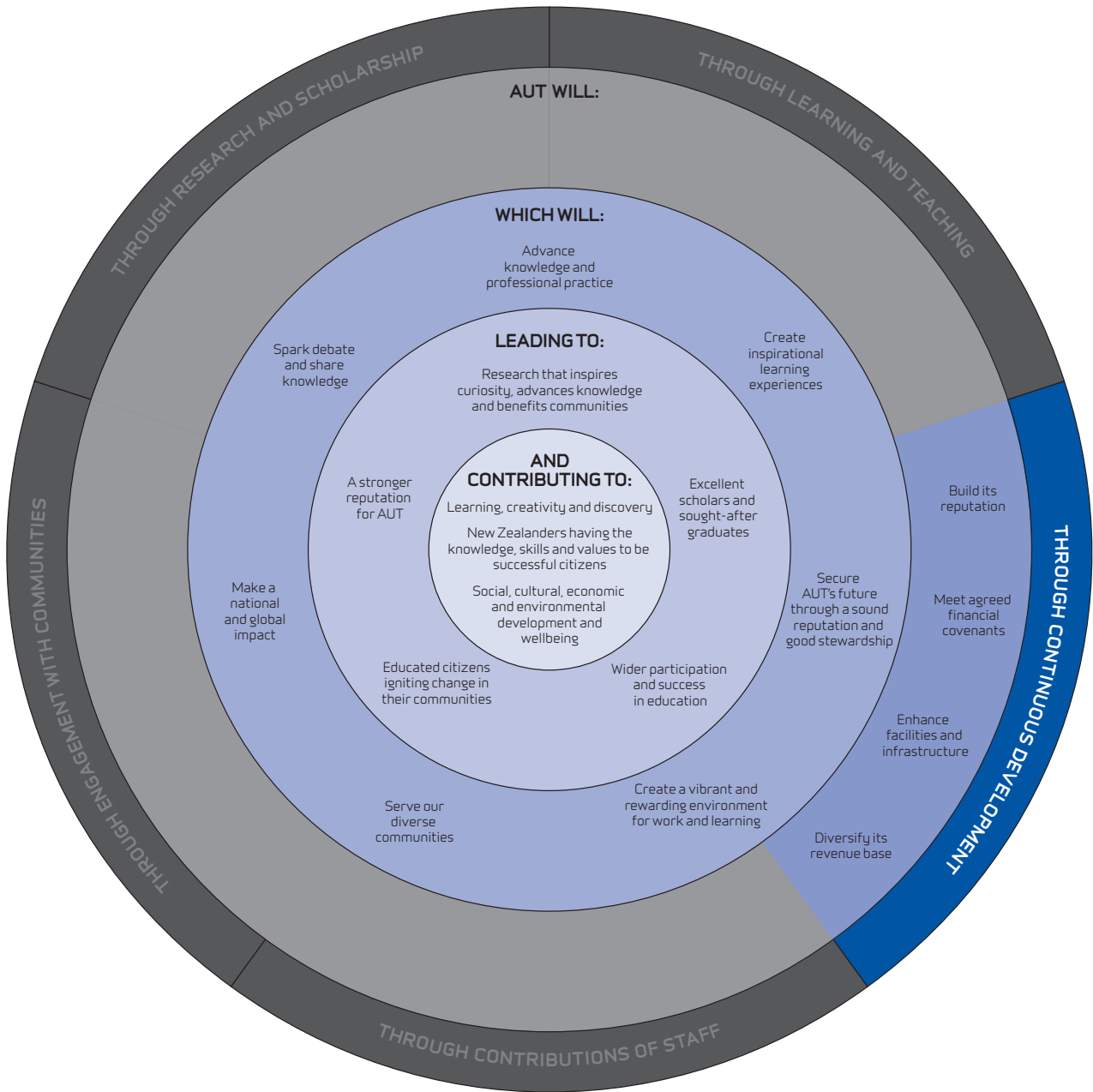
AUT's network and influence within the local, national and international Pasifika communities continues to grow. The signing of a memorandum of understanding with the Government of the Cook Islands was the year's major achievement in terms of AUT's involvement in the Pacific region. Several government officials subsequently visited AUT, including the Minister and the Secretary of Health. A group of postgraduate students and staff from the University of the South Pacific (Rarotonga) attended an AUT induction and writing retreat. Pasifika-focussed research also continued apace in 2012, with Professor Simon Milne obtaining funding from the European Commission to undertake tourism research in the Pacific Islands, Professor Peggy Fairbairn-Dunlop receiving funding from the Ministry of Education, and Professor Janis Paterson securing funds to continue the ground-breaking longitudinal Pacific Islands Families Study for the 2012 year.

As Manukau Campus grows, it continues to reduce barriers to access for a significant proportion of the Pasifika community in Auckland. AUT has been building and extending partnerships with community groups in the Counties Manukau region. The University joined CMDHB to establish the HCB4U programme, which targets Pasifika students in South Auckland secondary schools with an interest in health careers. The University was also a founding member of RAISE Pasifika, a Pasifika educational advocacy group.

AUT's Pasifika Action Plan was reviewed in 2012, and a new draft plan is being developed. A rigorous staff consultation process took place throughout the latter part of 2012. The draft plan is firmly grounded in the new *Strategic Plan 2012-2016*. It articulates steps for achieving AUT's Pasifika advancement aims and for extending AUT's profile as a premier provider of Pasifika education and research, and a catalyst for community development.

Achieved

CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING



AUT has been on an impressive growth trajectory over the past 12 years, allowing it to take its place among the world's best universities. Building on this strong foundation, AUT continues to invest, manage, and develop wisely and sustainably, to enhance its reputation, share a positive legacy, and thrive long into the future.

Being ranked in the world's top 500 universities by independent quality agency Quacquarelli Symonds (QS) was one of AUT's major achievements for the year. This was a first for AUT, an outstanding achievement that has only strengthened the University's determination to continue on its course, and to achieve new and better heights. This acknowledgement of AUT's international standing was reconfirmed by EdUniversal, which conferred its prestigious Four Palmes award on AUT Business School. Such achievements led to an increase in the breadth and favourability of AUT's media coverage, further reinforcing the University's growing national and international reputation.

Mindful of the need to build for the future while reducing its environmental impact, the University revised its *Capital Asset Management Plan* (CAMP). The CAMP was revised to ensure alignment with the *Strategic Plan*, and the extensive consultation process provided staff and students the opportunity to contribute to the University's long-term development. The new CAMP was signed off by Council in late 2012. As part of the development process, capital asset management procedures were externally audited, with feedback to inform on-going developments at AUT in 2013. The reviewer praised AUT's commitment to implementing a fit-for-purpose asset management system, and noted the University's achievements in this area to date.

There is a recognised need to drive sustainability throughout the University. Sustainability is embedded in the *Strategic Plan*, with a number of objectives aligning to and prioritising environmental, social and economic sustainability. The Vice-Chancellor established his Sustainability Taskforce in 2012; the group oversee AUT's sustainability strategy and plan and monitor the success of the strategy across key areas of the University. 2012 saw further development of a number of sustainability activities, including a review of waste collection systems with planned implementation of public place recycling in early 2013. All consumables used within the School of Hospitality and Tourism are now recycled and fully recyclable. Several buildings have had complete lighting upgrades (resulting in indicative savings of 50%) and more than 500 halogen down-lights have been replaced with LED lights. Working with academic staff in the School of Engineering, AUT's Estates division has undertaken a project to measure the cooling benefits of painting dark roofs white. In 2012, AUT also received \$0.5 million in Crown loans for various end-use efficiency projects relating to improving energy efficiency, lighting and air-conditioning systems. As part of the alternative travel plan, AUT has continued to offer incentives to staff to travel to and from work more sustainably, including the introduction of free motorcycle parking and more shuttle bus journeys between campuses. AUT is also gradually reducing car parking subsidies.

AUT's work to secure EFTS and capital funding for the next stage of development at Manukau Campus continued throughout the year. The initial business case was submitted to Government in mid-2012, with the detailed case to be presented in early 2013. The University's stance is firm: funding and facilities for more than 4,000 EFTS by 2020 are required to fulfil expected demand from students and meet long-term community expectations of Manukau Campus.

Strong growth in international student EFTS from 2011 to 2012 helped drive AUT's overall revenue above \$310 million for the first time. The University again achieved all its financial covenants, including a higher-than-expected surplus of 4.5%. Construction of the Sir Paul Reeves Building (formerly known as the WG Precinct), the University's largest capital project to date, continued unabated throughout 2012. Building remained on schedule and on budget, with the precinct ready for occupation in Semester 1, 2013.

PERFORMANCE MEASURES

Continuous development

- 7.1 Continue to build the University's reputation.

AUT was recognised on the global stage in 2012, being ranked among the world's top 500 universities by independent quality agency Quacquerelli Symonds (QS). This was an outstanding achievement, particularly after only 12 years as a university. Eduniversal also acknowledged the quality of education at AUT by awarding the Business School Four Palmes, and ranking it second of all the New Zealand business schools.

Events such as the dinner with Al Gore, the Project [R]evolution social media conference, the Trans-Tasman Business Circle luncheon with Alec Ross, and the first Manukau Campus graduation, have also helped build AUT's media profile. Media monitoring shows that the number of articles on AUT doubled from 2011 to 2012, and AUT's share of voice in top-tier regional and national media also grew. Favourability analysis showed that AUT had the most favourable media coverage of any New Zealand university in 2012.

Alongside its growing reputation, the expertise of AUT staff is increasingly recognised. Highlights of 2012 include the launch of several major national and international research projects (discussed in the Research and Scholarship section), the number of staff invited on to ministerial and other advisory boards, the number of staff who served on review panels for the PBRF quality evaluation round, and the sustained level of success in gaining research funding, from both government and industry sources.

Graduates make an immense contribution to the reputation of the University. In 2012, AUT established co-operative education placements and internship programmes with Orion Health, ACP Media, and Disney International.

Achieved

- 7.2 Continue to meet agreed financial covenants.

Key performance indicators

	Target 2012	Actual 2012	Actual 2011	Actual 2010
7.2.1 Net surplus to external revenue ratio	3.0% - 5.0%	4.5%	3.1%	6.4%
7.2.2 Maximum commercial debt borrowings (\$000s)	\$70,000	\$61,250	\$40,594	\$33,550
7.2.3 Maximum aggregate financing (\$000s)	\$110,000	\$99,565	\$81,029	\$75,480
7.2.4 Minimum cash ratio	111%	121%	122%	124%
7.2.5 Debt to debt plus equity (maximum)	25%	20%	18%	22%
7.2.6 Interest cover ratio (minimum)	2.00	5.50	3.73	3.80
7.2.7 Debt cover ratio (maximum)	3.25	1.80	1.47	2.30

Achieved

PERFORMANCE MEASURES (continued)

Continuous development

- 7.3 Continue to diversify the University's revenue base. AUT seeks to reduce its reliance on government and domestic student revenue by building research income and introducing additional revenue streams. AUT's overall revenue increased by five per cent from 2011 to 2012, with less reliance on government funding and domestic student fees. These results were driven by a 13.9% increase in international student revenue and growth in third stream revenues, reflecting the positive steps taken towards diversifying the University's revenue base.

Achieved

7.4 Ensure progress is made against the Capital Asset Management Plan.	<i>Key performance indicator</i> (\$'000s)	Budget	Actual	Actual	Actual
		2012	2012	2011	2010
Major new buildings					
City Campus					
	Sir Paul Reeves Building	46,815	45,826	32,850	7,294
	Other	-	-	-	134
North Shore Campus					
	Education Building	-	-	-	2,945
Manukau Campus					
	Refurbishment	1,382	-	1,984	3,366
	AUT Millennium Campus	814	740	5,838	-
	Total major new buildings	49,011	46,566	40,672	13,739
Other capital					
	Planned maintenance/ minor capital works	4,000	4,108	2,951	1,748
	Library	6,000	4,432	5,238	4,732
	Information technology	7,006	4,599	3,319	2,441
	Plant and equipment	6,833	4,473	5,245	2,954
	Total other capital	23,839	17,612	16,753	11,875
	Total capital plan	72,850	64,178	57,425	25,614

Achieved

The University made significant progress against a number of priorities identified in the *Capital Asset Management Plan* (CAMP) in 2012, including completion of the Sir Paul Reeves Building, and preparing the case to Government for the next phase of development at Manukau Campus. The redevelopment of the CAMP also informed reviews of the campus master plans, the ICT plan, the Library plan, and the Research plan, all of which commenced in 2012.

