MISSION STATEMENT

The University of Otago is committed to scholarship through excellence in teaching, research and service to local, regional, national and international communities and providing a stimulating campus environment in which students from all sections of the community may develop lifelong learning skills.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Statement</td>
<td>3</td>
</tr>
<tr>
<td>Locations</td>
<td>5</td>
</tr>
<tr>
<td>Council of the University</td>
<td>6</td>
</tr>
<tr>
<td>Senior Management</td>
<td>7</td>
</tr>
<tr>
<td>Organisation Chart</td>
<td>8</td>
</tr>
<tr>
<td>Vice-Chancellor’s Review</td>
<td>10</td>
</tr>
<tr>
<td>Academic</td>
<td>13</td>
</tr>
<tr>
<td>University Governance</td>
<td>14</td>
</tr>
<tr>
<td>Internationalisation</td>
<td>15</td>
</tr>
<tr>
<td>People</td>
<td>15</td>
</tr>
<tr>
<td>Enrolment</td>
<td>21</td>
</tr>
<tr>
<td>Funding</td>
<td>22</td>
</tr>
<tr>
<td>Capital Development</td>
<td>23</td>
</tr>
<tr>
<td>Outlook</td>
<td>24</td>
</tr>
<tr>
<td>Teaching, Learning and Assessment</td>
<td>26</td>
</tr>
<tr>
<td>Academic Divisions</td>
<td>30</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>34</td>
</tr>
<tr>
<td>Cost of Output</td>
<td>43</td>
</tr>
<tr>
<td>Research &amp; Postgraduate Teaching</td>
<td>44</td>
</tr>
<tr>
<td>Publications</td>
<td>46</td>
</tr>
<tr>
<td>Collaborative Activities</td>
<td>46</td>
</tr>
<tr>
<td>Other Achievements</td>
<td>47</td>
</tr>
<tr>
<td>Postgraduate Teaching</td>
<td>47</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>48</td>
</tr>
<tr>
<td>Cost of Output</td>
<td>54</td>
</tr>
<tr>
<td>Community Service</td>
<td>56</td>
</tr>
<tr>
<td>Annual Survey</td>
<td>56</td>
</tr>
<tr>
<td>Hocken Library</td>
<td>56</td>
</tr>
<tr>
<td>Marine Centre</td>
<td>57</td>
</tr>
<tr>
<td>Media</td>
<td>57</td>
</tr>
<tr>
<td>The Arts</td>
<td>57</td>
</tr>
<tr>
<td>Conferences and Seminars</td>
<td>58</td>
</tr>
<tr>
<td>Alumni</td>
<td>59</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>60</td>
</tr>
<tr>
<td>Cost of Output</td>
<td>64</td>
</tr>
<tr>
<td>Student Support</td>
<td>66</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>66</td>
</tr>
<tr>
<td>Staff Support</td>
<td>78</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>78</td>
</tr>
<tr>
<td>Partnership with Māori</td>
<td>86</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>86</td>
</tr>
<tr>
<td>Management</td>
<td>92</td>
</tr>
<tr>
<td>Statement of Service Performance</td>
<td>92</td>
</tr>
<tr>
<td>Statement of Resources</td>
<td>102</td>
</tr>
<tr>
<td>Equal Opportunities</td>
<td>105</td>
</tr>
<tr>
<td>Financial Review</td>
<td>108</td>
</tr>
<tr>
<td>Statement of Responsibility</td>
<td>110</td>
</tr>
<tr>
<td>Statement of Accounting Policy</td>
<td>111</td>
</tr>
<tr>
<td>Statement of Financial Performance</td>
<td>117</td>
</tr>
<tr>
<td>Statement of Movements in Equity</td>
<td>118</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>119</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>120</td>
</tr>
<tr>
<td>Reconciliation of the Net Surplus from Operations</td>
<td>122</td>
</tr>
<tr>
<td>Cost of Service Statements</td>
<td>123</td>
</tr>
<tr>
<td>Statement of Commitments and Contingencies</td>
<td>125</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>126</td>
</tr>
<tr>
<td>Report of the Auditor-General</td>
<td>136</td>
</tr>
<tr>
<td>Summary Facts and Figures</td>
<td>138</td>
</tr>
</tbody>
</table>
OFFICERS OF THE UNIVERSITY

Chancellor
Eion S. Edgar CNZM BCom(Otago) FCA ACCM

Pro-Chancellor
Lindsay J Brown BCom(Otago) FCA CMA

Vice-Chancellor
Graeme Fogelberg BCom(NZ) MCom(Well) MBA PhD(W Ont) FCA

Secretary to the Council and Registrar
Jan A Flood DipPhEd(Otago)

THE COUNCIL OF THE UNIVERSITY

Appointed by the Minister of Education
Christine R French LLB(Otago) BCL(Oxon)
Edward W Ellison
Lindsay J Brown BCom(Otago) FCA CMA
Hon. Clive Matthewson BE PhD(Geelong)

Ex Officio
The Vice-Chancellor
A Nicholas Reid BA(Newcastle NSW) PhD(ANU)
John R Broughton ED BSc(Massey) BDS DipGrad(Otago)
Harlene Hayne BA(Colorado College) MS PhD(Rutgers)

Elected by the general staff
Sandra D Graham LLB(Otago) MLIS(Well)

Appointed by the Students’ Association
Rosamond BT Connelly BSc(Otago)
Michael J Stevens

Appointed after consultation with central organisation of employers
Graeme J Marsh CIE BCom(Otago) FCA FNZIM

Elected after consultation with central organisation of workers
Kristine A Smith BA(Otago) RPN

Appointed by the Dunedin City Council
Sukhi Turner BA(W Virg)

Co-opted
Trevor D Scott BCom(Otago) ACA FNZIM

Elected by the Court of Convocation
Bruce A Aiken LLB(Otago)
Eion S Edgar CNZM BCom(Otago) FCA ACCM
Lorraine P Isaacs MA(Otago and Hawaii)
SENIOR MANAGEMENT

