

2012

ANNUAL REPORT



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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 membership from Ngāi Tahu, and the University, 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.

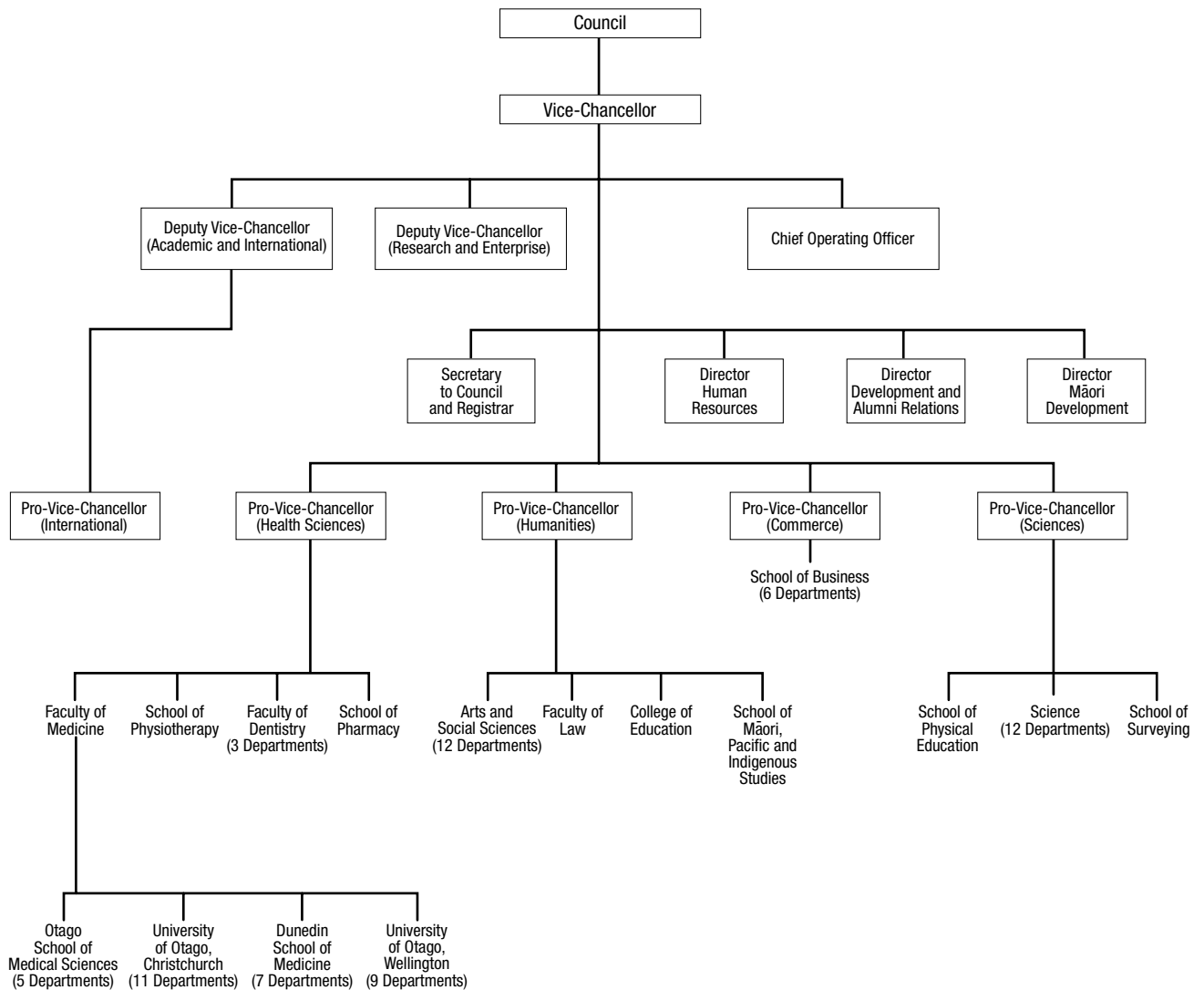
Governance documents

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



The Council

UNIVERSITY OF OTAGO 2012

Ex Officio



Professor Harlene Hayne
(Vice-Chancellor)
ONZM BA (Colorado College) MS
PhD(Rutgers) FRSNZ

Appointed by the Minister of Education



Mr John F. Ward
(Chancellor)
BCom(Otago) FCA FlinSD



Dr James D. Every-Palmer
BA(Hons) LLB(Hons)(Otago) LLM(Harv)
DPhil(Oxon)
(to August 2012)



Mr Stephen J. Higgs
BCom(Otago) FCA
(from August 2012)



Ms Donna C. Matahaere-Atariki
BA(Otago) MPhil(Massey)



Dr Royden J. Somerville
QC LLM, PhD(Otago) AAMINZ



Ms Jan A. Flood
DipPhEd(Otago)

Registrar and Secretary to Council

Elected by Academic Staff



Associate Professor A. Vicky Cameron
BSc PhD(Otago)



Dr Craig J. Marshall
BSc(Hons) PhD(Otago)



Associate Professor Elisabeth (Liz) Slooten
MSc(Auck) PhD(Cant)

Elected by the Court of Convocation



Judge Edward O. K. (Oke) Blaikie
LLB(Otago)



Miss Lorraine P. Isaacs
QSO MA(Otago & Hawaii)



Mr Michael J. M. Sidey
BCom(Otago) ACA

Elected by General Staff



Elected by Students

Appointed after consultation with
Central Organisation of EmployersAppointed after consultation with
Central Organisation of Workers

Appointed by the Dunedin City Council



Executive Group

UNIVERSITY OF OTAGO 2012

Vice-Chancellor

Professor Harlene Hayne
ONZM BA(Colorado College) MS PhD(Rutgers) FRSNZ

Deputy Vice-Chancellor (Academic & International)

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

Deputy Vice-Chancellor (Research & Enterprise)

Professor Richard J. Blaikie
BSc(Hons)(Otago) PhD(Camb) FRSNZ MIEEE MInstP CPhys

Chief Operating Officer

Mr A. John Patrick BCom(Otago) FCA CMA

Pro-Vice-Chancellor (Commerce)

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

Pro-Vice-Chancellor (Health Sciences)

Professor Peter R. Crampton MB ChB MPH PhD(Otago) DipObst(Auck)FAFPHM MRNZCGP

Pro-Vice-Chancellor (Humanities)

Professor Brian D. Moloughney MA(Cant) PhD(ANU)

Pro-Vice-Chancellor (Sciences)

Professor Keith A. Hunter MSc(Auck) PhD(E Anglia) FNZIC FRSNZ

Pro-Vice-Chancellor (International)

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

Director of Human Resources

Mr Kevin J. Seales BCom(Cant) MHRINZ

Registrar and Secretary to Council

Ms Jan A. Flood DipPhEd(Otago)

Chancellor's INTRODUCTION

It is with pleasure that I once again present the University of Otago Annual Report. 2012 was another excellent year for the University, with many outstanding achievements, and a few challenges as well.

Staff and students continued to excel in their endeavours and many of their successes are highlighted within this report. The University itself is in a sound position, in spite of a more difficult operating environment. Student numbers are down across the university sector and funding remains an ongoing concern. It is vital that the University maintains an adequate surplus to finance necessary capital developments and it is becoming increasingly apparent that we will have to continue to look for alternative sources of income to achieve this.

It was, thus, very pleasing to see that our staff continued to have such outstanding success in obtaining highly competitive research funding. The University's development and fundraising efforts will also be increasingly focussed on supporting areas of strategic importance.

This University is a very valuable institution, not only as a provider of world-class research and teaching, but in the economic impact it has on the cities in which we work and on the nation as a whole. The University's Economic Impact Report, presented to Council in June, showed that the University contributed around \$779.3 million to the Dunedin economy in 2011, \$44.7 million to Christchurch and \$41.2 million to Wellington. The total economic impact was estimated at more than \$1.6 billion.

One of my greatest pleasures as Chancellor is the opportunity I have to personally congratulate our new graduates as they complete their studies. In 2012, I had the privilege to take part in 14 graduation ceremonies hosted by the University, including two in Invercargill, attended by more than 3,500 graduands and their families.

Another great privilege is the opportunities I have to keep in touch with Otago alumni around the world. In 2012, I attended alumni receptions in New Plymouth, Taupo, Melbourne, Washington and London, and would like to thank our many alumni networks and chapters for their outstanding commitment to this University. One alumnus in particular deserves special mention – Tan Sri Dato Dr Haji Ahmad Azizuddin, who was awarded the Otago Medal for Outstanding Alumni Service. Tan Sri Ahmad is a founding member of the University's Foundation for Malaysia, patron of the University of Otago Alumni Association of Malaysia and one of this institution's strongest friends.

I was also delighted to lead a University delegation to Auckland early in the year to sign a Memorandum of Understanding with Waikato-Tainui.

On behalf of Council I would like to thank all staff, students, funders, alumni and others stakeholders for their support of the University of Otago in 2012. I would particularly like to thank the staff and students at our Christchurch campus who have continued to work so well under the most difficult conditions. With our Christchurch building now fully restored and strengthened, I am certain that the next year will be an easier one for them all.

Finally I would like to thank my fellow Council members for their outstanding work and commitment throughout 2012.

John Ward
CHANCELLOR



Vice-Chancellor's REVIEW

2012 was my first full year as Vice-Chancellor of the University of Otago, a position I took over in the wake of a Global Financial Crisis and the devastating Christchurch earthquakes. These two events – one with worldwide ramifications and the other, one of the worst natural disasters to befall New Zealand – have presented challenges that I could not have predicted.

It has been inevitable that the Government has had to redefine its financial priorities. This, compounded by a declining student demographic and changes to student loans and allowances, has resulted in reduced financial support for universities, in both real and relative terms, and has put growing pressure on the sector as a whole.

In spite of these challenges, 2012 was yet another good year for the University of Otago. While we were not immune from a nationwide trend of lower enrolments overall (our total roll dipped by 1.9%), first year numbers increased by 4.3%. The academic calibre of our first year intake improved, as did the overall academic performance of our student cohort.

Our staff also continued to perform outstandingly well. Many of their exceptional achievements will be canvassed in later pages of this report, but I would like to highlight a few. Otago researchers have continued to earn highly competitive research funding and in 2012 they secured the largest share of the Marsden Fund for the eighth successive year and a further \$27 million in each of the Ministry of Business, Innovation and Employment's 2012 Science Investment and Health Research Council rounds. These successes are a clear indicator of the quality, breadth and depth of research being undertaken across the Otago campuses and reflect extremely well on the efforts of both our staff and students.

Academic staff performed well in other areas throughout the year and received several awards for excellence. I would like to congratulate Dr Rhiannon Braund, of the School of Pharmacy, who received the Prime Minister's Supreme Award for Tertiary Teaching Excellence and Associate Professor Anthony Robins, from the Department of Computer Science, who received an award for sustained excellence in the National Tertiary Teaching Awards. Research and teaching excellence are central to the core values of this University, providing the platform from which our students gain the world-class education for which Otago is renowned. Another two of our recent Otago graduates, Louis Chambers and Edward Stace, have won Rhodes Scholarships to study at Oxford, bringing the tally of Otago students to be awarded these prestigious scholarships to 61.

We were one of only two New Zealand universities to feature in the 2012 QS World University rankings' top 200 and, again, performed exceptionally well in the Tertiary Education Commission's educational performance indicators, being ranked first for course completions and student retention.

It is important to keep in mind that an Otago education is not just an academic one. With more than 80% of our students coming from outside Dunedin, this is New Zealand's only true residential university, where students come to study and to live. Students at Otago have a 24-hours-a-day, seven-days-a-week university experience. Given this, it is incumbent on us, as a university, to enhance not only good scholarship, but also good citizenship, providing a broader education that stands our graduates in good stead for the rest of their lives. The independence, co-operative working habits and aptitude for lifelong learning that characterise Otago graduates have come to be highly valued by employers.

We also have a responsibility to ensure that our vibrant Otago lifestyle is safe. We pride ourselves on the level of pastoral care offered through our residential colleges, our Māori and Pacific Islands Centres, Student Health and the Student Learning Centre, among others. The new Unipol gymnasium offers exceptional recreational facilities and last year attracted more than 660,000 visits. Throughout 2012 we continued to promote and enforce the Code of Conduct and I personally met every student who was in serious trouble as a result of excessive drinking. The excessive consumption of alcohol is not a problem specific to the University of Otago, but we have made a firm commitment to deal with it, and have been actively working in partnership with the Dunedin City Council, the Police and the Fire Service to do so.

We have also been working closely with the Otago University Students' Association (OUSA) on the issue of alcohol-related harm as well as on many other issues of mutual concern. Changes to legislation in late 2011 effectively prohibited compulsory membership in student unions. In 2012, we established a service level agreement with OUSA to ensure that its services to students would continue in the wake of the change. This agreement has resulted in a fundamental shift in the relationship between the University and OUSA which is working exceptionally well, embedding the position of OUSA into the mainstream of University life. OUSA is very supportive of our attempts to redress the dangerous elements of student behaviour and we are working together to promote the Code of Conduct and the good citizenship of our students. I have thoroughly enjoyed the enthusiasm and fresh ideas that the

students bring to the relationship. A particular highlight was the success of 2012 Orientation, run jointly by the University and OUSA, and we have continued to work together on a range of issues since then, from the standard of student housing in North Dunedin to sustainability and issues of health and well-being. A proposal to declare the Dunedin campus smoke-free – in line with the Wellington, Christchurch and Invercargill campuses – received a resounding 78% support in an OUSA referendum.

Social responsibility is a high priority at the University of Otago and issues of sustainability are integral to our attempts to help students become good citizens of the world. In 2012 a sustainability co-ordinator was appointed and the Environmental Sustainability Advisory Committee continued to work to develop sustainability networks and strategy throughout the University. Their sustainability initiatives have been widely supported by both University leadership and the student body. During 2012 Otago also signalled its intention to become New Zealand's first Fair Trade university and to become smoke free from the start of 2014. At the beginning of 2012 I challenged the students to volunteer their time and talents to people and organisations who might need them. They clearly rose to the challenge providing hundreds of hours of volunteer activity within the Dunedin community.

With our *Strategic Direction to 2012* document now at the end of its life, considerable thought has been put into the planning of our new *Strategic Direction to 2020*. We will be building on our well-established strengths in research and teaching, but with a bolder and wider view, looking to generate research and knowledge that can be applied to real world problems, to further develop our innovative transition pathways to university study for Māori and Pacific students, educating our students to be good citizens of the world and to increase our focus on sustainability.

We will continue to pursue new commercialisation opportunities through our commercialisation company, Otago Innovation Limited. It is widely recognised that it can take 15 to 20 years for university commercialisation companies to break even and we are already well ahead of this timeframe. There will also be a growing emphasis on fundraising and we will be relying on the support of our alumni to help us fund new initiatives. In the current economic climate we can fund "business as usual", but to do more we will need to find additional avenues of support.

In reviewing the year I would also express satisfaction with the University financial performance in what has been a

challenging fiscal period for universities around the world. Crucially, and despite the pressures we have faced, the University Group's surplus – which provides vital funds for future capital projects – has met both the Tertiary Education Commission's performance target and our own internal benchmarks. It would not have been possible to achieve this sound result without careful budgeting and a concerted effort across the university to be prudent in respect of expenditure.

I would like to thank Council, the staff and students at the University of Otago again for their support during 2012, but I must pay a particular tribute to the staff and students at our Christchurch campus. Over the past two years our Christchurch staff have continued to undertake world-class research and deliver a full medical curriculum in the most trying of circumstances. Although working in makeshift offices and laboratories scattered around the city, our Christchurch-based research teams earned around \$19.5 million in funding and individual staff were awarded some of New Zealand's most prestigious research honours. Students, too, have shown extraordinary fortitude and determination in their endeavours, more than holding their own with their peers in Dunedin and Wellington and successfully completing their degrees, against the odds. I must also acknowledge the teams of support staff, the architects, engineers and, of course, the staff of our Property Services Division whose extraordinary rebuilding efforts made much of this possible. To you all, thank you.

Professor Harlene Hayne

VICE-CHANCELLOR



Significant EVENTS

Senior Appointments

Professor Melissa Baucus as Professor of Entrepreneurship

Professor Sylvie Chetty as Professor of Entrepreneurship and Director of the Centre for Entrepreneurship

Professor Dirk De Ridder as the inaugural Neurological Foundation Professor of Neurosurgery

Professor André Everett as Professor of Management

Professor Wayne Gillett as Professor of Women's and Children's Health

Dr Gavin Clark as Director of the University's Research and Enterprise Division

Professor Sarah Hook to the Chair of Pharmaceutical Sciences in the School of Pharmacy

Professor Christina Hulbe as Dean of the School of Surveying

Professor Alexander Miller as Professor of Philosophy

Professor John McMillan as Director of the University's Bioethics Centre and Professor of Bioethics

Mr Tuari Potiki as Director of Māori Development

Professor Michael Reilly as Dean of the School of Māori, Pacific and Indigenous Studies – Te Tumu

Professor Elizabeth Rose as Professor of Management

Professor Lisa Smith as Dean of the College of Education

Associate Professor Nicola Taylor as Alexander McMillan Professor of Childhood Studies and Director of the Centre for Research on Children and Families.

Emeritus Professors

The following professors were awarded the status of emeritus professor:

Professor Michael Atkinson (Computer Science); Professor Margaret Baird (Microbiology and Immunology); Professor Carl Burgess (Medicine, Wellington); Professor Alan Cooper (Geology); Professor Donald Evans (Bioethics Centre); Professor Gareth Jones (Bioethics Centre); Professor John Hannah (Surveying); Professor Anthony Molteno (Ophthalmology); Professor Richard Norris (Geology); Professor Tony Reeve (Biochemistry); Professor Rob Smith (Chemistry); Professor Gerald Tannock (Microbiology and Immunology); Professor Robin Taylor (Medicine); Professor Geoff White (Psychology); Professor Bastow Wilson (Botany); Professor Donald Wilson (Women's and Children's Health).

Professorial Promotions

The following staff were appointed to professor:

Michael Albert (Computer Science); Michael Baker (Public Health, Wellington); Christopher Charles (Research Professor, Medicine, Christchurch); Steve Dawson (Marine Science); Susan Dovey (General Practice); Julian Eaton-Rye (Biochemistry); John Evans (Research Professor, Obstetrics and Gynaecology, Christchurch); Sean Fitzsimons (Geography); Elizabeth Franz (Psychology); Russell Frew (Chemistry); Parry Guilford (Research Professor, Biochemistry); Jamin Halberstadt (Psychology); Gary Hooper (Orthopaedic Surgery and Musculoskeletal Medicine, Christchurch); Richard Jackson (National Centre for Peace and Conflict Studies); Ian Jamieson (Zoology); Etienne Nel (Geography); Elaine Reese (Psychology); Alison Rich (Oral Diagnostic and Surgical Sciences); Anthony Robins (Computer Science); Jae Jung Song (English); Rachel Spronken-Smith (Higher Education Development Centre); Lisa Stamp (Medicine, Christchurch); Margreet Vissers (Research Professor, Pathology, Christchurch); David Wharton (Zoology).

The following staff were appointed to associate professor:

Simon Adamson (Psychological Medicine, Christchurch); Greg Anderson (Anatomy); Ian Barber (Anthropology and Archaeology); David Bell (College of Education); Judy Bellingham (Music); Hallie Buckley (Anatomy); Jim Cotter (Physical Education); Jacob Edmond (English and Linguistics); Shelley Griffiths (Faculty of Law); Caroline Horwath (Human Nutrition); Zhiyi Huang (Computer Science); Alan King (Economics); Jan McKenzie (Psychological Medicine, Christchurch); Igor Meglinski (Physics); Ross Notman (College of Education); Nancy Rehrer (Physical Education); Brian Roper (Politics); Jacinta Ruru (Faculty of Law); Diana Sarfati (Public Health, Wellington); Michael Schultz (Medicine); Andrew Trotman (Computer Science); Erika Wolf (History and Art History).

The following staff were appointed to research associate professor:

Haxby Abbott (Surgical Sciences); Joseph Boden (Psychological Medicine, Christchurch); Barbara Galland (Women's and Children's Health); Beverley Lawton (Primary Healthcare and General Practice, Wellington); Chris Pemberton (Medicine, Christchurch); George Thomson (Public Health, Wellington).

Honours

Staff awarded Royal honours in 2012 were:

Companion of the New Zealand Order of Merit (CNZM):
Professor Peter Skegg, Professor Christine Winterbourn.



Obituaries

Sir Arthur Beacham (98). University of Otago Vice-Chancellor 1963–1966.

Dr William (Bill) Dean (75). A member of the University's Department of English 1970–1999.

