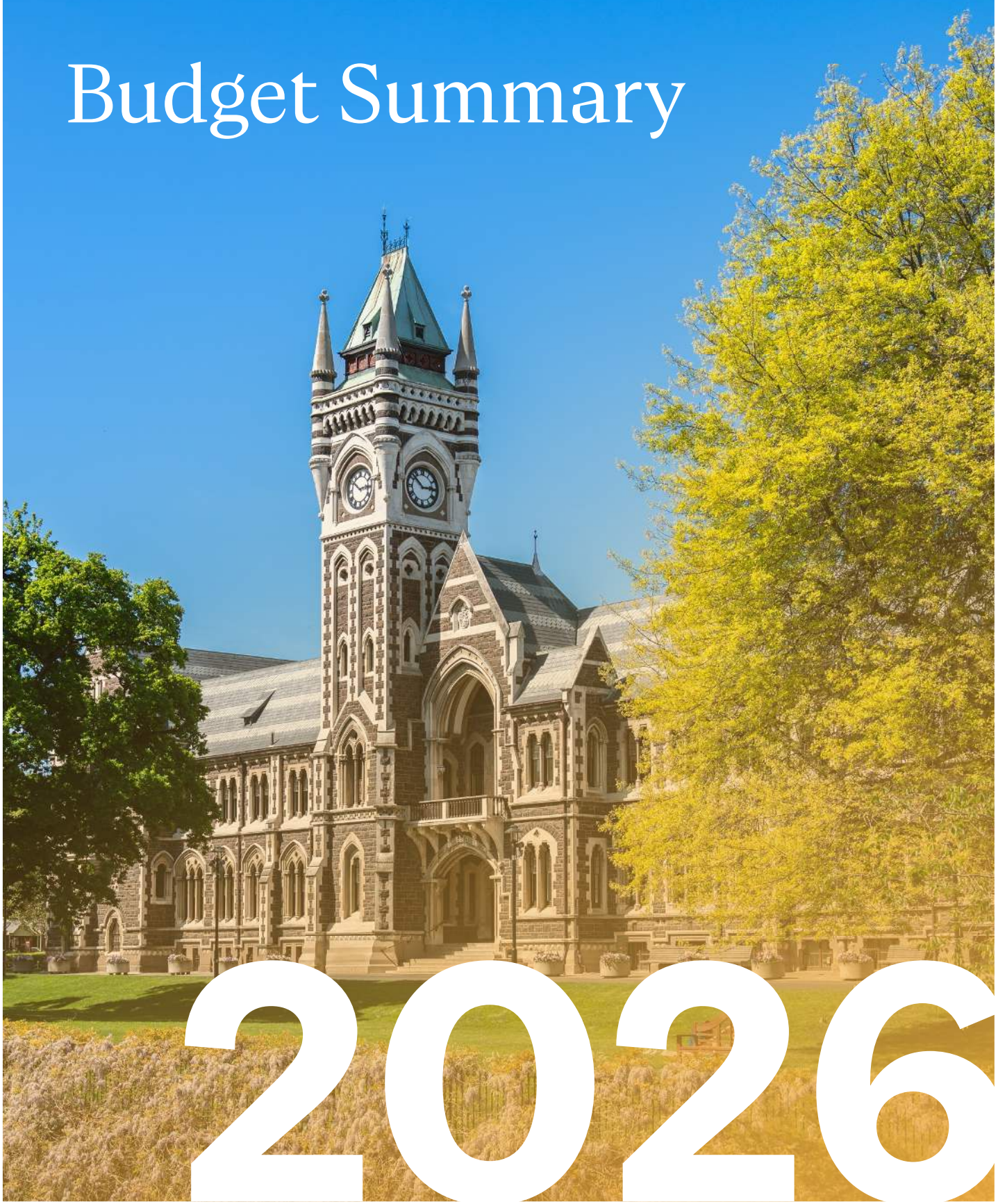
University of Otago
ŌTĀKOU WHAKAIHU WAKA