Vice-Chancellor
Graeme Fogelberg  BCom(NZ) MCom(Well) MBA PhD(W Ont) FCA

Deputy Vice-Chancellor (Academic)
Philip H Meade  BSc BEd(Qld) MA(La Trobe) PhD(NSW) FACE

Deputy Vice-Chancellor (Research and International)
Ian O Smith  BE(Hons) PhD(Qld) FTSE FEAust FIPENZ CPEng

Assistant Vice-Chancellor (Commerce)
David H Buisson  MSc PhD(Aux) SM(MIT) FNZIC FNZI FST MRINZ

Assistant Vice-Chancellor (Health Sciences)
Linda J Holloway  ONZM MB ChB MD(Aberd) FRCPA

Assistant Vice-Chancellor (Humanities)
Alistair G Fox  MA(Cant) PhD(W Ont)

Assistant Vice-Chancellor (Sciences)
Ronald A Heath  BSc(Hons)(Cant) PhD(Well)

Financial Controller
A John Patrick  BCom(Otago) CA CMA

Director of Information Services
Martin Anderson  BSc(Hons) MBA(Otago) FNZCS

Director of Marketing and Communications
Phillip R McKenzie  BSc(Syd)

Secretary to the Council and Registrar
Jan A Flood  DipPhEd(Otago)
INTRODUCTION

In its leading article of 14 May 2002, the Otago Daily Times commented: “The recent message on universities has been consistent and disturbing.” It was referring to a rash of statements from senior members of the present Government that related to the intention to undertake major reform of the tertiary system, in order, in the words of the Prime Minister, “to reduce wasteful duplication of resources, to improve course quality, and to align courses more neatly to the country’s economic requirements.”

This purpose strikes at the very idea of a university as a community of scholars where knowledge is developed, refined, protected and disseminated in a climate free from political or other interference. As Dr Christopher de Hamel pointed out in his graduation speech in May, universities were first established because of intellectual curiosity. I agree wholeheartedly with Dr de Hamel’s reminder to graduands that the “limitless delight in finding things, and discovering what you never knew” is still the driving force behind advanced study.

I also share to some extent the newspaper’s view that market pressures bracketed with government control over what our universities can or should teach would immediately raise questions over the international acceptability of our universities. I believe that as a modern institution operating in a global environment Otago does have a responsibility to listen to what might be called the “market”. But I would be deeply concerned at any lessening of the University’s ability to operate in a climate of self-government, exercising responsibly the autonomy that has always been our primary characteristic. We cannot allow these freedoms to be eroded, but the struggle to preserve the necessary legislative frameworks and to procure the needed resources has become formidable.

In my two previous annual reports I have referred to the chronic underfunding that threatens to curtail this University’s research and teaching activities. While regrettably there are no grounds for reporting this year that the level of government funding for universities is greatly improved, I am pleased to be able to comment that the University of Otago has been very active in pursuing alternative means of ensuring the continuation of our performance and reputation as a university of outstanding research capability.

We have been successful in significantly increasing the funds we receive from contestable research bidding and from commercial research activities. In addition, during 2002 we have begun to implement a long-term drive to secure additional support from graduates and friends of the University.

PLANNING AND DEVELOPMENT

The University’s Advancement Campaign is aimed at securing $50m over five years for strategic investment in human capital in areas identified as essential to the advancement of Otago’s status as a world-class university. Half the sum will be sought under the Government’s Partnerships for Excellence matching funds framework.

The campaign was launched at a function in Dunedin in November. More than 800 graduates were present and heard details of the first $5m already raised, through which a number of major initiatives have already been made possible. Among these is the establishment of the Edgar National Centre for Diabetes Research, thanks to generous funding assistance from
the Edgar Family Trust. The Community Trust of Otago National Centre for Trace Element Analysis will be established with the support of a grant to assist with the purchase of a $2m mass spectrometer, making Dunedin a key centre for forensic research. The Dunedin City Council has committed, subject to matching government funding, $1m for the establishment of a Chair in Entrepreneurship.

The University also announced that a Chair will be established at the Christchurch School of Medicine and Health Sciences with the goal of creating a centre of excellence in Parkinson's disease treatment, research and teaching. This is a joint effort involving the University and the Canterbury Medical Research Foundation, with major assistance from the Cas van der Veer estate.

Other initiatives already made possible by early donors are a Professorial Chair in Palliative Care, supported by South Link Health and the Otago Hospice; a Professorial Chair in Geography, commemorating the life and work of the late Professor Ron Lister; the Carl Smith Medal and awards, supported by the Rowheath Trust, for emerging researchers; the McKenzie Medical and Surgical Repatriation Fellowship for young surgeons and physicians; and the establishment of a Centre for Sustainability. Support for a project to further Otago's work in applied earth sciences and to commemorate the former School of Mines has been received from Tan Sri Dato' Dr Hj Ahmad Azizuddin bin Hj Zainal Abidin, our oldest Malaysian graduate.

A series of new scholarships will become available to students whose family background does not include university study. Trailblazer scholarships, funded by the Otago University Development Society, are open to any New Zealand student. First-in-Family scholarships, funded by the Alexander McMillan and J. and L. Callis trusts, are available only to Otago residents. The first beneficiaries of these scholarships will be enrolling for study in 2003. Transpower University of Otago Bachelor of Applied Science Scholarships will provide four years' support to Applied Science students, while South Canterbury Finance Scholarships will support PhD students who are undertaking research into cancer.

To pursue our advancement goals we have embarked on a programme of alumni events designed to acquaint the graduates and friends of the University with the campaign. A number of events were held late in 2002, and a full programme of 22 functions is planned for 2003. Among the more notable events of 2002 were two functions in London, one in New Zealand House and the second in the Members' Dining Room at the House of Commons, Palace of Westminster, hosted by Sir Paul Beresford MP (BDS 1970).

Two other aspects of the University's development programme are the Annual Fund, which invites donors to make regular contributions to scholarship programmes, library resources or priority research areas, and a Bequest Programme. The University of Otago Foundation Trust has been established to receive and administer bequests, sponsorships and donations. Foundations have also been established overseas to take advantage of tax structures in particular countries.