PERFORMANCE MEASURES (continued)

International reputation

7.5	Increase international EFTS to 15-20% of total EFTS by 2016.	<i>Key performance indicator</i>	Budget 2012	Actual 2012	Actual 2011	Actual 2010
			Proportion of international EFTS	13-15%	14%	14%
Achieved						

7.6	Increase international postgraduate EFTS.	<i>Key performance indicator</i>	Budget 2012	Actual 2012	Actual 2011	Actual 2010
			International postgraduate EFTS	500-550	674⁵	544
Achieved						

7.7	Increase international research EFTS.	<i>Key performance indicator</i>	Budget 2012	Actual 2012	Actual 2011	Actual 2010
			International research EFTS	160-180	162	143
Achieved						

AUT has achieved significant growth of more than 30% in the number of international research EFTS since 2010. The University has a clear agenda for increasing postgraduate research activities which, alongside its growing international reputation, is resulting in an increased number of overseas students seeking to develop their research skills at AUT.

7.8	Strengthen and benchmark AUT's international reputation in teaching and research.	As has been discussed previously in this Annual Report, AUT was ranked in the world's top 500 universities by international quality agency Quacquarelli Symonds (QS) in 2012. This is an exceptional achievement for any university, and is evidence of AUT's growing international reputation for both teaching and research. The University also added 11 new international partnerships in 2012; of these agreements, eight were with Asian universities (including Universitas Indonesia, Akita University in Japan, and Taiwan's National Tsing Hua University), and three were with European institutions (including Universidad de Navarra in Spain, and Alanus University of Arts and Social Science in Germany). AUT also hosted more than 50 high-level delegations, including the Indonesian ambassador to New Zealand, the mayor and a group of officials from Da Nang, Vietnam, and two visits from Korea's Namseoul University.	Achieved			
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⁵ This result is higher than that reported in Key Facts and Figures due to the inclusion of onshore international PhD students and international students enrolled in research masters courses

REPORTS

EQUAL OPPORTUNITIES

AUT has made significant advances on its commitment to equal opportunities. Equity groups remain not only a University priority but also a Government priority. The *Strategic Plan 2012-2016* has a strong emphasis on valuing and celebrating diversity and inclusion, and advancing achievement. It commits strong support to the diverse communities that work and study at AUT. The University continues to recognise the special place of Māori as tangata whenua. In addition to this, AUT aims to advance the aspirations and achievement of all staff and students including Pasifika peoples, people with disabilities, Asian peoples, refugees, new migrants, and those who identify as lesbian, gay, bisexual, or transgender (LGBT).

The *Strategic Plan 2012-2016* has specific priorities regarding equal opportunities: to increase diversity in academic and senior positions; build a diverse student profile; enhance engagement and the advancement of Pacific peoples; strengthen its contribution to Māori advancement; and serve our diverse communities. These priorities are further emphasised by objectives related to staff and students which include: increasing the appointment of Māori and Pacific staff in academic and senior roles; increasing the appointment of women in senior roles; building staffing that reflects the diversity of the students; and promoting a positive, inclusive culture that celebrates diversity and encourages inter-professional collaboration and involvement with the wider community.

AUT continues to roll out the staged disability self-assessment, using *Kia Orite: the New Zealand Code of Practice for an Inclusive Tertiary Education Environment for Students with Impairments* as the framework. The School of Hospitality and Tourism undertook the self-assessment in 2012. The report was submitted in June and the School is now working on recommendations with timelines for action. The assessment focussed on administrative processes but recommendations will include objectives on creating an inclusive curriculum, delivery and assessment, accessibility, policy and planning, and staff development. The Faculty of Business and Law is currently conducting the self-assessment, with key findings to be published in 2013.

The AUT Excellence in Business Support Awards gala dinner was the first ever 'Be.Accessible'-accredited event in New Zealand. Be.Accessible provides businesses with programmes that enable them to become more accessible to all audiences. In order to become a bronze accredited event, AUT Business School met a number of requirements including the provision of New Zealand Sign Language interpreters, and use of Braille on all tickets and programmes. The Business School is committed to working with future business leaders, innovators and entrepreneurs to understand the social and economic value of accessibility.

AUT entered a partnership with New Zealand's largest LGBT membership organisation, GABA (the Gay Auckland Business Association), sponsoring the AUT-GABA Business Series. Strengthening industry and community capabilities and networks through a series of business seminars aligns well with AUT's philosophy. Launched in late 2012, the inaugural seminar was entitled Building your Brand through Social Media; further seminars in 2013 will include Mobile Technology for small- to medium-sized enterprises, Community and Social Responsibility, the Power of Diversity, and Building a Strong Corporate Culture.

STUDENTS

Improving Māori and Pasifika success remained a focus for AUT in 2012, with this commitment formalised in the *Strategic Plan*. As noted elsewhere in this report, AUT aims to achieve educational performance indicator results for Māori and Pasifika that are equal to, or above the university sub-sector average for all students by 2016. Despite a steady improvement over the last three years a considerable gap remains. Māori and Pasifika student participation rates in undergraduate programmes have increased in 2012 by 7% and 10% respectively. This year has also seen a marked improvement in Pasifika student participation in postgraduate studies, which has increased by 12%.

In recent years, AUT has ensured that key initiatives supporting students from priority equity groups have become embedded in the fabric of the University. The framework, however, has changed to a more student-centric focus with an increase in student-driven initiatives. An example of such an initiative is the development of Titahi ki Tua, the Māori students' association, which contributes to the social, cultural and academic success of Māori students at AUT. The University continues to foster these activities to enhance a sense of belonging and the student experience at AUT.

A particular highlight for AUT and the South Auckland community in 2012 was the graduation of the first cohort of students studying at Manukau Campus. The University also continues to actively engage with community groups across the Auckland region, and maintains a presence at key community events. In 2012, AUT was present at the Big Gay Out, Pasifika Festival, Polyfest, Ngā Manu Kōrero, Maranga Mai National Secondary School Kapa Haka, as well as a number of smaller community events.

STAFF

The *Strategic Plan* is characterised by a strong emphasis on valuing and developing staff, facilitating their success, and celebrating their achievements. AUT remains committed to increasing the number of staff across all equity groups, and launched a recruitment video demonstrating AUT as an employer of choice in 2012. There are clear strategic goals relating to increasing the number of Māori, Pasifika and female staff in academic and administrative senior positions.

In 2012, AUT completed a wide-ranging internal academic gender equity study. This gave the University a clear understanding of the career pathways of female academic staff, and also identified the issues and barriers faced by women during the promotion process. This was a catalyst for the University to undertake an assessment of its EEO practices and policies. A review is now underway to further strengthen equity and diversity in the University's employment policies and practices.

A highlight for 2012 was the inaugural staff cultural diversity day, which celebrated the many different cultures of the staff community. Staff were invited to showcase their culture through song, dance and cuisine; it was highly successful and will become an annual event. The Human Rights Commission also highlighted the event in their newsletter, describing it as "an overt expression of the University's *Strategic Plan*." This event was a springboard for a newly developed induction programme for new migrant staff which will run in 2013 and is intended to celebrate the diversity of AUT staff, as well as embracing them into the university community.

COMPULSORY STUDENT SERVICES FEES

For the year ended 31 December 2012

AUT takes a holistic approach to student support, recognising that educational success is inextricably linked with emotional, mental, physical and spiritual wellbeing. The University received close to \$7 million in compulsory student services fees in 2012, which was used to provide a range of services as described in the table below, including subsidised health care, sports facilities and programmes, pastoral care, cultural support and career guidance. All expenditure was overseen by the new Student Advisory Committee, a partnership between the University and AuSM. In addition, the two parties agreed to collect a building levy for the construction of a new recreation centre on City Campus. Income from this levy neared \$1 million in 2012.

	2012 Actual \$000s
INCOME	
Compulsory student services fee	6,891
Total income	6,891
EXPENDITURE	
AuSM service level agreement	
Advocacy and legal advice	455
Media	520
Employment information	25
Total AuSM service level agreement	1,000
AUT student services	
Careers	274
Counselling	3,450
Financial support and advice	565
Health	290
Childcare	44
Sports and recreation	1,290
Total AUT student services	5,913
Total expenditure	6,913
Excess funds invested by AUT	(22)

FINANCIAL STATEMENTS

INCOME STATEMENT

For the year ended 31 December 2012

		University			Consolidated	
		2012 Actual \$000s	2012 Budget \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
	Note					
REVENUE						
Government operational funding	2	142,002	138,394	141,620	142,002	141,620
Student tuition fees	3	131,817	125,441	116,437	131,817	116,437
Research grants	4	10,310	12,651	10,766	10,373	10,858
Other income	5	28,635	29,916	31,615	29,434	32,276
TOTAL REVENUE		312,764	306,402	300,438	313,626	301,191
EXPENSES						
Personnel costs	6	192,059	189,093	183,794	192,059	183,794
Supplies and other costs	7	75,060	71,478	70,911	75,853	71,535
Depreciation, amortisation and impairment	8	28,603	32,555	33,138	28,603	33,138
Total expenses before finance costs		295,722	293,126	287,843	296,515	288,467
Operating surplus before finance costs		17,042	13,276	12,595	17,111	12,724
Finance costs	9	3,083	4,076	3,374	3,083	3,374
Operating surplus		13,959	9,200	9,221	14,028	9,350
Share of associate's surplus	14	-	-	-	8	11
Share of jointly-controlled entity's surplus	15	-	-	-	8,114	726
NET SURPLUS		13,959	9,200	9,221	22,150	10,087

The accompanying notes form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Note	University			Consolidated	
		2012 Actual \$000s	2012 Budget \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
NET SURPLUS		13,959	9,200	9,221	22,150	10,087
OTHER COMPREHENSIVE INCOME/ (LOSS)						
Items that may be reclassified subsequently to surplus/(deficit)						
Net loss on available-for-sale financial assets	26	(1)	(1)	(2)	(1)	(2)
Net gain/(loss) on cash flow hedges	26	142	(6)	9	142	9
		141	(7)	7	141	7
Items that will not be reclassified to surplus/(deficit)						
Net gain on asset revaluations	26	11,705	-	-	11,705	-
		11,705	-	-	11,705	-
Total other comprehensive income/(loss)		11,846	(7)	7	11,846	7
TOTAL COMPREHENSIVE INCOME		25,805	9,193	9,228	33,996	10,094

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

As at 31 December 2012

		University			Consolidated	
		2012 Actual \$000s	2012 Budget \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and cash equivalents	10	8,704	2,843	2,821	9,428	3,891
Short-term investments		-	-	-	542	-
Trade and other receivables	11	4,254	4,251	4,358	4,359	4,523
Inventories		208	171	214	208	214
Prepayments		1,408	1,059	1,938	1,408	1,938
Derivative financial instruments	23	-	-	52	-	52
Total current assets		14,574	8,324	9,383	15,945	10,618
NON-CURRENT ASSETS						
Available-for-sale financial assets	12	133	135	135	133	135
Investment in subsidiaries	13	100	100	100	-	-
Investment in associate	14	417	439	417	513	526
Investment in jointly-controlled entity	15	18,300	18,300	18,300	29,261	21,147
Property, plant and equipment	16	552,964	530,644	495,198	552,964	495,198
Intangible assets	17	5,339	8,000	3,220	5,339	3,220
Total non-current assets		577,253	557,618	517,370	588,210	520,226
TOTAL ASSETS		591,827	565,942	526,753	604,155	530,844
CURRENT LIABILITIES						
Trade and other payables	18	42,001	30,658	28,630	42,072	28,655
Income in advance	19	34,414	35,444	32,201	34,414	32,201
Employee entitlements	20	16,917	15,864	14,621	16,917	14,621
Provisions	21	1,525	488	488	1,525	488
Finance lease borrowings	22	5,044	5,320	5,320	5,044	5,320
Derivative financial instruments	23	-	-	18	-	18
Borrowings	24	21,250	25,446	-	21,250	-
Total current liabilities		121,151	113,220	81,278	121,222	81,303
NON-CURRENT LIABILITIES						
Borrowings	24	40,000	40,000	40,594	40,000	40,594
Employee entitlements	20	5,886	4,612	4,529	5,886	4,529
Provisions	21	1,409	808	808	1,409	808
Finance lease borrowings	22	33,271	33,680	35,115	33,271	35,115
Derivative financial instruments	23	227	351	351	227	351
Total non-current liabilities		80,793	79,451	81,397	80,793	81,397
TOTAL LIABILITIES		201,944	192,671	162,675	202,015	162,700
EQUITY						
General equity	25	261,021	256,262	247,062	273,278	251,128
Revaluation reserves	26	128,862	117,009	117,016	128,862	117,016
Total equity		389,883	373,271	364,078	402,140	368,144
TOTAL LIABILITIES AND EQUITY		591,827	565,942	526,753	604,155	530,844