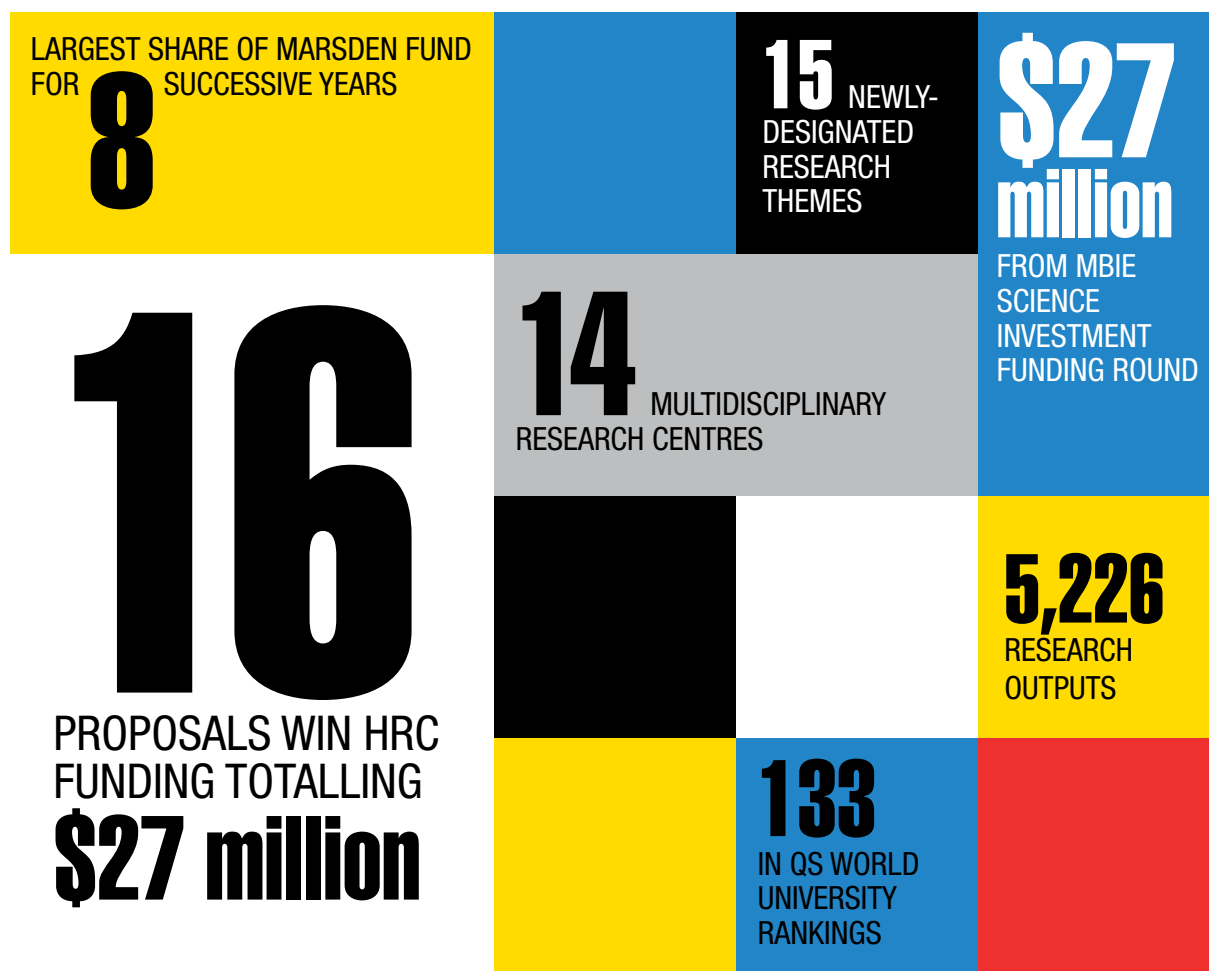
Emeritus Professor John Mackie (101). A lecturer in the School of Mines who, in 1963, became the first head of the University's Surveying Department.

Dr Gordon Sleivert (48). An exercise physiologist at the School of Physical Education 1994–2000 and Director of the University's Human Performance Centre 1997–2000.

Emeritus Professor Douglass Taylor (89). A member of the Department of Physiology 1962–1987 and former Assistant and Associate Dean at the School of Medicine.

ACHIEVING RESEARCH EXCELLENCE

The University of Otago is committed to being a research-led university with a reputation for excellence. It is New Zealand's most research-intensive university and has consistently received high rankings in national Performance-Based Research Fund (PBRF) assessments, including the top ranking for research quality in the 2006-2012 period.



A strong research ethos underpins all areas of academic activity across the University's campuses and this was again reflected by the University's inclusion in the 2012 QS World University rankings' top 200. Otago was ranked 133rd and was one of only two New Zealand universities to feature.

The University's ongoing success in obtaining highly contestable research funding reflects the quality of the work being undertaken on our campuses. Otago gained the largest share – \$27 million – for any university from the Ministry of Business, Innovation and Employment's 2012 Science Investment round, which supports research and science aimed at achieving social and environmental, as well as economic, benefits for New Zealand. The nine Otago-led projects to be funded include research into the development of improved infant formula, energy efficiency, urban futures and developing innovative technologies and tools.

For the eighth successive year Otago researchers also gained the largest share in the competitive Marsden Funding round, winning more than \$15 million for 22 blue-skies research projects across the four academic divisions of Commerce, Health Sciences, Humanities and Sciences. The successful projects cover areas as diverse as quantum computing, invisibility cloaking, breast cancer, tidal turbines and ancient cultures. Among the projects were seven Fast-Start grants which aim to support outstanding researchers early in their careers.

Otago researchers were also awarded more than \$27 million in the annual Health Research Council (HRC) funding round to pursue 16 proposals, including four major multi-year programmes, eight projects and four grants to up-and-coming researchers. The initiatives range from investigations into the genetic basis of deadly diseases to the prevention of overweight in infancy. Substantial programme extensions were granted to the Dunedin Multidisciplinary Health and Development Study of ageing and risk for chronic disease, the He Kainga Oranga/Community Housing and Health Intervention Research Programme (Wellington) and the Oxidative Stress in Health and Disease Programme (Christchurch). A new programme, led by Professor Allan Herbison, was awarded \$4.8 million to investigate the neural control of fertility.

There were many notable national and international achievements by Otago researchers and research teams during 2012. In one landmark study, researchers were able to sequence complete mitochondrial genomes for members of what was likely to be one of the first groups of Polynesians to settle New Zealand and have revealed a surprising degree of genetic variation among these pioneering voyagers. Study director Professor Lisa Matisoo-Smith and colleagues, including ancient DNA analysis expert Dr Michael Knapp, used Otago's research facilities for ancient DNA to apply similar techniques to those recently used by international scientists to sequence the Neanderthal genome.

World-first research continues to emerge from the University of Otago's long-running Dunedin and Christchurch multidisciplinary longitudinal studies. A paper released by the Dunedin study showed that persistent cannabis users who

started using the drug before age 18 show an average IQ decline of 8 points and other signs of impaired mental functioning by age 38. (For more information about Otago research and its impacts please go to www.otago.ac.nz/hekitenga)

A Memorandum of Understanding (MOU) was signed between the University and the New Zealand Defence Force, formalising and expanding an existing relationship. It aims to increase research into the health of both serving and veteran military personnel and their families, as well as security, peace and conflict studies, clothing and textiles, oceanography and international relations – reflecting international research and best practice in these areas.

A new research theme – titled Health of Veterans, Serving Personnel and their Families – has been established by the University to focus on this area and is one of 15 newly-designated research themes, some of which are well-established groups and others which formalise collaborations and build on areas of existing research strength. The themes are:

- Arthritis Research Theme
- Asian Migrations
- ASPIRE2025: Research for a Tobacco-Free Aotearoa
- Comparative and Cross-Cultural Studies
- Early Modern Thought
- Formulation and Delivery of Bioactives
- Full Circle: Māori and Pacific Genetics of Health
- Gut Health Network
- Health of Veterans, Serving Personnel and their Families
- New Zealand Ocean Acidification Research Cluster
- Otago Energy Research Centre
- Otago International Health Research Network
- Oxygen Theme
- Polar and Cold Environments
- The Kidney in Health and Disease.

A further 14 multidisciplinary research groups were formally designated as University of Otago research centres in recognition of their nationally- and internationally-regarded research excellence and commitment to engaging with relevant community, business and government sectors. They are:

- Brain Health Research Centre
- Centre for Neuroendocrinology
- Centre for Research on Colonial Culture
- Centre for Sustainability: Agriculture, Food, Energy, Environment (CSAFE)
- Centre for Translational Cancer Research
- Christchurch Heart Institute

Edgar National Centre for Diabetes and Obesity Research
Genetics Otago

International Centre for Governance, Science and Society

Jack Dodd Centre for Quantum Technology

National Centre for Lifecourse Research

New Zealand Centre for Sustainable Cities

Sir John Walsh Research Institute

Webster Centre for Infectious Diseases.

Professor Gary Wilson (Marine Science) was selected to be the inaugural director of the newly-established New Zealand Antarctic Research Institute which aims to accelerate global research on Antarctica and the Southern Ocean's role in climate change through international collaboration on multidisciplinary research projects.

The recognition of research excellence is central to the University's commitment to strengthening its research culture. Eminent scholar Professor Alan Musgrave (Philosophy) was awarded the University's highest research honour, the Distinguished Research Medal. Professor Musgrave also received the 2012 Humanities Aronui Medal from the Royal Society for his enduring and profound influence as a philosopher of science.

Researchers at the NIWA-University of Otago Centre for Chemical and Physical Oceanography became the inaugural recipients of the University's new Research Group Award, recognising outstanding research performance at a high international level by a research group led from the University. The centre is a world leader in ocean chemistry and, in 2011, won the Prime Minister's Science Prize.

Reflecting the University's commitment to fostering the careers of emerging researchers, Early-Career Awards for Distinction in Research were presented to four academic staff in 2012: Dr Haxby Abbott (Surgical Sciences), Dr Andrew Clarkson (Anatomy and Psychology), Dr Sian Halcrow (Anatomy) and Dr Michael Knapp (Anatomy).

Associate Professor Lisa Stamp (Medicine, University of Otago, Christchurch) and Dr Jacob Edmond (English) were announced as winners of the University's Carl Smith Medal and Rowheath Trust Award, also recognising the outstanding research performance of early-career staff.

Other staff whose work received significant recognition included:

Professor Ewan Fordyce (Geology) who was awarded the Hutton Medal from the Royal Society for his seminal contributions in New Zealand vertebrate paleontology

Professor Jim Mann (Edgar National Centre for Diabetes and Obesity Research) who was honoured with the European Association of the Study of Diabetes' inaugural Himsworth Award for his important and long-standing research contributions

Professor Lisa Matisoo-Smith (Anatomy) who gained a two-year James Cook Research Fellowship, enabling her to undertake the first survey of the genetic diversity of New Zealand's population

Dr Logan Walker (Pathology, University of Otago, Christchurch) who received a Sir Charles Hercus Health Research Fellowship to advance his research into the genetics of breast cancer

Dr Suetonia Palmer (Medicine, Christchurch) who became the first New Zealander to win a L'Oréal For Women in Science Fellowship for achievements in improving the treatment of people with chronic kidney disease

Dr Shinichi Nakagawa (Zoology), Dr Peter Mace (Biochemistry), Dr Timothy Woodfield (Orthopaedics, Christchurch) and Dr Barbara Anderson (Botany) who were awarded Rutherford Discovery Fellowships

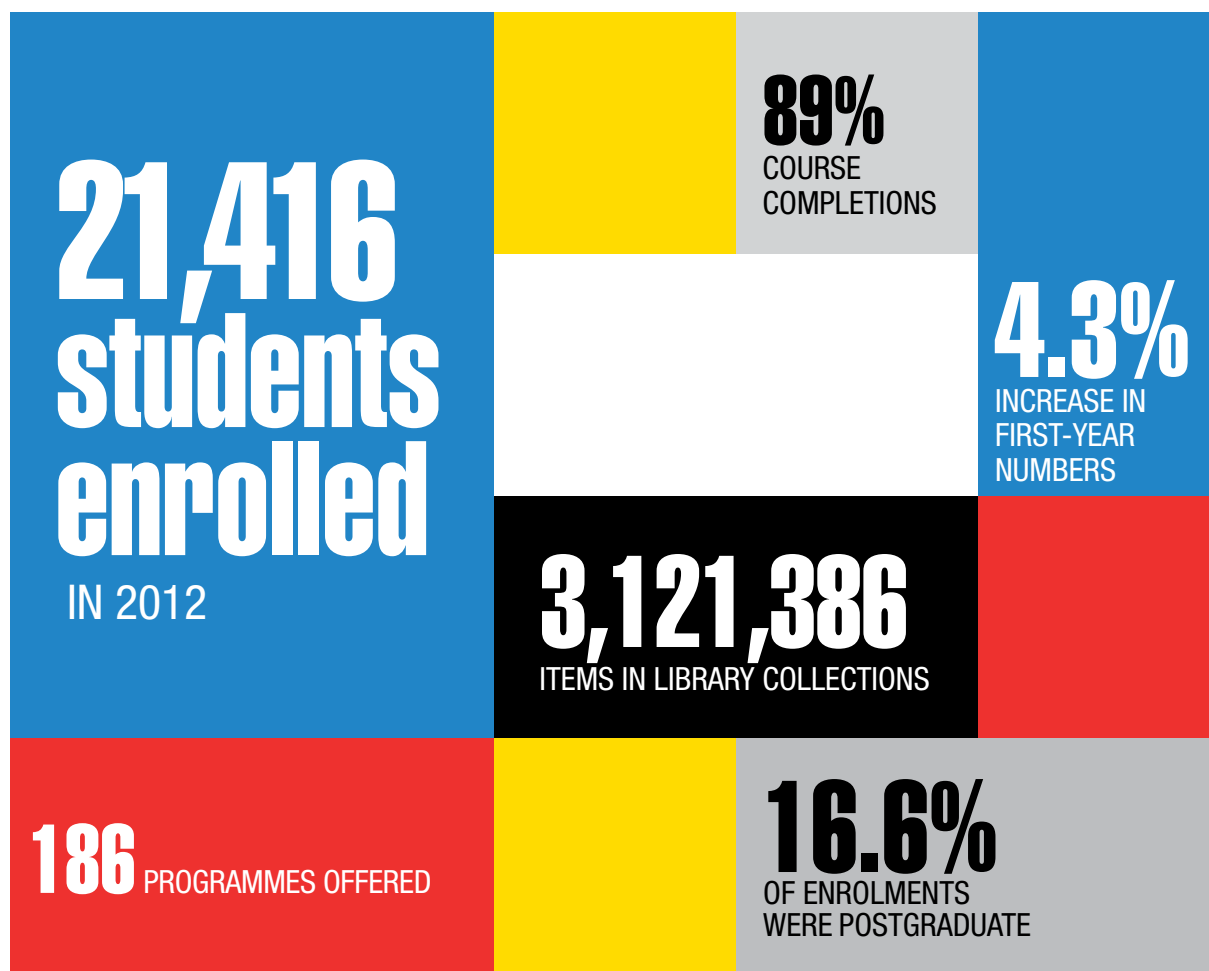
Professor Tony Ballantyne (History), Professor Brett Delahunt (Pathology and Molecular Medicine, Wellington), Professor Keith Gordon (Chemistry), Professor Frank Griffin (Microbiology and Immunology), and Professor Tony Kettle (Pathology) as Fellows of the Royal Society of New Zealand.

A number of students won external scholarships to pursue further study. Recent Otago graduates Louis Chambers and Edward Stace gained Rhodes Scholarships to study at Oxford. Fulbright-Ministry of Science and Innovation Graduate Awards were won by Sophie Briggs, Sam Cormack and Frank Pega. Renee Wikaire gained a Fulbright-Ngā Pae o Te Māramatanga Graduate Award. Fulbright New Zealand General Graduate Awards went to Michael Dobson, Alex Latu and Peter Martin. Joseph Donnelly gained a Woolf Fisher Scholarship to undertake a PhD at Cambridge University.

Development activities again supported the University's research strengths. Otago worked together with the the Neurological Foundation of New Zealand and the Southern District Health Board to establish a Chair in Neurosurgery and New Zealand's first academic neurosurgery unit (see page 26). Planning also continued for the establishment of a Chair in Earthquake Science and a multidisciplinary Centre for Fault and Earthquake Science building on existing expertise.

ACHIEVING EXCELLENCE IN RESEARCH-INFORMED TEACHING

Research and teaching are inextricably linked at Otago with a commitment to ensuring that this research-teaching link is nurtured at both the undergraduate and postgraduate levels.



In 2012 the University again performed exceptionally well in the New Zealand Tertiary Education Commission's educational performance indicators, coming first in university course completions (89%) and student retention (88%), and second in qualification completions (81%). The report of the New Zealand Universities' Academic Audit Unit, released in March, also affirmed the performance of Otago in key areas, including the provision of a high-quality learning environment for students and a collegial working environment for staff.

In 2012, 186 undergraduate and postgraduate degree, diploma, and certificate programmes were offered across the four academic divisions. New programmes included a Doctor of Commerce, Master of Fine Arts, Postgraduate Diploma in Applied Science, Graduate Diploma in Bioethics and Health Law, and Bachelor of Radiation Therapy with Honours. Four new major subjects were introduced: Clothing and Textile Sciences, Consumer Food Science, and Sports Technology for the Bachelor of Applied Science; and Economics for the Bachelor of Science. New minor subjects included Clothing, Textiles and the Human Environment; Environmental Toxicology; and Land Planning and Development.

The Distance Learning programme offered 130 qualifications and 70 per cent of all distance enrolments were at postgraduate level. Several initiatives arising from the Distance Learning Review were undertaken during the year. These included the development of a Distance Learning Forum for academics, aiming to enhance outstanding distance education practice, and the staging of an off-campus information and support workshop for coursework and research distance students in Auckland, planned to be the first in an ongoing series.

The 12th Otago Summer School held in January and February offered 72 papers, of which 14 were new to the programme. Most papers (60) were taught in Dunedin, three were taught in Auckland, two in Wellington and seven were distance papers. Ten papers were taught by visiting international academics especially contracted for Summer School.

Attracting top calibre students to Otago is central to the University's strategic goals. However, in 2012, the University experienced its second successive year of enrolment decline, following a period of sustained growth dating back to 2007. The total of 19,197 EFTS comprised 18,951 University EFTS and a further 246 EFTS for the University's Foundation Studies subsidiary. These equivalent full-time figures, which were generated by 21,416 individual students, represented an overall drop of 1.9% on 2011, although this was still the third-highest roll in the University's history.

A number of factors combined to produce this result. These included measures taken internally – notably the tightening of academic progress policies and a phasing out of some sub-degree programmes – to advance the University strategically in terms of the nature of its student cohort. A number of external factors were also influential, the most important of which were further changes to Government student loans and allowances

access, the winding down of a major international contract and reduced enrolment interest from the United States.

The impact of the Canterbury earthquakes was ongoing, although enrolments through Otago's Christchurch campus improved substantially from the immediate post-earthquake low of 2011. This helped ensure that, while the final total of domestic enrolments fell short of the number of places forecast, the University still finished the year well within its target range for Government funding. However, adverse perceptions about the post-quake safety of the South Island – along with the high value of the New Zealand dollar – appears to have been one of the drivers of reduced enrolment interest from North America.

Encouragingly, there was a 4.3% increase in first-year numbers, after a decline in 2011 following the introduction of an undergraduate enrolment limitation system, and a 9.9% rise in enrolments for Foundation Studies. A further year of growth in postgraduate research degree enrolments saw these reach a record 9.0% of the roll in EFTS terms, while postgraduate enrolments of all types rose to comprise 16.6% of the roll.

The proportion of commencing students attracted from outside the University's Otago/Southland home catchment increased slightly to reach 70.4%. This was the highest percentage of commencing enrolments from outside of Otago/Southland since 2004.

There were some changes in the number of students recruited from Australia, with the total number of enrolments from Australia dropping to 193 (2011:215), but with an increase in the commencing cohort to 42 students (2011: 33). Some 69.0% of students in this group were New Zealand citizens returning from Australia.

As indicated above, international enrolments declined overall by 6.9% to 1,550 full-fee international EFTS, but dropped by a lesser 3.9% to 2,690 in headcount terms. This reflects a trend of strong increases from the major emerging Asian economies, but reduced enrolments from North America and Europe. Enrolments from China were up by 20.7%, Malaysia (4.8%) and India (7.2%), but down from the US by 18.7%, Canada (14.2%), the UK (4.0%) and Germany (15.8%).

The decline from North America is attributable, in part, to two effects from the Canterbury earthquakes. First, in 2011 enrolments from North America received a one-off boost when the University absorbed American study-abroad students displaced from Christchurch; and, since then, the South Island in general has become a less attractive destination for these students due to perceptions of risk.

In spite of this, the US continued to provide the largest number of international students by headcount (530), followed by Malaysia (506) and China (397). Overall, the US, China and Malaysia accounted for about 53% of all international students on campus by headcount. The highest number of international PhD enrolments came from Malaysia (58), marginally ahead of India (57), the US (52) and Germany (51). Together, these four countries account for about 40% of all international PhD enrolments.

In 2012, 237 students took the opportunity to spend one or two semesters at one of the University's partner universities: 104 students went on exchange in Semester One, 133 students in Semester Two and 25 going for the full year. The University has formal exchange agreements with 92 universities in 34 countries.

The University announced its intention to raise its cap on international student enrolments from 12% to 15%, effective from 2013. This will provide the potential for more than 500 additional students to study at Otago. The requirement that no more than 25% of international students should come from any one country was unchanged.

