




2008

ANNUAL REPORT

UNIVERSITY
of
OTAGO



Te Whare Wānanga o Otāgo

NEW ZEALAND

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VISION

A research-led University with an international reputation for excellence.

KO TE ARONGA

He Whare Wānanga e Aronui ana ki te Rangahau, e Rongonui ana i ngā Tōpito o te Ao i te Ao i tōna Ikeiketanga.

MISSION

The University of Otago will advance, preserve and promote knowledge, critical thinking and intellectual independence to enhance the understanding, development and well-being of individuals and society. It will achieve this by building on foundations of broad research and teaching capabilities, unique campus learning environments, its nationwide presence and mana, and international links.

Ko tā Te Whare Wānanga o Otāgo he whanake, he pupuri, he whakatairanga hoki i te mātauranga, i te ihomatua tātari kaupapa, i te whakaaroaro motuhake o te tangata, e nui ake ai te mōhio, te marama, te hiatotanga, otirā, te oranga o te tangata, o te iwi hoki. E tutuki ai tēnei mā te rangahau me te tika mārika o te whakaako, mā te whai wānanga ahurei, mā te whakaū i tōna mana, me ōna toronga puta noa i te motu, i te ao.

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UNIVERSITY GOVERNANCE

LEGAL STATUS

The University was established by the University of Otago Ordinance of the Provincial Council in 1869, the University of Otago Amendment Act 1961 and the Education Act 1989. It is governed by a Council, which appoints the Vice-Chancellor, who is the chief executive and employer of all other staff.

STATUTORY ROLE

Defining characteristics of universities in New Zealand, specified in the Education Act 1989, include that their teaching is primarily informed by research, they are repositories of knowledge and expertise, and they accept a role as critic and conscience of society.

THE UNIVERSITY COUNCIL

The Council is constituted and empowered according to legislation. Council is chaired by the Chancellor, and comprises elected, appointed and co-opted members representing key stakeholders including alumni, students and staff.

COMMITTEES OF COUNCIL

Specific committees report directly to Council on matters including financial management and performance, audit, capital development, ethics, risk management and statutory compliance. It also has a Treaty of Waitangi committee with equal Ngāi Tahu membership and may, from time to time, establish special working parties to examine particular issues.

THE SENATE

Senate reports directly to Council, advising it primarily on academic matters as the Academic Board of the University. Senate is convened by the Vice-Chancellor and its membership is drawn mainly from the heads of academic departments, but it also includes other senior academics and representatives of other teaching staff and students. It is, in turn, advised by a number of committees and boards.

UNIVERSITY AUTONOMY AND ACADEMIC FREEDOM

The Education Act 1989 provides statutory recognition of, and protection for, the institutional autonomy of the University and the academic freedom of its staff and students. In accordance with the Act, the Council and the Vice-Chancellor have a duty to act to preserve and enhance university autonomy and academic freedom.