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	University			Consolidated	
	2012 Actual \$000s	2012 Budget \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	364,078	364,078	354,850	368,144	358,050
COMPREHENSIVE INCOME					
Net surplus	13,959	9,200	9,221	22,150	10,087
Other comprehensive income/(loss)	11,846	(7)	7	11,846	7
Total comprehensive income	25,805	9,193	9,228	33,996	10,094
TOTAL EQUITY AT THE END OF THE YEAR	389,883	373,271	364,078	402,140	368,144

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	University			Consolidated	
		2012 Actual \$'000s	2012 Budget \$'000s	2011 Actual \$'000s	2012 Actual \$'000s	2011 Actual \$'000s
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from government grants		142,002	140,697	141,379	142,002	141,379
Receipts from student tuition fees		132,935	125,441	122,911	132,935	122,911
Receipts from service activities		30,277	31,106	31,696	30,278	31,696
Interest received		167	50	510	201	537
Dividend received		21	-	262	21	262
Receipts from other revenue		9,290	11,220	11,895	10,216	12,506
Payments to employees		(188,406)	(183,512)	(180,737)	(188,406)	(180,737)
Payments to suppliers		(67,300)	(72,377)	(65,685)	(68,103)	(66,208)
Interest paid		(3,083)	(4,076)	(3,374)	(3,083)	(3,374)
Net GST paid		(359)	-	(3,547)	(321)	(3,548)
NET CASH FLOW FROM OPERATING ACTIVITIES	29	55,544	48,549	55,310	55,740	55,424
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		4,599	4,550	93	4,599	93
Purchases of property, plant and equipment		(65,252)	(70,850)	(56,545)	(65,252)	(56,545)
Purchases of intangible assets		(3,836)	(2,000)	(1,029)	(3,836)	(1,029)
Receipt on maturity/(placement) of short-term investments		-	-	129	(542)	129
Disposal of investments		-	-	20	-	20
NET CASH FLOW FROM INVESTING ACTIVITIES		(64,489)	(68,300)	(57,332)	(65,031)	(57,332)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		20,656	24,852	7,044	20,656	7,044
Repayment of finance lease borrowings		(5,828)	(5,079)	(5,907)	(5,828)	(5,907)
NET CASH FLOW FROM FINANCING ACTIVITIES		14,828	19,773	1,137	14,828	1,137
Net increase/(decrease) in cash and cash equivalents		5,883	22	(885)	5,537	(771)
Cash and cash equivalents at beginning of the year		2,821	2,821	3,706	3,891	4,662
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		8,704	2,843	2,821	9,428	3,891

The accompanying notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

Reporting entity

Auckland University of Technology is a University under the Auckland University of Technology (Establishment) Order 1999 and is domiciled in New Zealand. The primary objective of the University is to provide tertiary education and research services for the benefit of the community rather than making a financial return. For the purposes of financial reporting, the University and the Consolidated Group are considered to be public benefit entities.

The Financial Statements of the University and the Consolidated Group are for the year ended 31 December 2012. The Financial Statements are authorised for issue by the Council of Auckland University of Technology on 5 April 2013.

Statement of compliance

The Financial Statements of the University and the Consolidated Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, as referred to in section 203 of the Education Act 1989.

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

New or revised Standards and Interpretations that have been approved but are not yet effective have not been adopted by the University and the Consolidated Group for the reporting period ended 31 December 2012. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact on these Financial Statements.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

The University has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments): the purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the University is that donations made are no longer required to be separately disclosed; disclosure of reasons for presentation in the Statement of Cash Flows of receipts and payments that have been netted off is no longer required; and certain information about property valuations is no longer required to be disclosed.

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

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 31 December 2015. However, as the University will apply a new Accounting Standards Framework for public benefit entities on this date, there is no certainty as to when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the University is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB and are mainly based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the University expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, the University is unable to assess the implications of the new Accounting Standards Framework at this time.

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

(b) Basis of consolidation

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

Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Investments in subsidiaries are carried at cost in the parent entity financial statements.

Associates

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

Joint Ventures

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

Jointly-controlled entity

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

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

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

Jointly-controlled assets

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

(c) Revenue recognition

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

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

(d) Property, plant and equipment

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

Land and buildings

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

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

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

Library collection

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

Work in progress

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

Depreciation

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

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

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

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

(e) Intangible assets

Computer software

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

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

Programme development

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

Intellectual property

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

(f) Impairment

Financial assets

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

Non-financial assets

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

(g) Cash and cash equivalents

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

(h) Short-term investments

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

(i) Trade and other receivables

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

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

(j) Inventories

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

(k) Investments and other financial assets

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Purchases and sales of investments are recognised on trade-date, the date on which the University commits to purchase or sell the asset. All investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

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

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

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

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

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

(l) Leases

Finance leases

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

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

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

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

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

Operating leases

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

(m) Foreign currency translation

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

(n) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

(o) Goods and Services Tax (GST)

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

The net GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of trade and other receivables or trade and other payables in the Balance Sheet.

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

Commitments and contingencies are disclosed exclusive of GST.

(p) Taxation

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

(q) Budget figures

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

(r) Creditors and other payables

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

(s) Employee Entitlements

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

Annual leave

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

Sick leave

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

Long service leave and retirement leave

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

Research and study leave

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

Superannuation Schemes

Defined contribution schemes

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

Defined benefit schemes

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

(t) Interest-bearing borrowings

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

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

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

(u) Borrowing costs

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

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

(v) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is negligible.

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

(w) Equity

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

General funds

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

Revaluation reserves

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

(x) Critical accounting estimates and assumptions

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

Revaluation of land and buildings

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

Long service leave and retirement leave

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

Reinstatement provision

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

Depreciation and amortisation

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

The carrying amounts of property, plant and equipment are disclosed in Note 16 and intangible assets in Note 17.

(y) Critical judgements in applying accounting policies

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2012:

Crown-owned land and buildings

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

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

Research and study leave

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

NOTE 2: GOVERNMENT OPERATIONAL FUNDING

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Student Achievement Component (SAC)	128,136	122,070	128,136	122,070
Performance-Based Research Funding (PBRF) – Note (A)	8,410	7,301	8,410	7,301
Tripartite funding	-	4,490	-	4,490
Priorities for Focus	-	1,208	-	1,208
Encouraging and Supporting Innovation (ESI)	151	1,417	151	1,417
Mangere Refugee Centre	1,530	1,530	1,530	1,530
Tertiary students with disabilities	436	442	436	442
Māori and Pacific Peoples	840	836	840	836
TOPS/ETSA	-	831	-	831
Early childhood education – Note (B)	412	414	412	414
Other government funding (excl. research contracts)	2,087	1,081	2,087	1,081
TOTAL GOVERNMENT OPERATIONAL FUNDING	142,002	141,620	142,002	141,620

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Note (A): PBRF income				
Provisional PBRF funding received	7,479	7,107	7,479	7,107
Prior year PBRF final wash-up	931	194	931	194
Total PBRF income	8,410	7,301	8,410	7,301
Note (B): Early childhood education				
Income				
Early childhood education bulk funding	412	408	412	408
Support grant for provisionally-registered teachers	-	6	-	6
Total early childhood education funding received	412	414	412	414
Other income*	269	217	269	217
Total income	681	631	681	631
Expenditure				
Operating expenses	660	669	660	669
Support grant expenses	-	7	-	7
Total expenditure	660	676	660	676
NET SURPLUS/DEFICIT	21	(45)	21	(45)
Value of support grants received	-	6	-	6
Amount spent on supporting provisionally registered teachers	-	7	-	7
Support grants were applied to:				
training, coaching and support	-	7	-	7
TOTAL	-	7	-	7
Number of support grants received	-	18	-	18

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

NOTE 3: STUDENT TUITION FEES

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Domestic fees	78,217	69,387	78,217	69,387
International fees	53,600	47,050	53,600	47,050
TOTAL STUDENT TUITION FEES	131,817	116,437	131,817	116,437

NOTE 4: RESEARCH GRANTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Research grants received	8,626	11,655	8,689	11,747
Research grants carried forward	1,684	(889)	1,684	(889)
TOTAL RESEARCH GRANTS	10,310	10,766	10,373	10,858

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

NOTE 5: OTHER INCOME

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Trading income	13,540	14,093	13,540	14,093
Accommodation income	5,089	5,002	5,089	5,002
Interest income	167	510	199	540
Income from available-for-sale financial assets	-	242	-	242
Income from investment in associate	21	20	-	-
Donation received	15	26	15	26
Gain on disposal of property, plant & equipment	27	14	27	14
Gain on foreign currency translation	-	116	-	116
Gain on derivative financial instruments	-	52	-	52
Other operating income	9,776	11,540	10,564	12,191
TOTAL OTHER INCOME	28,635	31,615	29,434	32,276

NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Academic:				
Salaries and wages	102,185	101,014	102,185	101,014
Defined contribution plan employer contributions	1,771	1,711	1,771	1,711
Employee entitlements	2,378	2,585	2,378	2,585
Other staff related costs	6,897	5,721	6,897	5,721
	113,231	111,031	113,231	111,031
Administration:				
Salaries and wages	73,339	67,198	73,339	67,198
Defined contribution plan employer contributions	1,271	1,138	1,271	1,138
Employee entitlements	673	805	673	805
Other staff related costs	3,545	3,622	3,545	3,622
	78,828	72,763	78,828	72,763
TOTAL PERSONNEL COSTS	192,059	183,794	192,059	183,794

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

NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Consumables / faculty costs	25,570	24,756	25,570	24,756
Occupancy / property costs	13,635	12,048	13,635	12,048
Operating lease costs – buildings	10,445	8,982	10,445	8,982
Operating lease costs – equipment	1,595	1,731	1,595	1,731
Administration expenses	17,598	17,555	17,598	17,555
Fees to principal auditor:				
Financial statements audit (Note A)	153	147	173	154
Performance-Based Research Fund audit	-	8	-	8
Provision for bad debts:				
Change in provision for doubtful debts	144	(243)	144	(243)
Bad debts written off	380	311	380	311
Councillors' fees (Note 28)	101	123	101	123
Loss on foreign currency translation	99	-	99	-
Other operating costs	5,340	5,493	6,113	6,110
TOTAL SUPPLIES AND OTHER COSTS	75,060	70,911	75,853	71,535

Note (A) – Includes audit fees of \$9,750 (2011: \$9,430) for Auckland University of Technology Foundation paid on its behalf by Auckland University of Technology.

NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Depreciation (Note 16)	26,887	28,851	26,887	28,851
Amortisation (Note 17)	1,239	1,423	1,239	1,423
Impairment (Note 16 & 17)	477	2,864	477	2,864
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	28,603	33,138	28,603	33,138

NOTE 9: FINANCE COSTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Interest on borrowings	1,024	1,171	1,024	1,171
Finance charges on finance leases	2,059	2,203	2,059	2,203
TOTAL FINANCE COSTS	3,083	3,374	3,083	3,374

NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Cash at bank and in hand	5,973	1,078	6,310	2,148
Short-term bank deposits	2,731	1,743	3,118	1,743
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	8,704	2,821	9,428	3,891

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

The total value of cash and cash equivalents that can only be used for specified purposes as outlined by donors to the Auckland University of Technology Foundation is \$721,723 (2011: \$1,070,000).