Budget Summary



2026

EXECUTIVE SUMMARY

2026 domestic and international EFTS	Budgeted revenue increased 4.0% to	Deficit	EBITDA	Borrowing to support capital and asset reinstatement	Capital assets after $151 million in additions
19,768 EFTS	$931 million	($9) million	$102 million	$321 million	$3.0 billion

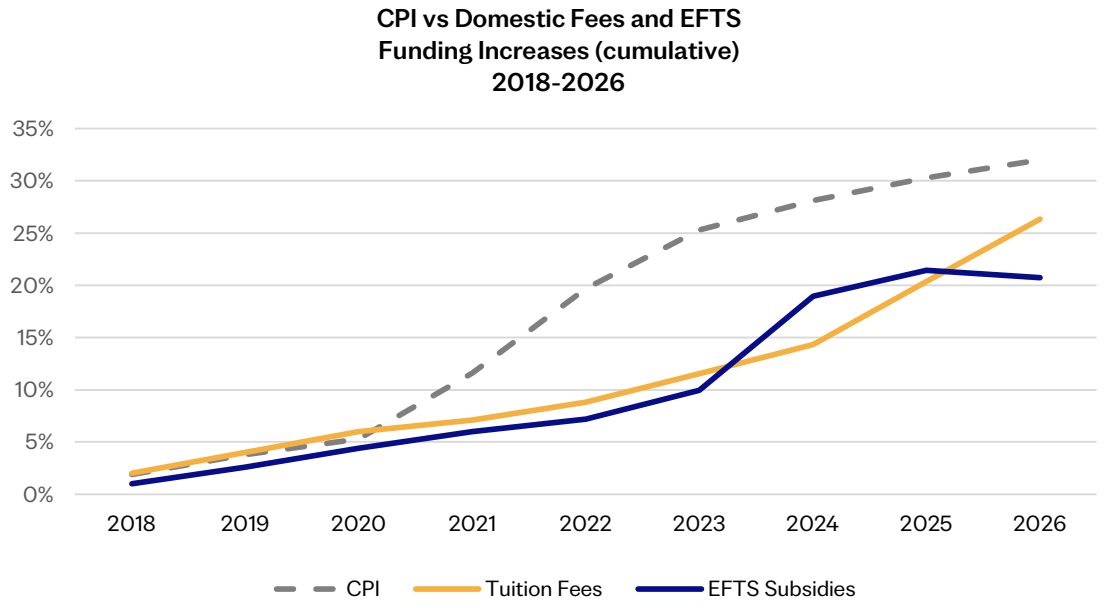
A TOUGH FINANCIAL ENVIRONMENT REQUIRING A COLLECTIVE FOCUS ON SAVINGS AND GROWING INCOME

The University Council approved a University Parent budget deficit of ($9) million for 2026, which is an improvement an of $6.5 million on its 2025 budget deficit of ($15.5) million.

Total revenue is budgeted to increase by 4%. This comes from student tuition revenue increasing by 6.3% and a predicted increase of 2.3% in research income. Government funding (DQ) rates are budgeted to decrease by an average of 0.4%, while domestic and international fees are budgeted to increase by 6% and 5% respectively.

The Government confirmed the removal of the time-limited 4% increase introduced in 2023, reducing revenue in the 2026 budget by $11.8m. Coupled with the Government's targeted approach to setting 2026 funding levels, with only selected disciplines receiving a funding rate boost for 2026, funding rates for many areas of delivery will decline by 3.67% in 2026 and other targeted disciplines will increase but only by 0.91%

In the period 2018 to mid-2025 CPI has increased 30%, while Government EFTS subsidies will increase by just under 21% to 2026.



Student numbers are budgeted to increase 690 EFTS on the 2025 budget, as the school leaver cohort for 2026 is larger than in previous years, however competition domestically remains intense.

The 2026 budget reflects the cost of strategic investment, including the completion of the new Wai-Ora Christchurch building. Such projects add cost to the 2026 budget in the form of increased depreciation and finance costs on the borrowing used to fund them.