In line with the University's strategic direction, the number of postgraduate students continued to increase. There were 1,377 doctoral enrolments at the end of 2012 (2011: 1,327), including 1,301 PhD candidates (2011: 1,259), 26 Doctor of Education candidates (2011: 22), 46 Doctor of Clinical Dentistry candidates (2011: 43) and 4 Doctor of Musical Arts candidates (2011: 3). There were also 1,281 enrolments at master's level (2011: 1,220) and 1,477 in postgraduate diplomas and certificates (2011: 1,541). A record number (230) of doctoral candidates successfully completed their studies in 2012 (2011: 223) and 270 thesis masters' candidates also finished (2011: 264).

Graduate Research Services, which provides leadership, support and guidance to postgraduate research students, was reformed into the Graduate Research School. Graduate research month – now a regular event on the University of Otago calendar – was celebrated in August. Events included a postgraduate colloquium for departmental co-ordinators, postgraduate Twitter conference, and the Three Minute Thesis Competition, won by Andrew Filmer (Music).

Recognising that high-calibre teaching is vital for the successful delivery of academic programmes, the University is committed to fostering an environment of research-informed teaching excellence. This is celebrated with the presentation of the University's annual Teaching Excellence Awards, presented in 2012 to Dr Rhiannon Braund (Pharmacy), Associate Professor Steve Dawson (Marine Science) and Associate Professor Anthony Robins (Computer Science). In the National Tertiary Teaching Excellence Awards, Dr Braund received the Prime Minister's Supreme Award for Tertiary Teaching Excellence and Associate Professor Robins also gained a Sustained Excellence in Tertiary Teaching Award. Professor Mark Stringer (Anatomy) was named the 2012 OUSA's top Otago University lecturer for 2012, and Dr Gill Rutherford (College of Education) as the most inclusive lecturer. In the OUSA's postgraduate awards, Associate Professor Poia Rewi (Te Tumu) was named Supervisor of the Year and Dr Katherine Black (Human Nutrition) won the New Supervisor of the Year Award.

An Evaluations Research and Development Group and an online evaluation system, Otago InForm, were established by the Higher Education Development Centre (HEDC). In all, 2,620 teaching and course evaluations were undertaken in 2012.

The Library is an essential and valuable academic resource. In 2012, it increased its collections of printed books, serial volumes, microfilms and other non-book materials to a total of 3,121,386 items (2011: 3,096,521). Electronic alternates were sought where appropriate and there are now 802 electronic databases available via the Dunedin campus. 231,681 ejournals are available and there was an increase of 28% in accessible ebooks from 2011 to 489,607. The number of seating places across the library system increased to 4,280. (Further information about the Library can be found in the Statement of Resources, page 43.)

ENSURING OUTSTANDING CAMPUS ENVIRONMENTS AND STUDENT EXPERIENCE

The University of Otago is nationally renowned for its outstanding campus environment and student experience, centred on its main Dunedin campus, as well as its specialist facilities in Christchurch, Wellington, Invercargill and Auckland. Maintaining and enhancing the quality of the built environment to enable world-leading research and facilitate teaching activities is a priority.

\$50
million

ALLOCATED FOR
EARTHQUAKE
STRENGTHENING

3,347
STUDENTS IN
RESIDENTIAL
COLLEGES

UNIVERSITY OF OTAGO, CHRISTCHURCH
STRENGTHENED TO
OF NEW BUILDING
STANDARD

120%

MORE THAN
3,920
STUDENTS
ATTENDED
STUDENT
LEARNING
CENTRE
WORKSHOPS

662,243
VISITS TO UNIPOL

117

WEEKLY PEER-ASSISTED
STUDY SESSIONS

95.4%

OF STUDENTS PROVIDED POSITIVE
FEEDBACK ABOUT ADMINISTRATIVE
AND SUPPORT SERVICES

A Campus Master Plan was undertaken in 2010 to provide a vision and direction for the University campuses over the next 25-30 years. This document remains live and has informed a Priority Development Plan that provides a rolling six-to-eight-year blueprint for capital developments.

\$50 million has been allocated in this Priority Development Plan budget for earthquake strengthening of University buildings, to be completed by 2019. Seismic assessment and strengthening work is well underway and is being undertaken in accordance with the University's own seismic guidelines of 100% new building standard for new buildings, not less than 67% for renovated/modified buildings and not less than 34% for existing buildings.

As part of this programme, the University's Aquarium facility at Portobello was closed to the public in June after it was found to be earthquake-prone and rating less than 15% of new building standard. Options for a replacement Aquarium facility are currently being explored.

After more than 21 months in temporary premises, staff prepared to move back into the University of Otago, Christchurch's building at the end of the year. The building was badly damaged in the February 2011 Christchurch earthquake, but has now been strengthened to more than 120% of new building standard. Planning has begun for a second University of Otago, Christchurch building within that city's new health precinct.

University Plaza Building One, adjacent to Dunedin's Forsyth Barr Stadium, was opened for use early in 2012. It houses the Foundation Year Programme and Language Centre, Unipol Gymnasium and Recreation Centre, and Plaza Café. It was officially opened by former Vice-Chancellor Professor Sir David Skegg in July.

A \$5.7 million upgrade of the Union building was completed mid year in conjunction with University Union Ltd (a company jointly owned by the University and OUSA). This project has created a better connection between the Information Services Building Link, the main common room, foodcourt and Union lawn. The ground-floor concourse was opened up and an informal study and social space was created on the mezzanine level. The success of the project was recognised in the 2012 Southern Architecture Awards.

The new Marsh Study Centre – formerly the Gardens Tavern in Castle Street – was expected to be completed for the 2013 academic year. The building has been transformed to include both formal and informal study spaces, a small café and full wireless access. Renovations of the Staff Club began in early October to create a more versatile upstairs café/bar area and were also expected to be completed in early 2013.

Council approved a new Landscape Development Plan that outlines improvements to the Dunedin campus and neighbouring streets, including new plantings and paving, the remodelling of key routes through campus, and with a strong emphasis on sustainable design. This Landscape Plan has influenced the Otago Regional Council in its design of the Leith

River flood mitigation projects, and the University is working on a number of landscape projects to coincide with various capital and general upgrade projects.

In addition to providing world-class campus facilities, the University of Otago is equally committed to fostering an appropriate social and cultural environment for students.

In a fundamental change in tradition, the University and OUSA jointly ran the student Orientation programme at the start of the 2012 academic year. This was a direct result of a shared student service agreement reached between the two following the passing of the Education (Freedom of Association) Amendment Act in 2011. In addition to the usual line-up of music, concerts and sports days, there was an "orientation" for parents. Staff were also actively involved, including the Vice-Chancellor, Professor Harlene Hayne, and other senior staff who donned aprons to cook at a barbecue for students. Initiatives to promote the Code of Student Conduct and, particularly, the dangers of excessive alcohol consumption continued throughout the year.

The report of the New Zealand Universities' Academic Audit Unit, released in March, commended the University for its support of students and in particular the learning support provided by the residential colleges, the peer-assisted study programme and the range of workshops and individual advice provided to postgraduate students.

The implementation of the University's new student management system (e:Vision) proceeded to plan. The new system, which is designed to simplify, streamline and automate student administration processes, is now being used by students to apply for admission to the University and programmes of study via a new e:Vision web portal. This online system replaces more than 140 paper-based application forms. The next stage of the project will enable students and staff to use the e:Vision Portal to apply to attend the May 2013 graduation ceremonies. Further functionality will be rolled-out over the next 12-18 months. (Further information about information technology developments can be found in the Statement of Resources, page 43.)

The University prides itself on the range of services offered to students, including Student Health, Recreation Services, Career Development Centre, Disability Information and Support, and the Student Learning Centre. The new Unipol gymnasium, opened for use at University Plaza Building One at the beginning of the year, proved particularly popular with students. Visits increased from 478,956 in 2011 to 662,243 in 2012.

In 2012 the University enrolled 869 students with disabilities and provided 964 instances of learning assistance and support. More than 3,920 students attended Student Learning Centre workshops across the University's campuses. A further 993 students accessed one-to-one consultations and 117 weekly peer-assisted study sessions (PASS) were held throughout the academic year.

With more than 80% of students coming to Otago from outside Dunedin, the University places great emphasis on the provision



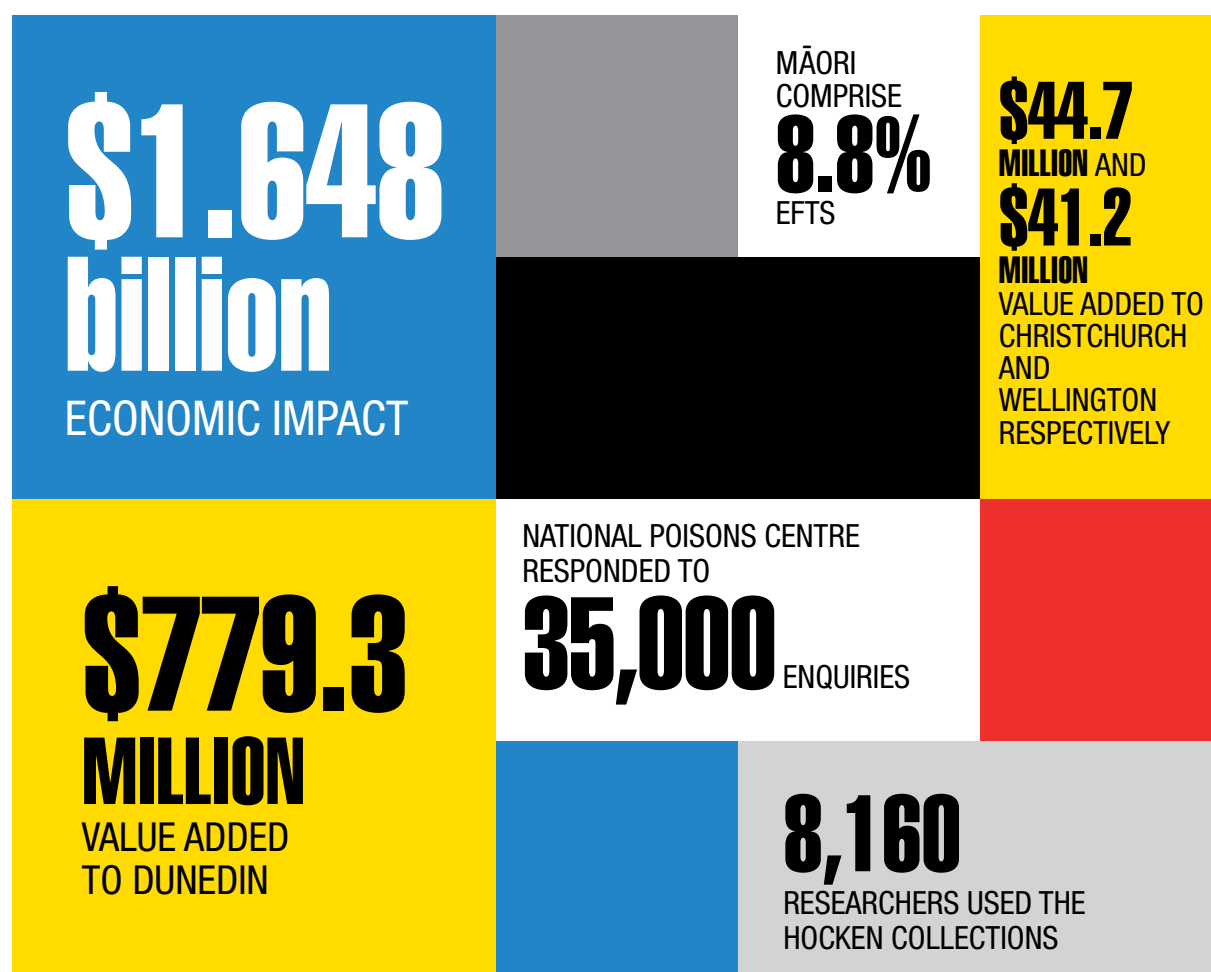
of high quality accommodation. In 2012, 3,347 students were accommodated in residential colleges, including 69 postgraduate students in Abbey College, the University's first exclusive postgraduate college.

The 2012 Student Opinion Survey indicated an overwhelming level of satisfaction with the campus and services provided to

students: 93.9% of participants gave a positive assessment of the general campus environment; 96.6% expressed satisfaction with the University libraries, information technology and teaching facilities; and 95.4% provided positive feedback about the University's administrative and support services.

CONTRIBUTING TO THE NATIONAL GOOD AND TO INTERNATIONAL PROGRESS

The University of Otago embraces its role as a critic and conscience of society, and is committed to fostering work that contributes to national good and international progress.



Research is encouraged in areas that support national development and well-being. In one such project, with the potential for significant economic impact, Associate Professor Russell Poulter and his team were able to identify the source of the current PSA outbreak affecting New Zealand's kiwifruit industry, using the DNA sequencing capabilities of New Zealand Genomics Limited (NZGL). Another is the interdisciplinary research group of tobacco-control researchers, ASPIRE2025, which is working to inform and support the government's goal of creating a tobacco-free New Zealand by 2025.

Otago's contributions to international health have been recognised by the inclusion of the University in a major European Commission (EC) funded research programme investigating links between infectious and non-communicable diseases. Professor Philip Hill, the co-director of the University's Centre for International Health, will lead efforts to understand links between tuberculosis (TB) and type 2 diabetes in this €6 million (\$NZ9.5 million) project. A new research theme, Asian Migrations, aims to develop a better understanding of the Asia-Pacific region in which we live in terms of the movements of people, ideas and commodities. (For more information about Otago research and its impacts please go to www.otago.ac.nz/hekitenga)

Early in 2012 the University, together with the Neurological Foundation and the Southern District Health Board, launched a public campaign to raise \$3 million to fund a Chair in Neurosurgery. By the end of the year, this target had been almost achieved and leading Belgian neurosurgeon and brain researcher, Professor Dirk De Ridder was appointed to the position. As the head of New Zealand's first academic neurosurgery unit, he will spend half of his time as a neurosurgeon at the city's hospital and the remainder on research and teaching.

Many conferences and symposia, hosted by the University, focused on areas of national and international concern. Notable examples included the "Inside and Out" symposium, co-hosted by University of Otago, Wellington staff in June, that focused on the health issues and barriers to care faced by prison inmates, those coming out and their whānau. The Arab uprisings in the Middle East, and the political implications both for that region and the wider world, was the topic of the 2012 Otago Foreign Policy School also held in June. Otago cancer experts gave presentations at a health research event hosted by the Minister of Health, the Hon. Tony Ryall, at Parliament in July. This was followed by the "Today's Research: Tomorrow's Health" roadshow around provincial centres to demonstrate the importance of health research for the well-being of New Zealanders, the country's health system and the economy.

In their own individual fields, Otago staff also continued to contribute to the national good and international progress. Those recognised for their achievements in 2012 included Professor John Crump (McKinlay Chair in Global Health) who was awarded the American Society of Tropical Medicine and Hygiene's highest honour, the Bailey K. Ashford Medal; and Professor Charles Higham (Anthropology and Archaeology)

who was awarded the Sir Grahame Clark Medal by the British Academy, recognising the significance of his excavation work in South-East Asia.

Professor Kevin Clements (Peace and Conflict Studies) served as the Secretary General of the Japanese-based Toda Institute for Peace and Public Policy, and as a member of the Social Sciences Sub Commission of UNESCO and the New Zealand Council for Security Co-operation in Asia-Pacific. The Peace and Conflict Studies Centre hosted numerous speakers during the year to discuss issues of international concern, including Professor Birgit Brock-Utne from the University of Oslo, and Professor Piero Giorgi from the Universities of Queensland and Milan.

Economically the University makes a significant impact, at both local and national levels. The Economic Impact Report, released in 2012, indicated that direct expenditure of the institution, its staff and students was around \$889.9 million in 2011, and that the downstream effect – or total economic impact – of this was \$1.648 billion. The report calculated a total value added to Dunedin by the University of \$779.3 million, equating to an estimated 16% of the city's gross domestic product. The total value added through the University's Christchurch campus was estimated to be \$44.7 million, and \$41.2 million through the Wellington campus.

Relationships with the University's primary Treaty of Waitangi partner, Ngāi Tahu, and other iwi partners progressed in accordance with the respective purpose and principles of each partner agreement. A new memorandum of understanding was also signed with Waikato-Tainui in February.

The University of Otago Māori Strategic Framework 2007-2012 (MSF) continued to be implemented across the University. The overall leadership of, and responsibility for, policy and strategies associated with Māori aspirations resides within the Office of Māori Development. Associate Deans Māori have been appointed to contribute to policy development, with responsibility for the implementation of the MSF in their respective academic divisions. Service divisions continued to embed the MSF goals through the delivery of programmes that support Māori staff and student success. A new Ngā Taonga Tuku Iho/Language and Culture competency was introduced into the Professional Development Review (PDR) programme for general staff. An updated MSF (2013-2020) will be launched mid-2013, to be aligned with the University's new Strategic Direction document.

Te Poutama Māori, a collective of the University's Māori academic staff, provided opportunities for Māori academics to share, support and inspire one another in the pursuit of research and teaching excellence. The second annual Hui Poutama Māori Research symposium was held in August, with Professor Sir Mason Durie as keynote speaker. (For further information about Māori research please go to www.otago.ac.nz/research/hekitenga)

A new summer internship programme to help promote Māori engagement in New Zealand's science industry was introduced.

This collaborative venture among the University, Industrial Research Ltd and the Federation of Māori Authorities aims to explore ways in which science expertise can support Māori businesses and how internships can encourage more Māori scientists. (Further information can be found in the Equal Opportunities Report, page 44.)

In 2012 Māori, as a percentage of the University's domestic roll, increased to reach its highest ever level at 8.8% in EFTS terms. Pacific enrolments remained steady at 3.1% of the total headcount and 3.3% of domestic EFTS.

The University also continued to strengthen links within the Pacific community and *The University of Otago Pacific Strategic Framework 2013-2020* (PSF) was developed to inform the development of initiatives with Pacific people. The University hosted the Associations of Pasifika Staff in Tertiary Education (APSTE) conference in July, attracting 80 Pasifika staff from around New Zealand and continued to provide support for staff from the National University of Samoa to access postgraduate education. The annual Pacific Voices symposium, to celebrate the work of Otago's Pacific students, attracted 17 presenters from across the four academic divisions. (Further information can be found in the Equal Opportunities Report, page 45.)

Outreach programmes continued to target groups within New Zealand who may be disadvantaged. The Science Wānanga programme, which was established in 2008, provides science camps for provincial/rural secondary school Māori students. Six wānanga were held in 2012, including two based in the Dunedin area. The Otago University Advanced School Sciences Academy (OUSSA) hosted its second intake of talented senior students from provincial/rural, small and low-decile schools. A co-ordinated programme of professional development was initiated for science teachers from schools taking part in the Wānanga and OUSSA programmes, comprising residential camps, online support and informal networking.

An Inter-professional Education programme was introduced, extending the medical rural immersion programme to include dentistry, pharmacy, nursing and physiotherapy students, enabling them to gain interdisciplinary skills in a rural setting. The programme has been established in response to the call from government for more rural health professionals.

The National Poisons Centre, based in the Department of Preventive and Social Medicine, provides a 24-hour, 365-days-a-year free phone service to the people of New Zealand. During the year it answered around 35,000 enquiries concerning acute poisonings. Approximately a third of these enquiries involved children under the age of five. The Centre maintains a database (TOXINZ), comprising some 190,000 toxic substances, that is extensively used in the management of poisoned patients in New Zealand hospitals as well as overseas. The National Poisons Centre also provides a vital role in toxicovigilance and poison prevention, involving the identification and evaluation of toxic risks and phenomena in the community.

Otago continued to contribute to the national good through its commitment to the arts and its library collections. The Hocken Collections is one of the foremost research libraries in New Zealand and, in 2012, 8,160 researchers accessed almost 29,000 collection items, 2,344 remote enquiries were answered and 516 orders involving 2,185 image reproductions were completed. Many of those images appeared in publications, exhibitions and displays, brochures, websites and theses.