The weighted average effective interest rate for cash and cash equivalents was 3.00% (2011: 3.08%).

NOTE 11: TRADE AND OTHER RECEIVABLES

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Trade debtors	3,060	2,040	3,161	2,157
Less provision for impairment of trade debtors	(661)	(491)	(661)	(491)
	2,399	1,549	2,500	1,666
Student debtors	2,126	1,697	2,126	1,697
Less provision for impairment of student debtors	(586)	(612)	(586)	(612)
	1,540	1,085	1,540	1,085
Related parties (Note 27)	50	95	50	95
Accrued revenue	211	914	213	918
Other debtors	54	715	56	759
TOTAL TRADE AND OTHER RECEIVABLES	4,254	4,358	4,359	4,523

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

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Trade debtors:				
Opening provisions	491	601	491	601
Additional provisions made during the year	188	-	188	-
Release of provisions during the year	-	(77)	-	(77)
Amount of provisions utilised during the year	(18)	(33)	(18)	(33)
Closing provisions for impairment of trade debtors	661	491	661	491
Student debtors:				
Opening provisions	612	745	612	745
Additional provisions made during the year	336	145	336	145
Amount of provisions utilised during the year	(362)	(278)	(362)	(278)
Closing provisions for impairment of student debtors	586	612	586	612

NOTE 11: TRADE AND OTHER RECEIVABLES (continued)

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

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Trade debtors:						
2012 – Under 30 days	1,425	-	1,425	1,526	-	1,526
31 – 60 days	458	-	458	458	-	458
61 – 90 days	83	-	83	83	-	83
Over 90 days	1,094	(661)	433	1,094	(661)	433
Total trade debtors	3,060	(661)	2,399	3,161	(661)	2,500
2011 – Under 30 days	1,492	-	1,492	1,609	-	1,609
31 – 60 days	156	(99)	57	156	(99)	57
61 – 90 days	62	(62)	-	62	(62)	-
Over 90 days	330	(330)	-	330	(330)	-
Total trade debtors	2,040	(491)	1,549	2,157	(491)	1,666
Student debtors:						
2012 – Under 30 days	987	(15)	972	987	(15)	972
31 – 60 days	314	(24)	290	314	(24)	290
61 – 90 days	71	(13)	58	71	(13)	58
Over 90 days	754	(534)	220	754	(534)	220
Total student debtors	2,126	(586)	1,540	2,126	(586)	1,540
2011 – Under 30 days	426	-	426	426	-	426
31 – 60 days	326	-	326	326	-	326
61 – 90 days	49	-	49	49	-	49
Over 90 days	896	(612)	284	896	(612)	284
Total student debtors	1,697	(612)	1,085	1,697	(612)	1,085

NOTE 14: INVESTMENT IN ASSOCIATE

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

Name of entity	Country of incorporation	Nature of business	Ownership interest	
			2012	2011
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium.	20%	20%

LCo NEW ZEALAND LIMITED

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

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

	University	
	2012 Actual \$000s	2011 Actual \$000s
Investment in associate:		
LCo New Zealand Limited	417	417
TOTAL INVESTMENT IN ASSOCIATE	417	417

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

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

	Consolidated	
	2012 Actual \$000s	2011 Actual \$000s
Share of associate's balance sheet:		
Assets	751	796
Liabilities	(238)	(270)
Net assets	513	526
Share of associate's revenue and surplus:		
Revenue	284	291
Net surplus	8	11
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

NOTE 15: INVESTMENT IN JOINTLY-CONTROLLED ENTITY

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

AUT Millennium Ownership Trust has the same balance date as the University.

The investment in the jointly-controlled entity is carried at cost in the University's Balance Sheet.

	University	
	2012 Actual \$000s	2011 Actual \$000s
Investment in jointly-controlled entity:		
AUT Millennium Ownership Trust	18,300	18,300
TOTAL INVESTMENT IN JOINTLY-CONTROLLED ENTITY	18,300	18,300

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

	Consolidated	
	2012 Actual \$000s	2011 Actual \$000s
Share of jointly-controlled entity's balance sheet:		
Assets	32,487	27,684
Liabilities	(3,569)	(6,881)
Net assets	28,918	20,803
Share of jointly-controlled entity's revenue and surplus:		
Revenue	9,989	1,307
Net surplus	8,114	726
The University's capital commitments in relation to the joint venture	-	-
Share of joint venture's capital commitments	544	1,507
The University's contingent liabilities incurred in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other venturers' contingent liabilities the University is liable for	-	-

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Land

The most recent revaluation of Crown-owned and AUT-owned land was performed by Seagar & Partners (Auckland) Limited, Registered Valuers, at 31 December 2012 to a fair value of \$98,226,000, using market-based evidence based on its highest and best use with reference to comparable land values. Details of the land revaluation movements are as follows:

	Net Book Value (before Revaluation) \$000s	Net Revaluation Movements \$000s	Net Book Value (after Revaluation) \$000s
University/Consolidated			
AUT-owned land	19,297	3,706	23,003
AUT-owned land (Manukau Campus)	28,022	(778)	27,244
Crown-owned land	39,202	8,777	47,979
TOTAL	86,521	11,705	98,226

Buildings

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

A desktop revaluation of buildings was completed at 31 December 2012 by Seagar & Partners (Auckland) Limited, Registered Valuers. The percentage change between the valuer's desktop revaluation and the carrying net book value is not significantly different, and therefore no change has been made to the asset revaluation reserve.

Non-cash transactions

During the year, the University acquired \$3.7 million of computers and electronic equipment under finance leases (2011: \$4.4 million).

Disposals

Included in the current financial year's disposals are \$37.8 million of property, plant and equipment and \$4.9 million of intangible assets that had been retired from active use and fully depreciated. Accordingly, their cost and related accumulated depreciation or amortisation was completely removed from the Balance Sheet during the financial year.

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2012 – University/Consolidated	Cost/Revaluation			Accumulated Depreciation and Impairment Losses			Net Book Value		
	Balance at 1,Jan 2012 \$000s	Additions/reclassifications \$000s	Revaluation increment/(decrement) \$000s	Disposals \$000s	Balance at 1,Jan 2012 \$000s	Depreciation \$000s	Disposals/eliminated on revaluation \$000s	Impairment losses \$000s	Balance at 31,Dec 2012 \$000s
AUT-owned assets:									
Land	23,850	-	3,706	(4,553)	23,003	-	-	-	23,003
Land – Manukau Campus	28,022	-	(778)	-	27,244	-	-	-	27,244
Buildings	227,710	3,392	-	(18)	231,084	7,344	(18)	333	220,366
Buildings – Manukau Campus	18,962	186	-	-	19,148	657	-	-	18,368
Library collection	54,110	4,373	-	(21,786)	36,697	4,509	(21,786)	26	16,737
Computers and electronic equipment	18,987	1,525	-	(5,335)	15,177	2,138	(5,335)	3	3,243
Furniture and fittings	14,454	746	-	(1,375)	13,825	912	(1,374)	11	2,193
Leasehold improvements	13,423	1,316	-	(102)	14,637	787	(102)	1	1,450
Motor vehicles	602	225	-	(114)	713	53	(95)	-	218
Office equipment	5,792	35	-	(961)	4,866	275	(961)	1	979
Plant and equipment	24,710	4,290	-	(2,127)	26,873	2,121	(2,127)	98	11,143
Specialty electronics	1,819	-	-	-	1,819	85	-	4	242
Works of art	309	-	-	-	309	-	-	-	309
WIP – buildings	46,231	56,605	-	-	102,836	-	-	-	46,231
WIP – Manukau Campus buildings	245	323	-	-	568	-	-	-	245
WIP – others	733	1,274	-	-	2,007	-	-	-	733
TOTAL AUT-OWNED ASSETS	479,959	74,290	2,928	(36,371)	520,806	19,278	(31,798)	477	374,329
Crown-owned land and buildings:									
Land	39,202	-	8,777	-	47,979	-	-	-	39,202
Buildings	48,960	-	-	-	48,960	1,363	-	-	47,578
TOTAL CROWN-OWNED LAND & BUILDINGS	88,162	-	8,777	-	96,939	1,363	-	-	86,780
Assets under finance leases:									
Computers and electronic equipment	18,954	3,708	-	(6,185)	16,477	4,242	(6,185)	-	6,636
Buildings	43,242	-	-	-	43,242	2,004	-	-	27,453
TOTAL ASSETS UNDER FINANCE LEASES	62,196	3,708	-	(6,185)	59,719	6,246	(6,185)	-	34,089
TOTAL PROPERTY, PLANT & EQUIPMENT	630,317	77,998	11,705	(42,556)	677,464	26,887	(37,983)	477	495,198

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

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

NOTE 17: INTANGIBLE ASSETS

2012 – University/Consolidated

Intangible assets:

	Cost/Revaluation			Accumulated Amortisation and Impairment Losses			Net Book Value		
	Balance at 1 Jan 2012 \$000s	Additions/ reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 1 Jan 2012 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2012 \$000s
Intellectual property	50	-	-	-	50	-	-	-	-
Software	14,495	1,161	-	(2,218)	13,438	1,239	(2,218)	-	1,918
Programme development	3,039	-	-	(2,685)	354	-	(2,685)	-	-
WIP – software	1,302	2,197	-	-	3,499	-	-	-	1,302
TOTAL INTANGIBLE ASSETS	18,886	3,358	-	(4,903)	17,341	1,239	(4,903)	-	5,339

2011 – University/Consolidated

Intangible assets:

	Cost/Revaluation			Accumulated Amortisation and Impairment Losses			Net Book Value		
	Balance at 1 Jan 2011 \$000s	Additions/ reclassifications \$000s	Revaluation increment/ (decrement) \$000s	Disposals \$000s	Balance at 1 Jan 2011 \$000s	Amortisation \$000s	Disposals/ revaluation adjustments \$000s	Impairment losses \$000s	Balance at 31 Dec 2011 \$000s
Intellectual property	50	-	-	-	50	-	-	-	-
Software	13,148	1,347	-	-	14,495	1,423	-	3	1,918
Programme development	3,039	-	-	-	3,039	-	-	-	-
WIP – software	1,620	(318)	-	-	1,302	-	(175)	-	1,302
TOTAL INTANGIBLE ASSETS	17,857	1,029	-	-	18,886	1,423	(175)	3	3,220

NOTE 18: TRADE AND OTHER PAYABLES

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Trade creditors	3,840	3,489	3,840	3,489
Creditors accruals	32,347	19,206	32,436	19,372
Sundry creditors	2,599	2,335	2,599	2,335
GST payable	1,031	1,390	1,081	1,393
Withholding tax payable	2,116	1,780	2,116	1,780
Related party (Note 27)	68	430	-	286
TOTAL TRADE AND OTHER PAYABLES	42,001	28,630	42,072	28,655

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

NOTE 19: INCOME IN ADVANCE

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Student fees in advance	21,234	19,661	21,234	19,661
Trust funds	2	2	2	2
Research funding received in advance	8,405	9,250	8,405	9,250
Other income in advance	4,773	3,288	4,773	3,288
TOTAL INCOME IN ADVANCE	34,414	32,201	34,414	32,201

NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Annual leave	11,929	10,245	11,929	10,245
Accrued salary payments	2,899	2,122	2,899	2,122
Sick leave	460	450	460	450
Other employee entitlements	1,629	1,804	1,629	1,804
Total employee entitlements – current	16,917	14,621	16,917	14,621
Long service leave	924	793	924	793
Retirement leave	1,823	1,783	1,823	1,783
Research and study leave	3,139	1,953	3,139	1,953
Total employee entitlements – non-current	5,886	4,529	5,886	4,529
TOTAL EMPLOYEE ENTITLEMENTS	22,803	19,150	22,803	19,150

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 3.56% and the salary inflation factor of 3.0%. Any changes in these assumptions will impact on the carrying amount of the liability.