The budget represents further progress in working towards the goals contained in Pae Tata, the University's Strategic plan out to 2030 and the first stage of delivering on our Vision 2040 Strategic Plan. Core tenets of Pae Tata include financial discipline, managing costs and growing alternative forms of income.

Budget 2026 represents the University's ongoing collective mahi to achieve these goals in a difficult environment with challenges including ongoing national economic difficulty, large cuts to many areas of research funding and the Government's 2025 Budget announcements regarding funding for the sector in 2026.

PAE TATA STRATEGY TO 2030

Pae Tata is the University's plan out to 2030 and the first stage of delivering on its Vision 2040 Strategic Plan, it contains five domains for action:

- Provide compelling and viable education offerings
- Whakamana te Tiriti o Waitangi
- Become a more global and connected university
- Organise and focus research and innovation
- Support our people to achieve their best

As noted in Pae Tata:

> Successful universities are financially disciplined, managing costs and growing alternative forms of revenue. This provides the flexibility to respond to challenging circumstances, pursue strategic priorities, and deliver on their core mission of research, teaching and service.

A key aspect of Budgets 2025 and 2026 are the priority initiatives across the University to meet its Pae Tata priorities, namely:

- Increased student numbers
- Streamlining papers and programmes to market needs
- Better utilisation of space

Examples of initiatives include the External Engagement Division putting extra resources into marketing to potential students in target international markets and improving the online experience for students across their journey from initial contact to enrolment and beyond.

Divisions are reviewing papers and programmes to ensure best fit with market demands and future workforce needs. Led by the Academic Division, the University continues to improve success for all learners while funding initiatives to improve success for Pacific, Māori, and students with disabilities.

The University continues to win highly contested funding and carry out world-class research on behalf of major funds in Aotearoa and explore new opportunities for large international funds focused on solving global issues. While there are nationwide reviews being undertaken in this sector, the Research and Enterprise Division is working to combine and streamline its research office functions, making greater use of technology to free up resources to support researchers to gain funding in new and existing areas.

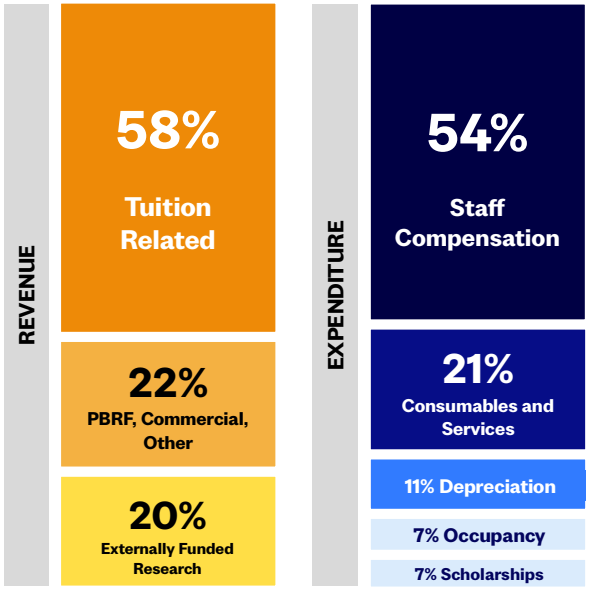
Within the Property and Capital Development programme, there are ongoing efforts in space optimisation and initiatives, such as space occupation sensors, to allow for better planning and allocation of resources. Funding has been allocated to the IT area to enable the University to be responsive to the recruitment, teaching and learning needs of current and potential students, both domestic and international. The University's first Chief Digital Officer will continue to lead these efforts.