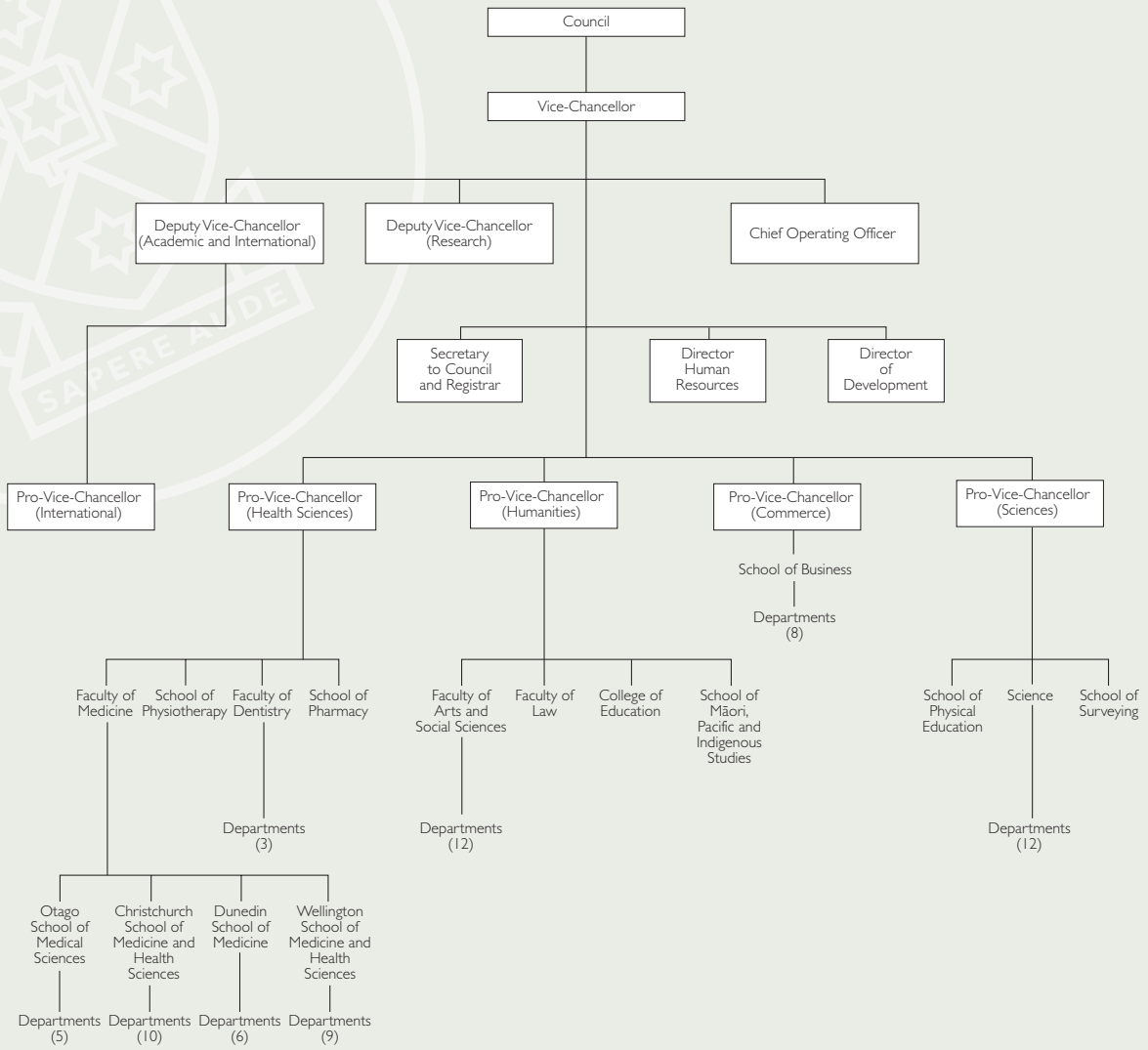
GOVERNANCE DOCUMENTS

The University Charter sets out the vision and mission of the University, its core values, special character and the high-level intent of its contributions to the wider community, nationally and internationally.

The University strategic plan, Strategic Direction to 2012, provides a framework for the development of the University.

The University Investment Plan outlines how the University will give effect to its Charter, the means by which it will contribute to the Government's strategies and priorities for tertiary education, and how it will monitor its performance in these matters.

ORGANISATION CHART





Professor D C G Skegg

Dr J D Palmer

Mr M D Tucker

Dr M J Duxson

Judge E O K Blaikie

Mr S S Wilson

Mrs K E Grant

Mr P W H Chin

Ms J A Flood

Ms M A Morgan

THE COUNCIL OF THE UNIVERSITY OF OTAGO 2008

Appointed by the Minister of Education

Mr Edward W Ellison

Mr James D Palmer BA(Hons) LLB(Hons)(Otago) LLM((Harv)DPhil(Oxon)

Ms Kereyn M Smith DipPhEd (Otago)

Mr John F Ward – (Pro-Chancellor) BCom(Otago) CA

Ex Officio

Professor David C G Skegg – (Vice-Chancellor)
OBE BMedSc MB ChB(Otago) DPhil(Oxon) FFPHM FAFPHM FRSNZ

Elected by the academic staff

Associate Professor Judith A Bennett
BA BEd(Qld) MA(Hawaii) PhD(ANU) DipEdDC(PNG)

Dr Marilyn J Duxson MSc (Melbourne) PhD (University College London)

Professor Antony M Wheatley BSc(Hons) (NUI) PhD(Dub)

Elected by the Court of Convocation

Judge Edward O K Blaikie LLB(Otago)

Miss Lorraine P Isaacs MA(Otago & Hawaii)

Mr Michael JM Sidey BCom(Otago) ACA

Elected by the general staff

Ms Margaret A Morgan MA (Otago) DipArch/RecMgmt (Monash)

Appointed after consultation with central organisation of employers

Mr Stuart J McLauchlan BCom(Otago) CA

Appointed after consultation with central organisation of workers

Mr Roger H Tobin BSc(Well)

Appointed by the Students' Association

Mr Simon S Wilson BA PGDipArts(Otago)

Mr Matthew D Tucker

Appointed by the Dunedin City Council

Mr Peter WH Chin CNZM LLB(Otago)

Co-opted

Mr Lindsay J Brown – (Chancellor) BCom(Otago)

Mrs Kathleen E Grant BA LLB DipArts DipLaw(Otago)



Mr S J McLauchlan Professor J A Bennett Professor A M Wheatley Miss L P Isaacs Mr E W Ellison Mr M J M Sidey Mr J F Ward Ms K M Smith Mr R H Tobin Mr L J Brown