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

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

NOTE 21: PROVISIONS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Reinstatement provision for leased buildings:				
Opening balance	1,296	788	1,296	788
Provision made during the year	1,638	508	1,638	508
CLOSING BALANCE	2,934	1,296	2,934	1,296
Comprising:				
Current	1,525	488	1,525	488
Non-current	1,409	808	1,409	808
TOTAL PROVISIONS	2,934	1,296	2,934	1,296

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

NOTE 22: FINANCE LEASE BORROWINGS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Not later than one year	7,060	7,404	7,060	7,404
Later than one year and not later than five years	17,677	17,801	17,677	17,801
Later than five years	29,148	32,895	29,148	32,895
Total minimum finance leases:	53,885	58,100	53,885	58,100
Future finance charges	(15,570)	(17,665)	(15,570)	(17,665)
Total present value of minimum finance lease payments	38,315	40,435	38,315	40,435
Present value of minimum finance leases:				
Not later than one year	5,044	5,320	5,044	5,320
Later than one year and not later than five years	10,641	10,301	10,641	10,301
Later than five years	22,630	24,814	22,630	24,814
Total minimum finance lease borrowings	38,315	40,435	38,315	40,435
Comprising:				
Current	5,044	5,320	5,044	5,320
Non-current	33,271	35,115	33,271	35,115
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASE BORROWINGS	38,315	40,435	38,315	40,435

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

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

The University leases approximately 18,332 square metres (2011: 18,332 square metres) of accommodation space in Auckland to provide residential accommodation for students.

The University leases 6,933 computers and items of electronic equipment for teaching, research and administrative purposes (2011: 6,464 computers and items of electronic equipment).

NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Current asset portion				
Forward Foreign Exchange Contract – Non-hedges	-	52	-	52
TOTAL DERIVATIVE FINANCIAL INSTRUMENT ASSETS	-	52	-	52
Current liability portion				
Interest rate swap – Cash flow hedges	-	(18)	-	(18)
Non-current liability portion				
Interest rate swap – Cash flow hedges	(227)	(351)	(227)	(351)
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	(227)	(369)	(227)	(369)

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 amount of interest rate swap contract as at 31 December 2012 totalled \$10 million (2011: \$14 million). At 31 December 2012, the fixed interest rate of interest rate swaps was 4.49% (2011: varied from 4.46% to 4.49%).

Forward foreign exchange contracts

There are no forward foreign exchange contracts as at 31 December 2012.

At 31 December 2011, the notional principal amounts of forward foreign exchange contracts in New Zealand dollars totalled \$2.49 million and the foreign currency principal amounts totalled United States dollars \$2.0 million.

NOTE 24: BORROWINGS

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

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

At 31 December 2012, \$61.25 million (2011: \$40.59 million) had been drawn down on this facility. The University uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 3.95% (2011: 4.07%). No changes to the borrowing arrangements entered into in 2011 have occurred during the current financial year.

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Opening balance	40,594	33,550	40,594	33,550
Net borrowings/(repayments)	20,656	7,044	20,656	7,044
CLOSING BALANCE	61,250	40,594	61,250	40,594
Comprising:				
Current	21,250	-	21,250	-
Non-current	40,000	40,594	40,000	40,594
TOTAL BORROWINGS	61,250	40,594	61,250	40,594

Fair value

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

NOTE 25: GENERAL FUNDS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
General equity:				
Balance at the beginning of the year	247,062	187,841	251,128	191,041
Net surplus for the year	13,959	9,221	22,150	10,087
Transfers from suspensory loans	-	50,000	-	50,000
Balance at the end of the year	261,021	247,062	273,278	251,128
Suspensory Loan:				
Balance at the beginning of the year	-	50,000	-	50,000
Convert to equity	-	(50,000)	-	(50,000)
Balance at the end of the year	-	-	-	-
TOTAL GENERAL FUNDS	261,021	247,062	273,278	251,128

Consolidated net surplus for the year includes \$7.5 million of income from a jointly-controlled entity related to a derecognised loan.

NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Assets revaluation reserve:				
Balance at the beginning of the year	117,424	117,424	117,424	117,424
Changes due to revaluation of:				
Land	11,705	-	11,705	-
Balance at the end of the year	129,129	117,424	129,129	117,424
Available-for-sale financial assets revaluation reserve:				
Balance at the beginning of the year	(39)	(37)	(39)	(37)
Net fair value gains/(losses) in the year	(1)	(2)	(1)	(2)
Balance at the end of the year	(40)	(39)	(40)	(39)
Cash flow hedge reserve:				
Balance at the beginning of the year	(369)	(378)	(369)	(378)
Net fair value gains/(losses) in the year	142	9	142	9
Balance at the end of the year	(227)	(369)	(227)	(369)
TOTAL REVALUATION RESERVES	128,862	117,016	128,862	117,016

Land was revalued as at 31 December 2012 following the independent desktop valuation review completed by Seagar & Partners (Auckland) Limited.

Land at the City Campus appreciated in value by 26.6%, land at the Manukau Campus depreciated in value by 2.6% from 2011 to 2012, while land at the North Shore Campus retained its carrying value.

NOTE 27: RELATED PARTY TRANSACTIONS

Significant transactions with government-related entities

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

The University has received funding and grants from the Tertiary Education Commission totalling \$142.0 million (2011: \$141.6 million) to provide education and research services for the year ended 31 December 2012.

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

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

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

The University purchases goods and services from entities related to the Crown and it also provides services to entities related to the Crown. The purchase and the provision of goods and services to government-related entities for the year ended 31 December 2012 are small when compared to the University's total expenditure and revenue and have all been conducted on an arms' length basis. The purchase of goods and services included the purchase of electricity from Meridian Energy, air travel from Air New Zealand, postal services from New Zealand Post, and student placement services from various District Health Boards, Schools and Polytechnics. The provision of services to government-related entities mainly related to the provision of educational courses.

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

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

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

	2012 Actual \$000s	2011 Actual \$000s
SUBSIDIARY COMPANIES		
Auckland University of Technology Foundation		
Grants and scholarships received on behalf	-	77
Grants and scholarships paid to subsidiary	-	77
Creditor payment on behalf	-	3
AUT Enterprises Limited		
Operating revenue received on behalf	65	230
Development Fund paid to subsidiary	230	100
Operating expenses paid on behalf	370	194
Management services provided to subsidiary	-	100
Accounts payable	68	144
ASSOCIATE COMPANY		
LCo New Zealand Limited		
Purchase of services	333	333
JOINTLY-CONTROLLED ENTITY		
AUT Millennium Ownership Trust		
Sale of land	4,553	-
Rents and opex recoveries paid to jointly-controlled entity	403	-
Reimbursement of capital expenditure	513	567
Management services provided to jointly-controlled entity	172	-
Salary recoveries paid to jointly-controlled entity	124	-
Operating expenses paid on behalf	424	69
Accounts receivable	-	95
Accounts payable	10	-

All related party transactions, other than the sale of land to AUT Millennium Ownership Trust as described below, were on market terms and conditions.

During the financial year, the University sold a parcel of the land situated on Apollo Drive to the AUT Millennium Ownership Trust at the same price that the University paid to acquire the land on behalf of the Trust in July 2011. The beneficial ownership of the land was transferred to the Trust upon completion of the sale, but legal title to the land has not yet been transferred to the Trust at year end.

Key management personnel

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Salaries and other short-term employee entitlements	4,639	4,404	4,639	4,404
Post-employment entitlements	82	-	82	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	4,721	4,404	4,721	4,404

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

Key management personnel (continued)

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

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

The Vice-Chancellor and Pro Vice-Chancellor (North Shore) are Trustees of AUT Millennium Ownership Trust (a jointly-controlled entity of the University). Their fees in relation to those positions are paid directly to the University.

Councillors

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

2012	Purchases Actual \$000s	Sales Actual \$000s	Accounts payable Actual \$000s	Accounts receivable Actual \$000s
G Campbell				
Vodafone NZ Limited (Director)	869	-	90	-
L Henry				
Trans Tasman Business Circle (Co-chair)	55	45	8	-
AUT / Millennium Ownership Trust (Trustee)	728	713	5	-
J Maasland				
APN News & Media (Director)	6	-	-	-
J Thompson				
NZ Trade & Enterprise (Director)	3	-	-	-
K Essuman				
AuSM (Student Executive)	1,205	275	-	-
D McCormack				
NZ Stroke Foundation (Vice President)	-	5	-	-
N Bromberg				
AuSM (Vice President)	1,205	275	-	-
P Winter				
Committee for Auckland Ltd (Board Member)	34	-	-	-
J McKay				
University Sport NZ (Board Member)	16	1	-	-
V Bridgwater				
Auckland Tourism Events and Economic Development Ltd (Director)	32	-	-	-
Save the Children (Chair)	-	9	-	-
M Abbott				
Waitemata District Health Board	738	80	-	-
The Rotary National Science & Technology Trust (Board Member)	-	2	-	-
J Raine				
Committee for Auckland Ltd (Board Member)	34	-	-	-
Research and Education Advanced Network NZ Ltd (Chair)	524	-	-	-

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

2011	Purchases Actual \$000s	Sales Actual \$000s	Accounts payable Actual \$000s	Accounts receivable Actual \$000s
G Campbell				
Vodafone NZ Limited (Director)	803	58	63	-
P Dunphy				
Accident Compensation Corporation (Director)	681	72	-	-
New Zealand Post (Director)	296	-	12	-
L Henry				
Cranleigh Merchant Bankers (Chairman)	-	-	-	-
Trans-Tasman Business Circle (Deputy Chairman)	50	4	-	-
Medtech Limited (Director)	9	-	1	-
Minter Ellison Rudd Watts (Special Counsellor)	105	-	3	-
J Maasland				
The Radio Network Limited (Chairman)	2	-	-	-
APN News & Media (Director)	13	-	1	-
Auckland Regional Chamber of Commerce and Industry Limited (Director)	3	-	-	-
V Bridgwater				
Auckland Tourism Events and Economic Development Limited (Director)	17	24	17	-

All transactions were made on normal commercial terms and conditions. Outstanding balances at balance date are unsecured and interest free. No provision has been required nor any expense recognised for impairment of accounts receivable from related parties (2011: \$nil).

NOTE 28: COUNCILLORS' FEES

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

Council Member	2012 Actual \$000s	2011 Actual \$000s
P Alley	3	3
N Bromberg	5	-
G Campbell	3	4
A Cocker	4	6
F Davies	5	6
H Duncan	5	5
K Essuman	6	3
L Henry*	7	8
P Kingi	3	9
L Lim	5	4
J Maasland	25	5
J Martin	6	7
V Ng Lam	-	7
P Phillips	9	12
P Reeves	-	25
J Schofield	7	11
S Stephen	4	3
J Thompson	4	5
TOTAL COUNCILLORS' FEES	101	123

*L Henry is a Trustee of AUT Millennium Ownership Trust (a jointly-controlled entity of the University) and received fees of \$10,000 (2011: \$10,000) in relation to that position.

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Net surplus from operations	13,959	9,221	22,150	10,087
Adjustments for items not involving cash				
Depreciation, amortisation and impairment	28,603	33,138	28,603	33,138
Increase/(decrease) in employee entitlements – term portion	1,357	2,315	1,357	2,315
Increase/(decrease) in reinstatement provision	1,638	508	1,638	508
(Gain)/loss on foreign currency translation	99	(116)	99	(116)
(Gain)/loss on derivative financial instruments – non-hedged	-	(52)	-	(52)
Share of associate's net surplus	-	-	(8)	(11)
Share of jointly-controlled entity's net surplus	-	-	(8,114)	(726)
Total items not involving cash	31,697	35,793	23,575	35,056
Movements in working capital				
(Increase)/decrease in trade and other receivables	104	19,116	238	18,996
(Increase)/decrease in prepayments	530	(167)	530	(167)
(Increase)/decrease in inventories	6	(10)	6	(10)
Increase/(decrease) in trade and other payables	13,371	2,759	13,343	2,844
Increase/(decrease) in income in advance	2,213	(10,577)	2,213	(10,577)
Increase/(decrease) in current employee entitlements	2,296	742	2,296	742
Total movements in working capital	18,520	11,863	18,626	11,828
Add/(less) items classified as investing activities				
Movement in capital creditors	(8,605)	(1,553)	(8,584)	(1,533)
Gain on disposal of property, plant and equipment	(27)	(14)	(27)	(14)
Total items classified as investing activities	(8,632)	(1,567)	(8,611)	(1,547)
NET CASH FLOW FROM OPERATING ACTIVITIES	55,544	55,310	55,740	55,424

NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	2,538	50,378	3,082	51,885
TOTAL CAPITAL COMMITMENTS	2,538	50,378	3,082	51,885

NOTE 31: OPERATING LEASE COMMITMENTS – AS LESSEE

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Not later than one year	7,352	6,940	7,352	6,940
Later than one year and not later than five years	14,392	14,932	14,392	14,932
Later than five years	2,690	823	2,690	823
TOTAL NON-CANCELLABLE OPERATING LEASES	24,434	22,695	24,434	22,695

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

The University leases 32,250 square metres (2011: 29,923 square metres) of office space in Auckland for teaching, research, and administrative purposes. The majority of these leases can be renewed at the University's option, with rents set by reference to current market rates for items of equivalent age and condition.