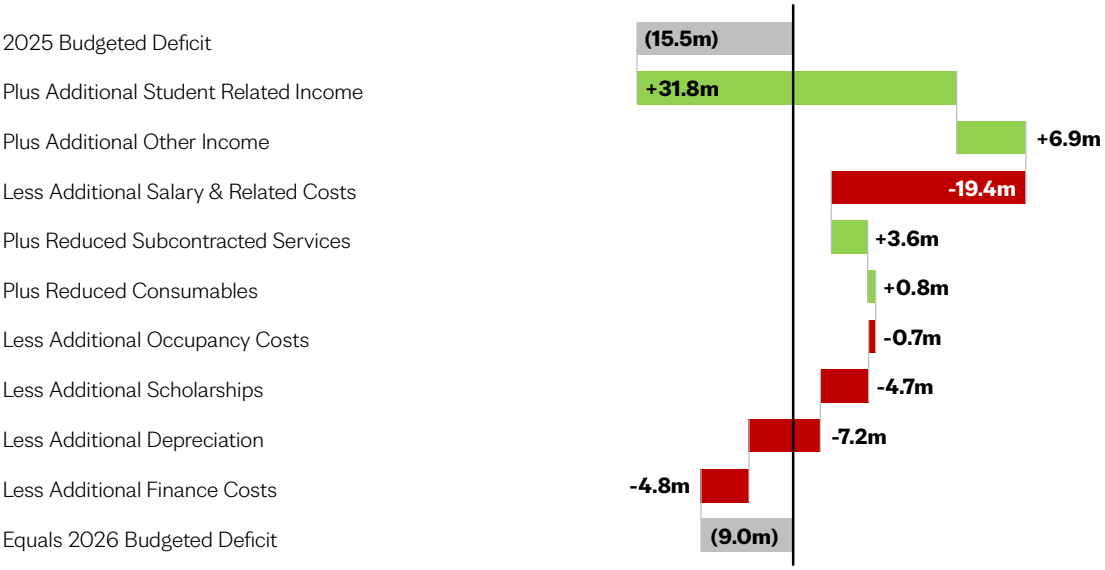
The University has appointed its first DVC Māori and DVC Pacific who will focus on significant workstreams that are aligned to the priorities in Pae Tata and the goals in both the Māori Strategic Framework and Pacific Strategic Framework.

FINANCIAL SUMMARY

The University deficit of ($9.0) million is $6.5 million more favourable than the 2025 budgeted deficit of ($15.5) million. Revenue is budgeted to increase by $38.7 million to $930.8 million. Tuition related income is expected to grow by $31.8 million due to budgeted increases in EFTS for 2026 (up 690 on the 2025 budget).

Total spending is budgeted to increase by $32.3 million. This increase includes targeted savings to complete the $61.5m savings target set in 2023.The largest budgeted increases in expenditure are salary and related costs ($19.4 million, including a $9.2m transfer from consumables), depreciation ($7.2 million), finance costs ($4.8 million), scholarships ($4.7 million), occupancy ($0.7 million) offset by a decrease in subcontracted services ($3.6 million) and consumables and general ($0.8 million). These and other movements are highlighted in the following graph.





FINANCIAL STATEMENTS[1]

STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2024 $'000	Forecast 2025 $'000	Budget 2025 $'000	Budget 2026 $'000	Budget Movement $'000
REVENUE					
Student Related Revenue	477,311	509,402	507,761	539,591	31,829
Externally Funded Research	185,891	171,941	182,390		
Consulting and Commercial Revenue	92,854	97,985	102,812		
PBRF	60,639	60,639	61,393	391,197[2]	6,898[1]
Finance Revenue	2,476	69	90		
Other Revenue	34,757	39,981	37,616		
Total Revenue	**853,927**	**880,018**	**892,062**	**930,788**	**38,726**
EXPENDITURE					
Salary and Related Costs	478,723	489,236	487,424	506,781	19,357
Subcontracted Services	48,509	39,351	48,547	44,928	(3,620)
Occupancy Costs	57,542	61,451	62,182	62,881	699
Consumables	25,584	25,920	28,001	28,815	814
General Expenditure	110,741	115,439	120,412	118,748	(1,663)
Scholarships	57,644	64,016	61,785	66,534	4,748
Depreciation	93,633	95,480	95,480	102,633	7,153
Finance Costs	4,093	2,739	3,706	8,489	4,782
Total Expenditure	**876,468**	**893,632**	**907,539**	**939,809**	**32,270**
Surplus / (Deficit)	**(22,541)**	**(13,614)**	**(15,477)**	**(9,021)**	**6,456**