EXECUTIVE GROUP

Vice-Chancellor

Professor David C G Skegg
OBE BMedSc MB ChB(Otago) DPhil(Oxon) FFPHM FAFPHM FRSNZ

Deputy Vice-Chancellor (Academic & International)

Professor D Gareth Jones
CNZM BSc(Hons) MB BS(Lond) DSc(W Aust) MD (Otago) CBiol FIBiol

Deputy Vice-Chancellor (Research)

Professor K Geoffrey White BSc PhD(Otago) FNZPsS FAPS FRSNZ

Chief Operating Officer

A John Patrick BCom(Otago) CA CMA

Pro-Vice-Chancellor (Commerce)

Professor George L Benwell
BSurv PhD(Melb) MPhil(City) MNZCS MISAust

Pro-Vice-Chancellor (Health Sciences)

Professor Don M Robertson MB ChB MD(Otago) FRACP FRCPA

Pro-Vice-Chancellor (Humanities)

Professor Majella M Franzmann
BA(Hons) PhD(Qld) DipTeach(Mt Gravatt) AMusA FAHA

Pro-Vice-Chancellor (Sciences)

Professor Vernon A Squire
Polar Medal BSc(Hons)(Wales) PhD(Cantab) DSc(Wales) FRSNZ
FIMA CMath FNZMS

Pro-Vice-Chancellor (International)

Professor Sarah J Todd BA(Massey) MCom PhD(Otago)

Director of Human Resources

Kevin J Seales BCom(Cant) MHRINZ

Secretary to the Council, and Registrar

Jan A Flood DipPhEd(Otago)

CHANCELLOR'S INTRODUCTION

I am particularly honoured to present the 2008 Annual Report of the University of Otago, being the last occasion on which I shall have this privilege and pleasure.

Underfunding continues to be the major challenge of the University sector in New Zealand and, unfortunately, there is nothing to indicate that this situation will improve, at least in the foreseeable future. Nevertheless, the University of Otago community can be very proud of its achievements in 2008, led by our outstanding Vice-Chancellor, Professor David Skegg, now in his fifth year in that role. We are most fortunate that he has such a strong passion for, and loyalty to, the University of Otago, its people and all it stands for. It was very fitting that in the 2009 New Year Honours, he was made a Distinguished Companion of the New Zealand Order of Merit in recognition of his outstanding contribution to medicine.

An outstanding feature of the year was the generation of externally-funded research revenue of \$87 million, which is a record for us, almost 20% higher than the previous year and 80% higher than five years ago. This has been achieved in a fiercely competitive environment where, even adjusting for New Zealand's small size, the total level of available research funds compares unfavourably with many other countries with whom we compete for quality research and teaching staff.

Council continued its practice of holding Council meetings from time to time outside of Dunedin. In 2008 we held our August Council meeting at our Christchurch campus.

About two thirds of those who have successfully completed degree and diploma courses choose to graduate in person, and the graduation ceremonies (10 in 2008) are always highlights of the University year. Special mention should be made of the award of honorary doctorates to recipients distinguished in their particular fields of endeavour. They were poet Cilla McQueen (Doctor of Literature), Māori health leader and psychiatrist Professor Mason Durie, and architect Edward (Ted) McCoy (both Doctor of Laws). In addition, at one of our December ceremonies, the University kindly awarded me an honorary Doctor of Laws degree in recognition of my service to the University.

At the end of 2008, I retired from the Council having completed the maximum period of 16 years as a Councillor, including the last five years as Chancellor. I am most grateful to my fellow councillors who allowed me the privilege and honour of being the 17th Chancellor of this amazing institution. I extend my grateful thanks to my fellow councillors, staff, students, funders, alumni, supporters and other stakeholders for their valued contributions to the University's operations and achievements, not only in 2008, but over my five years as Chancellor.

I am very confident that the University will be well served by the new Chancellor, John Ward (Pro-Chancellor in 2007 and 2008), new Pro-Chancellor Stuart McLauchlan and their team of councillors, and I wish them all the very best.

In conclusion, I recently had reason to look at the Annual Report for 1993, my first year as a councillor: It was the final year of Sir Robin Irvine's 21 years as Vice-Chancellor, and he made this comment in his Vice-Chancellor's review:

"... I leave with confidence that Otago will survive. This institution has shown time and again that it is a University prepared to adapt, to face up to adversity and to overcome odds. My affection will never wane, nor will my belief in its importance."



Lindsay Brown: "Graduation ceremonies are always highlights of the University year."

What he said sums up my own feelings perfectly on my retirement. What I can add to it is why I also feel that way, and why I personally believe it is important that the University of Otago must continually strive to be the best it can. So I conclude by quoting from an interview I gave to the *University of Otago Magazine* earlier this year:

"I get excited about what it is a university tries to achieve, which is basically the spreading of knowledge and the creation of new knowledge. You can't get more exciting than that."