On the political front, much energy has been consumed by the major issues of university governance and funding systems. The Tertiary Education Reform Bill entered the Select Committee Hearings stage containing some very worrying legislative proposals. A Supplementary Order Paper specified that the Minister may impose limits on fees that an institution can set and that the funding mechanisms the Minister determines will not have to be prescribed by regulation.

All universities made submissions and a number appeared before the Select Committee. Many expressed concerns about the potential for lack of autonomy on the part of a Tertiary Education Commission. I believe that institutional autonomy could be seriously compromised by the
enactment of the Education (Tertiary Reform) Amendment Act 2002, and the Government’s plans to become involved in fee-setting threaten seriously to undermine the working relationship between Vice-Chancellors and the Government. The legislation enables micro-governance of individual institutions through the Tertiary Education Commission. I regard this as quite unacceptable.

From my perspective at the end of a frustrating year of constant threat of legislative change, the tertiary funding reforms seem likely to replace what has been a relatively simple, albeit underfunded, system with a more complex and still underfunded system that is characterised by endless and time-wasting bureaucratic reporting processes.

Against the tenor of submissions the Government decided to levy tertiary institutions on their international tuition fee income, primarily for the purpose of funding the marketing of New Zealand internationally as a tertiary education destination. Again, there was no consultation between government and the universities about this proposal. It is a matter of major concern that without consultation government can decide to impose what is in effect a tax on income streams which universities generate through their own initiatives. Of further concern is that papers subsequently obtained under the Official Information Act show that it is proposed to double the levy in its second year.

It is our considered view, based on more than a decade of experience, that we do not need a government bureaucracy to undertake our marketing. We have demonstrated that we are more than capable of doing it ourselves. The University of Otago paid approximately $1.6m in GST on international student fees last year and it is my belief that through none of its own efforts the government already receives more than adequate revenue from our international marketing activities.

Another event which consumed considerable time and energy during 2002 was the action brought in the High Court concerning government subsidies for the education of dental students. Late in 2001 the University of Otago and 436 dental students brought an action seeking approximately $15 million, including costs, from the Crown to compensate for cuts to Dental School education funding imposed in 1994. In her High Court judgement released in April, Justice Goddard said the decision by then Education Minister Dr Lockwood Smith to cut the funds was “so erroneous that it could only be categorised as irrational”.

The University was disappointed to learn that the decision was to be appealed by the Government. However, a pleasing $13.6m settlement was reached in December. More than $7.5m will go to the dentistry students to compensate them. Of this, $5.8m is to offset the increased fees they paid and $1.75m to cover interest. The balance will go to the University, where some of the money will help upgrade outdated equipment in the Dental School. While I am pleased at the final outcome, I consider it regrettable that the mistake made by the former National Government took so long to rectify.

Early in the year the University was a major sponsor of Innovate, a meeting of business leaders, innovators and entrepreneurs. The sponsorship recognised the University’s leadership in the ideas industry and acknowledged Otago’s role in nurturing imagination, research and innovation and its culture of working with commercial partners to transform innovation into successful business. It is perhaps a reflection of this university’s focus that I was invited later in the year to be a member of the Prime Minister’s Growth and Innovation Advisory Board.

The University’s major role in the Dunedin economy was highlighted in a report that put our economic impact on the city at $746.3m. The national impact was $816m, with Christchurch benefiting by $29.7m, Wellington by $38.7m and Auckland by $2.1m. The calculation used a very conservative multiplier (1.7). Many calculations of economic impact, especially related to
the tourism sector, use a multiplier of 2, or even 2.2, which would put the annual impact of the University on the national economy at over $1 billion.

A new stand-alone company, Otago Innovation Ltd, was formed to commercialise Otago intellectual property. The sole shareholder of the new company is University of Otago Holdings Ltd. The new company is chaired by University Council member Trevor Scott. Other Board members are Norman Geary (former Air New Zealand chief executive), Jenny Radford (former Fletcher Challenge senior executive), Professor Ian Tucker (Dean, School of Pharmacy) and Professor George Benwell (Information Science).

The University was in October awarded the Arts Foundation inaugural Governors’ Award giving public recognition to those making a significant contribution to the arts. Specifically the award recognised the University’s on-going support through the provision of the Robert Burns, Frances Hodgkins and Mozart Fellowships.

Another accolade, this time a silver medal, came the University’s way in the international Council for Advancement and Support of Education (CASE) Communication Awards for its entry in the Integrated Marketing Program category. CASE is a United States-based organisation for advancement professionals who work in alumni relations, communications and development. Membership includes more than 3,000 colleges, universities and independent elementary and secondary schools in the United States, Canada, Mexico and 42 other countries.

The University announced that in August 2003 it will present three professional performances of Puccini’s opera Madama Butterfly in the Regent Theatre, Dunedin, with generous assistance from the Otago Community Trust and Air New Zealand. Five of the lead roles will be taken by graduates of the University, who among them hold degrees in Music, French, German, Law, Commerce and English. All of them now perform on stage professionally and internationally. Judy Bellingham, a senior lecturer in the Department of Music with long professional experience in opera, will be the project’s artistic director. The Sinfonia will be conducted by Tecwyn Evans, also a graduate of Otago.

The Otago University Development Society has wound itself up after 54 years of operation, leaving a gift in the form of the Trailblazer Scholarships mentioned above. The Society has played an important role in the life and development of the University, having helped fund such projects as the access road to the Portobello aquarium. The Society also made a substantial donation to fund the future replacement of the inadequate footbridge over the Water of Leith at St David St.

ACADEMIC

The total number of degrees completed in 2002 was 3,162 (3,268 in 2001), comprising 2,768 undergraduate degrees (2,871 in 2001, a fall of 3.6%) and 394 postgraduate degrees (397 in 2001). Undergraduate certificates and diplomas totalled 516 (296 in 2001) and postgraduate diplomas and certificates 450 (377 in 2001). Of a total of 83,653 papers sat (83,148 in 2001), 77,265 were passed (a pass rate of 92.4%).