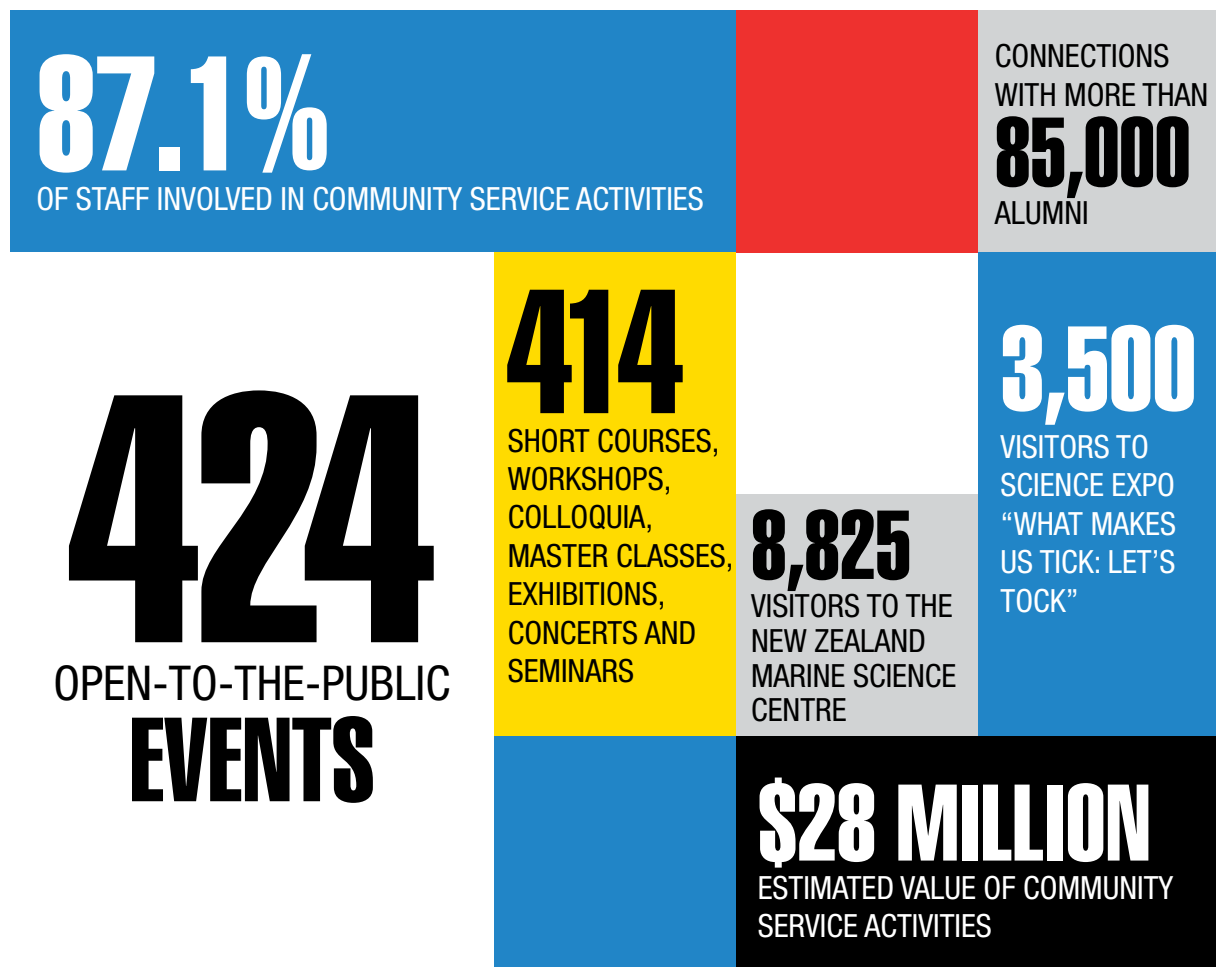
Three exhibitions were staged in the Hocken Gallery to support University activities and to mark significant events, including the 2011 Frances Hodgkins Fellow Kushana Bush's "All Things to All Men" which was also received favourably when toured to the Pah Homestead, TSB Bank Wallace Arts Centre, Auckland.

The Library's Special Collections issued around 500 books for use in the reading room and hosted four exhibitions, viewed by more than 2,700 people. The exhibition "Ray Guns and Rocket Ships" – highlighting the Fred Fastier Science Fiction Collection – generated particular interest. The 2012 Printer in Residence was Dr John Holmes who produced a limited edition book of poems by Kevin Cunningham entitled *Distractions*, selected and introduced by Bill Manhire.

Otago's arts fellowships – in writing, art, music and dance – are also of national significance. The fellows in 2012 were: Robbie Ellis (Mozart Fellow), Nick Austin (Frances Hodgkins Fellow), Emma Neale (Robert Burns Fellow) and James Norcliffe (University of Otago College of Education/Creative New Zealand's Children's Writer in Residence). University of Otago Wallace Residencies at Pah Homestead in Auckland were held by former Burns Fellows Elspeth Sandys, Michael Harlow and Fiona Farrell, and former Caroline Plummer Dance Fellow Lyne Pringle.

STRENGTHENING EXTERNAL ENGAGEMENT

While the University of Otago is geographically removed from New Zealand's major centres of population and political and economic decision-making, it remains strategically committed to strengthening external engagement through the community service activities of staff, the sharing of expertise and resources, the development of partnerships and relationships within the research, political and business arenas, and representation on key education and research bodies.



Vice-Chancellor Professor Harlene Hayne and Professor Warren Tate (Associate Dean Research, Health Sciences) served on the Government's Innovation and Science Boards respectively. Professors Robert Hannah (Classics), Kurt Krause (Biochemistry) and Graham Wallis (Zoology) served on the Marsden Fund council; and Professor Andrew Mercer (Microbiology and Immunology) was on the council of the Health Research Council. Former Vice-Chancellor Professor Sir David Skegg (Preventive and Social Medicine) was appointed president of the Royal Society of New Zealand. Professor Mark Henaghan (Law), Professor Philippa Howden-Chapman (Public Health, Wellington) and Professor Richie Poulton (Centre for Lifecourse Research) were appointed to the Expert Advisory Group on Solutions to Child Poverty, established by the Children's Commissioner in March.

In 2012, 87.1% of surveyed academic staff reported involvement in community service activities, down from 96.4% in 2011. It is estimated that community service typically absorbs 6.0-10.0% of an academic staff member's professional time. 35.6% of staff served on Government advisory boards and committees, and 69.3% provided services to public sector departments, statutory authorities, agencies, boards, committees and/or non-governmental organisations. The value of community service by academics in 2012 was estimated at \$28.0 million (2011: \$25.0 million).

Through these activities many Otago staff received national and international recognition. These included:

- Professor Jean Fleming (Anatomy/Centre for Science Communication) as a life member of the New Zealand International Science Festival
- Professor Keith Hunter (Pro-Vice-Chancellor (Sciences)) as a director on the Board of NIWA
- Professor Hamish Spencer (Zoology) as Director of the Allan Wilson Centre for Molecular Ecology and Evolution
- Professor Richard Walter (Anthropology and Archaeology) as a Fellow of the Society of Antiquaries of London.

The University's Media Productions Unit provided an effective and efficient vehicle for many staff to meet their community service objectives. The regular "Public Square" productions hosted by Professor Andrew Bradstock (Centre for Theology and Public Issues) continued to provide robust community debate on a number of pertinent issues with technological advances enabling live participation from multiple guests from around the country. The studio was also used to host a variety of topical seminars that were live-streamed around the world.

A total of 424 open-to-the-public events were held during 2012, including the Winter Lecture Series held in Auckland and Wellington with the theme of "Genetics: the good the bad and the controversy". Almost 500 people attended a public lecture by critically acclaimed Scottish crime-writer Ian Rankin. Another public lecture of particular note was given by two survivors of the Hiroshima bombings, "Speaking out about Nuclear Weapons". The Business School's Visiting Executive

Programme attracted speakers such as Deputy Prime Minister and Minister of Finance, the Hon. Bill English, fashion designer and entrepreneur Annah Stretton, and Dr Dan Thornton, Vice-President of the Federal Reserve Bank of St Louis.

A further 414 short courses, workshops, colloquia, master classes, exhibitions, concerts and seminars were offered by the University, including three short courses offered collaboratively with the Southern Sinfonia and 16 offered under a long-standing agreement with the University of the Third Age. Two continuing education intensive schools and three short courses were offered as part of Summer School. 26 short courses were also offered in the 16th Public Health Summer School held at the University of Otago, Wellington.

The hosting of conferences provides yet another form of engagement and many hundreds of conference visitors were welcomed onto the University's campuses in 2012. For example, more than 300 national and international participants attended the International Symposium on Macrocyclic and Supramolecular Chemistry (ISMSC-7) and "The Death Down Under" Conference attracted around 130 participants, many from community and business groups.

As part of the biennial International Science Festival held in Dunedin in late June/early July, the University hosted its own science expo titled "What Makes us Tick: Let's Tock", attracting around 3,500 visitors over two days.

Through its many outreach activities, the University engages with and supports a variety of programmes for secondary school students throughout New Zealand (see also page 27). The annual Hands-On Science programme, that aims to introduce young people to science and to encourage them to pursue a science career, attracted 238 participants. The Business School continued to provide sponsorship to the Young Enterprise Trust, fostering business studies and skills in young high school students participating in the trust's business enterprise programme. The Division of Humanities continued its sponsorship of the annual Shakespeare Globe Centre New Zealand University of Otago Sheilah Winn Shakespeare Festival, and the Southern Sinfonia.

The Department of Music and Theatre Studies staged 127 public performances during 2012. This long-established practice contributes to the cultural life of Dunedin and provides valuable experience for students.

The New Zealand Marine Studies Centre (NZMSC), incorporating the Westpac Aquarium, offers a variety of community programmes including school and gifted-and-talented programmes, educational resources, teacher professional development and workshops for special interest groups. In 2012, the centre had 8,825 casual visitors, a further 5,640 school students and teachers attended curriculum-linked programmes, 1,428 people took part in group marine experiences, tours and workshops, and 5,786 attended outreach and offsite programmes. Public visitor numbers were lower in 2012 than recent years due to the closure of the aquarium



in June when it failed the University's seismic evaluation (see page 23). As a result, greater emphasis was placed on outreach activities, including activities run in conjunction with the International Science Festival and a six-week course for the University of the Third Age. A three-year grant from the Ministry of Environment's Community Environment Fund (\$159,520) was received for the development of Marine Metre Squared, a citizen science project to involve individuals, families, schools and communities in the long-term monitoring of their local shoreline.

Internationally, Otago played a key role in a number of multi-institution partnerships, including providing the Chair for the Advisory Board to the New Zealand Centre in Peking University and hosting the secretariat for the Matariki Network of Universities (MNU). Activities undertaken as part of the MNU continued to increase, with a number of academic staff taking advantage of travel grants enabling them to meet with colleagues at MNU partner institutions, as well as the release of the first results from the Otago-led benchmarking of the universities' libraries.

Activities began under the auspices of the Confucius Institute (jointly with Auckland University and Fudan University). Fudan University sent a delegation to the Dunedin campus to promote opportunities for staff and students under the partnership. Locally, meetings were held with associations involved in the promotion of Chinese language and culture, and this network

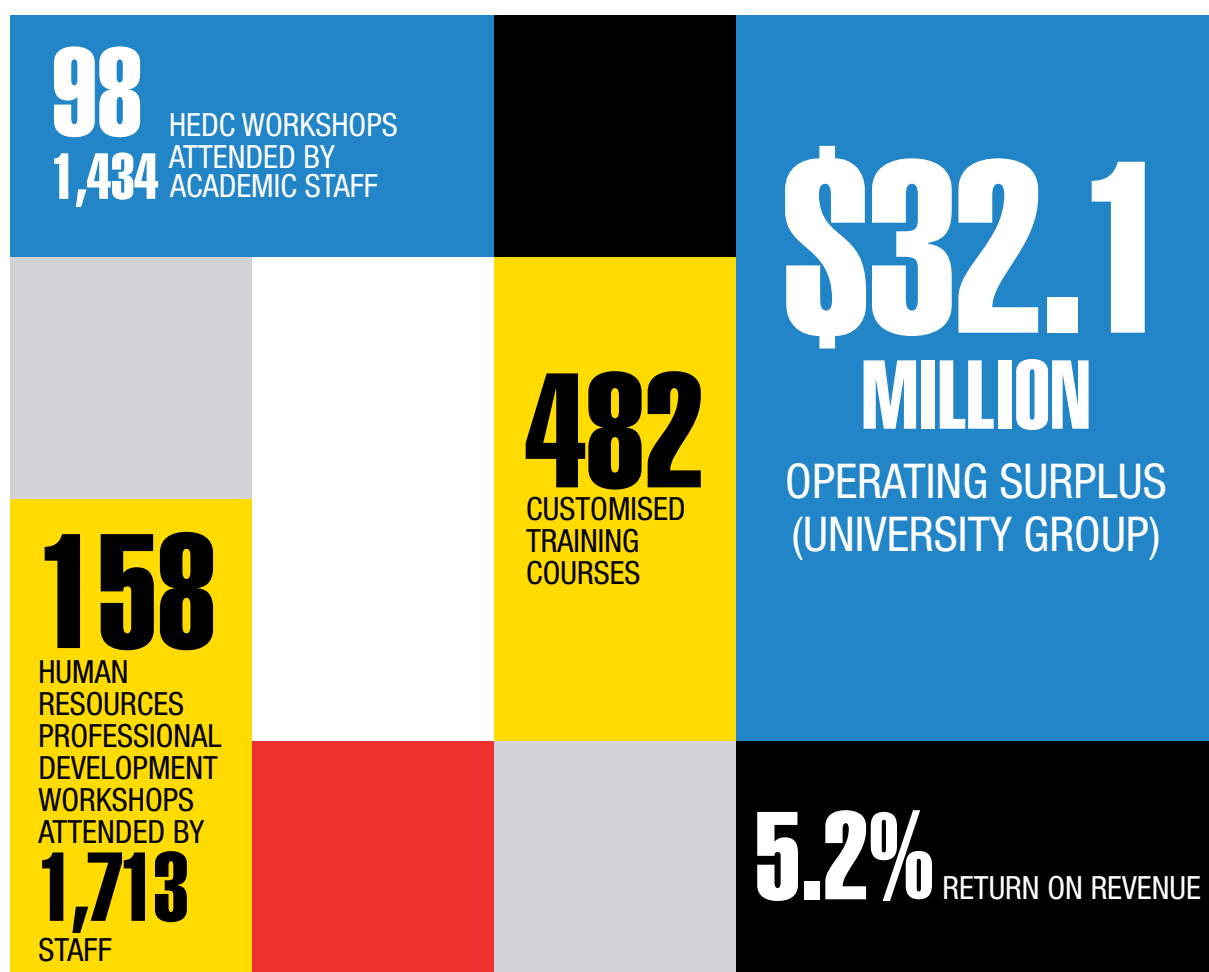
will make an important contribution to the success of the Otago branch of the Confucius Institute.

Engagement with alumni, both in New Zealand and internationally, is highly valued by the University of Otago. The University maintained contact with more than 85,000 alumni via the *University of Otago Magazine*, published in February, June and October. The Office of Development and Alumni Relations organised 15 alumni social events at venues in New Zealand and around the world – in New Plymouth, Taupo, Auckland, Wellington, Christchurch, Sydney, Melbourne, Apia, Hong Kong, Singapore, Kuala Lumpur, Edmonton, Toronto, Washington and London. The office also assisted with events hosted by residential colleges and provided support for reunions organised by class groups.

Eighteen Alumni Scholarships were awarded through the Annual Appeal, including two scholarships for students with disabilities and one funded by the Alumni of the University of Otago in America, Inc. Otago's alumni networks abroad continued to provide invaluable support to the University, and initiatives set up by US, Canadian and Malaysian alumni in recent years resulted in funding for new prizes, scholarships and research activities. The University's connection with its alumni community continued to be enhanced by Your Otago Link, the secure website that enables alumni to communicate directly with the University and each other.

BUILDING AND SUSTAINING CAPABILITY

To achieve its goals the University of Otago must secure sufficient resources – financial, physical and human – and use those resources effectively and efficiently.





To achieve its goals the University of Otago must continue to secure sufficient resources and use those resources effectively. As is outlined in greater depth in the Financial Review (page 52), the University's financial performance in 2012 was below budget, however the group result exceeded budget due primarily to an excellent result from the University of Otago Foundation Trust.

The University was successful in growing its revenue base from Government in the last financial year, but was hit by a decline in student numbers and the associated fee revenue and falling externally-funded research income.

Maintaining financial capability continues to be an important priority – and challenge – in the current environment. As a

number of significant projects are nearing the end of the design stage and will soon move to construction, this will have an impact on the University's cash flow and income. This will be occurring at a time when the funding environment continues to be a challenge for the organisation.

Entrepreneurial activities, and particularly the commercialisation of intellectual property, help diversify the funding base, while also providing benefits to the wider economy, enhancing research and providing opportunities for staff and students. For the past 10 years the identification, protection and nurturing of projects with commercial potential has been undertaken by Otago Innovation Ltd, which was a finalist in the AUT Business Excellence Awards Business Services category, late in 2012.

Commercialisation activities in 2012 included the launch of APPSTAR with the goal of identifying ideas for smart applications (Apps). With 108 entries from throughout the University, the winner was Judy Bellingham (Department of Music) with an App idea titled “See, Read, Sing”. Copyright IP for the App has been assigned to Otago Innovation and development of the App is underway.

Otago Innovation licensed a number of re-formulated antibiotics to Bayer NZ Ltd. These medications are novel formulations for the treatment of mastitis in cows. Pacific Edge Limited’s laboratory in Pennsylvania was completed in September; regulatory approval is expected to be finalised by March 2013 with the company processing Cxbladder tests in the US market from April 2013 onwards. The TOXINZ database also received international interest.

The 2012 Otago Innovation Proof of Concept Grant competition received 11 applications and was awarded to Dr Greg Walker (School of Pharmacy) for his research into a device to reduce intimal hyperplasia during surgery. (Further information about Otago Innovation Ltd can be found in the Group Entities Report, page 49.)

Fundraising provides another potentially valuable avenue of financial support for the University. The University of Otago, Christchurch Appeal was formally launched in September to raise money for four research and teaching projects: the Centre for Free Radical Research; the Christchurch Heart Institute; the Carrell-Espiner Fellowships and a world-class simulation centre. The appeal got off to an excellent start with a \$5 million donation to the Christchurch Heart Institute from an anonymous private benefactor.

During 2012, the Human Resources Professional Development Programme provided 158 workshops for 1,713 participants, 10 more workshops than 2011. The demand for customised training also increased (2012: 482 courses; 2011: 375). The General Staff Conference was well received and attended by 175 staff members.

The established commitment to Women’s Professional Development programmes continued and a pilot series of Essential Management workshops for management-level staff led to a three-day Essential Management Programme to be introduced in 2013. There was increased participation in Treaty of Waitangi language courses, possibly in response to the Ngā Taonga Tuku Iho/Language and Culture competency introduced into the general staff Professional Development Review (PDR) process to reflect the goals and aspirations of the University’s Māori Strategic Framework. It is anticipated that demand in this area will grow.

Academic heads of department, directors of centres/programmes and associate deans participated in a range of Academic Leadership Development Programme activities offered in Dunedin, Christchurch and Wellington. These activities included individualised induction programmes, networking opportunities, workshops, leadership coaching

and mentoring. The Higher Education Development Centre (HEDC) provided a further 98 professional development workshops attended by 1,434 academic staff.

A review of the Professional Development Programme was initiated, with a number of courses moved online. Over the next three years the number of wholly face-to-face workshops will continue to decrease, with an increase in blended learning and online development modules.

More information can be found in the Statement of Resources section of this report, pages 43-48.

A three-year UniForum benchmarking project began in 2012. A survey of general staff function and activity – to be conducted annually – will be benchmarked against 11 other universities in New Zealand and Australia. This will help the University to identify where resources need to be placed to provide the required support services and to ascertain whether current structures are optimal.

While committed to developing new capability, the University has also increasingly turned its attention to sustainability, to ensure that it operates in a way that is environmentally sound, socially just and economically viable. In 2012 this commitment to sustainability was demonstrated by the appointment of a sustainability co-ordinator within the Property Services Division, the work of the Environmental Sustainability Advisory Committee, and strong support from both the University leadership and student body.

As well as raising the profile of sustainability, and building and strengthening the University’s sustainability networks, there was considerable focus on the development of a strategic planning, implementation and reporting framework to guide sustainability efforts in the future. These documents will be presented to Council in 2013.

Data collection and analysis systems were established to enable the University to monitor and report sustainability progress in coming years. The compilation of a comprehensive inventory of greenhouse gas emissions resulting from University activities continued and will influence the development of targeted action plans during the coming months.