Lindsay Brown

Chancellor 2004 – 2008

VICE-CHANCELLOR'S REVIEW

The University of Otago made excellent progress during 2008. The quality of its research was recognised by the award of the largest share of the Marsden Fund for the fourth year in a row; several new research centres were established; record numbers of undergraduate and postgraduate students enrolled for study; implementation of our Māori Strategic Framework gathered pace; and Abbey College was established as New Zealand's first residential college for postgraduate students.

The Annual Report provides information about our research, teaching and community service, as well as our resources and financial performance. In this review I will mention some of the highlights. As in recent years, I will use as headings the six imperatives in our *Strategic Direction to 2012*.

ACHIEVING RESEARCH EXCELLENCE

Otago is New Zealand's most research-intensive university and the advancement of knowledge is one of its prime functions. Research underpins all of our teaching, but it also contributes to the economy, to health care, and to the social and cultural life of the nation.

The University of Otago is one of the two largest research organisations in New Zealand. Otago's research capacity has been given a major boost by our Leading Thinkers initiative, in which an endowment of over \$50 million was raised from private donors together with matching funds from the Government. Many new chairs have been established and we have been able to attract outstanding scientists and scholars from around the world. Some of these professors will be heading new research centres, in fields as diverse as science communication, reproduction and genomics, international health, development studies, Irish and Scottish studies, legal issues, and entrepreneurship. Several of these new professors have already won grants from the prestigious Marsden Fund.

The Marsden Fund is New Zealand's most competitive source of funding for "blue skies" research in all fields of science and the humanities. Applications are received from eight universities, as well as a larger number of Crown research institutes and other research organisations. The fact that Otago has gained the largest share of this fund for four years in a row is remarkable, since this is far from being New Zealand's largest university.

Our researchers were also highly successful in competing for funds from the Health Research Council, the Foundation for Research, Science and Technology, the Lottery Grants Board and other organisations. In 2008 the University achieved its highest ever income for externally funded research (\$87 million). This was nearly 20% higher than the budget and 80% higher than the external research income five years ago (\$48 million).

Towards the end of the year, the Government announced that the University of Otago would be the lead institution in the establishment of a New Zealand Genomics Infrastructure. This is the first proposal to be funded under a new scheme for providing research infrastructure that would be too expensive for a single institution to provide and utilise. Modern genomic technologies, which allow scientists to examine the structure and function of thousands of genes at a time, are vital in advancing research on health, agriculture, horticulture, biosecurity and biodiversity. Otago was chosen as the lead institution because of its expertise in areas such as genome sequencing, bioinformatics and gene arrays. These strengths will be complemented by partner institutions: Massey University, the University of Auckland and AgResearch. The initiative also has support from another four universities and seven Crown research institutes.

The University's Distinguished Research Medal was awarded to Professor Mark Richards, who heads the internationally renowned Christchurch Cardioendocrine Research Group. Professor Richards and his colleagues

have conducted ground-breaking studies on the part played by cardiac hormones in the development of heart failure. Their research has helped to improve the quality of cardiac patient care throughout the world.

Distinctions received by other Otago researchers are detailed elsewhere. It was particularly pleasing that an Otago postdoctoral marine ecologist, Dr Rebecca McLeod, was chosen as the 2008 MacDiarmid Young Scientist of the Year:



University of Otago Vice-Chancellor Professor David Skegg (left) presents the 2008 Distinguished Research Medal to Professor Mark Richards.

ACHIEVING EXCELLENCE IN RESEARCH-INFORMED TEACHING

At the University of Otago, research and teaching are regarded as equally important. This is in contrast to many famous universities in other countries, which pursue the research eminence that is reflected in international rankings, but neglect their commitment to high-quality teaching and learning. In such institutions, much of the teaching of undergraduates is farmed out to graduate students and postdoctoral fellows, so that the professors can get on with their research. Our staff regard teaching as a privilege not a chore, and many of our most distinguished academics enjoy teaching first-year classes. Moreover, we are strongly committed to providing the rounded education which has become well known as the "Otago experience".

In 2008 the University enrolled 20,752 students, representing 18,330 equivalent full-time students (EFTS). These were the highest numbers in our history. Only 21% of first-year students came from Dunedin, while twice as many came from the North Island. There were 2,352 international students, with the largest numbers coming from the USA, Malaysia, China and Germany. While the number of international students was lower than in 2007

(mainly due to the pipeline effect of reduced numbers of commencing students from China in earlier years), the University enrolled international students from 93 countries.