In view of Otago’s unequalled performance nationally as a research institution I was confident that we would win our share of the Government’s $61m fund for the establishment of national Centres of Research Excellence. It was, therefore, a deep disappointment to learn that inexplicably Otago failed to win any role as a host university. It is a consolation at least to have a collaborative role in several other Centres. My sense of injustice was borne out later in the year when once again Otago was outstandingly successful in securing contestable research funding.
The University continues to reap the benefits of its research strengths in biological and medical sciences. In particular, our biotechnology capability has proved to have strong commercial potential, and the Otago region, with the University at the hub, is being seen as a hothouse of the Pacific. Biotechnology companies with a strong Otago connection are prominent in the region’s economic development. Blis Technologies, in which we have a 20% interest, has brought its first product to the marketplace.

Another new company that has grown out of Otago scientific expertise is Pacific Edge Biotechnology, which aims to commercialise genetic identification technology developed to aid in the early detection of cancer. It plans to list on the Stock Exchange early next year.

The Child Health Research Foundation is jointly funding a newly-created professorship in child health research. Dr Stephen Robertson, an Otago graduate and leading authority in paediatric genetics, will take up the post early next year. Dr Robertson is currently a Nuffield Fellow at the Institute of Molecular Medicine at Oxford University.

Another Otago graduate, Professor Allan Herbison, has been appointed to head a new research unit in the Department of Physiology, funded by the Wellcome Trust. The unit will enable the University to establish New Zealand as an important international site for the study of neuroendocrinology. Professor Herbison’s interests focus on solving problems of infertility that are influenced by brain behaviour. He comes to Otago from the Babraham Institute, based at Cambridge University.

The University’s research report, *He Kitenga*, was published in November. This 72-page magazine-style publication presents graphically the range and depth of Otago’s research capacity. More than 4000 copies were printed.

The 2002 Otago Summer School, held over six weeks in January and February, attracted almost 1000 participants studying 36 different papers. A disturbing feature of this enrolment, however, was that many students reported that they were undertaking summer school study in order to access student loans, since they were unable to receive an emergency unemployment benefit. Nevertheless, the decision has been taken to make the Summer School a permanent fixture in the University’s academic calendar.

The University and the Dunedin College of Education re-opened dialogue on the possibility of the College becoming a fifth division of the University. Despite a fairly widespread agreement that there are areas of undesirable duplication, the talks failed to reach a conclusion when the College’s Council voted against the proposal, although at least a number of areas of potential cooperation have been more clearly accepted. After further discussion a Memorandum of Agreement was signed with the College, making provision for the two institutions to work together for the benefit of both. The main effect of the agreement will be to make it easier for College students to study part-time at the University while undertaking their College degree.

**UNIVERSITY GOVERNANCE**

Three familiar faces were elected to the University Council by the Court of Convocation. Lorraine Isaacs and Bruce Aitken were re-elected for a further four-year term. Lindsay Brown, previously a ministerial appointment to Council, successfully sought election. Mr Brown was also re-elected Pro-Chancellor for a further one-year term. They will take up their appointments in January 2003.

Associate Professor James Allan was newly elected as an academic staff representative on Council, joining incumbents Professor Harlene Hayne and Associate Professor John Broughton. Associate
Professor Allan replaces Dr Nicholas Reid. Nicola Walmsley replaces Sandy Graham as general staff representative. Ms Walmsley is Manager of the Information Technology Services help-desk. The Otago University Students’ Association will be represented in 2003 by Juanita de Senna and Nicholas Lanham.

INTERNATIONALISATION

Internationalisation continues to be a strong plank in the University’s policy of pursuing and preserving its reputation as a leading tertiary institution capable of being judged highly in a global environment. We are now reaping the benefit of earlier years of establishing new practices and relationships. In particular our efforts in fostering agreements in Latin America are proving fruitful.

Following a visit last year as part of the Prime Minister’s tour to Mexico, Brazil, Uruguay, Chile and Argentina, a further student exchange agreement was signed, with Colima University, Mexico. An earlier meeting with the Mexican Ambassador to New Zealand, H.E. Jorge Alvarez, strengthened our belief that there is a promising future for the series of student and staff exchange agreements that we have recently signed with Mexico and other Latin American countries.

A highlight of the year for me was to be able to host, as Chairman, a meeting of the Council of the Association of Commonwealth Universities. I was delighted to be able to welcome 35 Vice-Chancellors to Dunedin and Queenstown. It was significant that the Secretary General of the Association, Professor Michael Gibbons, warned in an address that universities throughout the Commonwealth were concerned about growing government involvement in micro-management of university education.

A delegation from the Republic of the Seychelles visited the University to formalise long-term arrangements for Health Sciences education. The agreement is to provide between five and nine places each year for sponsored Seychellois students in Medicine and Dentistry, and also to provide postgraduate study in educational assessment.

PEOPLE

While I continue to believe strongly that the quality and professional reputation of our staff are the University’s greatest asset, it is becoming increasingly difficult in the current funding climate to recognise this worth in an acceptable manner. Nevertheless, the achievements of staff in a wide variety of ways are an on-going cause of pride and satisfaction.

Achievements

Professor Jim Mann, Head of the University’s Department of Human Nutrition, received the University’s Distinguished Research Medal, awarded by the University of Otago Senate in recognition of the outstanding work of individual researchers or research teams. Professor Mann’s work has played a major part in maintaining the University’s record of research excellence. The well-deserved award reflects the great contribution he has made to human nutrition research, to the University and to those with diabetes.

Professor Erik Olssen (History), Associate Professor Robert Poulin (Zoology) and Professorial Research Fellow Michael Eccles (Pathology) received prestigious James Cook Research Fellowships, awarded to "forward thinking" researchers who will make a significant contribution to New
Zealand’s knowledge base. The James Cook Fellowships are widely regarded as among New Zealand’s most prestigious science and technology awards. Dr Mark Hampton, a Research Fellow in the Christchurch School of Medicine and Health Sciences, was a recipient of a Sir Charles Hercus Health Research Fellowship, worth $500,000.