[1] University Parent

[2] Figures combined for commercial confidentiality

STATEMENT OF FINANCIAL POSITION

	2025 Forecast $'000	2025 Budget $'000	2026 Budget $'000	Change $'000
CURRENT ASSETS				
Cash and cash equivalents	2,835	2,334	2,835	500
Receivables & prepayments	71,342	77,171	73,374	(3,797)
Current financial assets	454	443	454	11
Inventory	1,356	1,436	1,385	(51)
Total Current Assets	**75,987**	**81,384**	**78,048**	**(3,336)**
NON-CURRENT ASSETS				
Investments	32,895	32,513	32,895	382
Loans receivable	5,390	5,862	5,068	(794)
Property, plant and equipment	2,706,176	2,912,505	2,988,505	76,001
Intangible assets	23,438	23,102	25,026	1,924
Total Non-Current Assets	**2,767,898**	**2,973,982**	**3,051,494**	**77,512**
Total Assets	**2,843,886**	**3,055,366**	**3,129,542**	**74,176**
CURRENT LIABILITIES				
Payables & accruals	56,303	46,060	56,523	10,463
Employee entitlements	84,263	78,062	82,368	4,306
Deferred revenue	127,084	125,913	129,974	4,061
Other financial liabilities	2,606	1,112	2,885	1,772
Total Current Liabilities	**270,257**	**251,148**	**271,750**	**20,602**
NON-CURRENT LIABILITIES				
Employee entitlements	42,514	43,939	42,514	(1,425)
Finance leases	26,698	26,698	26,420	(278)
Loans	261,504	268,605	320,572	51,967
Total Non-Current Liabilities	**330,716**	**339,241**	**389,506**	**50,265**
Net Assets	**2,242,913**	**2,464,977**	**2,468,287**	**3,310**
EQUITY				
Accumulated funds	701,570	713,626	692,549	(21,077)
Reserves	1,541,343	1,751,351	1,775,737	24,386
Total Equity	**2,242,913**	**2,464,977**	**2,468,287**	**3,310**

CASH FLOW STATEMENT

	2025 Forecast $'000	2025 Budget $'000	2026 Budget $'000	Change $'000
OPERATING ACTIVITIES				
Cash was provided from:				
Subsidies and Grants Received	366,252	367,339	375,500	8,161
Fees and Charges Received	224,320	224,655	250,698	26,043
Interest and Dividends Received	130	90	94	4
Receipts from Other Revenue	290,586	301,439	306,437	4,998
Cash was applied to:				
Paid to Suppliers and Employees	791,673	805,808	830,219	24,411
Payment of Finance Costs	8,023	10,947	11,721	774
Net Operating Cash Flows	**81,593**	**76,768**	**90,789**	**14,021**
INVESTING ACTIVITIES				
Cash was provided from:				
Sales of Fixed Assets	1,865	656	1,822	1,166
Sale of Investments and Loan Repayments	1,021	444	454	10
Cash was applied to:				
Purchase of Fixed Assets	171,534	173,582	152,132	(21,450)
Net Investing Cash Flows	**(168,648)**	**(172,482)**	**(149,857)**	**22,626**
FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from Borrowings	86,851	95,715	59,068	(36,647)
Net Financing Cash Flows	**86,851**	**95,715**	**59,068**	**(36,647)**
Total Cash Flows	**(204)**	**-**	**-**	**-**
Opening Balance	3,039	2,334	2,835	501
Closing Balance	2,835	2,334	2,835	500
Represented by:				
Cash and Bank	**2,835**	**2,334**	**2,835**	**500**