Several new qualifications were introduced in 2008. These included a programme for a Master of Science Communication degree, taught by New Zealand's first Centre for Science Communication, which was officially opened in February. Our Higher Education Development Centre is engaged in research on learning and teaching, as well as assisting in the development of teaching staff. Teaching Excellence Awards were presented to Associate Professor Mike Colombo (Psychology), Associate Professor Ian McAndrew (Management) and Dr John Reynolds (Anatomy and Structural Biology). Typically of this University, these outstanding teachers are also known for their excellence in research. Two of these members of staff also received national awards for Tertiary Teaching Excellence. Since the inception of the national scheme, the University of Otago has won more of the awards for teaching excellence than any other institution.

The University also provides many forms of support for students who wish to improve their study and learning skills. The Student Learning Centre ran 280 workshops attended by more than 7,000 students during 2008. Learning support services were also provided by residential colleges and, for specific groups, through the Maori Centre, the Pacific Islands Centre, and the Disability Information and Support Office.

In keeping with our strategic plan, the number of postgraduate students is increasing at a greater rate than undergraduate enrolments. In 2008 postgraduate students comprised 15.9% of total EFTS enrolments. There were more than 1,100 students enrolled for the PhD degree and the number of doctoral students has increased by 60% over the last five years. Approximately one-third of these students have come from outside New Zealand to study at Otago.

ENSURING OUTSTANDING CAMPUS ENVIRONMENTS AND STUDENT EXPERIENCE

Students are attracted to the University of Otago not only by its academic reputation, but also by the renowned campus experience in the only true university city in Australasia. Otago is set apart from other universities in this part of the world by the fact that the great majority of students travel from elsewhere to study in a very attractive environment.

Our campuses in Christchurch, Wellington and Southland also provide excellent facilities. There are important deficiencies at all campuses, however, and many departments are short of high quality space. This impacts on research and teaching, and also on the experience of students and staff. During 2008 the University decided to embark on a major planning exercise to produce a Campus Master Plan which can guide the development of our campuses over the next couple of decades. The last such plan was completed in 1980. An international consulting firm (DEGW) was commissioned to lead this process.

Several new buildings were completed during 2008. These included the Hunter Centre, which provides state-of-the-art teaching space for the Dunedin part of the Division of Health Sciences. This project received an award from the local branch of the New Zealand Institute of Architects for the best public building and sustainable construction.

During 2008 there was continuing public debate about a proposal from the Carisbrook Stadium Trust to build a multi-purpose, covered stadium next to the University campus. The University was invited to become a partner in this project, by incorporating some of its own facilities in the complex. The attractions for the University are obvious, in that we would have a world-class stadium (the second-largest covered stadium in the southern hemisphere) right on our campus, with the opportunity to share facilities and social spaces such as an open plaza. Nevertheless, we recognised that the decision whether to embark on such an ambitious project had to be

made by the Dunedin City Council and the Otago Regional Council. Moreover, it was clear that the University itself could not provide any funding for the stadium seats or turf. The University agreed to purchase the land for its part of the complex, and also announced the facilities it expects to locate at the stadium site. The University buildings will be over the road from the College of Education in Anzac Avenue and will surround the urban plaza. At the year's end the University was still waiting for a definite decision for the stadium to go ahead before embarking on detailed planning of its facilities.

Even more important than physical facilities is the social environment we provide for students and staff. We are proud of the pastoral care provided by the 13 residential colleges that cater mainly for undergraduate students. During 2008 the University opened a 14th establishment, Abbey College, which is New Zealand's first residential college for postgraduate students. The excellent facilities offered have been greatly appreciated by the first residents, many of whom are postgraduate research students from overseas.

High-spirited behaviour by students is to be expected in any residential university. For several years, however, we have been concerned that a small minority of students have occasionally indulged in antisocial behaviour that impacts on other members of the University and on the Dunedin community. The underlying cause is generally excessive consumption of alcohol, which has become a serious public health problem among New Zealand youth (often from early teenage years). In addition to measures aimed at controlling the root cause, we have taken other steps to improve the situation. In 2007 a Code of Student Conduct and a Campus Watch service were introduced. Campus Watch involves over 20 staff in teams who patrol the North Dunedin campus precinct 24 hours a day, seven days a week. Their role is mainly pastoral and they have undoubtedly helped to enhance the quality of campus experience for students making the transition from residential colleges to flatting. The aim is to promote the best aspects of student life at Otago, so care was taken to select staff who are friendly and approachable. As well as being welcomed by most students, these measures have led to a steep decline in antisocial incidents, which has been noted with satisfaction by the police, the fire service and wider community. I have no doubt that there will be lapses in the future, but the local newspaper – previously a harsh critic of what it claimed to be University inaction – concluded in an editorial: "The speed of the 'campus culture change' has surprised almost all concerned."