Reporting BY OUTPUTS

	Commerce			Health Sciences			Humanities		
	Actual \$000	Budget \$000	Last Year \$000	Actual \$000	Budget \$000	Last Year \$000	Actual \$000	Budget \$000	Last Year \$000
Teaching & Learning Output									
Campus Based Teaching & Learning	22,599	23,279	22,793	77,815	88,110	73,442	44,817	46,640	41,981
Total Cost of Outputs	22,599	23,279	22,793	77,815	88,110	73,442	44,817	46,640	41,981
Research Output									
Postgraduate Thesis Supervision	4,089	4,201	4,698	17,388	20,461	15,833	10,689	11,053	9,739
Teaching Related Research	2,487	2,552	2,651	8,048	9,499	6,896	5,643	5,796	9,382
Project Based Research	-	-	-	-	-	-	-	-	-
- University Funded	3,150	3,390	3,381	59,391	49,943	61,235	6,033	4,738	5,023
- Externally Funded	1,083	1,232	1,188	73,399	76,339	78,002	8,008	7,197	9,439
Total Cost of Outputs	10,809	11,375	11,918	158,226	156,242	161,966	30,373	28,784	33,583
Community Service	2,793	2,860	2,473	11,387	11,841	9,554	6,711	6,522	6,475

Sciences			Service Divisions			Total		
Actual \$000	Budget \$000	Last Year \$000	Actual \$000	Budget \$000	Last Year \$000	Actual \$000	Budget \$000	Last Year \$000
40,153	42,665	40,033	3,267	3,620	3,224	188,651	204,314	181,473
40,153	42,665	40,033	3,267	3,620	3,224	188,651	204,314	181,473
12,058	12,646	12,159	19,126	17,682	14,745	63,350	66,043	57,174
5,999	6,209	5,697	-	-	-	22,177	24,056	24,626
-	-	-	-	-	-	-	-	-
17,580	16,388	19,256	102	43	98	86,256	74,502	88,993
17,653	16,173	17,077	-	-	-	100,143	100,941	105,706
53,290	51,416	54,189	19,228	17,725	14,843	271,926	265,542	276,499
7,107	7,351	6,473	-	-	-	27,998	28,574	24,975

Statement of Service Performance

for the year ended 31 December 2012

STRATEGIC OBJECTIVE ONE: ACHIEVING RESEARCH EXCELLENCE

KEY POINTS OF FOCUS:

- To develop and maintain a national and international research profile
- To strengthen the research culture and ethos
- To attract and retain high-quality, research-active academic staff
- To provide a supportive environment for research students.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
1.1	Increasing the number of quality-assured research outputs as measured by a three-year rolling average ¹ .	4,168 (3-year average 3,736)	4,239 (3-year average 4,151)	> previous year	5,226 (3-year average 4,544)
1.2	Increasing research funding from outside sources by at least 5% per annum as measured by a three-year rolling average.	3-year rolling average of \$88.4 million (107.9%)	3-year rolling average of \$89.9 million (101.7%)	≥ 105.0% of 2011	3-year rolling average of \$90.6 million (100.7%)
1.3	Increasing the proportion of postgraduate research EFTS within University EFTS ² .	8.3%	8.4%	> previous year	9.0%
1.4	Increasing the number of research degree completions.	423	523	> previous year	524
1.5	At least 90% of research degree respondents to the Graduate Opinion Survey reporting overall satisfaction with the quality of supervision.	88.6%	77.8%	≥ 90.0%	87.5%
1.6	At least maintaining the number of staff attending conferences of national and international standing.	1,095	1,254	≥ previous year	1,238
1.7	Maintaining Otago's position as New Zealand's top university in the citation components of the annual Academic Ranking of World Universities (ARWU) and the QS World University Rankings.	First-equal in the AWRU rankings and first in the QS rankings	Outright first in both rankings	First-equal or outright first in both rankings	Outright first in both rankings

The University met its performance targets for four of seven indicators relating to this imperative and improved its performance over 2011 in two further areas. The increase in research outputs was particularly pleasing, as was the strong performance in the citation components of the annual ARWU and the QS World University Rankings; together, these results provide clear evidence of the University's ongoing commitment to research intensity. An element of estimation is currently required to produce the research output figure as, at the time outputs are collated for annual reporting, the Quality Assured (QA) status of a significant number of publications is still in the process of being confirmed. This estimation is made using a quite detailed methodology, in which the number of QA research outputs is calculated from the total number of recorded outputs using historical ratios of QA versus non-QA outputs. A further 5% reduction is applied to ensure that research outputs are not overstated. Process changes in 2013 will ensure that the QA status is specified for all publications.

External research funding increased by less than the target of 5% and this is attributable to the current national and international fiscal environment. Most importantly, there was no increase in the size of the major competitive national grant-funding pools such as Marsden and HRC in 2012, so, while Otago was the top-performing university in both funds, this did not produce a significant funding increase. Indeed, external research funding was flat (though ahead of budget) in 2012, with the three-year rolling average increasing because of strong results in the two previous years. The continued strong number of research degree completions reflected the flow-through to graduation of additional doctoral enrolments generated by the Government allowing overseas students to pay domestic fees while undertaking doctoral study in New Zealand. This positive policy change has helped support a further increase in the proportion of postgraduate EFTS at the University. The recovery in satisfaction with the quality of research degree supervision suggests the low result in 2011 may have been linked to issues within the particular academic disciplines surveyed that year.

¹ Due to the time required to collate and vet research output data, the outputs reported for this measure are always a year in arrears (i.e. outputs reported against 2012 are those published in 2011, etc.). The definition of research outputs for this measure is consistent with that used for PBRF purposes. Due to changes in the software used to gather and report research outputs, an element of estimation is required to produce the research output figure.

² University EFTS, as referred to for this indicator and elsewhere in the Annual Report, exclude those associated with the University's Foundation Studies subsidiary.

STRATEGIC OBJECTIVE TWO: ACHIEVING EXCELLENCE IN RESEARCH-INFORMED TEACHING

KEY POINTS OF FOCUS:

- To enrol an increased proportion of high-calibre commencing students as well as an increased proportion of postgraduates
- To maintain innovative and high-quality teaching, leading to excellent outcomes
- To maintain a balanced approach to internationalisation.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
2.1	Increasing the proportion of postgraduate EFTS within University EFTS.	16.4%	16.5%	> previous year	16.6%
2.2	Increasing the proportion of undergraduate degree-level commencing students admitted with NCEA Level 3 or an equivalent qualification.	84.9%	89.6%	> previous year	90.2%
2.3	At least 80% of commencing students passing at least two thirds of their academic credits in their first year of study.	81.6%	84.4%	> 80%	84.5%
2.4	Maintaining an average pass rate for papers within 2% of the average for the previous three years.	88.4% (3-year average 88.0%)	89.3% (3-year average 88.1%)	+/- 2.0% of rolling average	89.9% (3-year average 89.2%)
2.5	Increasing the number of students successfully completing qualifications at both undergraduate and postgraduate levels.	3,485 (UG) 1,476 (PG)	3,663 (UG) 1,461 (PG)	> previous year	3,961 (UG) 1,501 (PG)
2.6	At least 90% of respondents to the annual Student and Graduate Opinion Surveys providing a positive assessment of the quality of teaching.	90.2%	87.0%	≥ 90.0%	83.1%
2.7	Enrolling a diversified international student population ³ constituting no more than:				
	12% of total University EFTS;	10.6%	11.8%	≤ 12.0%	11.4%
	25% of the international cohort from one country.	19.4%	19.3%	≤ 25.0%	19.9%
2.8	At least 90% of respondents to the Graduate Opinion Survey reporting progression to employment or further study following completion of their qualification, with at least 85% in full-time work, full-time study or a combination thereof, as measured by a three-year rolling average.	95.4% and 87.5%	94.7% and 87.9%	≥ 90.0% and 85.0%	94.2% and 88.5%

Strong progress was made in support of this objective, with seven of the eight performance targets achieved. The gains in the academic achievement indicators were pleasing, particularly the strong gains in the numbers of students completing undergraduate and postgraduate qualifications. The increases in the proportion of undergraduate degree-level commencing students admitted with NCEA Level 3 (or equivalent) and in the proportion of commencing students passing at least two thirds of their academic credits reflect the impact of the enrolment limitation provisions that have been implemented from 2011, and the University's commitment to continuous improvement of learning support. The percentage of respondents positively assessing the quality of teaching at the University in 2012 was down slightly from 2011, which was, in turn, down by a similar margin from 2010. Priority will be given to understanding and addressing this result. It should be noted that in mid-2012, the University raised its international cap to 15%. The drop in the proportion of international EFTS in 2012 was directly attributable to fewer single-semester study abroad enrolments from North America (consequential on the South Island being considered a less attractive destination for such students following the Canterbury earthquakes) and on the scheduled winding down of a major teacher education contract with Malaysia.

³ Including both full-fee international students and those granted domestic student status for fees and funding purposes.

STRATEGIC OBJECTIVE THREE: ENSURING OUTSTANDING CAMPUS ENVIRONMENTS AND STUDENT EXPERIENCE

KEY POINTS OF FOCUS:

- To nurture and enhance the campus environment and student experience
- To produce well-rounded, independent graduates
- To maintain and develop world-class infrastructure and student support facilities.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
3.1	At least 90% of respondents to the annual Student Opinion Survey ⁴ providing a positive assessment of:				
	The general campus environment;	98.2%	95.0%	≥ 90.0%	93.9%
	Libraries, information technology and teaching facilities;	95.1%	98.1%	≥ 90.0%	96.6%
	Administrative services and support services.	96.1%	95.5%	≥ 90.0%	95.4%
3.2	At least 90% of residential college respondents to the annual Student Opinion Survey providing a positive assessment of their colleges.	93.1%	91.5%	≥ 90.0%	90.1%
3.3	At least 90% of respondents to the Graduate Opinion Survey ⁵ reporting some, moderate or extensive development of the following attributes:				
	A willingness to learn;	98.4%	95.1%	≥ 90.0%	96.6%
	Written communication skills;	95.5%	95.7%	≥ 90.0%	95.1%
	Oral communication skills;	88.6%	90.6%	≥ 90.0%	87.0%
	The ability to solve problems;	96.1%	94.9%	≥ 90.0%	92.8%
	Self-confidence;	89.9%	89.8%	≥ 90.0%	87.7%
	Independent judgement;	95.4%	93.6%	≥ 90.0%	92.6%
	A multidisciplinary perspective;	90.9%	89.8%	≥ 90.0%	85.2%
	Flexibility and adaptability;	92.7%	88.5%	≥ 90.0%	92.2%
	Teamwork skills;	84.5%	87.0%	≥ 90.0%	74.5%
	Analytical skills;	96.9%	95.2%	≥ 90.0%	95.1%
	An awareness of ethical issues.	91.1%	88.9%	≥ 90.0%	85.9%
3.4	Providing learning assistance and/or access to special equipment for at least 450 students with a disability affecting study.	503	503	≥ 450	508
3.5	Providing annual funding for capital expenditure no less than the sum of depreciation and the adjusted surplus (i.e. the surplus adjusted for carry forwards, extraordinary items and capital injections to group companies).	Funding > depreciation + adjusted surplus	Funding > depreciation + adjusted surplus	Funding > depreciation + adjusted surplus	Funding > depreciation + adjusted surplus

The University again achieved excellent results for this strategic objective, achieving 12 of 17 targets. Student satisfaction with the campus environment, facilities and services, and with residential colleges, has continued to track above target. Results for the Graduate Opinion Survey were similar to previous years, with the 90% target being achieved for six of the 11 graduate attributes assessed through the survey. The attributes that did not reach the target in 2012 have all fallen short of the target in at least one of the two previous years and remain priority areas for the University going forward. The drop in “teamwork skills” may reflect the mix of subject areas surveyed in 2012.

⁴ The annual Student Opinion Survey elicits comprehensive feedback from students on both the academic and wider pastoral support aspects of their study at Otago. Each year, students in approximately a quarter of the University's programmes are invited to participate (so that all departments and programmes are covered in a four-year cycle). In 2012, 4,011 students were invited to complete the Academic Experience component of the survey and there were 2,294 respondents (a 57% response rate). (2011: 3,526 surveyed; 2,044 respondents; 58% response rate.) 3,336 students were invited to complete the Support Services component of the survey. There were 1,861 respondents (a 56% response rate). (2011: 3,499 surveyed; 1,739 respondents; 50% response rate.)

⁵ The annual Graduate Opinion Survey invites feedback from graduates on their experiences at Otago, particularly in terms of their learning experiences, 18 to 24 months after graduation. Each year, graduates from a quarter of the University's programme/degree combinations are surveyed. In 2012, 1,048 students were invited to complete the survey and there were 335 respondents (a 32% response rate). (2011: 797 surveyed; 383 respondents; 48% response rate.)

STRATEGIC OBJECTIVE FOUR: CONTRIBUTING TO THE NATIONAL GOOD AND TO INTERNATIONAL PROGRESS

KEY POINTS OF FOCUS:

- To participate actively in national and international debate
- To extend our partnership with Māori and support the increased recruitment, retention and achievement of Māori students
- To strengthen links with Pacific communities and encourage the recruitment, retention and achievement of Pacific students
- To act in an environmentally responsible manner.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
4.1	Maintaining or increasing the number of national print, radio and television media articles featuring comment by University of Otago academic staff on matters relating to their professional expertise.	1,453	1,483	≥ previous year	1,780
4.2	Hosting at least 600 academic visitors to the University per annum.	680	634	≥ 600	551
4.3	Increasing the number of research projects being undertaken in association with Māori.	600	634	> previous year	678
4.4	Raising Māori student participation and achievement by:				
	Increasing the number of Māori students enrolled and Māori EFTS as a percentage of total domestic student EFTS;	1,683 enrolments, 8.5% of EFTS	1,662 enrolments, 8.7% of EFTS	> previous year	1,658 enrolments, 8.8% of EFTS
	Increasing the percentage of first-year Māori students passing at least two thirds of their academic credits;	75.5%	78.4%	> previous year	77.8%
	Increasing the number of Māori students completing qualifications at both undergraduate and postgraduate levels.	287 (UG) 91 (PG)	260 (UG) 92 (PG)	> previous year	284 (UG) 98 (PG)
4.5	Raising Pacific student participation and achievement by:				
	Increasing the number of Pacific students enrolled and domestic Pacific EFTS as a percentage of total domestic student EFTS;	686 enrolments, 3.3% of EFTS	672 enrolments, 3.3% of EFTS	> previous year	662 enrolments, 3.3% of EFTS
	Increasing the percentage of first-year Pacific students passing at least two thirds of their academic credits;	64.7%	56.3%	> previous year	59.4%
	Increasing the number of Pacific students completing qualifications at both undergraduate and postgraduate levels.	107 (UG) 42 (PG)	98 (UG) 45 (PG)	> previous year	108 (UG) 45 (PG)

The University met five of nine performance targets in relation to the national good and to international progress, with several gains in the achievement rates of Māori and Pacific students. The improvement in the pass rate for first-year Pacific students was particularly welcome, as was the increase in Pacific undergraduate completions. While the Māori pass rate dropped slightly, the numbers of undergraduate and postgraduate completions increased, as did the number of research projects being undertaken in association with Māori. The overall numbers of Māori and Pacific enrolments decreased slightly from 2011, reflecting the overall drop in student enrolments in 2012. Proportionally, however, each grouping was less affected by this drop than the overall student cohort, with Māori EFTS increasing as a percentage of total domestic EFTS, and Pacific EFTS holding steady. The drop in academic visitors between 2011 and 2012 was uniform across the academic divisions, and reflects a tightening of budgets, both here and elsewhere, in the current fiscal environment.

STRATEGIC OBJECTIVE FIVE: STRENGTHENING EXTERNAL ENGAGEMENT

KEY POINTS OF FOCUS:

- To share the University's expertise and resources with the local, national and international communities
- To increase engagement and development with research and commercial partners
- To continue to build relationships with the country's political, business, professional and community leaders.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
5.1	At least 80% of University academic staff involved in community service activities.	92.6%	96.4%	≥ 80.0%	87.1%
5.2	Holding at least 300 open lectures, public seminars, and adult and community education courses per annum.	328	548	≥ 300	424
5.3	Providing at least 100 performing arts activities open to the public per annum.	107	76	≥ 100	127
5.4	Maintaining appropriate formal agreements for collaboration with other organisations for joint research and/or teaching and for the commercialisation of research.	402 agreements in place	334 agreements in place	Existing agreements reviewed, new agreements entered into as appropriate	388 agreements in place
5.5	At least 20% of academic staff serving on government advisory boards and committees.	28.4%	28.8%	≥ 20.0%	35.6%
5.6	At least 50% of academic staff providing services to public sector departments, statutory authorities, agencies, boards, committees or inquiries, or to non-governmental organisations.	67.4%	75.7%	≥ 50.0%	69.3%

The University met all of its performance targets relating to strengthened external engagement, reflecting a high rate of academic staff participation in service to the University's local, national and international communities. The increased involvement of academic staff in government advisory boards and committees was especially pleasing.

STRATEGIC OBJECTIVE SIX: BUILDING AND SUSTAINING CAPABILITY

KEY POINTS OF FOCUS:

- To ensure financial stability and a diversified funding base
- To support the commercialisation of the University's intellectual property
- To invest in staff development.

#	KEY PERFORMANCE INDICATORS:	2010 Actual	2011 Actual	2012 Target	2012 Actual
6.1	Achieving or exceeding the following University EFTS enrolment target.	19,661	19,344	19,545	18,951
6.2	Achieving an operating surplus such that the moving five-year average is at least 2% of net assets (excluding extraordinary items).	2.2% of net assets	2.2% of net assets	≥ 2.0% of net assets	2.0% of net assets
6.3	Maintaining a liquid ratio of no worse than 1:1.	1.9:1	1.6:1	≥ 1:1	1.8:1
6.4	Ensuring that net interest paid is no greater than one third of the operating surplus.	0.7%	0.7%	≤ 33.3%	1.8%
6.5	Maintaining at least 50% of University income from diverse sources other than Government Grant funding.	54.4%	54.6%	≥ 50.0%	54.6%
6.6	Increasing the consulting, commercial and intellectual property income of the University Group by at least 5% per annum as measured by a three-year rolling average.	\$62.3 million (110.9%)	\$67.5 million (108.3%)	≥ 105.0% of 2011	\$69.1 million (102.4%)
6.7	At least maintaining the number of academic staff undertaking research and study leave.	132	104	≥ previous year	126

The University met five of its seven performance targets in this area, with the strong performance measured against financial targets demonstrating continued prudent financial management. It was disappointing to fall short against target for enrolments. The reasons for this are complex and are fully explained elsewhere in this Annual Report.

The recovery in the number of staff taking research and study leave suggests the lower result in 2011 may have been linked to the pressures of the recent PBRF round, with 31 December 2011 being the end date for the assessment period – a time when many research staff would have been focused upon completing their Evidence Portfolios.



Statement OF RESOURCES

Land, Buildings and Capital Development

There was no significant change in the amount of land owned by, or held in Crown title for, the University.

The University's net assignable floor space increased by 5,186m² (2.4%) in 2012 to reach 223,504m².

The Campus Master Plan, adopted in 2010, provides a strategic framework to guide the future long-term evolution of the University's three campuses. Supporting the Campus Master Plan is a Priority Development Plan (PDP), which identifies those projects with high priority for development over a rolling six-to-eight-year period. The PDP is updated annually.

Throughout 2012, work continued on several major projects identified in the PDP as priorities for the period. These included the development of the former Gardens Tavern site into the Marsh Study Centre (a study and social centre), the completion of the \$5.7 million redevelopment of the University Union building (undertaken in conjunction with University Union Ltd), and earthquake strengthening work at Cumberland College. The University also provided support by way of loans to assist with the earthquake strengthening and facility upgrades at Knox College, which is an affiliated residential college.

The University's Christchurch campus sustained serious damage in the 22 February 2011 earthquake, and repair and strengthening work continued on the main University building throughout 2012. The main building was closed for this work, with re-occupancy commencing late in the year.

Library Resources

The library system continued to evolve as an essential source of information and expertise for the University and the wider community, providing extensive collections, access services, instruction and infrastructure in support of scholarship, creativity and learning. Collaboration between academic and library staff continued to underpin the further development of both the physical and online collections.

During 2012, the library's on-site collections increased by 24,865 items (0.8%) over 2011 to comprise a total of 3,121,386 items.

The University community had online access to an increasing component of the library's collections. The number of electronic serials grew to 231,681 (a 1.0% increase over 2011), while the number of e-books reached 489,607 (up by 28.6% over 2011). 97.8% of all serials were received in electronic rather than print form in 2012.

University staff and students continued to make good use of the on-site collections with 374,682 items loaned during the year. Databases, e-journals, e-books and other electronic materials were heavily used both on-campus and off-campus.

The library maintained a programme of discipline-based and resource-specific information skills sessions for students. These were designed to develop effective search techniques and competencies in evaluating quality sources of information.

The number of seating places across the library system increased by 2.2% (92 seats) to reach 4,280. Much of the study space increase was due to the merging of the audiovisual and reserve desks in the central library to consolidate service points and create further study space on the second floor.

Details of exhibitions mounted by the library can be found in the Contributing to the National Good and to International Progress section of this report.

Information Technology

The volume of off-campus computer and telecommunications network traffic decreased from 464,159 gigabytes in 2011 to 315,847 gigabytes in 2012 (a decrease of 32.0%). The reduced traffic in 2012 reflected implementation of the Internet Traffic Management (ITM) System to support the University's Internet Usage Policy. The ITM system restricts access to certain categories of websites and blocks certain traffic types such as "peer to peer" which previously accounted for a significant volume of student internet traffic.

Over 2,100,000 podcasts of recorded lectures were downloaded for the year, compared with around 950,000 in 2011. 1,361 seating places were provided in student computer laboratories in 2012 (the same as for 2011) and 43,587 enquiries were processed through the Information Technology Services (ITS) Helpdesk, down 5.8% from 46,295 in 2011.

Work continued on the implementation of the new Student Management System, with Phase 1 going live in 2013 with enrolment and course approval processes facilitated through the new system.

Network upgrade projects to the value of \$21 million were approved by the University. Upgrade projects include replacement of end-of-life infrastructure; increasing the speed of the University network (to cater for significant growth in bandwidth demand); improving support, monitoring, security and resilience of the network infrastructure; providing ubiquitous wireless access to electronic information resources

within the boundaries of each University campus; and providing wireless network services that meet the current and future demands of the teaching, research and administration functions of the University.

An eWaste Strategy was endorsed by VCAG for implementation in 2013. Work was also done on the Electronic Documents and Records Management System, with infrastructure established and corporate records operational. The University's PBRF system, an in-house development by ITS, was selected as a finalist in the 2012 Tertiary IT Innovation Awards.

Other highlights included live streaming of graduation ceremonies; the installation of digital signage at strategic locations, along with a system that allows these screens to be managed from one location; and installation of an emergency communications system within lecture theatres and other high-traffic areas to deliver emergency messages immediately to students and staff.

Human Resources

The total number of staff employed by the University in 2012 increased slightly to total 3,755 in full-time equivalent (FTE) terms (2011: 3,749).