Four University scientists were elected Fellows of the Royal Society of New Zealand. They were Professor Rosalind Gibson (Human Nutrition), Associate Professor Harlene Hayne (Psychology), Associate Professor Alison Mercer (Zoology) and Professor Rob Smith (Chemistry). Also honoured was Dr Allan Crawford, an AgResearch scientist who heads the joint AgResearch Otago University molecular biology unit.

Dr Andrew Moore (Philosophy) was appointed Chair of the National Advisory Committee on Ethics for the health and disability sector. Other University of Otago members of the committee are Professor Donald Evans (Bioethics) and Professor Michael Ardagh (Head of Emergency Medicine, Christchurch School of Medicine and Health Sciences).

Dr Ian Smith (Deputy Vice-Chancellor, Research, Enterprise and International) was appointed a member of the Government’s eight-strong Tertiary Education Commission.

Early in the year Associate Professor Terry Crooks (Education) received the 2001 McKenzie award for educational research. This honour acknowledged Associate Professor Crooks’ current work on the assessment of children’s education. Professor Alan Musgrave, on the other hand, leaped to world acclaim after an article he wrote 20 years ago surfaced in international publications and captured the attention of international financiers. The article, *Unreal assumptions in economic theory*, questioned assumptions that economists make about consumer behaviour.

Professor Frank Frizelle (Surgery, Christchurch School of Medicine and Health Sciences) was appointed the next editor of the New Zealand Medical Journal, Professor Geoffrey Horne (Head of the Department of Surgery, Wellington School of Medicine and Health Sciences) was elected President of the New Zealand Orthopaedic Association and Professor Carolyn Burns (Head of the Department of Zoology) was reappointed to the governing body of the Royal Society.

Jacinta Ruru (Law) was awarded a Fulbright scholarship to give a series of lectures on the rights of indigenous peoples to participate in the management of public land. Ms Ruru’s Master’s thesis, completed in 2001, was on the topic “*Te Tiriti o Waitangi: The Management of National Parks in New Zealand*”.

Associate Professor Tim Wilkinson, who is Associate Dean with responsibilities for undergraduate education and who also teaches in the Department of Medicine at Christchurch School of Medicine and Health Sciences, received an inaugural tertiary teaching excellence award from Tertiary Education Minister Hon Steve Maharey. In addition to his outstanding performance as a clinical teacher, Associate Professor Wilkinson is a respected geriatrician at Christchurch’s Princess Margaret Hospital.

Management lecturers Diane Ruwhiu and Jodyanne Kirkwood received the Ruth Greene Memorial Award for the best business case study outside North America. The award was presented at the North American Case Research Conference held in Banff, Canada, in October.

John Patrick, Financial Controller of the University, was appointed to a government working group to advise on the introduction of performance-based research funding, an acknowledgement of the strength of the University’s financial management.
Emeritus Professor Geoffrey Baylis (88), one of New Zealand’s most distinguished botanists, was honoured at a lecture and function held at the Otago Museum in October. The “Inaugural Geoff Baylis Lecture” marked the start of what will become a series of annual lectures.

Associate Professor Lloyd Davis’s non-fiction book *The Plight of the Penguin* won the New Zealand Post Children’s Book of the Year Award. Associate Professor Davis (Zoology) heads the postgraduate Natural History Filmmaking and Communication programme.

University Council member Graeme Marsh was made a life fellow of the New Zealand Institute of Management, one of only 30 such appointments. Chancellor Eion Edgar was appointed to the Board of the Accident Compensation Corporation.

**Honours**

A number of University staff were honoured in the Queen’s Birthday and Golden Jubilee Honours List announced at the end of May. Professor Jim Mann was appointed a Companion of the New Zealand Order of Merit, acknowledging the major impact of his work in bringing to the Government’s attention the seriousness of the diabetic epidemic New Zealand is experiencing.

Professor Erik Olssen (History), Professor Anthony Reeve (Biochemistry) and Dr Jean Fleming (Anatomy and Structural Biology) were made Officers of the New Zealand Order of Merit. Professor Olssen’s award recognised his lifetime of services to history. Professor Reeve, a recognised international expert in his field, is director of the Cancer Genetics Laboratory and received his honour for services to medical science. He is a Fellow of the Royal Society and a previous recipient of the Society’s Sir Charles Hercus Medal. Dr Fleming was honoured for services to science. She was awarded the Royal Society Silver Medal in 1999 and in 2001 was a member of the Royal Commission of Enquiry into Genetic Modification.

Judith Mayhew, an Otago law graduate, the recipient of an honorary doctorate in Laws in 1998 and currently chairwoman of the policy and resources committee of the Corporation of London, was made a Dame in the Queen’s Birthday Honours in England.

In the New Zealand New Year Honours list, announced on the last day of 2002, two Otago Emeritus Professors were made Officers of the New Zealand Order of Merit. They were Keith Jeffery, for services to orthopaedics, and John Barsby, for services to classical studies. Professor Barsby also received a rare Doctor of Literature degree in the 14 December graduation ceremony.

The Mayor of Dunedin, Mrs Sukhi Turner, who represents the City Council on the University Council, became a Distinguished Companion of the Order of Merit.

Honorary doctorates were conferred this year on Allan Hubbard (Hon LL.D) and Dr Chris de Hamel (Hon LittD). Dr Hubbard was honoured for his philanthropy. He studied Commerce at Otago, and later established the Bushey Park deer stud and The Helicopter Line. He has made substantial contributions to charitable and community causes, including scouting and Presbyterian Social Services.

Dr de Hamel’s honorary Doctor of Literature degree recognises his status as a widely published international authority on medieval manuscripts and early printing. He holds a BA(Hons) degree in History from Otago (1972) and a DPhil degree from Oxford University (1978). He currently occupies the position of Donnelly Fellow Librarian at Corpus Christi College, Cambridge University.
Deaths

I note with regret the deaths of a number of people who have made a significant impact on the life of the University in a variety of ways.