CONTRIBUTING TO THE NATIONAL GOOD AND TO INTERNATIONAL PROGRESS

As for any research-intensive university, our greatest contributions to the nation and to international progress must derive from the quality of our graduates and the impact of our research. Whereas the goals of some universities are focused on their own success and advancement, the University of Otago has made a clear commitment to support national development and to contribute to the needs of the developing world.

Many of our staff are involved in research and advisory work that assists New Zealand's social, cultural and economic development. The University is a source of patents and spin-out companies that have the potential to help transform the New Zealand economy. Our distance education programmes provide access to specialist teaching expertise throughout New Zealand and, in some subjects (such as aviation medicine), around the world. In June 2008 Otago also became the first New Zealand university to deliver free education content through the iTunes Store. iTunesU is a dedicated area of the iTunes Store featuring free lectures and visual material. Users can search, download and play content with the same ease with which they download music, exploring first-rate materials from top universities around the globe.

Two of the most striking features of New Zealand society are the growing size and voice of the Māori people and the increasing size and aspirations of the Pacific community. The future prosperity of New Zealand will

depend on ensuring that Māori and Pacific young people can achieve their full potential through higher education. The University of Otago has a strong commitment to the Treaty of Waitangi. The Treaty of Waitangi Committee of the University Council, which has equal representation from the *tangata whenua* (Ngāi Tahu) and the University, oversees the implementation of our Māori Strategic Framework. In conjunction with our Treaty-based partnership with Ngāi Tahu, the University has developed special relationships with several North Island iwi. In 2008 we signed a Memorandum of Understanding with Ngāti Toa in Wellington. The Māori vice-president of the national Association of University Staff was quoted as saying that this "is an exemplar for other universities and tertiary-education providers to follow, particularly with regard to developing and maintaining positive Treaty partnerships with iwi Māori".

After a marked increase in the number of Māori students in 2007, there was a very slight decline in 2008. Nevertheless, we still had the second highest Māori student roll in the history of the University. Given the distribution of the Māori population in Aotearoa, it is also noteworthy that the proportion of Māori students in our domestic roll (8.3%) is higher than the comparable figure at the University of Auckland (6.9% in 2007). The University's Māori Centre provides support for the academic, cultural and social needs of Māori, and there are Māori student support services in all academic divisions. The successful course completion rate for Māori students at Otago is appreciably higher than the average for all universities.

The number of Pacific students at Otago continues to grow, and these students receive targeted support and services from the University's Pacific Islands Centre. We also have a commitment to support the development of higher education in the Pacific. In March I was honoured to give the address at the graduation ceremony of the National University of Samoa in Apia. During this visit I shared in the opening of University of Otago House, a building which our Samoan colleagues have kindly provided on their own campus. This will be used by Otago staff and postgraduate students, and is a tangible sign of the close and developing relationship between our two institutions.

We can take pride in the research undertaken in each of the four academic divisions to attack problems in developing countries. The University's commitment in this area was underlined by the establishment of a Centre for International Health. The Director of this Centre is Professor Philip Hill, who holds a chair endowed by the Sisters of Mercy. In November a meeting of the Otago International Health Research Network brought together more than 50 researchers from the three main campuses of the University. The goal of the network is to foster collaborative links between researchers working in areas broadly related to international health.

STRENGTHENING EXTERNAL ENGAGEMENT

The University continues to have a very constructive relationship with the Dunedin City Council (partly through the North Dunedin Working Party), and also with many other external organisations including the District Health Boards in Wellington, Canterbury and Otago. During 2008 several new initiatives strengthened our relationships with other universities and Crown research institutes.

The Centre for Sustainable Cities, led by Professor Philippa Howden-Chapman at our Wellington campus, aims to enhance well-being and health through appropriate economic development and more sustainable infrastructures. The Government granted \$1.9 million to assist the centre in drawing together expertise from the six universities and two Crown research institutes involved. Funding was also provided by Government towards the establishment of a National Centre for the Study of the Islamic World, a joint venture with Victoria University. In December the new Centre for Reproduction and Genomics at the AgResearch Invermay Campus near Dunedin was officially opened. This purpose-built building, to be known as the Christie Building, will house

scientific teams from both the University of Otago and New Zealand's largest Crown research institute.

The University's Department of Design Studies has combined its expertise with the Design Department of the Otago Polytechnic to establish an Applied Design Research Centre, which will offer design expertise to business. Funding for the establishment of this centre was provided by the Government, following an application by Otago Forward (the regional economic development agency). The School of Business also provides assistance to local businesses. In 2008 the University of Otago was selected as a finalist in the Vero Excellence in Business Support Awards, which recognise organisations providing quality services and products to small-to-medium sized businesses.

BUILDING AND SUSTAINING CAPABILITY

In order to achieve its goals, the University needs to secure sufficient resources and to use those resources effectively and efficiently. Apart from the academic and general staff, who are our most valuable asset, essential resources include our physical and financial assets.