Within the academic ranks, the number of professors decreased by 1 FTE to 186 and the number of research-only staff on academic contracts dropped by 42 FTE (9.1%) to 414. The number of associate professors increased by 11 FTE to 168 (7.3%), while the number of senior lecturers decreased by 2 FTE to 367, and the number of lecturers decreased by 7 FTE (-4.0%) to 172. Overall, the number of academic and research-only staff decreased by 40 FTE (2.5%) to 1,576, while the number of general staff increased by 47 FTE (2.2%) to 2,180.

The recruitment environment has continued to be buoyant, although some specialist academic and general staff positions remain a challenge to fill. The introduction of online recruitment functionality has significantly improved

our processes and made it easier for people to apply for vacancies. During 2012, the University began the introduction of an online induction and orientation process. A trend that continues to develop is the use of online recruitment sources rather than print media. To this end, the University has established a relationship with Unijobs.co.nz to publish all job vacancies and with LinkedIn.com to use their professional network to promote the University as an employer.

Equal Opportunities

Partnerships with tangata whenua and equity in employment and educational opportunity are core values of the University.

The University contributes to the achievements of tangata whenua through a Treaty-based partnership, primarily with Te Rūnanga o Ngāi Tahu. The partnership is underpinned by a Memorandum of Understanding (MoU) and recognises Ngāi Tahu rangatiratanga and mana within the takiwā of Ngāi Tahu. Additional agreements are also in place with three iwi: Ngāti Whatua, Waikato-Tainui and Ngāti Toa Rangatira, and a number of Māori health providers across the country: Ngāti Hine Health Trust, Raukura Hauora o Tainui, Ngāti Porou Hauora and Tipu Ora Trust.

A link between the aspirations expressed in memoranda and agreements with Ngāi Tahu and other iwi, and the University's overall strategic goals and objectives, is provided by *The University of Otago Māori Strategic Framework 2007-2012* (MSF). Excellent progress continued to be made towards the implementation of the MSF in 2012. This work was supported by the Office of Māori Development, by Associate Deans Māori, and by Te Kōhanga o Te Kahu, a leadership group comprising representatives across the University's academic and service divisions. A newly refreshed Māori Strategic Framework (2013-2020) will be launched mid-2013, aligned with the University's new Strategic Direction document. A highlight for 2012 was the appointment of Tuari Potiki as Kaiwhakahaere (Director) of the Office of Māori Development.

Summary Staff Profile	2012	2011	2010	2009	2008
Full-time Equivalent (FTE) Teaching and Research Staff					
Females	496	491	487	476	485
Males	666	669	680	699	695
Total	1,162	1,160	1,167	1,175	1,180
Full-time Equivalent (FTE) Research-Only Staff (excludes general research-only staff)					
Females	244	266	264	240	228
Males	170	189	169	172	179
Total	414	455	432	412	407
Full-time Equivalent (FTE) General Staff					
Females	1,409	1,385	1,411	1,373	1,414
Males	771	748	741	723	736
Total	2,180	2,133	2,152	2,096	2,150
Total Staff (FTE)	3,755	3,749	3,751	3,683	3,737

The University also recognises a commitment to Pacific Peoples, which extends both to those who are resident in New Zealand, and those in the wider Pacific. The Pacific Peoples' Reference Group, a joint University-community group which was formed in 2006 to advise on developments in this area, continued to meet and provide guidance to the University in 2012. *The University of Otago Pacific Strategic Framework 2013-2020*, which will drive much of the University's equity programme in support of Pacific students and staff, was approved by Council on 11 December 2012. The adoption of the framework was a significant milestone in the University's commitment to meeting the needs of Pacific Peoples. The framework will be formally launched in early 2013.

Equal Educational Opportunities

The University is committed to eliminating unnecessary barriers to the admission and progress of students. A key component of its strategy in this area is the provision of support and recruitment initiatives for students from groups which may be under-represented within the institution and who may be disadvantaged in terms of their ability to attend the institution. Three groups to which the University gives particular focus are Māori students, Pacific students and students with disabilities.

The University's package of targeted scholarships and awards was continued in 2012, with 49 Māori and Pacific Island Entrance Scholarships awarded to commencing students.

Māori

The number of Māori students enrolled at Otago decreased from 1,662 (2011) to 1,658, reflecting the overall drop in student numbers across the campus in 2012. Of note, however, was the slight proportional increase in the number of Māori students, who comprised 8.8% of the University's total domestic student EFTS – up from 8.7% in 2011 (and 8.5% in 2010).

In 2012, 77.8% of Māori at the University passed at least two thirds of the academic credits for which they had enrolled, down from 78.4% in 2011, but comfortably ahead of 2010 (75.5%) and 2009 (66.6%). 382 Māori students successfully completed qualifications in 2012, a clear increase over 2011 (352).

Te Huka Mātauraka, the Māori Centre, continues to provide academic, cultural and social support for Māori students at the University. In particular, Te Huka Mātauraka seeks to engage and support Māori students, assisting them to settle into the University and to achieve academically. Special recognition of the academic achievement of Māori students was given in pre-graduation ceremonies and by holding a full marae-based graduation for those completing the bilingual teacher education programme delivered at the University's Southland campus.

Each of the University's four academic divisions provided tailored support for Māori students in 2012. The aim of this work is to complement the role of the Māori Centre and provide course-relevant responsive support engaging with students over academic pathways and outcomes.

Among other forms of support, the Division of Commerce employed two staff to provide dedicated academic mentoring for Māori students and ran an intervention programme to assist Māori students (particularly those in their first year of study). The Division of Humanities ran a similar intervention programme, in which students were supported by Kaiawhina Māori. Humanities also provided bridging scholarships to help Māori researchers towards academic employment and co-hosted (with Te Kawa a Māui, The School of Māori Studies at Victoria University) Te Kura Unua, a Māori Studies postgraduate symposium.

Health Sciences has established a Māori Health Workforce Development Unit and in 2012 implemented four programmes for Māori students "from inspiration to graduation". These programmes were: Te Ara Hauora – Outreach and Recruitment, Tū Kahika – foundation programme in Health Sciences, Te Whakapuāwai – Māori health science first-year success programme, and Tū Tauira Hauora – health science and health professional student retention and achievement programme. Outcomes for these programmes in 2012 included engaging with over 200 Māori secondary school students across a range of outreach activities, an 80% increase in Māori students gaining places in health professional programmes in 2012 compared with previous years, a 150% increase in the number of Māori students gaining medical school entry, and greater than 97% retention of students in health professional study. Tū Kahika academic outcomes were excellent in 2012, with all 10 students in the 2012 cohort meeting full-year terms. Community awareness and demand for Tū Kahika has been growing and there were 70 applicants for places in 2013.

The Division of Sciences continued to support Māori students through Te Timatanga, the division's plan for support and development of Māori; through the Associate Dean Māori (Manutaki Tuarua Māori) and the Kaiārahi Sciences; and through the Kaiāwhina network. The division continued its outreach activities through the highly successful Science Wānanga and through Māori student internships.

The Science Wānanga programme engages with young Māori and their communities with the specific aim of increasing the number of Māori pursuing sciences and health sciences study at the tertiary level. Initially piloted in partnership with Ngāti Porou and schools in the East Coast area, the programme has expanded over the past five years to include partnership with Ngāi Tahu papatipu rūnanga in Karitāne (near Dunedin) and Murihiku (Southland) and Te Atiawa (Te Tau Ihu) at Waikawa Marae (Marlborough). The programme continued to expand in 2012, with relationships progressed for further wānanga with Te Rūnanga o Ngāti Whātua around Kaipara Harbour, Whakatu Marae in Nelson, as well as with the Hawke's Bay District Health Board, Kia Ora Hauora and Te Taiwhenua o Heretaunga in Hastings. 2012 also saw a stronger emphasis on professional development for science teachers from contributing schools, in conjunction with the Otago University Advanced School Sciences Academy.

Iwi to which Students Affiliated	2012		2011		2010		2009		2008	
	First Affiliation	Any Affiliation	First Affiliation	Any Affiliation	First Affiliation	Any Affiliation	First Affiliation	Any Affiliation	First Affiliation	Any Affiliation
Ngāi Tahu / Kāi Tahu	394	453	381	438	362	419	357	416	321	376
Ngāpuhi	177	242	192	254	207	289	197	272	203	271
Ngāti Porou	125	178	134	183	126	164	119	167	113	165
Tainui	71	118	64	108	62	94	48	76	34	66
Ngāti Maniapoto	56	77	50	68	54	73	53	73	45	67
Te Atiawa (Taranaki)	44	72	42	72	49	68	48	64	48	69
Ngāti Tūwharetoa	41	75	39	71	36	74	40	74	38	80
Ngāti Kahungunu ki Te Wairoa	34	66	34	58	31	62	33	69	26	53
Ngāti Raukawa (Horowhenua/Manawatu)	34	52	33	48	41	62	44	65	31	48
Ngāti Kahungunu, region unspecified	33	48	35	56	32	55	27	50	25	41
Don't know	33	35	30	33	27	27	24	25	13	13
Ngāti Awa	30	53	30	51	33	50	38	54	37	50
Te Arawa	25	48	23	42	17	34	14	25	12	20
Ngāti Kahungunu ki Heretaunga	25	39	27	41	34	42	37	44	33	43
Ngāti Kahungunu ki Wairarapa	24	37	22	35	27	39	23	31	20	28
Tūhoe	23	67	25	62	21	56	26	53	28	54
Te Rarawa	22	45	24	47	32	59	25	48	23	47
Not stated	21	22	25	26	31	32	43	44	44	45
Ngāiterangi	19	35	20	33	17	32	19	31	19	34
Ngāti Raukawa (Waikato)	19	34	19	37	20	40	20	40	16	32
Te Ati Hau Nui-A-Paparangi	17	31	7	21	9	19	11	21	10	18
Te Whānau-a-Apanui	16	37	13	36	13	40	12	37	9	29
Taranaki	15	20	12	17	4	11	2	6	3	9
Whakatōhea	14	33	15	31	12	28	14	30	22	36
Waikato	13	31	13	32	18	35	20	34	22	38
Ngā Ruahine	13	19	13	19	10	15	10	15	10	14
Ngāti Whakaue (Te Arawa)	12	25	11	24	13	28	13	30	13	39
Kati Mamoe	11	42	7	42	13	44	10	40	10	50
Ngāti Ranginui	11	29	11	25	10	24	12	29	10	21
Other	286	619	311	652	322	677	280	636	286	626
Total	1658	n/a	1662	n/a	1683	n/a	1619	n/a	1524	n/a

Services Provided by the Pacific Islands Centre	2012	2011	2010	2009	2008
Registered with the centre	661	702	681	645	430
Extra tutorials	58	72	75	65	47
Career Advisory Services seminar	4	4	6	12	5
Students receiving course advice	739	366	285	420	370
Pacific postgraduate seminars	13	10	11	12	28
Student gatherings	92	31	39	24	18
Community meetings/consultation	54	23	26	25	22
Community functions attended	74	41	45	92	102
Students receiving counselling	391	138	394	85	85

Pacific Peoples

662 Pacific students enrolled at the University in 2012, a slight (1.5%) drop from the 672 enrolments in 2011. Proportionally, however, Pacific students remained at 3.3% of total domestic student EFTS, the same as 2011 and 2010. 153 Pacific students successfully completed qualifications in 2012, up 7.0% from 2011 (143 completions).

The University's Pacific Islands Centre continued its role as a hub for targeted support and services for Pacific students, with most Pacific students being registered with the centre. It also remained active in outreach activities in Pacific communities. These activities included a special study support programme for Pacific students in Dunedin secondary schools.

A package of targeted scholarships has played an ongoing role in supporting Pacific student recruitment and the full-time Pacific Community Liaison Officer has provided a strong community focus to this recruitment. The University has also continued to offer achievement awards, recognising the top Pacific first-year student and top Pacific final-year student in each academic division.

Each of the academic divisions provided academic support and mentoring for Pacific students. The strong programme of work supported by the *Division of Health Sciences Pacific Strategic Framework 2011-2015* continued in 2012.

As above, the adoption of the Pacific Strategic Framework was a significant milestone in the University's relationships with its Pacific communities. A Pacific Gifting Policy was also developed and adopted in 2012. The policy will provide clarity around gifting practices and procedures for University representatives interacting with Pacific peoples in Pacific cultural contexts.

Disabilities Support

The University takes a proactive approach to the recruitment and support of students with disabilities, with its Disability Information and Support service taking a lead role in this area, and working in conjunction with both academic and administrative departments.

In 2012, the University enrolled 869 students with a disability affecting study, a slight increase on the 867 enrolled in 2011. Provision of support in the form of learning assistance and/or special equipment requiring a specific financial commitment was provided to 508 students with disabilities in 2012 (2011: 503). 808 instances of support were provided in the form of note-taking, assistance with examinations, tutoring, transcription or typing (2011: 680 instances of support provided for 503 students).

The 20th anniversary of Disability Information and Support was held in April and featured a lecture by Sir Tom Shakespeare, a prominent sociologist and campaigner for disability rights, followed by a reception.

Two Alumni Scholarships of \$5,000 each for Students with Impairments were established in 2012, and will be available from 2013.

Equal Employment Opportunities

In 2012, the number of women in senior academic positions (senior lecturer and above) increased by 9 FTE (3.6%) to 257 FTE staff. Women now comprise 35.3% of staff at these levels, compared to 34.5% in 2011, and 24.7% as recently as 2005.

While the majority of general staff are female, women continue to be under-represented at the senior levels of general and management staff.

Learning Assistance Support for Students with Disabilities	2012	2011	2010	2009	2008
Note-taking	290	235	212	296	210
Tutoring	182	164	126	131	127
Transcription/typing	1	3	5	3	5
Reader	0	0	3	0	4
Assistant	0	2	0	0	7
Examination arrangements	335	278	277	271	282
Scanning	0	0	0	0	0
Other	156	120	120	129	116

The University continued its support of the Universities New Zealand Women in Leadership Programme, sending five senior women to the programme in 2012. 190 women attended eight events put on through the Women's Professional Development Programme (jointly co-ordinated between the Higher Education Development Centre and Human Resources), including the Women in Leadership at Otago programme. 22 new mentees and nine new mentors joined the Academic Women's Mentoring Programme. Mentoring and peer-learning groups increased for general staff women during the year, with 13 formal mentoring arrangements undertaken.

The University continued to provide both the Treaty of Waitangi Education Programme and introductory Te Reo classes for staff in 2012. Six Te Reo classes organized by Human Resources were held with a total of 76 participants. Regular lunchtime Te Reo classes (Café Reo) were offered by the Office of Māori Development to all interested staff. The framework of competencies supporting the *University of Otago Māori Strategic Framework 2007–2012* (piloted in 2011) was finalised and launched as part of the 2012 staff performance review process.

The Pacific Awareness course continued in 2012. In addition, three other (new) workshops were introduced during this period on topics of diversity and inclusivity.

The University continues to address the gap in staff equity information by requesting updates to the equity form in staff online profiles. In the long term, equity data is now gathered for all new staff via the University's online recruitment system at time of joining. This data was analysed for the first time in 2012 and a new internal annual reporting process was developed.

Other Staff Support Initiatives

The Employee Assistance Programme (EAP) continued providing confidential, short-term counselling sessions free of charge to University staff. The programme was used at a consistent rate across 2011 and 2012. Staff were surveyed for feedback on the EAP service, and the results were very positive, noting improvements in ability to focus and work during challenging times, as well as an increased likelihood of staying with the University of Otago.

Occupational Health and Safety and other training continues to be offered based on identified needs. Approximately 2,000 staff received the flu vaccine during the 2012 programme. The University retained tertiary-level accreditation for the ACC Partnership Programme, with 146 work-related ACC claims for the 2012 year. Rehabilitation and return-to-work programmes were provided for work-related and non-work-related injuries and illness.

Support for childcare continued to be provided through the Otago University Childcare Association, with the University covering the rental cost of premises for the association's four pre-school care facilities and delivering further support via an annual lump-sum grant. The association provided childcare for approximately 125 University families, but – as in previous years – waiting lists indicated considerable unmet demand

for childcare services around the University. Work that the University and the association commenced in 2010 to address this was continued in 2012, with plans now well advanced for new and expanded facilities to be located between Montgomery Avenue and Castle Street.

Group ENTITIES REPORT

This report has been prepared to provide, within the overall Annual Report, further information on the activities and performance of the most significant entities that comprise part of the University Group, but sit outside the University Parent.

A full list of Group entities, of which there are 14 in all, appears in the Statement of Accounting Policies on page 54 of this Annual Report. The following have been identified as the most significant of these entities for reporting purposes, and are covered individually below:

- ~ The University of Otago Foundation Trust
- ~ University of Otago Foundation Studies Limited
- ~ Otago Innovation Limited
- ~ New Zealand Genomics Limited.

The University of Otago Foundation Trust

Overview

The University of Otago Foundation Trust (the Trust) was established in 2002. It is a registered charitable trust that receives and administers donations, bequests and sponsorship monies for University priorities.

The Trust is an umbrella trust consisting of over 330 individual trust funds. Each fund has specific terms and conditions stating the purpose for which the funds can be distributed.

The investments are managed by a Board of Trustees, comprising the Chancellor and Vice-Chancellor and members of Council with significant investment knowledge. The Board holds regular meetings to evaluate the performance of the funds and ensure that the investment objectives are being met. The Board receives advice from an independent external investment advisor.

Money received by the Trust is combined for investment purposes to manage risk. Investments are spread in a balanced portfolio which includes shares, property, bonds and cash. A detailed Investment Policy, which includes guidelines on the type and spread of investments and social responsibility issues, is regularly reviewed.

The investment objectives of the Foundation Trust are to ensure that, where appropriate, capital is preserved and increased by an amount at least equal to the rate of inflation and that an income return of 4.5% is achieved.

The fund value has increased substantially over the last decade with the largest increase being in 2005 when the University partnered with the government and private donors to fund the

Leading Thinkers Initiative. This \$50 million project funded specialist University chairs, with the University raising \$25 million through private donors and the government matching this amount by providing an additional \$25 million.

The investments managed by the Foundation Trust have achieved an average return of 7.8% per annum over the last 10 years. Although the global financial crisis has affected returns in several of these years, the impact was less than that suffered by other similar funds. Since January 2008, net investment returns have exceeded industry benchmark returns by an average of 2.5% per annum.

2012 Achievements

The net annual investment return for 2012 was 12.4%, compared to 0.9% for 2011. The total fund value at 31 December 2012 was \$158.7 million, compared to \$141.7 million at 31 December 2011.

University of Otago Foundation Studies Limited

Overview

Incorporated in 1996, University of Otago Foundation Studies Limited (FSL) provides transition pathways to degree-level study at the University of Otago.

FSL comprises two distinct functional areas: Foundation Year and the Language Centre. The Foundation Year prepares students for degree-level study at the University. While originally conceived as a programme primarily for international students, Foundation Year has become increasingly important as a transition pathway for New Zealand students as well. It includes the innovative and highly successful Tū Kahika Programme for Māori students wishing to prepare for study in the health sciences and its Pacific equivalent, the Pacific Foundation Programme.

The Language Centre provides English language tuition to both groups and individuals, almost exclusively from overseas or of recent resident status. In many cases, that tuition develops students so they can proceed to study at Foundation Year and at the University.

2012 Achievements

In 2012, the Foundation Year provided academic tuition to 282 individual domestic and international students, generating 246 EFTS. The 2012 enrolment represented an increase of 9.8% over the 224 EFTS enrolled in 2011, but was still less than the 257 EFTS enrolled in 2010.

In 2012, the Language Centre averaged 133 students a week. These numbers were down from 2011, when the weekly average was 145 students. The 2012 decline can be linked to the ongoing effects of the international economic recession, the high value of the New Zealand dollar and the waning effect of the Canterbury earthquakes. English New Zealand conducted an audit of the Language Centre in May 2012, and the audit report was extremely positive and included a number of commendations.

FSL achieved solid financial results in 2012, with dividends paid to the University of Otago totalling \$1.9 million. This compares most favourably with the dividend of \$430,000 paid in 2011. The Financial Report for the Year Ended 31 December 2012 shows a surplus of \$1.1 million. Again, this compares favourably with the surplus of \$964,000 for the same period in 2011.

Otago Innovation Limited

Overview

Otago Innovation Limited (Otago Innovation) was established in 1996. It is a wholly-owned subsidiary of the University that has responsibility for the commercialisation of intellectual property arising from research within the University. Much of Otago Innovation's commercialisation activity is centred upon medical research and biotechnology innovation. A particular focus is bringing emerging technology to the market, including novel gene therapies, drug delivery systems, software, measurement devices and vaccines.

Otago Innovation provides business partners, industry and investors with information about current University of Otago projects, their practical applications, their patent status and market potential. Otago Innovation's commercialisation managers assist with the preparation and implementation of business and marketing plans, assist the commercialisation process and ensure key proof of concept targets are managed and met.

Otago Innovation has been involved in a number of company formations based on University of Otago research. These include:

- ~ *BLIS Technologies Limited* – formed in 2000 and utilising technology from the University of Otago's Department of Microbiology to pursue the commercialisation of BLIS bacteriocin-like inhibitory substances
- ~ *Pacific Edge Ltd* – a biomedical company formed in 2001 that develops novel diagnostic and therapeutic products to manage cancer and other diseases
- ~ *Photonic Innovations Limited* – formed in 2005 to commercialise sensor technology developed within the University of Otago
- ~ *Immune Solutions Limited* – formed in late 2002 to commercialise the Oral Delivery Technology platform (an oral dose lipid matrix delivery system designed to replace injections, aerosols and patches).