NOTE 32: FINANCIAL INSTRUMENT

Financial instrument categories

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	8,704	2,821	9,428	3,891
Trade and other receivables	4,254	4,358	4,359	4,523
Investments carried at cost	133	133	133	133
TOTAL LOANS AND RECEIVABLES	13,091	7,312	13,920	8,547
Fair value through other comprehensive income				
Listed securities	-	2	-	2
Derivatives not designated as hedges				
Forward foreign exchange contracts	-	52	-	52
FINANCIAL LIABILITIES				
Derivatives designated as cash flow hedges				
Interest rate swap	227	369	227	369
Financial liabilities measured at amortised costs				
Trade and other payables	42,001	28,630	42,072	28,655
Borrowings	61,250	40,594	61,250	40,594
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COSTS	103,251	69,224	103,322	69,249

NOTE 32: FINANCIAL INSTRUMENT (continued)

Fair value hierarchy disclosures

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

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

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

	Total \$000s	Valuation Technique		
		Quoted market price \$000s	Observable inputs \$000s	Significant non-observable input \$000s
University 2012				
Financial assets				
Forward foreign exchange contracts – non-hedged	-	-	-	-
Listed securities	-	-	-	-
Financial liabilities				
Interest rate swap – cash flow hedges	227	-	227	-
Consolidated 2012				
Financial assets				
Forward foreign exchange contracts – non-hedged	-	-	-	-
Listed securities	-	-	-	-
Financial liabilities				
Interest rate swap – cash flow hedges	227	-	227	-
University 2011				
Financial assets				
Forward foreign exchange contracts – non-hedged	52	-	52	-
Listed securities	2	2	-	-
Financial liabilities				
Interest rate swap – cash flow hedges	369	-	369	-
Consolidated 2011				
Financial assets				
Forward foreign exchange contracts – non-hedged	52	-	52	-
Listed securities	2	2	-	-
Financial liabilities				
Interest rate swap – cash flow hedges	369	-	369	-

NOTE 33: FINANCIAL INSTRUMENT RISKS

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

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

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

Market risk

Interest rate risk

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

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

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

Currency risk

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

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

Price risk

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

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

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Credit risk

Credit risk is the risk that a third party will default on its obligations to the University, thereby causing the University to incur a loss. The University's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The University only invests funds with entities that have a Standard and Poor's credit rating of at least 'A-2' for short-term and 'A' for long-term investments.

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

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

	University		Consolidated	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
Cash and cash equivalents	8,704	2,821	9,428	3,891
Trade and other receivables	4,254	4,358	4,359	4,523
TOTAL CREDIT RISK	12,958	7,179	13,787	8,414

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	
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2011 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents:				
AA-	8,704	2,821	9,428	3,891
Total cash and cash equivalents	8,704	2,821	9,428	3,891
Derivative financial instrument assets:				
AA-	-	52	-	52
Total derivative financial instrument assets	-	52	-	52

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

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Liquidity risk

Management of liquidity risk

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

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

Contractual maturity analysis of financial liabilities

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

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2012					
Trade and other payables	42,001	42,001	42,001	-	-
Net settled derivative liabilities	227	227	-	227	-
Finance leases	38,315	53,885	7,060	17,677	29,148
Borrowings	61,250	65,228	23,672	41,556	-
TOTAL	141,793	161,341	72,733	59,460	29,148
CONSOLIDATED 2012					
Trade and other payables	42,072	42,072	42,072	-	-
Net settled derivative liabilities	227	227	-	227	-
Finance leases	38,315	53,885	7,060	17,677	29,148
Borrowings	61,250	65,228	23,672	41,556	-
TOTAL	141,864	161,412	72,804	59,460	29,148
UNIVERSITY 2011					
Trade and other payables	28,630	28,630	28,630	-	-
Net settled derivative liabilities	369	369	18	351	-
Finance leases	40,435	58,100	7,404	17,801	32,895
Borrowings	40,594	45,442	1,642	43,800	-
TOTAL	110,028	132,541	37,694	61,952	32,895
CONSOLIDATED 2011					
Trade and other payables	28,655	28,655	28,655	-	-
Net settled derivative liabilities	369	369	18	351	-
Finance leases	40,435	58,100	7,404	17,801	32,895
Borrowings	40,594	45,442	1,642	43,800	-
TOTAL	110,053	132,566	37,719	61,952	32,895

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

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

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	1-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2012					
Cash and cash equivalents	8,704	8,704	8,704	-	-
Trade and other receivables	4,254	4,254	4,254	-	-
Net settled derivative assets	-	-	-	-	-
TOTAL	12,958	12,958	12,958	-	-
CONSOLIDATED 2012					
Cash and cash equivalents	9,428	9,428	9,428	-	-
Trade and other receivables	4,359	4,359	4,359	-	-
Net settled derivative assets	-	52	52	-	-
TOTAL	13,787	13,839	13,839	-	-
UNIVERSITY 2011					
Cash and cash equivalents	2,821	2,821	2,821	-	-
Trade and other receivables	4,358	4,358	4,358	-	-
Net settled derivative assets	52	52	52	-	-
TOTAL	7,231	7,231	7,231	-	-
CONSOLIDATED 2011					
Cash and cash equivalents	3,891	3,891	3,891	-	-
Trade and other receivables	4,523	4,523	4,523	-	-
Net settled derivative assets	52	52	52	-	-
TOTAL	8,466	8,466	8,466	-	-

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Sensitivity analysis

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

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2012								
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	43	-	(43)	-	56	-	(56)	-
Financial liabilities								
Interest rate swaps	-	25	-	(25)	-	25	-	(25)
Borrowings	(513)	-	513	-	(513)	-	513	-
Total sensitivity to interest rate risk	(470)	25	470	(25)	(457)	25	457	(25)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2012								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(400)	-	1,223	-	-	(400)	-	1,223
Forward foreign exchange contracts	-	-	-	-	-	-	-	-
Total sensitivity to currency risk	(400)	-	1,223	-	-	(400)	-	1,223
EQUITY PRICE RISK								
Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
Total sensitivity to equity price risk	-	1	-	(1)	-	1	-	(1)

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

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

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s	Profit \$000s	Other equity \$000s
2011								
CURRENCY RISK								
Financial assets								
Cash and cash equivalents	(2)	-	6	-	(2)	-	6	-
Forward foreign exchange contracts	(179)	-	336	-	(179)	-	336	-
Total sensitivity to currency risk	(181)	-	342	-	(181)	-	342	-
EQUITY PRICE RISK								
Other financial assets								
Listed securities	-	1	-	(1)	-	1	-	(1)
Total sensitivity to equity price risk	-	1	-	(1)	-	1	-	(1)

NOTE 34: CAPITAL MANAGEMENT

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

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

NOTE 35: SEGMENTAL INFORMATION

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

NOTE 36: EXCEPTIONAL RISKS OF OPERATING

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, international student revenue could be affected by a significant change to New Zealand's, or foreign governments', immigration or visitors' permits policies. 17% (2011: 16%) of total revenue is derived from International student fees.

NOTE 37: CONTINGENCIES

Contingent assets

As at 31 December 2012, a contractor's bond in lieu of retentions for the sum of \$1,500,000, jointly issued by the Fletcher Construction Company Limited (Contractor) and the Fletcher Trust & Investment Company Limited (Sureties), is held by the University to ensure the Contractor complies with its obligations under the contract documents between the Contractor and the University in respect of the construction of the 20,000 square metres Sir Paul Reeves Building. The bond can be drawn by the University in circumstances should the Contractor fail to fulfil its obligations imposed by the contract documents.

Contingent liabilities

There are no contingent liabilities as at 31 December 2012 (2011: Nil).

NOTE 38: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget are as follows:

Income Statement

Government operational funding

Government operational funding was \$3.6 million ahead of budget due to the receipt of \$1.0 million prior year PBRF wash up and \$2.6 million of other Government grants not budgeted to continue in 2012.

Student tuition fees

Student tuition fees were \$6.4 million ahead of budget driven by a 12% increase in international enrolments.

Research grants

Research grants received during the year were \$10.3 million which was \$2.3 million below budget primarily due to lower than expected external research income.

Other income

Other income was \$1.3 million below budget as a result of lower sundry and student accommodation income.

Personnel costs

Total personnel costs were \$3.0 million higher than budget driven by the recognition of research and study leave commitments, restructuring costs and an increase in leave entitlements incurred.

Supplies and other costs

Supplies and other costs were \$3.6 million above budget mainly due to \$1.6 million increase in the reinstatement provisions for leased buildings and \$1.5 million for the increased rented space required.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment were \$3.9 million below budget due to the deferment of some capital expenditure for 2012, delayed implementation of 2012 capital projects and the impact of impairment adjustments.

Finance costs

Savings in the finance costs of \$1.0 million were driven by lower debt balances and interest rates.

Balance Sheet

Cash and cash equivalents

Cash and cash equivalents were \$5.8 million above budget mainly due to higher USD bank account balance of NZD equivalent funds of \$4.4 million which reflects the funds available for future foreign currency payments.

Property, plant and equipment

Property, plant and equipment were \$22.3 million above budget as a result of higher capital expenditure accruals related to WIP - buildings and upward revaluation of land by Seagar & Partners (Auckland) Limited, Registered Valuers, as at 31 December 2012.

Trade and other payables

Trade and other payables were \$11.3 million above budget mainly due to higher capital expenditure accruals related to WIP-buildings.

Employee entitlements

Employee entitlements were \$2.3 million above budget mainly due to higher provision for research & study leave and annual leave accrual compared to budget.

Provisions

Provisions were \$1.6 million above budget mainly due to increase in reinstatement provision for leased buildings.

Bank borrowings

Total bank borrowings of \$61.2 million were \$4.1 million below the budget of \$65.4 million at year end. This was mainly due to above budget receipts from student fees and lower capital expenditure during the year.

Reserves

Reserves were \$11.9 million above budget due to the revaluation of land as at 31 December 2012.

Statement of Cash Flows

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

NOTE 39: INTEREST IN JOINTLY-CONTROLLED ASSETS

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

Jointly-controlled assets	Nature of joint venture	Ownership interest	
		2012	2011
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	
	2012 Actual \$000s	2011 Actual \$000s
Property, plant and equipment	287	287
TOTAL JOINTLY-CONTROLLED ASSETS	287	287

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

NOTE 40: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period.