Professor Peter Coville, foundation Dean of the University of Otago School of Pharmacy, died in April, aged 57, after a long illness. He was appointed to the University in 1989 when it assumed its role as sole provider of pharmacy education in New Zealand. Within two years he had organised the separate existence of the School of Pharmacy and was appointed Dean. Professor Coville contributed strongly to the University in many ways. He was particularly influential in the development of pharmacy education, not only in New Zealand but also in Papua New Guinea, Fiji and Australia. He was a leading figure in many community organisations but had an especial love of musical theatre. He was seen in a number of roles in amateur theatrical productions in Dunedin over the past decade.

Associate Professor Donn Bayard died in September. A colourful personality in the University and city, the American-born linguist and anthropologist had taken early retirement because of ill health. Associate Professor Bayard was the author of *Kiwi Talk, a study of New Zealand English*, and was a frequent contributor and correspondent in the *Otago Daily Times*.

The Very Rev Dr George Knight died on 22 December in Dunedin, aged 93. Dr Knight, who held a Doctor of Divinity degree from Melbourne University, was awarded an honorary Doctor of Divinity degree from Otago in 2000. He also held honorary doctorates from Glasgow University and Coe College, Iowa. He led an extraordinary life of Christian service, scholarship and adventure that included tenure from 1947 until 1958 as Professor of Old Testament Studies in the Theological Hall, Knox College, and a linked lectureship in Hebrew at the University of Otago. He and his late wife Nancy returned to Dunedin in retirement, in 1985. Dr Knight’s daughter Ann is a long-serving member of the University administrative staff.

Sir William Manchester, who was educated at Otago, became an international pioneer in plastic surgery. He was at various times Chairman of the New Zealand Committee of the Royal Australasian College of Surgeons and Vice-President of the 5th International Congress of Plastic and Reconstructive Surgery. Sir William was 88.

Emeritus Professor Tom Cowan died on 21 June, aged 85. Professor Cowan was the University’s first professor of accountancy and also served as Dean of the Faculty of Commerce. He gave distinguished service to the profession and to the city and was a life member of the Chamber of Commerce. A formidable champion of causes and issues related to Otago and the South Island, he was the originator of the plan that led to the establishment of the city’s economic development fund. He was nationally known also as a fierce critic of some practices in the electricity supply business. One of his books was entitled *Light, power and some heat: the adventures of a critic in the wonderful world of electricity supply*. Professor Cowan taught part-time from 1946, became a full-time senior lecturer in 1960 and was appointed Professor in 1961. His son Bruce is the Master of Salmond Hall.

Dr George Emerson, who retired from the Department of Biochemistry in 1997, died aged 67. As well as long and committed service to the University, having been on the staff for 33 years, Dr Emerson was noted for his support of the Taieri Gorge Railway. Founder of the Otago Excursion Train Trust, he received a QSO in June 2000 for his role in preserving Otago’s historical railway operations.

Dr Peter Rennie, who died in February, was an Otago medical graduate who later worked in the field of diabetes in the Medical School, before becoming Master of University College. Dr Rennie retired to Wanaka, where he became active in local body politics.
Dr Tony Sandstone, also a medical graduate of this university, was a noted eye surgeon who served as President of the Canterbury Branch of the British Medical Association and was President of the Ophthalmological Society of New Zealand in 1974.

Margaret Ross, a distinguished woman who had a multi-faceted relationship with the University, died in April. She held an Otago MA in History, was a member of the Federation of University Women and tutored in the History department from 1946 to 1950. She married fellow honours student Angus Ross (later Professor of History) in 1950 and was also an early member of the Staff Wives (now Staff Families) Association. Her daughter is Professor Jocelyn Harris (English).

Harold Turner died at the age of 91. A leading theological scholar who also worked on the relationship between science and theology, he was the first University of Otago ecumenical chaplain and was for 15 years warden of Arana Hall. The Turner wing of Arana is named in his honour. He received an honorary Doctor of Divinity degree in 1976.

Dr Roy Muir died in late July. He was a pioneer in the field of adolescent psychiatry and a former staff member in the Department of Psychological Medicine. He was responsible for development of the University’s qualification in child psychotherapy training.

Among others with Otago connections were Sir Garfield Todd, former Prime Minister of Southern Rhodesia (now Zimbabwe) and noted advocate of black rule, a former student of Otago University and recipient of an honorary Doctorate (Hon LLD 1979), who died in October aged 94; Dr David Lewis, yachtsman and adventurer, who studied medicine at Otago and spent his life engaged in exploration, mountaineering and in particular in various epic global yachting undertakings, who died aged 85 in Australia in October; and Evan Blampied (87), a former principal of Christchurch Teachers’ College, who graduated MSc in Physics at Otago at the age of 20, taught briefly at the University of Otago then went into secondary school teaching.

**Appointments and promotions**

Dr John Adams was appointed to be the new Dean of the Dunedin School of Medicine and will take up his duties in 2003. Dr Adams was at the time of his appointment Chairman of the New Zealand Medical Association. He replaces Professor Bill Gillespie.

Dr Marian Simms was appointed Professor and Head of the Department of Political Studies. She was previously at the Australian National University, Canberra. Professor Simms is a former President of the Australasian Political Studies Association and was a Senior Fulbright Scholar in 1988. She has held visiting fellowships at the Universities of London, Cambridge and Texas.

Professor Colin Campbell-Hunt, author of the book *World Famous in New Zealand*, was appointed Professor of Management. Professor Campbell-Hunt is acknowledged as an expert on competitiveness and innovation.