An example of a successful commercialisation of an emerging technology is MitoQ, a Parkinson's disease-fighting drug that was invented at Otago in 2000-2001 and developed by the pharmaceutical firm Antipodean Biotechnology.

Otago Innovation also runs a contestable annual proof of concept grant process. The grant, which is valued at \$50,000 and awarded to a University of Otago researcher, is to encourage researchers to think about the possible commercial applications of their research, including what an end product or service might look like and who would buy it.

2012 Achievements

In 2012, Otago Innovation celebrated its 10th year of supporting University of Otago research. Initially starting with a Chief Executive Officer in the Centre for Innovation, Otago Innovation now has a team of commercialisation managers, an intellectual property manager/patent attorney and support staff, all focusing on identifying, protecting and nurturing projects with the potential to gain commercial success for the University.

The 2012 Otago Innovation Proof of Concept Grant competition received 11 applications, down from a record 13 applications in 2011. The 2012 award was given to Dr Greg Walker from the School of Pharmacy for his research into a new medical device that aims to minimise surgery complications. The device has the potential to enhance the wound healing process resulting from surgical manipulation, which is a major cause of post-surgery complications.

Otago Innovation's inaugural APPSTAR competition received 108 entries. The competition invited University of Otago academic and research staff and students with no experience developing software to put forward an idea for a mobile or web App, with Otago Innovation spending up to \$20,000 developing the winning idea into an App. The competition was won by Judy Bellingham from the Department of Music with "See, Read, Sing", an App which is both a basic music reading tool and a method for learning to sing at sight.

Otago Innovation licensed a number of re-formulated antibiotics to Bayer NZ Ltd. These medications are novel formulations for the treatment of mastitis in cows.

TOXINZ, an internet accessible poisons information database, continues to expand into Australia and is now receiving international interest.

Pacific Edge Limited's laboratory in Hershey, Pennsylvania was completed in September of 2012. It is expected to complete its regulatory approval in March 2013 and will be capable of commercial activity processing Cxbladder tests in the US market from April 2013. (Cxbladder is a non-invasive urine-based test for the detection of bladder cancer.)

In late 2012, Otago Innovation was a finalist in the AUT Business Excellence Awards Business Services category.

New Zealand Genomics Limited

Overview

New Zealand Genomics Limited (NZGL) was established in 2010 as a genomics infrastructure service provider to the New Zealand science community and started delivering services from the last quarter of 2011.

Genomics¹ underpins economic development in New Zealand's biological economy through horticultural, agricultural and human health research endeavour. Examples of application include improvement in human health research, improvements in the dairy, sheep and seafood industries, and improvements in environmental and conservation research.

NZGL seeks to provide New Zealand scientists with access to the specialist equipment needed for large-scale genomics projects. It also provides a framework for co-ordinating projects, analytical and bioinformatics support, and data storage and sharing.

Since becoming operational, NZGL's genomics technologies and bioinformatics services have allowed faster progress to be made in the study of health and agricultural problems specific to New Zealand.

The NZGL genomics infrastructure is delivered as a collaboration involving Otago, the Crown, the University of Auckland, Massey University and NZGL itself. Over the 10-year period of the NZGL project, the Crown will contribute \$40.7 million and the collaborating universities a further \$29.3 million.

NZGL is accountable for expenditure of Crown funds by way of the NZGL Board, and reports on this expenditure to the Ministry of Business, Innovation and Employment.

2012 Achievements

In 2012, NZGL had 482 enquiries and agreed 112 service agreements with clients from across the country. This compared with 15 enquiries and 13 service agreements in 2011. NZGL made available a genomics infrastructure worth \$3.9 million to the community, and services valued at \$2.5 million were contracted. The total billed amount to clients was \$1.2 million. This compared with \$121,000 in 2011.

NZGL's clients were derived from universities (75%), Crown Research Institutes (22%) and private companies or other organisations (3%). Outcomes thus included academic, industry and public good deliverables. Projects that received strong media coverage included: sequencing to determine the source of the PSA disease outbreak in New Zealand kiwifruit, sequencing of the scientifically significant tuatara genome, research into kiwi breeding patterns and debate on personal genomics in New Zealand.

¹ Genomics is a branch of molecular biology concerned with the structure, function, evolution and mapping of genomes.

Financial Review

The University Group, which includes the University of Otago, the University of Otago Foundation Trust, the Dunedin City Accommodation Trust and University of Otago Holdings Limited, produced an operating surplus for the year of \$32.1 million. This was \$9.3 million (40.9%) higher than the budget and \$4.6 million (16.9%) more than last year. The Group surplus represented a return of 5.2% on revenue of \$621.7 million and 2.2% on equity of \$1.4 billion. This was comfortably above the Tertiary Education Commission's (TEC) guidelines of 3.0% and 1.2% respectively.

The University's operating surplus for the year was \$14.6 million. This was \$2.2 million (12.9%) lower than budget and \$11.4 million below the result achieved in 2011. This provided a return of 2.5% on revenue of \$594.4 million. Although this was below the TEC guideline of 3.0%, it did achieve the University's own surplus target of a five-year moving average of at least 2.0% of equity, with an average of just over 2.0% from 2008 to 2012.

The major reason for the shortfall against budget was an increase in the value of the University's liability for staff long-service leave, sick leave and retiring gratuities. This is a non-cash expense that is actuarially accrued every year by estimating the value of future staff entitlements and discounting these back to current values. The drop in long-term interest rates over the past year, which are used to discount these future costs, caused this expense item to increase by almost \$5.1 million.

Despite the drop in enrolments which resulted in tuition fees being \$5.8 million less than budget, all four of the University's teaching and research divisions were able to adjust their spending to produce acceptable financial results for the year.

The University's controlled Trusts collectively provided an operating surplus of \$16.8 million for the year, which was \$10.1 million higher than budget, due largely to the recovery in equity markets during the year. The diversified investment portfolio of the University of Otago Foundation Trust produced a 12.4% return in 2012 and has averaged a return of 7.8% over the last 10 years. This is a good achievement given the turmoil in world equity and bond markets in recent times and the wider impacts of the global financial crisis.

The companies owned by University of Otago Holdings Limited produced a surplus of \$117k for the year, which was \$983k better than budget. The main contribution to this result was from University of Otago Foundation Studies Limited, which benefited from higher than forecast student numbers. The University's commercialisation company, Otago Innovation Limited, also produced a better than budgeted result, largely due to good cost control.

Total cash flow for the Group for the year was an outflow of \$6.8 million compared to a budgeted cash outflow of \$56.5 million and an outflow of \$7.2 million in 2011. The improvement against budget was largely due to the investing decisions made

by the University of Otago Foundation Trust and lower than expected capital investment by the University. The latter was a result of timing with the progress of a number of projects and cost savings with a major construction project.

As a consequence of this, Group cash on hand and short-term deposits at year end totalled \$116.8 million, which was \$19.5 million higher than budget. Of this total, \$74.5 million was held by the University with the remainder largely held as trust investments by the University of Otago Foundation Trust. Much of the University's cash is tagged for two major capital projects on the Priority Development Plan – namely, the renovation and major expansion of the Dental School and the construction of a new health sciences' building for the University of Otago, Christchurch as part of the Government's planned medical precinct development for that city. Both of these projects are in the planning phase and will be the two largest capital projects ever undertaken by the University.

Total assets of the Group were \$1.6 billion with the University accounting for \$1.3 billion of this. Group equity was \$1.4 billion which represents 89.6% of total assets. The Group has no external loans, which is a prudent strategy in the current financial climate and with the two major building projects in the pipeline.

Conclusion

The University's financial performance for the year was behind both budget and the 2011 result. While this caused the University to not achieve the return on revenue guideline set by the Tertiary Education Commission, the cause was due to a single non-cash expenditure item. The Group, on the other hand, produced a result that exceeded the budget and the Commission's target, largely due to a welcome recovery in the investment earnings of the University of Otago Foundation Trust.

The year was one of challenges for the University, especially coping with reduced income from lower than expected enrolments. However, this was achieved with the impact of these factors on the operating result largely offset by a concerted campaign of cost reduction.

Limited income growth, due to Government funding constraints and flat student numbers, and ongoing cost pressures, will make the achievement of acceptable financial outcomes a challenge for some time to come. It will be essential for the University to pursue other income streams, improve efficiency and manage costs so it can generate the additional funds necessary for the large projects. Steps are already underway to do this.

A J Patrick

CHIEF OPERATING OFFICER

Statement of Responsibility

2012 Financial Statements

1. The Council and management of the University of Otago accept responsibility for the preparation of the annual financial statements and the Statement of Service Performance and the judgements used in them;
2. The Council and management of the University of Otago accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of the Council and management of the University of Otago, the annual financial statements and the Statement of Service Performance for the financial year ended 31 December 2012 fairly reflect the financial position and operations of the University of Otago.

Chancellor



Vice-Chancellor



Chief Operating Officer



9 April, 2013

Statement of Accounting Policies

for the year ended 31 December 2012

THE REPORTING ENTITY

The University of Otago was founded in 1869 by an Ordinance of the Otago Provincial Council, and is New Zealand's oldest University. In 1874 the University of Otago became an affiliated college of the University of New Zealand, which was established by statute in 1870. However, in 1961 the University of New Zealand was disestablished and the University of Otago acquired its present legal status and was granted the power to confer degrees by the University of Otago Amendment Act 1961.

The financial statements presented here are for the reporting entity University of Otago (Parent), and the Group consisting of the Subsidiary and Associate companies, controlled Trusts and the Dunedin City Tertiary Accommodation Trust.

The Group Subsidiary and Associate companies are:

- ~ University of Otago Holdings Limited. Holding company. 100% owned by the University
- ~ Otago Innovation Limited. Company to hold and develop the commercial interests of the University. 100% owned by University of Otago Holdings Limited
- ~ University of Otago Foundation Studies Limited. Operates the foundation year programme and an English language school. 100% owned by University of Otago Holdings Limited
- ~ New Zealand Genomics Limited. Was set up in collaboration with the University of Auckland and Massey University with the objective of creating a national infrastructure for making advanced genomics technologies accessible and affordable for New Zealand scientists, while also being accessible to commercial organisations. 100% owned by University of Otago Holdings Limited
- ~ Unipol Recreation Limited. Owns a building in Anzac Avenue. 100% owned by University of Otago Holdings Limited
- ~ University Union Limited. Owner of the University Union building. 50% owned by University of Otago Holdings Limited
- ~ New Zealand Centre for Reproductive Medicine Limited. No longer trading – business assets sold. 50% owned by University of Otago Holdings Limited
- ~ Unihealth Limited. Not trading. 50% owned by University of Otago Holdings Limited
- ~ LCO New Zealand Limited. Owns and operates a software system for libraries serving four Universities. 31% owned by University of Otago Holdings Limited
- ~ BPAC NZ Limited. This company works with the Division of Health Sciences to provide best practice advocacy services to primary, secondary and tertiary health providers in the area of medication prescribing. 20% owned by University of Otago Holdings Limited
- ~ Upstart Incubation Trustee Company Limited. Non operational – has no assets or liabilities. 33% owned by University of Otago Holdings Limited
- ~ Immune Solutions Limited. This company is working with the Department of Microbiology to develop oral vaccines for the treatment of tuberculosis in animals, particularly possums. 100% owned by Otago Innovation Limited
- ~ Photonic Innovations Limited. Developer of revolutionary laser technology. 50% owned by Otago Innovation Limited
- ~ Menixis Limited. Developing particle analysis technology. 22.7% owned by Otago Innovation Limited.

The controlled Trusts include the University of Otago Foundation Trust, and the Hocken Collections established for the benefit of the University of Otago. The University is the beneficiary of all the Trusts and appoints the Trustees.

The Dunedin City Tertiary Accommodation Trust owns and operates City College and is jointly controlled by the University of Otago and the Otago Polytechnic.

The primary objective of the University and Group is to provide goods and services for the community for social benefit rather than make a financial return. Accordingly, the University has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to the International Financial Reporting standards (NZ IFRS).

The financial statements of the University and Group are for the year ended 31 December 2012. The financial statements were authorised for issue by Council on 9 April 2013.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are presented in accordance with Section 220 of the Education Act 1989, the Crown Entities Act 2004, and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 1 Sec 15 (1) (d) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The accounting principles followed by the Group are those recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis, with the exception that certain property, plant and equipment have been revalued.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the University of Otago is New Zealand dollars.

The financial statements include:

- ~ Statement of Financial Performance
- ~ Statement of Comprehensive Income
- ~ Statement of Changes in Equity
- ~ Statement of Financial Position
- ~ Statement of Cash Flows
- ~ Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities
- ~ Statement of Commitments and Contingencies, and
- ~ Notes to and Forming Part of the Financial Statements.

The financial statements include the operations of the University of Otago, its subsidiary and associate companies and its controlled Trusts. The subsidiary companies and Trusts have been included in the consolidated accounts by line aggregation of assets, liabilities, revenues, expenses and cash flows. Associate companies and the Dunedin City Tertiary Accommodation Trust have been consolidated on an equity accounting basis, which shows the share of the surpluses/deficits in the University's statement of financial performance and the share of post-acquisition increases/decreases in net assets in the University's Statement of Financial Position.

All significant inter-entity transactions have been eliminated on consolidation.

ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

1. Revenues

Government Grants and Student Fees

Government grants and student fees are recognised as income on entitlement.

Research Funds

Income received for research which will provide reciprocal benefits to the research funding provider is recognised in the Statement of Financial Performance as "Externally Funded Research" income when research expenditure is incurred. Those research funds which are not expended at year end are included in the Statement of Financial Position as "Funds Received in Advance" to recognise the future obligations to complete the research. (Refer Note 11.)

Income for research which provides no reciprocal benefits to the research funding provider is recognised in the Statement of Financial Performance as "Externally Funded Research" income when received.

Pledged Donations

Pledged donations are recognised in the Statement of Financial Performance as "Trust Donations" when the pledge agreement is signed. When payments are made they are recorded against the asset. Pledged donations are recorded at their face value. (Refer Note 19.)

Other

Where physical assets are acquired for nil consideration the fair value of the asset received is recognised as revenue.

Dividends are recognised when the right to receive payment has been established.

Revenue from sale of goods and services is recognised on sale.

2. Budgets

The budgets reported in these Financial Statements are those approved by University Council on 22 November 2011.

3. Foreign Currencies

Transactions and balances in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction and balance date respectively. Foreign exchange gains and losses have been recognised in the Statement of Financial Performance.

4. Trade and Other Receivables

Accounts receivable are valued at estimated realisable value. Amounts not considered recoverable are written off in the period in which they are identified.

5. Property, Plant and Equipment

The University's land and buildings are revalued when there has been a significant movement in the market value or depreciated replacement cost. They were revalued on 31 December 2010 in accordance with NZ IAS 16, "Property, Plant and Equipment" and the New Zealand Property Institute's Valuation Standard 3, "Valuations for Financial Reporting". The basis of valuation was as follows:

- ~ Land was valued at market value;
- ~ Specialised buildings and improvements were valued at depreciated replacement cost; and
- ~ Non-specialised buildings and improvements were valued at market value.

The valuation was completed by a Registered Valuer employed by the University and has been reviewed by an independent Registered Valuer (Chapman Consultancy (2008) Limited) and confirmed as appropriate for financial reporting purposes. (Refer Note 8.)

No revaluation was deemed necessary in 2012.

Costs incurred in researching and determining the feasibility of acquiring a fixed asset, prior to final approval to purchase, have been recognised as an expense.

All Crown-owned land and buildings (if any) used by the University are included as part of the University's assets. Although legal title has not been transferred, the University has assumed all the normal risks and rewards of ownership.

Capital work in progress is valued at cost and is not depreciated.

Library books and periodicals, with the exception of rare books and special library collections, have been valued at cost less accumulated depreciation. Library electronic resources in the form of annual subscriptions are written off at the time of purchase.

Rare books and special library collections were valued as at 31 December 1994 by expert University Library staff, based on the net current value of items following the generally accepted methodology employed by the Alexander Turnbull Library. Any additions to the collection have been valued at cost. (Refer Note 16.)

The Hocken Library Collections were revalued at 1 January 2006 by an independent Registered Valuer (Peter Webb Galleries). The University elected to adopt optional exemption appendix D1 (c) of NZ IFRS 1 and has recognised the revalued amounts as fair value, and used this as the deemed cost. Any additions since 1 January 2006 have been valued at cost. (Refer Note 17.)

University artworks were valued at 1 January 2006 by an independent Registered Valuer (Peter Webb Galleries). The University elected to adopt optional exemption appendix D1 (c) of NZ IFRS 1 and has recognised the valued amounts as fair value, and used this as the deemed cost. Any additions since 1 January 2006 have been valued at cost.

Plant, motor vehicles, equipment and furniture are recorded at cost less accumulated depreciation and impairment losses. Asset purchases of less than \$2,000 are expensed at cost on acquisition, with the exception of furniture and computers which are capitalised regardless of cost.

The useful life of each asset class and the depreciation rates used in the preparation of these statements are as follows:

Asset Class	Useful Life (Years)	Depreciation Rate
Buildings and Components		
Site improvements	50 to 100	1.0% to 2.0%
Structure including walls	40 to 250	0.4% to 2.5%
Roof	25 to 100	1.0% to 4.0%
Plumbing	40 to 60	1.7% to 2.5%
Lifts	40 to 50	2.0% to 2.5%
Heating and ventilation	30 to 60	1.7% to 3.3%
Fume cupboards	15	6.7%
Floor coverings and chattels	10 to 40	2.5% to 10.0%
Fit out	30 to 75	1.3% to 3.3%
Fire protection	50 to 60	1.7% to 2.0%
Electrical	40 to 50	2.0% to 2.5%
Data network	15	6.7%
Motor vehicles and trailers	3 to 10	10.0% to 33.3%
Furniture and fittings	5 to 10	10.0% to 20.0%
Plant and equipment	4 to 37	2.7% to 25.0%
Computers and photocopiers	4 to 10	10.0% to 25.0%
Library collections	3 to 10	10.0% to 33.3%

Depreciation of all assets, except for land, artworks, rare books and special library collections is provided for on a straight-line basis at rates that will write off their cost, less any residual value, over their estimated useful lives. Land, artworks, rare books and special library collections are not depreciated.

6. Intangible Assets

Costs incurred in researching and determining the feasibility of acquiring computer software, prior to final approval to purchase, have been recognised as an expense.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, subsequent to final approval to purchase.

Costs that are directly associated with the internal development of software for use by the University of Otago are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful economic life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance. (Refer Note 9.)

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 to 25 years	4% to 33.3%.
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7. Inventory

Inventories have been valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis, or by the weighted average method. Obsolete inventories have been written off.

8. Goods and Services Tax (GST)

The financial statements are prepared on a basis which excludes GST. Accounts receivable and accounts payable are GST inclusive. GST owing to the Inland Revenue Department as at 31 December 2012 is included in accounts payable.

The net GST paid to, or received from the IRD, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

9. Employee Entitlements

Annual leave for academic and general staff has been accrued. In addition an accrual has been made for retirement gratuities and sick leave for both academic and general staff and long service leave for general staff. Retirement gratuities, long-service leave and sick leave have been accrued on the following basis:

- ~ Long-service leave which has vested to the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This is included as a Current Liability
- ~ Retirement gratuities which have vested to the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at the time of entitlement. This is included as a Current Liability
- ~ Retirement gratuities and long-service leave which have not yet vested in the employee (no entitlement has been established) have been measured using the present value measurement basis which discounts expected future cash outflows. This is treated as a Non-Current Liability
- ~ Sick leave has been measured using the present value measurement basis which discounts expected future cash outflows. This is treated as a Non-Current Liability
- ~ Employee entitlements relating to the sale of intellectual property have been valued using the value of the intellectual property at balance date as the basis for the entitlement.

10. Finance Leases

Finance leases, which effectively transfer to the University of Otago and Group companies all the risks and benefits incidental to ownership of the leased item, are capitalised. The leased assets and corresponding lease liabilities are disclosed and the leased assets are depreciated over the period that benefits are received from their use.

11. Operating Leases

An operating lease is a lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

12. Other Financial Assets

The University classifies its Other Financial Assets into the following four categories: financial assets at fair value through the Statement of Financial Performance; loans and receivables; held-to-maturity investments and available-for-sale assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at reporting date. Financial assets are initially measured at fair value plus transition costs.

Financial assets at fair value through the Statement of Financial Performance

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. These include investments in quoted shares. After initial recognition they are measured at fair values. Gains or losses on measurement are recognised in the Statement of Financial Performance.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include shareholders advances; loans and short term deposits. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses where the asset is impaired or derecognised are recognised in the Statement of Financial Performance.

Held-to-maturity investments

These are assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity. The University and Group have no investments in this category.

Available-for-sale assets

These are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through the Statement of Financial Performance, loans and receivables or held-to-maturity investments. The University and Group have no assets in this category.

University investments in its subsidiaries are carried at cost. Investments in associate companies are valued at cost plus the share of retained profits.

13. Accounting for Derivative Financial Instruments and Hedging Activities

The University uses derivative financial instruments to hedge exposure to foreign exchange risks arising from operating activities. The University does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value.

14. Statement of Cash Flows

Cash & Cash Equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Operating Activities include cash received from all income sources and record the cash payments made for the supply of goods and services.