NOTE 41: COMPARATIVE FIGURES

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

STATEMENT OF RESOURCES

LIBRARY

	2012	2011
LEARNING AND TEACHING/RESEARCH AND SCHOLARSHIP		
e-resources		
e-journal titles	127,818	111,261
e-book titles	85,745	74,734
e-Reserve items (AUTonline)	4,057	3,702
Research repository items (Scholarly Commons)	2,408	1,805
Print resources (titles)		
Books	220,937	214,188
Journals (serials) ⁶	2,141	2,367
Multimedia (AV items) ⁷	16,888	17,570
ENGAGEMENT		
Online access – full-text downloads		
e-journal full-text downloads	2,073,243	1,691,095
e-book full-text downloads	108,254	58,562
e-Reserve full-text downloads	42,581	37,443
Research repository full-text downloads	522,415	436,868
Online access – page views		
Research repository page views	296,974	265,103
Library guides page views	664,943	591,629
Library website page views	1,791,960	1,720,777
Physical access		
Turnstile counts (visits to Library)	1,467,204	1,508,200
Opening hours (per week) ⁸	86	86
Loans		
Print and multimedia	258,960	305,294
Course reserve (high demand)	47,963	56,294
Interloan items supplied and received	7,596	9,047
Information services		
Information literacy workshops (participants) ⁹	14,792	17,213
Information literacy workshops (groups) ¹⁰	601	650
Research consultations ¹¹	3,706	3,886
Library Help Desk enquiries ¹²	10,477	11,786

6 The decrease in numbers is due to withdrawal of print journals for which there are full electronic versions at North Shore Library

7 The decrease is due to withdrawal of outdated video format items at City and North Shore Libraries

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

9 The number of information literacy workshops, and associated attendance, was higher than usual in 2011

10 Refer to footnote 9

11 Reduction in direct enquiries is in line with international trends for increasing use of online services and information on the Library website

12 Refer to footnote 11

	2012	2011
STAFF		
Total Library staff (FTE)	65.0	62.7
CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING		
Expenditure – \$000s		
Operating expenditure – excluding depreciation	5,813	5,520
Depreciation and asset impairment ¹³	4,562	9,230
Total operating expenditure	10,375	14,750
Capital expenditure – information resources	4,373	5,238
Total Library expenditure	14,748	19,988
Total Library expenditure (\$) per EFTS (MoE and International) and FTE	729	1,026

¹³ 2011 depreciation and impairment expenses were affected by changes to the useful life of e-resources and print resources assets, and the impairment adjustment on those assets

INFORMATION AND COMMUNICATIONS TECHNOLOGY SERVICES

	2012	2011
LEARNING AND TEACHING		
Computers and student users		
Total number of computers (including laptops) ¹⁴	6,651	6,852
Number of computers in classrooms and open-access laboratories ¹⁵	4,098	5,204
Total EFTS:computer ratio	4.7:1	3.5:1
Computer facilities and support		
Available open-access laboratory hours	2,951,826	2,709,384
Total number of open-access hours used	661,257	593,544
Percentage open-access usage	23.0%	21.9%
Average number of daily student log-ons to the wireless network during the busiest month ¹⁶	3,529	2,090
Total number of student log-ons to the wireless network on the busiest day ¹⁷	5,276	3,373
Total service desk enquiries	79,542	74,658
Percentage incident resolution within four hours – students	90.4%	94.4%
RESEARCH AND SCHOLARSHIP		
KAREN network (average traffic) – Mbps	21.7	23.8
KAREN network (maximum traffic both ways) – Mbps	340.1	447.0
Total AUT traffic to Google Scholar – Mb	48,953	27,456
URL hits to Google Scholar	3,104,461	3,071,382
ENGAGEMENT WITH COMMUNITIES		
Number of page views on AUT website from external users	6,188,777	8,352,049
Number of distinct users for AUTonline	28,640	27,025
Number of page views (events/activities) for AUTonline ¹⁸	10,832,403	-
STAFF		
Staff satisfaction with Information and Communications Technology Services (ICTS) ¹⁹	-	94.1%
Percentage incident resolution within four hours – staff	62.8%	77.2%
CONTINUOUS DEVELOPMENT AND CAPACITY BUILDING		
Expenditure – \$000s		
Operating expenditure for ICTS – excluding depreciation	11,827	11,961
Depreciation	1,526	1,961
Operating expenditure for computer leases in other divisions	3,156	3,030
Total operating ICTS expenditure for University	16,509	16,952
Capital expenditure	3,079	1,732
Total ICTS expenditure	19,588	18,684
Percentage increase/(decrease) total ICTS expenditure	4.8%	<1%
ICTS operating expenditure as a percentage of total University expenditure	6.6%	6.4% ²⁰
ICTS salaries / total ICTS operating expenditure	43%	41%
Total ICTS staff (FTE)	88	90
Total ICTS expenditure per EFTS (MoE and International) and FTE (\$)	968	959

14 The decrease in computers in 2012 reflects changes in the way computers were reported in 2011

15 The 2011 result has been adjusted to reflect the removal of servers from this measure. The decrease in the number of computers in classrooms and open-access laboratories in 2012 is due to better utilisation of resources and reduced demand due to an increase in the number of students using their own mobile devices

16 The busiest month of the year was September in 2012 and October in 2011

17 The busiest day of the year was 25 September in 2012 and 4 October in 2011

18 AUTonline activity was understated in 2011. Due to a change in reporting, comparable data with 2012 are not available

19 This figure is based on the staff response to 'Overall satisfaction with IT support' from the 2011 Staff Engagement Survey

20 This figure has been restated to align with the 2012 presentation of expenditure. Refer also to footnote 1

LAND AND BUILDINGS

LAND BY CAMPUS	2012		2011	
	Gross Area ha	Value \$'000s	Gross Area ha	Value \$'000s
City Campus ²¹	3.9	59,448	3.9	46,966
North Shore Campus ²¹	14.4	11,534	14.4	11,534
Manukau Campus ²¹	7.8	27,244	7.8	28,022
AUT Millennium Campus ²²	-	-	1.3	4,552
Total land	26.1	98,226	27.4	91,074

BUILDINGS BY CAMPUS	2012		2011	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
City Campus	91,380	197,804	91,380	203,107
North Shore Campus	35,947	64,095	35,947	64,836
Manukau Campus	8,075	17,897	8,075	18,368
Work in progress ²³	21,124	103,404	-	46,477
Total buildings	156,526	383,200	135,402	332,788
Total land and buildings		481,426		423,862
Contractual leases (various)	55,842		54,674	
University total gross area	212,368		190,076	
Less: Non-leasable area	29,529		29,105 ²⁴	
Usable area	182,839		160,971	

Utilised as follows	2012			2011		
	Usable Area m ²	Total EFTS	Area m ² per EFTS	Usable Area m ²	Total EFTS	Area m ² per EFTS
Faculty space	101,667			101,063		
Administration ²⁵	60,048			59,908		
In development/vacant	21,124			-		
TOTAL	182,839	19,117	9.6	160,971	18,518	8.7

²¹ Land was revalued as at 31 December 2012 following the independent desktop valuation review completed by Seagar & Partners (Auckland) Limited and at the City Campus appreciated in value by 26.6% from 2011 to 2012 while land at Manukau Campus depreciated by 2.6%. Land at North Shore Campus retained its carrying value

²² This land was sold to the AUT Millennium Ownership Trust in December 2012

²³ The gross floor area of the Sir Paul Reeves Building (WG Precinct) is included in Work in Progress, and will be included in the City Campus in future

²⁴ 4,470m² of outside area was incorrectly included in the non-leasable area in 2011

²⁵ This includes space for administration services, student accommodation and car parks

DIRECTORY

INDUSTRY ADVISORY COMMITTEES

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

FACULTY OF BUSINESS AND LAW

Dean's Advisory Board	Mark Porath , Porath Executive Search
Business School Industry Advisory Committee	Rory Walker , Silkroad Technology NZ Ltd

FACULTY OF CULTURE AND SOCIETY

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

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Communication Studies	Selwyn Manning , Multimedia Investments Ltd
Computing and Mathematical Science	Rowan Robinson , Telecom New Zealand Jan Hilder , Panacea Healthcare (co-Chairs)
Construction Management	Dan Ashby , Hawkins Construction (NZ) Ltd
Engineering	Dr Richard Templer , Advanced Manufacturing Technologies, Industrial Research Ltd
Fashion Technology	Peter Meadowcroft , Global Textiles Ltd Geoff Merz , Merz & Associates Ltd (co-Chairs)
Graphic Design	Kerenza Smith , Designsmith Ltd
Spatial Design	Mark Gascoigne , Gascoigne Associates
Visual Arts	Ron Brownson , Auckland Art Gallery

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Adult and Child Psychotherapy	Anna Hedley , Private practice
Applied Mental Health	Tatjana Karaman , Supporting Families in Mental Illness
Applied Sciences	Paul Harrison , Harrison Parker Consultants Ltd
Medical Laboratory Science	Colleen Behr , New Zealand Blood Service
Midwifery	Anne Yates , World Health Organisation/ University of Technology, Sydney
Nursing	Anne Fitisemanu , Auckland District Health Board
Occupational Therapy	Kim Henneker , Hawke's Bay District Health Board
Oral Health	Pip Zammit , Northland District Health Board
Paramedic and Emergency Specialities	Major Brendon Wood , New Zealand Defence Force
Physiotherapy	Darren Knight , Accident Compensation Corporation
Podiatry	Dr Leigh Shaw , Tauranga Hospital
Postgraduate Psychology	Associate Professor Douglas Boer , University of Waikato
Sport and Recreation	
Health and Physical Education	Karen Stimson , Albany Senior High School
Outdoor Recreation	Lyndsay Simpkin , Adventure Specialties Trust
Sport and Exercise Science	Chris Whatman , Auckland University of Technology
Sport Management	Mike Lacey , YMCA North Shore
Sport Practice	Dr Henry Duncan , Auckland University of Technology

PROFESSORIAL STAFF

PROFESSORS

Faculty of Business and Law	Faculty of Culture and Society	Faculty of Design and Creative Technologies	Faculty of Health and Environmental Sciences	Te Ara Poutama
Dr Tim Bentley	Dr Allan Bell	Dr Adnan Al-Anbuky	Dr Max Abbott	Dr Tania Ka'ai
Dr Julie Cassidy	Dr John Bitchener	Dr Ahmed Al-Jumaily	Dr John Brooks	Dr Paul Moon
Dr Trish Corner	Dr Charles Crothers	Dr Zhan Chen	Dr John Cronin	Dr John Moorfield
Dr Bill Doolin	Dr Peggy Fairbairn-Dunlop	Dr Alvis Fong	Dr Valery Feigin	Dr Muiris O'Laoire (resigned September 2012)
Dr Ian Eagles	Dr Nigel Hemmington	Dr Sergei Gulyaev	Dr Stephen Henry	
Dr Peter Enderwick	Dr Simon Milne	Dr Jeffrey Hunter	Dr Clare Hocking	
Dr Bart Frijns#	Dr Mark Orams	Dr Welby Ings	Dr Will Hopkins	
Dr Keith Hooper	Dr Ian Shirley	Dr Nikola Kasabov	Dr Patria Hume	
Dr Kate Kearins	Dr Marilyn Waring	Dr Barry King	Dr Jane Koziol-McLain	
Dr Ming-Hua Liu		Dr Tek-Tjing Lie	Dr Michael McGuigan	
Louise Longdin		Dr Stephen MacDonell	Dr Peter McNair	
Dr Tim Maloney		Dr Ajit Narayanan	Dr Kathryn McPherson	
Dr Roger Marshall		Dr Thomas Neitzert	Dr Janis Paterson	
Dr Deryl Northcott		Dr Krishnamachar Prasad	Dr Keith Rome	
Dr Chris Ohms		Dr John Raine	Dr Elaine Rush	
Dr Andrew Parsons#		Dr David Robie	Dr Grant Schofield	
Dr Judith Pringle		Dr Philip Sallis	Dr Richard Siegert	
Dr Erling Rasmussen		Dr Leong Yap	Dr Owen Young#	
Dr Felix Tan		Dr Albert (Wai) Yeap		
Dr Stephen T.T. Teo				
Dr Alireza Tourani-Rad				

promoted to Professor in August 2012

ASSOCIATE PROFESSORS

Faculty of Business and Law	Faculty of Culture and Society	Faculty of Design and Creative Technologies	Faculty of Health and Environmental Sciences	Te Ara Poutama
Dr Brett Collins (resigned June 2012)	Dr Andy Begg	Dr Christopher Braddock	Dr Andrea Alfaro	Dr Pare Keiha
Dr Sonjaya Gaur	Dr Love Chile	Dr Jiling Cao	Dr Stephen Appel	
Dr Mark Glynn	Dr Nesta Devine	Dr Tony Clear	Dr Mark Boocock	
Dr Ahsan Habib	Dr Sharyn Graham Davies	Dr Paul Cowpertwait	Dr Simeon Cairns	
Dr Candice Harris	Dr Michael Luck	Dr Paul Cullen*	Dr Geoff Dickson	
Dr Kenneth Hyde	Dr Pat Strauss	Nancy de Freitas	Dr Kate Diesfeld	
Dr Coral Ingley		Dr Tina Engels-Schwarzpaul	Dr Lynne Giddings	
Dr Felicity Lamm		Dr Wayne Hope	Dr Len Gillman*	
Dr Romie Littrell		Dr Loulin Huang	Dr Erica Hinckson*	
Dr Keith Macky		Dr Mark Jackson	Dr Wayne Hing	
Dr Simon Mowatt		Dr Frances Joseph	Dr Paula Kersten	
Dr Gail Pacheco		Dr Sergiy Klymchuk	Dr Andrew Kilding	
Dr Edwina Pio		Dr Tom Moir	Dr Antoinette McCallin	
Dr Sougata Poddar		Dr Sigrid Norris	Dr Duncan Reid	
Dr Peiming Wang		Dr Nurul Sarkar*	Dr John F. Smith (resigned December 2012)	
Dr William Wang		Dr Aukje Thomassen	Dr Elizabeth Smythe	
Dr Nevan Wright		Andy Thomson	Dr Denise Taylor	
		Dr John Tookey	Dr Keith Tudor	
		Dr Charles Walker	Dr Alain Vandal	
		Dr David Wilson	Dr Lindsey White*	
			Dr Denise Wilson	
			Dr Valerie Wright-St Clair*	