Ms Jan Flood was appointed Registrar and Secretary to Council, replacing Tim Gray, who retired in January. Ms Flood has previously held a number of administrative and executive positions in the University. Dr Claire Matthewson was appointed director of the University of Otago Summer School, replacing Associate Professor Merv Smith. Dr Matthewson was formerly head of the Distance Teaching Unit at Otago before holding positions in Fiji and at the Open Polytechnic of New Zealand.
I was pleased to announce during the year five internal promotions from Associate Professor to Professor, and 16 to Associate Professor. These promotions recognise outstanding contributions to research, teaching and community service and must meet rigorous criteria. Those promoted to Professor were Associate Professors Alison Mercer (Zoology), Robert Knight (Psychology), Harlene Hayne (Psychology), Martin Purvis (Information Science) and Stephen Chambers (Pathology, Christchurch School of Medicine and Health Sciences).

Those approved for promotion to Associate Professor were Dr Michael Barker (Marine Science), Dr Richard Barker (Mathematics and Statistics), Dr Timothy Anderson (Medicine, Christchurch School of Medicine and Health Sciences), Dr Douglas Booth (School of Physical Education), Dr Glenn Buchan (Microbiology), Dr Hugh Campbell (Anthropology), Dr Richard Cannon (Oral Sciences, Faculty of Dentistry), Dr Sue Court (Music), Dr Kevin Dawkins (Law), Dr Katharine Dickinson (Botany), Dr Keith Gordon (Chemistry), Dr Steven Jackson (School of Physical Education), Dr Iain Lamont (Biochemistry), Dr Howard Lee (Education), Dr Michael Legge (Biochemistry), Mrs Nicola Peart (Law), Dr Murray Skeaff (Human Nutrition), Dr Neil Thomson (Physics), Dr David Wharton (Zoology) and Dr Beng-Leong (William) Wong (Information Science).

In addition, two staff members were approved for promotion to Research Associate Professor from 1 February 2003. They were Dr Anthony Kettle (Pathology, Christchurch School of Medicine and Health Sciences) and Dr Richie Poulton (Preventive & Social Medicine).

**Retirements and departures**

Early in the year the University farewelled Tim Gray, who retired after spending his entire working life of 40 years in the service of the University. After completing a Master’s degree in History Mr Gray started as an administrative assistant and rose to become Registrar and Secretary to Council. He contributed a great deal to the life and operations of the University, especially in his long period as Academic Registrar, where his penchant for accuracy and fine detail were legendary.

A number of academics retired over the past 12 months after giving more than 20 years’ service to the University. Dr Colin Geary, a staff member since 1964, served the University in many capacities, particularly as Head of the Department of Pathology and Deputy Dean of the Dunedin School of Medicine. He was also for a time Master of University College. Professor David Russell, a former Dean of the School of Physical Education and Director of the Life in New Zealand research project, retired during the year after 21 years’ service, and Professor Andrew Hornblow retired officially early in the year after 23 years’ service that culminated in his appointment as Dean of the Christchurch School of Medicine.

Professor John Barsby retired early in the year after a distinguished career that resulted in his recognition in the New Zealand New Year Honours list. He was a staff member for 32 years and professor since 1978. Perhaps his most significant action was his leading role in the development and growth of the subject of classical studies in secondary schools. Under his leadership the area of Classics at Otago flourished and broadened. Associate Professor Angela Pack (Oral Rehabilitation, School of Dentistry) retired early in the year after 30 years’ service. She was a leader in her field and was honoured last year by the International Association for Dental Research and also by the award of Membership of the New Zealand Order of Merit (MNZM).

Other academics to retire after significant service were Associate Professor Peter Stupples (Art History), Dr David Murray (Geography), Dr David McHaffie (Medicine, Wellington School of Medicine and Health Sciences), Dr John Cross (Microbiology), Dr Anthony Reay (Geology) and Dr Barbara Guthrie (Human Nutrition).
A number of members of the general staff also retired after valuable and committed service of more than 20 years in the University. They included Mrs Kathleen Addison and Mrs Daphne Hynes (both of the School of Dentistry), Miss Barbara Cameron (Dunedin School of Medicine), Mrs Elaine Coory (Otago School of Medical Sciences), Dr Charles Clark (Chemistry) and Mr Tom Sharp (Financial Services).

Professor Bill Gillespie resigned from his position as Dean of the Dunedin School of Medicine to establish a new Medical School in Hull and York. Professor Gillespie achieved notable success in improving cooperative relations between the Dunedin Public Hospital and the University. Professor Murray Tilyard became Acting Dean following Professor Gillespie’s resignation and will continue as Deputy Dean until Dr Adams takes up his appointment as Dean. Professor Tilyard has stepped down as Head of Department of General Practice after 10 years but will continue as Professor of General Practice.

John Scandrett, for 12 years head of commercial development in the University, left to become CEO of biotechnology company Botry-Zen. He helped commercialise Otago University expertise, including Blis Technologies.

**ENROLMENT**

In 2002 the University continued the growth seen in the previous year. Overall head-count numbers rose from 17,598 in 2001 to 18,026 in 2002, an increase of 2.4%. Unsurprisingly in such a constricted market environment there was no growth in first year domestic student numbers, with enrolment falling 2.6% from 2,987 to 2,909. A key feature of the overall record student roll was the growth in international student numbers, up by 18.5%. International students thus comprised 8% of the student body. Of continuing importance to the University's marketing strategies is that of all New Zealand residents enrolled in 2002, 34.7% were from the North Island (34.0% in 2001).

Of the total enrolment of 18,026 students, 14,644 were undergraduate (14,216 in 2001) and 3,382 were postgraduate (3,382 in 2001). Postgraduate students thus made up 18.8% of the total head-count enrolment in 2002 (19.2% in 2001).

The University has continued to refine and focus its promotional and recruitment activities through an integrated marketing and communications strategy. I am confident that the 2002 campaign will prove to have resulted in at least the maintaining of our enrolment base.

In recent years the University has attracted a decreasing proportion of its students from within Otago and Southland. In 2002 the trend continued, with the region contributing only 38.8% of all students (40.4% in 2001). After a major fall in first year regional numbers in 2001, it was pleasing to observe a reversal of the trend in 2002, from 31.6% to 33.1%. However, all of this growth was accounted for by increasing numbers of Dunedin residents, with a continued drop in enrolments from the rest of Otago and Southland. Research into this phenomenon revealed a continuing pattern of fall-off in numbers opting for tertiary study from rural and provincial areas.