The University continues to recruit academic staff of the highest quality from around the world. There has been a concerted and successful effort to appoint internationally outstanding staff to professorial positions, and to appoint and support talented early career staff. Attracting and retaining such staff depends not only on financial resources, but also on providing a collegial environment with high morale and ensuring that people have the facilities needed to support their research and teaching.

During 2008 an Information Technology Advisory Committee was established, to ensure that the University supports the needs of staff and students and keeps abreast of rapid developments in the IT field. Building improvements have been made across the University and reference has already been made to the proposed Campus Master Plan. During 2008 Professor Hamish Spencer chaired a Working Party on Sustainability, which reported in November. The working party prepared a discussion document which attracted almost 140 submissions. There was very strong support for the University adopting an environmental sustainability policy, and the working party recommended guiding principles and a structure for implementation.

The University's operating surplus for 2008 was \$24.7 million, which was \$9.2 million higher than the budget. This surplus represented a return of 4.8% on revenue and 2.3% on equity, both well above the Tertiary Education Commission guidelines of 3.0% and 1.2% respectively. For the first time, we also met the University's own new surplus target of a five-year moving average of at least 2% of equity (with an average of 2.3% from 2004 to 2008). The consolidated accounts of the University Group, which includes associated companies and trusts, produced an operating surplus of \$18.5 million, which was \$3.4 million less than the budget and \$13.6 million less than the 2007 result. The global financial crisis affected the investments of our trusts, and this situation is expected to worsen in 2009. Given the financial environment, it is becoming increasingly difficult to generate the financial surpluses needed to fund our capital programme.

One of our aims is to develop a diversified funding base that provides protection from fluctuations or declines in particular areas of activity. Entrepreneurial and enterprise-based activities, including the successful commercialisation of intellectual property, can assist in this respect. It must be acknowledged that few universities truly obtain substantial resources from commercialisation. For example, Stanford University has been a key player in the economic vitality of Silicon Valley in California, yet its technology transfer office took 15 years to break-even financially. Our Research and Enterprise staff and the University's commercialisation company (Otago Innovation Limited) are both assisting University researchers to obtain funding from industry and from commercially-focused funds such as the New Economy Research Fund. Otago Innovation also obtained nearly

\$3 million from the Government's Pre-Seed Accelerator Fund, to develop commercially promising technology. University staff are collaborating in projects as part of major local and national industry contracts.

Vital funding can also be obtained through donations from private individuals and trusts. Our Leading Thinkers initiative has been the most successful University fundraising campaign in New Zealand in recent years. Its success stems not only from the total endowment of over \$50 million, but also from the transformative effect of using this money to attract outstanding scholars and scientists ("human capital") and to establish new academic and research initiatives that would otherwise have been impossible. I have enjoyed working with Dr Clive Matthewson, our Director of Development, who retired at the end of 2008. Associate Professor David Gerrard was appointed as the new Director of Development and Alumni Relations.

CONCLUSION

As New Zealand's first university approaches its 140th anniversary, we can take considerable pride in its progress. The main challenge we face is the limited funding available for New Zealand universities. This country spends a respectable proportion of its GDP on tertiary education, but there is an imbalance in that investment. New Zealand devotes 42% of Government funding for tertiary education to financial aid to students (including interest-free loans), against an OECD average of 18%. This sounds generous, but a consequence is that the universities themselves are seriously under-funded. Between 1991 and 2006, as student numbers grew rapidly, Government funding actually declined by about \$1,800 per full-time student (when adjusted for inflation and measured in 2006 dollars). This problem is compounded by New Zealand's very limited investment in research, which is well below that of comparable countries. We recognise that the New Zealand Government is now facing challenging decisions in the light of the global financial crisis. Interestingly, governments in the USA, United Kingdom and Australia have all resolved to increase their spending on research in the current climate. I hope that our Government will also see education and research as vital investments for the future of New Zealand's economy and society.

The University of Otago enjoys exceptional loyalty from its academic and general staff, and I would like to thank them for their contribution. I am also indebted to my fellow members of the executive group for their excellent work. Special thanks are due to Professor Geoff White, who completed his term as Deputy Vice-Chancellor (Research) at the end of 2008. Professor White contributed to many outstanding research achievements, including Otago's first placing in the research quality assessment for the Performance-Based Research Fund.

Finally I would like to thank our retiring Chancellor, Lindsay Brown, both for his leadership of an excellent Council and for the guidance and support he has offered me over the last five years. Mr Brown's financial acumen and experience as a company director have been invaluable, but he also has brought a rich understanding of human nature and of the crucial differences between a university and a business. The University of Otago has every reason to be grateful to this alumnus, Council member and Chancellor.