* promoted to Associate Professor in August 2012

RESEARCH INSTITUTES

FACULTY OF BUSINESS AND LAW

New Zealand Work Research Institute

Acting Director: **Professor Erling Rasmussen**
(to June 2012)
Director: **Professor Tim Bentley** (from June 2012)

FACULTY OF CULTURE AND SOCIETY

Institute of Culture, Discourse
and Communication

Director: **Professor Allan Bell**

Institute of Public Policy

Director: **David Wilson**

New Zealand Tourism Research Institute

Director: **Professor Simon Milne**

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Engineering Research and Innovation Cluster

Director: **Professor Thomas Neitzert**

Institute of Biomedical Technologies

Director: **Professor Ahmed Al-Jumaily**

Institute for Radio Astronomy
and Space Research

Director: **Professor Sergei Gulyaev**

Knowledge Engineering and
Discovery Research Institute

Director: **Professor Nikola Kasabov**

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Biotechnology Research Institute

Director: **Professor Stephen Henry**

Earth and Oceanic Sciences Research Institute

Acting Director: **Associate Professor Len Gillman**

Health and Rehabilitation Research Centre

Director: **Professor Peter McNair**

Sports Performance Research Institute
New Zealand

Director: **Associate Professor Andrew Kilding**

National Institute for Public Health
and Mental Health Research

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

National Institute for Stroke and
Applied Neurosciences

Director: **Professor Valery Feigin**

TE ARA POUTAMA

Te Ipukarea: the National Māori
Language Institute

Director: **Professor Tania Ka'ai**

KEY FACTS AND FIGURES

KEY FACTS AND FIGURES

ALL EFTS

EFTS	2012 Budget	2012 Actual	2011 Actual	2010 Actual
Domestic Ministry-funded EFTS	15,260	15,470	14,942	15,391
Onshore International PhD EFTS	122	118	109	93
International postgraduate research MoE	8	36	6	5
Funded EFTS²⁶	15,390	15,624	15,057	15,489
Domestic RGA EFTS	80	205	217	161
International EFTS ²⁷	2,334	2,506	2,369	2,445
Other international EFTS	347	447	492	530
Non EFTS	92	52	96	98
Total programme EFTS	18,243	18,834	18,231	18,723
AUT International House	170	283	287	229
Total EFTS	18,413	19,117	18,518	18,952
Total number of students		26,787	26,243	27,141

EFTS BY QUALIFICATION TYPE

	2012		2011		2010	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Funded EFTS						
Postgraduate	1,782	11%	1,735	12%	1,759	11%
Bachelor degree and graduate programme	12,025	77%	11,345	75%	11,034	72%
Diploma and certificate	1,815	12%	1,975	13%	2,691	17%
Not categorised	2	<1%	2	<1%	5	<1%
Total Funded EFTS	15,624	100%	15,057	100%	15,489	100%
International EFTS						
Postgraduate	518	21%	427	18%	476	20%
Bachelor degree and graduate programme	1,788	71%	1,675	71%	1,641	67%
Diploma and certificate	200	8%	267	11%	328	13%
Total International EFTS	2,506	100%	2,369	100%	2,445	100%

²⁶ Funded EFTS are all EFTS receiving Student Achievement Component (SAC) funding. They include onshore international PhD students and international students enrolled in research masters courses

²⁷ Not including Revenue Generating Activity (RGA) or Special Purpose Funding (SPF)

DOMESTIC MINISTRY-FUNDED STUDENTS

	2012		2011		2010	
	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Students by ethnicity²⁸						
Asian	5,275	25%	5,380	26%	5,692	27%
Māori	1,983	10%	1,932	9%	2,064	10%
New Zealand European/Pākehā	8,796	42%	8,619	42%	8,903	42%
Pasifika	2,653	13%	2,492	12%	2,538	12%
Other	1,857	9%	1,828	9%	1,865	9%
Non declared	246	1%	232	1%	236	1%
Students by mode of study						
Full-time	14,356	69%	13,912	68%	14,157	66%
Part-time	6,454	31%	6,571	32%	7,141	34%
Students by age						
Under 25 years	13,341	64%	12,909	63%	13,172	62%
25-39 years	5,151	25%	5,208	25%	5,553	26%
40+ years	2,318	11%	2,366	12%	2,573	12%
Students by gender						
Female	12,635	61%	12,441	61%	13,004	61%
Male	8,175	39%	8,042	39%	8,294	39%

INTERNATIONAL STUDENTS

International students were enrolled from 83 countries. The top ten are listed below.

	2012		2011
	Numbers	Percentage	Percentage
China	1,366	40%	35%
India	426	13%	15%
Vietnam	230	7%	6%
South Korea	191	6%	7%
Saudi Arabia	173	5%	6%
Malaysia	100	3%	3%
Russia	89	3%	3%
Taiwan	67	2%	2%
Hong Kong	54	2%	2%
Thailand	50	1%	2%
Other (73 countries)	615	18%	19%
Total International students²⁹	3,361	100%	100%

²⁸ Based on students' primary self-selected ethnicity

²⁹ This includes International students that are SAC funded

QUALIFICATIONS AWARDED

	2012	2011	2010
Doctorates	68	40	37
Masters	635	592	593
Honours, Postgraduate Diplomas and Postgraduate Certificates	784	750	810
Degrees, Graduate Diplomas and Graduate Certificates	3,858	3,458	3,378
Diplomas	627	657	849
Certificates	1,468	1,301	1,761
Total qualifications awarded	7,440	6,798	7,428

STAFF

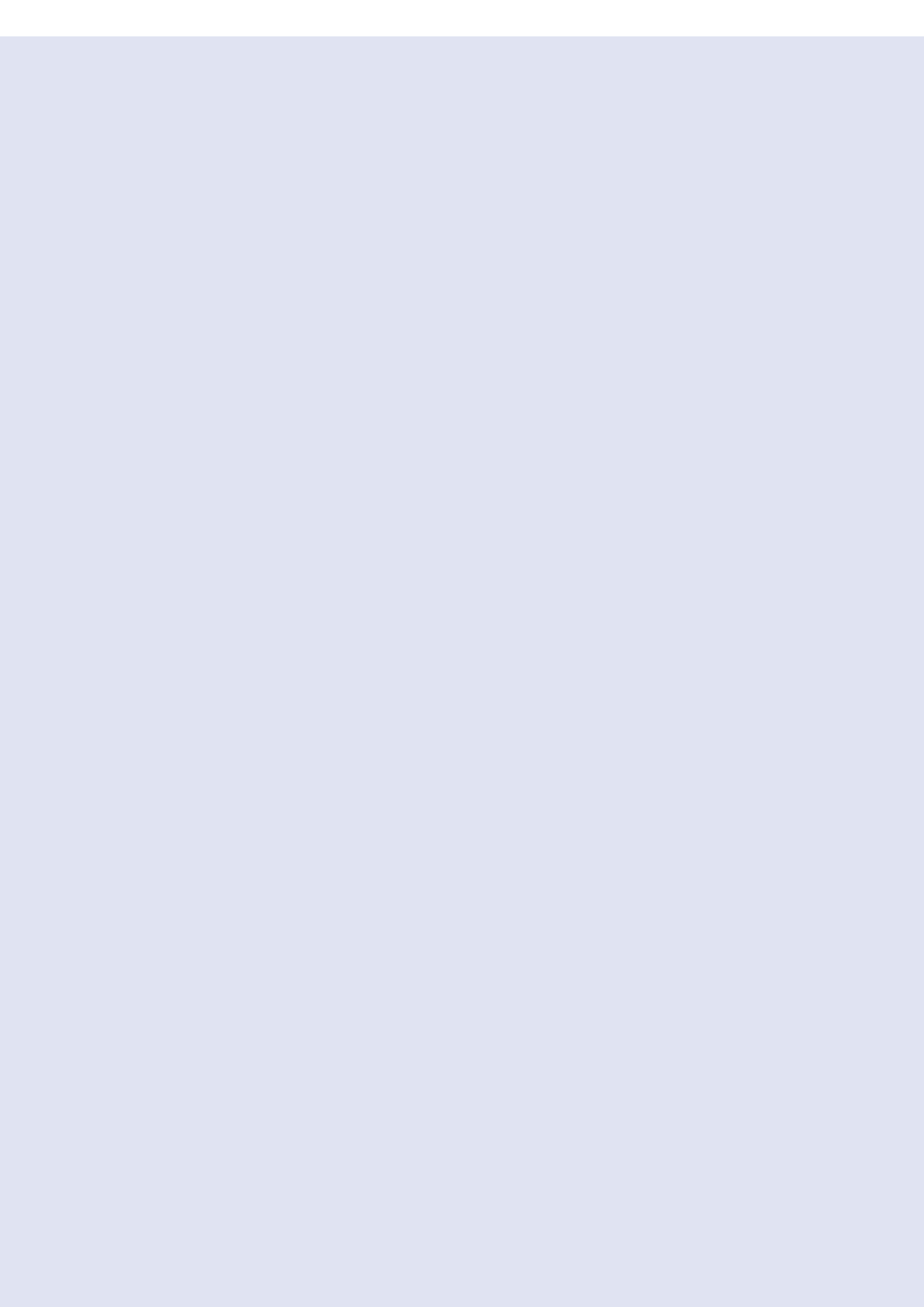
For the year ended 31 December 2012

Faculties	2012			2011		
	Academic	Admin	Total	Academic	Admin	Total
Business and Law	182	60	242	182	54	236
Culture and Society	196	65	261	190	69	259
Design and Creative Technologies	271	95	366	269	89	358
Health and Environmental Sciences	348	119	467	339	116	455
Te Ara Poutama	21	5	26	21	3	24
Total Faculty FTE	1,018	344	1,362	1,001	331	1,332

Central administration services

Corporate Services ³²	4	167	171	4	177	181
Finance and Estates	-	127	127	-	122	122
Innovation and Enterprise	-	10	10	-	9	9
International	25	21	46	29	21	50
Learning and Teaching	11	11	22	8	11	19
Library	-	65	65	-	63	63
Māori Advancement	-	1	1	2	1	3
Research and Development	6	23	29	7	17	24
University Relations	13	237	250	11	235	246
Vice-Chancellor's Office	8	15	23	8	6	14
Total central administration services FTE	67	677	744	69	662	731
Total University FTE	1,085	1,021	2,106	1,070	993	2,063

³² The Office of Legal Counsel and Governance was moved from Corporate Services to the Vice-Chancellor's office in 2012





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