Last year I reported that the University had taken steps to respond to a static Māori representation on the student roll. The impact of this move is expected to take more than one year to take effect and in 2002 the number of students who reported an iwi affiliation remained at 6.5% of the total student body. For the fifth year in succession women comprised 55% of the total roll, although once again this ratio is not spread evenly across all the academic divisions.
The growth in the Division of Humanities seen last year was sustained in 2002, with overall growth of 8% bringing total Humanities enrolments from 4,229 to 4,569. The increases were primarily in postgraduate enrolments. The period of almost static enrolment in the School of Business continued, with an overall increase of only five EFTS. The new subject area of entrepreneurial studies attracted more interest than had been anticipated, particularly from students who were not enrolled in Applied Sciences, the degree course for which the new area had initially been developed.

Health Sciences experienced growth of 4.2%, spread across both undergraduate and graduate courses, with the Medical Radiation Therapy course contributing to undergraduate figures. The Division of Sciences saw a continuation of the decline experienced in 2001. Its 2002 enrolment figure, at 3,993, was a 4.3% decline on the 2001 total of 4,172.

Projections that Otago and Southland school rolls are set to shrink over the next ten years are of concern. We will need to consider our strategic options and indeed plan the University’s long-term future on the basis that student numbers cannot continue to increase indefinitely.

At the same time we have begun to consider the option of more actively recruiting Australian students, who pay domestic rates of fees in New Zealand universities. There is already a steady number of Australians enrolling to undertake undergraduate degrees at Otago, primarily in the Health Sciences areas, where numbers are severely capped in Australian universities.

The number of Pacific Island students enrolled has risen by more than 20% in the last three years, with 455 being enrolled in 2002. Of these, more than 90% came from Pacific Island nations rather than from New Zealand-based Pacific Islands families.

**FUNDING**

The 2002 national budget, announced by the Minister of Finance on 23 May, once again failed to increase university funding by a significant amount. The funding package included additional finance for teaching and research as well as a 4.5% funding rise offer in return for an agreed extension of the tuition fee freeze. The 4.5% is an inadequate amount, and since we have the lowest average tuition fees in the country we asked the Government for permission to increase fees by 5% without forsaking our claim to the 4.5%. Our request, which I consider would have been a fair way of addressing the inequity, was declined.

Clearly the Government has still not faced the funding issues with which this university must grapple. The University of Otago has been discriminated against by the fee freeze and fee maxima. I can see no logical reason why other universities should be allowed to charge higher fees than Otago for similar courses in law, arts and commerce and at the same time receive the same amount of government funding as we do for those courses.

An employment contract agreed with unions in late October will give staff a 4% salary increase from 1 February next year. The agreement, which was reached after lengthy negotiations that included the first-ever strike action at the University, will cost in the vicinity of $5.6m and has impacted on budget planning for 2003, with cuts in building works, infrastructure and services needed because the increase in salary payments will exceed our increase in government grant.
CAPITAL DEVELOPMENT

I reported last year that the development highlight of 2001 had been the completion of the University’s magnificent Information Services Building. I am pleased to note this year that the facility was finally officially opened on 31 October, after the disappointment of the cancellation of the planned visit of Her Majesty the Queen last year. The opening was performed instead by the Governor-General, Dame Silvia Cartwright, herself an Otago graduate. The moving, early-morning ceremony was timed to avoid disruption to students working for impending end-of-year examinations.

The University moved towards an agreement with the Dunedin City Council over the future use of the University Oval. It is our hope that the final outcome of on-going negotiations will be that both the University and the city will benefit from new and improved facilities to which both parties will contribute. The agreement will also include safeguarding the name as the University Oval.

The University is continuing with its efforts to take control of the Castle St block that runs from St David St to Dundas St. The matter has been before the Dunedin City Council since 1999, and is likely to be heard in the Environment Court early in 2003. The University wishes to develop properly a north-western approach to the campus that would run along St David St from Cumberland St, incorporating the St David Lecture Theatre building and the Centre for Innovation, which stand on either side of the key approach, then taking in the incomparable views across the Water of Leith to the Registry building before crossing the river.

As part of the much-needed approach, the University Council approved plans to replace the 100-year-old St David St footbridge, which was most recently restored in 1975 after falling into disrepair. The plan also includes paving on St David St, a piazza and shade trees outside the St David Lecture Theatre, and an Oamaru stone monolith bearing the name of the University. The Castle St block will be retained for parking and property access.

In April the St David Lecture Theatre won a New Zealand Institute of Architects award and was nominated for the national supreme award.

Work is well advanced on the University’s new $7.5m Zoology block next to and linked to the existing Zoology building (formerly the Dental School) in Gt King St. Costs on this project have risen because of changing governmental requirements. Laboratory costs will be close to $100,000 higher than initially budgeted because of Ministry of Agriculture and Forestry and Environmental Risk Management Agency demands. The 2,500sq m four-storeyed building is on track for completion in the first half of 2003.

Two powerful new microscopes purchased in 2002 will lead to new medical treatments. The University spent more than $900,000 on the equipment and on revamping the microscopy suite and its new confocal microscope centre, which was formally opened by the Minister of Research, Science and Technology, Hon Pete Hodgson.

Although not strictly University capital development, the $1.4m Aquatic Centre developed by the Otago University Students’ Association will be a boost to student facilities. This impressive structure was driven largely by the enthusiasm of student rowers, who are experiencing outstanding competitive success at present.
OUTLOOK

Despite my strongly expressed disquiet over a number of major funding and legislative issues, I am confident that the University of Otago has chosen a strategic path that will ensure the maintenance of its outstanding performance and reputation. There is so much evidence all around us of the talents, initiative and goodwill of staff, friends and supporters of the University that as I come near to the end of my term as Vice-Chancellor I cannot help but feel optimistic about the future of the University I have been privileged to lead.

Graeme Fogelberg
Vice-Chancellor