Professor David Skegg

Vice-Chancellor

SIGNIFICANT EVENTS 2008

SENIOR APPOINTMENTS 2008

Dr Bill Anderson as Director of Distance Learning

Professor Andrew Bradstock to the Howard Paterson Chair in Theology and Public Issues

Professor Kevin Clements to the Chair in Peace and Conflict Studies and Director of the National Centre for Peace and Conflict Studies

Associate Professor David Gerrard as Director of Development and Alumni Relations

Professor Paul Glue to the Hazel Buckland Chair in Psychological Medicine

Professor Gordon Harold to the Alexander McMillan Chair in Childhood Studies

Professor Harlene Hayne as Deputy Vice-Chancellor (Research and Enterprise)

Professor Janet Hoek to a Chair in Marketing

Professor Elizabeth Matisoo-Smith to a Chair in Anatomy and Structural Biology

Professor Ian Morison to a Chair in Pathology

Professor Pauline Norris to a Chair in Social Pharmacy

Mr Darryn Russell as Director of Māori Development

Professor Mark Stringer to a Chair in Anatomy and Structural Biology

Professor Paul Tapsell as Professor of Māori Studies and Dean of Te Tumu, the School of Māori, Pacific and Indigenous Studies

Professor Roger Willett to a Chair in Accountancy

Professor Gary Wilson to a Chair in Marine Science

EMERITUS PROFESSORS

The following professors were granted the status of emeritus professor:

Gerry Carrington (Physics), Helen Leach (Anthropology), Brian Monteith (Dentistry), Gary Nicholls (Medicine, University of Otago, Christchurch) and Charlotte Paul (Preventive and Social Medicine).

PROFESSORIAL PROMOTIONS

The following staff were appointed to full professor:

David Bilkey (Psychology), Gregory Cook (Microbiology), Katharine Dickinson (Botany), Keith Gordon (Chemistry), David Grattan (Anatomy and Structural Biology), Lyall Hanton (Chemistry), Anthony Kettle (Pathology, Christchurch), Henrik Kjaergaard (Chemistry), Richard Porter (Psychological Medicine, Christchurch).

THE FOLLOWING STAFF WERE APPOINTED TO ASSOCIATE PROFESSOR:

Lisette Burrows (Physical Education), Grant Butt (Physiology), Neil Carr (Tourism), Greg Dawes (Theology and Religious Studies), Catherine Day (Biochemistry), Ken Deans (Marketing), Heather Dyke (Philosophy), Paul Fawcett (Pharmacy), Russell Frew (Chemistry), Anita Gibbs (Social Work and Community Development), Jamin Halberstadt (Psychology), David Larsen (Chemistry), Jaqueline Leckie (Anthropology, Gender Studies and Sociology), Daphne Lee (Geology), Ian McAndrew (Management), Fiona McDonald (Physiology), Derelie Mangin (Public Health and General Practice), Barrie Peake (Chemistry), Keith Probert (Marine Science), Rhonda Rosengren (Pharmacology and Toxicology), Gordon Sanderson (Medical and Surgical Sciences), Philip Seddon (Zoology), Rachel Spronken-Smith (HEDC), Michelle Thompson-Fawcett (Geography), Jonathan Waters (Zoology). Tony Merriman (Biochemistry) and John Horwood (Psychological Medicine, Christchurch) were appointed research associate professors. Lance Jennings (Pathology, Christchurch) was appointed clinical associate professor.

HONORARY DEGREES

Honorary degrees were conferred on the retiring University Chancellor Lindsay Brown (HonLLD), Māori health leader Professor Mason Durie (HonLLD), Dunedin architect Ted McCoy (HonLLD) and poet Cilla McQueen (HonLittD).

HONOURS

Professor Alison Mercer (Zoology), Officer of the New Zealand Order of Merit for services to science; Professor Ann Richardson (Christchurch), Companion of the Queen's Service Order for services to public health.

OBITUARIES

Emeritus Professor Peter Bannister (68). Head of the Department of Botany from 1979–2002, retired in 2006.

Associate Professor Anne Bray (63). Long-time Director of the Donald Beasley Institute and an Associate Dean of Health Sciences (2005–2008).

Associate Professor Glenn Buchan (51), Microbiology and Immunology, Otago School of Medical Sciences Associate Dean Research (2003–2008) and a former President of the Royal Society's Otago Institute.

Emeritus Professor Barbara Calvert (89). A former head of the University's Department of Education (1976–1983) and the first woman in New Zealand to hold a Chair in Education.

Emeritus Professor Patricia Coleman CBE (Lady Sayers) (84). Dean of the Faculty of Home Science 1962–1986.

Dr Ruth Dallas (88). University of Otago Robert Burns Fellow in 1968 and awarded an Honorary Doctor of Literature in 1978.

Emeritus Professor Ewen Kirk (73). A former chair and head of Department of Conservative Dentistry (now Oral Rehabilitation) in the School of Dentistry.