Investing Activities are those activities relating to the acquisition and disposal of non-current assets.

Financing Activities comprise activities that change the debt structure of the University.

15. Taxation

The University, its subsidiaries and Trusts are exempt from the payment of income tax as they are treated by the Inland Revenue Department as charitable organisations. Accordingly, no charge for income tax applies or has been provided for.

16. ACC Partnership Programme

The University of Otago belongs to the ACC Partnership Programme whereby the University accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the ACC Partnership Programme, the University is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the Statement of Financial Position date for which the University has responsibility under the terms of the Partnership Programme.

The liability for claims reported prior to balance date has been determined by assuming that the future experience for each current claim is consistent with historical claim information since the commencement of the programme. The liability for injuries or illnesses that have occurred up to balance date, but not yet reported or not fully reported, has been determined by reference to historical information of the time it takes to report injury or illness.

The value of the liability is measured at the present value of the future payments for which the University has responsibility using a risk free discount rate. The value of the liability includes a risk margin that represents the inherent uncertainty of the present value of the expected future payments. No allowance has been made in the financial statements for an ACC liability, as it is deemed to be immaterial.

17. Superannuation Schemes

Defined contribution schemes: Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance.

Defined benefit schemes: The University belongs to the Government Superannuation Fund and the NPFDB scheme which are Defined Benefit Plan Contribution Schemes. The University has no underwriting responsibilities as any shortfall is met by the Government. As such, the schemes are accounted for as defined contribution plans. (Refer Note 12).

18. Critical Accounting Estimates and Assumptions

In preparing these financial statements the University has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

CHANGES IN ACCOUNTING POLICIES

All accounting policies have been applied on a basis consistent with the previous year.



Statement of Financial Performance

for the year ended 31 December 2012

		Consolidated			University		
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
INCOME							
Government Grants	1	216,239	215,675	211,061	215,449	214,963	210,542
Domestic Tuition Fees		94,226	96,724	91,035	93,858	96,377	90,717
International Tuition Fees		45,377	48,603	46,000	39,986	43,240	40,670
Investment Income	2	26,278	17,102	8,256	6,445	5,116	5,266
Externally Funded Research		88,332	88,266	91,783	88,176	88,108	91,535
Performance Based Research Funding		52,132	53,617	54,188	52,132	53,617	54,188
Distributions from Trust Funds		-	-	-	4,075	5,271	3,526
Consulting and Commercial Income		71,220	69,198	68,387	70,256	66,629	68,534
Sale of Intellectual Property		123	610	2,298	4	287	1,312
Trust Donations		2,831	1,550	2,450	-	-	-
Other Income		24,970	14,560	16,936	24,011	13,830	16,328
Total Income		621,728	605,905	592,394	594,392	587,438	582,618
EXPENDITURE							
Salaries – Academic		193,182	190,805	191,242	191,042	188,614	188,605
Salaries – General		142,853	142,472	138,339	139,295	139,019	135,696
Staff Related Costs		24,758	20,125	15,111	24,625	19,927	14,935
Consumables and General		102,357	108,516	98,008	98,707	102,789	95,230
Depreciation & Amortisation	3	56,922	56,439	53,792	56,669	55,627	53,674
Occupancy Costs		38,889	35,305	41,339	38,792	35,205	41,336
Scholarships		30,697	29,477	27,123	30,652	29,477	27,123
Total Expenditure	3	589,658	583,139	564,954	579,782	570,658	556,599
Net Surplus for the Year		32,070	22,766	27,440	14,610	16,780	26,019

THE STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FORM PART OF, AND ARE TO BE READ IN CONJUNCTION WITH, THIS STATEMENT.

Statement of Comprehensive Income

for the year ended 31 December 2012

		Consolidated			University		
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Net Surplus for the Year		32,070	22,766	27,440	14,610	16,780	26,019
Other Comprehensive Income							
Revaluation/(Impairment) of Fixed Assets	8	(7)	-	(7,845)	(7)	-	(7,845)
Other	7	2,394	3,623	-	-	-	-
Total Other Comprehensive Income		2,387	3,623	(7,845)	(7)	-	(7,845)
Total Comprehensive Income		34,457	26,389	19,595	14,603	16,780	18,174

Statement of Changes in Equity

for the year ended 31 December 2012

		Consolidated			University		
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Opening Equity Balance		1,411,376	1,408,732	1,391,781	1,174,661	1,172,299	1,156,487
Total Comprehensive Income for the Year		34,457	26,389	19,595	14,603	16,780	18,174
Adjustments		(2)	-	-	(2)	-	-
Closing Equity Balance		1,445,831	1,435,121	1,411,376	1,189,262	1,189,079	1,174,661

THE STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FORM PART OF, AND ARE TO BE READ IN CONJUNCTION WITH, THIS STATEMENT.

Statement of Financial Position

as at 31 December 2012

			Consolidated			University	
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
ASSETS							
Current Assets							
Cash and Cash Equivalents	4	12,621	15,793	19,411	5,745	5,000	8,978
Other Financial Assets	5	104,196	81,548	96,504	68,800	45,924	54,765
Trade & Other Receivables and Prepayments	6	22,391	24,409	25,634	22,163	22,581	23,917
Inventory		594	712	555	594	712	555
Total Current Assets		139,802	122,462	142,104	97,302	74,217	88,215
Non-Current Assets							
Investments in Associates	7	3,409	3,355	5,130	-	-	-
Other Financial Assets	5	148,831	131,152	121,189	42,982	57,358	41,421
Property, Plant & Equipment	8	1,304,200	1,356,265	1,297,809	1,183,775	1,216,070	1,179,855
Intangible Assets – Internally Generated	9	1,115	-	1,722	1,115	-	1,722
Intangible Assets – Externally Generated	9	16,287	135	13,147	16,217	-	13,048
Total Non-Current Assets		1,473,842	1,490,907	1,438,997	1,244,089	1,273,428	1,236,046
TOTAL ASSETS		1,613,644	1,613,369	1,581,101	1,341,391	1,347,645	1,324,261
LIABILITIES							
Current Liabilities							
Trade & Other Payables and Accruals	10	38,905	43,614	43,993	43,900	43,097	43,568
Funds Received in Advance	11	51,519	54,429	54,265	31,561	36,125	35,314
Employee Entitlements	12	42,893	41,496	41,882	42,703	41,320	41,764
Total Current Liabilities		133,317	139,539	140,140	118,164	120,542	120,646
Non-Current Liabilities							
Loans and Leases	13	531	685	631	-	-	-
Employee Entitlements	12	33,965	38,024	28,954	33,965	38,024	28,954
Total Non-Current Liabilities		34,496	38,709	29,585	33,965	38,024	28,954
EQUITY							
General Reserve	14	855,381	827,381	820,919	598,812	581,339	584,204
Property Revaluation Reserve	14	590,450	607,740	590,457	590,450	607,740	590,457
Total Equity		1,445,831	1,435,121	1,411,376	1,189,262	1,189,079	1,174,661
TOTAL LIABILITIES & EQUITY		1,613,644	1,613,369	1,581,101	1,341,391	1,347,645	1,324,261

THE STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FORM PART OF, AND ARE TO BE READ IN CONJUNCTION WITH, THIS STATEMENT.

Statement of Cash Flows

for the year ended 31 December 2012

		Consolidated			University		
	Note	This Year \$000	Budget \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
OPERATING ACTIVITIES							
<i>Cash was provided from:</i>							
Government Grant/PBRF		268,455	268,581	265,108	267,636	268,581	264,630
Revenue from Fees		140,511	146,008	136,531	134,583	139,998	130,852
Revenue from Services		183,761	175,522	191,062	182,238	174,878	181,324
Investment Income		10,667	12,540	13,278	4,492	5,213	4,538
		603,394	602,651	605,979	588,949	588,670	581,344
<i>Cash was applied to:</i>							
Employees and Suppliers		520,169	519,832	514,121	510,282	510,193	504,958
		520,169	519,832	514,121	510,282	510,193	504,958
Net Cash Flows from Operating Activities		83,225	82,819	91,858	78,667	78,477	76,386
INVESTING ACTIVITIES							
<i>Cash was provided from:</i>							
Investments		36,215	-	15,366	214	-	-
Investments – Subsidiaries, Associates & Other		399	779	404	5,399	779	404
Sale of Property, Plant & Equipment		88	-	613	88	-	613
		36,702	779	16,383	5,701	779	1,017
<i>Cash was applied to:</i>							
Investments		54,711	52,936	42,463	14,000	45,523	10,000
Investments – Subsidiaries, Associates & Other		3,331	-	1,760	5,824	-	1,820
Property, Plant & Equipment Acquired		67,916	87,146	70,511	67,777	87,763	70,331
		125,958	140,082	114,734	87,601	133,286	82,151
Net Cash Flows from Investing Activities		(89,256)	(139,303)	(98,351)	(81,900)	(132,507)	(81,134)
FINANCING ACTIVITIES							
<i>Cash was provided from:</i>							
Loans raised		-	-	22	-	81	733
		-	-	22	-	81	733
<i>Cash was applied to:</i>							
Reduce liabilities		759	-	737	-	-	717
		759	-	737	-	-	717
Net Cash Flows from Financing Activities		(759)	-	(715)	-	81	16
Total Cash Flows		(6,790)	(56,484)	(7,208)	(3,233)	(53,949)	(4,732)
Opening Balance		19,411	72,277	26,619	8,978	58,949	13,710
Closing Balance		12,621	15,793	19,411	5,745	5,000	8,978
<i>Represented by:</i>							
Cash and Cash Equivalents	4	12,621	15,793	19,411	5,745	5,000	8,978
Total		12,621	15,793	19,411	5,745	5,000	8,978

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department.

Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Net Surplus	32,070	27,440	14,610	26,019
<i>Plus (Less) Non Cash Items</i>				
Adjustment to Staff Entitlements	5,011	(5,551)	5,011	(5,551)
Non Cash Dividends Received	(2,097)	-	-	-
Adjustment to Investments	(13,401)	6,124	(1,339)	-
Dunedin City Tertiary Accommodation Trust	(539)	(466)	-	-
Increase (Decrease) in Loans from External Trust Funds	64	5	-	-
Non Cash Donations	(232)	447	-	-
Share of Associates Surpluses	(30)	(260)	-	-
Depreciation and Property, Plant & Equipment Written Off	56,922	53,792	56,669	53,674
Gain/(Loss) on Disposal of Property, Plant & Equipment	140	(161)	140	(161)
Other Non-Cash Items	(1)	(10)	-	-
Total Non-Cash Items	45,837	53,920	60,481	47,962
<i>Plus (Less) movements in other working capital items:</i>				
Decrease (Increase) in Trade & Other Receivables	3,222	(779)	2,124	(714)
Decrease (Increase) in Prepayments	76	(499)	76	(499)
Decrease (Increase) in Inventory	(39)	138	(39)	138
Increase (Decrease) in Trade & Other Payables	3,567	(2,064)	4,002	(1,457)
Increase (Decrease) in Employee Entitlements	1,239	5,224	1,167	5,244
Increase (Decrease) in Funds Received in Advance	(2,747)	8,478	(3,754)	(307)
Total Movements in Other Working Capital Items	5,318	10,498	3,576	2,405
Net Cash Flows from Operating Activities	83,225	91,858	78,667	76,386

THE STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FORM PART OF, AND ARE TO BE READ IN CONJUNCTION WITH, THIS STATEMENT.

Statement of Commitments and Contingencies

as at 31 December 2012

	University and Consolidated	
	This Year \$000	Last Year \$000
COMMITMENTS		
Capital works and equipment:		
Capital Works	4,712	15,370
Equipment and Other	4,417	1,286
	9,129	16,656
Non-cancellable property operating leases:		
The University and Group leases property in the normal course of its business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:		
Not later than 1 year	2,954	2,752
Later than 1 year and not later than 2 years	2,183	2,058
Later than 2 years and not later than 5 years	3,286	2,798
Later than 5 years	3,868	4,132
Total Commitment	12,291	11,740
Total Commitments	21,420	28,396

	University and Consolidated	
	This Year \$000	Last Year \$000
CONTINGENT LIABILITIES		
The University provided a guarantee to the Bank of New Zealand for a bond given by the bank to the Dunedin City Council, over the siting of some temporary buildings.		
	50	50
There were several personal grievance claims by employees against the University.		
	3	14

CONTINGENT ASSETS

Insurance Proceeds:

The University has two key insurance policies relevant to the Christchurch earthquakes as follows:

Material Damage – This is a full replacement policy.

Business Interruption – Lost revenues and additional costs are claimable if they arise as a consequence of damage to the Group's insured assets.

The University is virtually certain to receive insurance proceeds on both policies, but the quantum of the likely proceeds cannot be reliably measured, because of the wide range of possible outcomes that will be negotiated with the University's insurers following completion of detailed engineering and financial assessments. To date, \$2.5 million of insurance proceeds have been recognised as income in the financial statements.

It will be several months before the University will be in a position to finalise claims with the underwriters. There are currently no disputes with the University's underwriters or their assessors.

There were no other Contingent Assets.

Notes to and Forming Part of the Financial Statements

for the year ended 31 December 2012

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
Note 1 GOVERNMENT GRANTS						
Vote Education	214,068	213,797	208,891	213,278	213,085	208,372
Vote Health	2,171	1,878	2,170	2,171	1,878	2,170
Total Government Grants	216,239	215,675	211,061	215,449	214,963	210,542

Vote Education includes funding received from Government by way of the tertiary education student achievement component (the latter is based on forecast equivalent full-time student (EFTS) numbers and the funding category values of these EFTS). Vote Health is EFTS funding for health education that is clinically based and is funded by the Ministry of Health, through the Clinical Training Agency.

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
Note 2 INVESTMENT INCOME						
Interest from Bank Term Deposits	6,584	6,408	6,493	5,106	5,116	5,266
<i>Loans and Receivables</i>						
Interest from Loans and Advance	170	19	-	-	-	-
Interest from Government and Public Stock	528	896	882	-	-	-
Interest from Corporate Bonds and Notes	2,661	3,180	3,600	-	-	-
Income from Associate Companies	104	44	307	-	-	-
Dividends from New Zealand Company Equities	2,447	2,412	2,356	-	-	-
Dividends from Australian & Global Company Equities	1,548	1,443	1,304	-	-	-
Realised Gains/(Losses) on Sale of Equities	(1,220)	-	(603)	44	-	-
Realised Foreign Exchange Gains	(9)	-	27	-	-	-
Unrealised Gains/(Losses) on Revaluations of Investments	14,954	2,700	(6,357)	1,295	-	-
Unrealised Foreign Exchange Gains/(Losses)	(1,489)	-	247	-	-	-
Total Investment Income	26,278	17,102	8,256	6,445	5,116	5,266

Note 3

REQUIRED DISCLOSURES**Statement of Financial Performance**

Total Expenditure includes:

Fees to Principal Auditor (Audit NZ)

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
– Audit Fees for Financial Statement Audit	280	262	241	174	172	164
– Fees for Other Services ^{*1}	9	15	8	9	15	8

Total Fees to Principal Auditor	289	277	249	183	187	172
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^{*1} Relates to the audit of the Vice-Chancellor's declaration on the Performance-Based Research Fund External Research Income component.

*Depreciation/Amortisation*Depreciation – Property Plant & Equipment
(see Note 8)

53,315	54,005	51,560	53,099	53,253	51,457
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Amortisation – Intangible Assets
(see Note 9)

3,607	2,434	2,232	3,570	2,374	2,217
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Total Depreciation/Amortisation	56,922	56,439	53,792	56,669	55,627	53,674
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Profit/Loss on Disposal of Fixed Assets	140	(35)	(161)	140	(35)	(161)
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Interest Expense	259	167	187	259	167	187
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Bad Debts Written Off	153	88	139	131	88	133
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Lease Payments	5,456	5,805	5,519	5,456	5,805	5,519
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Losses from Associate Companies	59	4	47	-	-	-
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Directors Remuneration	139	128	126	-	-	-
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Trustees Remuneration	9	5	4	-	-	-
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Fees Paid to Lay Council Members (see below)	79	107	86	79	107	86
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The following fees were earned by members of the University Council during the year:

Council Member	This Year \$000	Last Year \$000
E O K Blaikie	3	4
D C Cull	3	3
L Edgar	4	-
J D Every-Palmer	1	2
H R Geoghegan	-	2
S J Higgs	1	-
L P Isaacs	15	15
S J McLauchlan	7	8
D C Matahaere-Atariki	3	2
K J Reid	-	4
J K Rowe	5	4
M J M Sidey	3	4
R J Somerville	5	8
R H Tobin	4	5
J F Ward	25	25
Total Earned	79	86

Note: Council members who are also employees do not receive attendance fees.

The following Director and Trustee remuneration was earned by members of the University Council who are directors/trustees of group organisations:

Council Member	This Year \$000	Last Year \$000
S J Higgs	2	1
L P Isaacs	2	2
S J McLauchlan	11	6
M J Sidey	1	-
R J Somerville	1	1
J F Ward	17	15
Total Earned	34	25

Note 4

CASH AND CASH EQUIVALENTS

	This Year	Consolidated	Last Year	This Year	University	Last Year
	\$000	Budget \$000	\$000	\$000	Budget \$000	\$000
Cash at bank and in hand	1,687	220	815	1,635	-	796
Bank on call deposits	7,934	9,573	13,346	4,110	5,000	8,182
Short term deposits maturing 3 months or less from date of acquisition	3,000	6,000	5,250	-	-	-
Total Cash and Cash Equivalents	12,621	15,793	19,411	5,745	5,000	8,978

Note 5

OTHER FINANCIAL ASSETS

	This Year	Consolidated	Last Year	This Year	University	Last Year
	\$000	Budget \$000	\$000	\$000	Budget \$000	\$000
Current Portion						
<i>Loans and Receivables</i>						
Loans to Subsidiaries	-	-	-	-	-	370
Loans to Associates	-	-	370	-	-	-
Other loans	800	401	395	800	401	395
Pledged donations	790	650	850	-	-	-
Short term deposits with maturities of greater than 3 months from date of acquisition	95,455	72,273	81,200	68,000	45,523	54,000
<i>Fair value through Statement of Financial Performance</i>						
Govt, LB & SOE Stock & Corporate Bonds	7,151	8,224	13,689	-	-	-
Total Current Portion	104,196	81,548	96,504	68,800	45,924	54,765
Non-Current Portion						
<i>Loans and Receivables</i>						
Loans to Subsidiaries	-	-	-	-	2,128	1,758
Other loans	8,096	5,151	5,574	8,096	5,151	5,574
Pledged donations	1,660	1,540	2,190	-	-	-
<i>Fair value through Statement of Financial Performance</i>						
Short term deposits with maturities of 1-5 years	2,011	-	-	-	-	-
Govt, LB & SOE Stock & Corporate Bonds	46,694	44,081	41,146	-	-	-
Shares in listed equities	90,175	80,062	72,001	2,100	1,403	1,303
Shares in other companies	195	318	278	-	-	-
<i>Shares in Subsidiary</i>						
Shares in Subsidiary	-	-	-	7,786	23,676	7,786
Investment in-substance subsidiary	-	-	-	25,000	25,000	25,000
Total Non-Current Portion	148,831	131,152	121,189	42,982	57,358	41,421
Total Other Financial Assets	253,027	212,700	217,693	111,782	103,282	96,186

The maturity profile for other investments is as follows:

	Consolidated		University	
	Weighted avg effective interest rate		Weighted avg effective interest rate	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Less than 1 Year				
<i>Loans and Receivables</i>				
Loans to Subsidiaries	-	-	-	370
Loans to Associates	-	370	-	-
Other loans	800	395	800	395
Pledged Donations	790	850	-	-
Short term deposits with maturities of greater than 3 months from date of acquisition	95,455	81,200	68,000	54,000
<i>Fair value through Statement of Financial Performance</i>				
Govt, LB & SOE Stock & Corporate Bonds	7,151	13,689	-	-
Total Current Portion	104,196	96,504	68,800	54,765
1 to 5 years				
<i>Loans and Receivables</i>				
Other loans	3,027	1,754	3,027	1,754
Pledged Donations	1,460	1,890	-	-
<i>Fair value through Statement of Financial Performance</i>				
Short term deposits with maturities of 1-5 years	2,011	-	-	-
Govt, LB & SOE Stock & Corporate Bonds	32,231	23,253	-	-
More than 5 years				
<i>Loans and Receivables</i>				
Loans to Subsidiaries	-	-	-	1,758
Other loans	5,069	3,820	5,069	3,820
Pledged Donations	200	300	-	-
<i>Fair value through Statement of Financial Performance</i>				
Govt, LB & SOE Stock & Corporate Bonds	14,463	17,893	-	-
Shares in Listed Companies	90,175	72,001	2,100	1,303
Shares in Other Companies	195	278	-	-
Other				
Shares in Subsidiary	-	-	7,786	7,786
Investment in in-substance subsidiary	-	-	25,000	25,000
Total Term Portion	148,831	121,189	42,982	41,421
Total Loans and Receivables	253,027	217,693	111,782	96,186

Investments

Investments held by the Group include State Owned Enterprises (SOE) stock, local authority (LB) stock, bank bonds, commercial bonds and listed equities. The fair values of these investments are based on quoted market prices at balance date.

Nil Interest Loans

Other loans are recognised when the loan value is transferred to the other party and contract documents signed. The fair value of these loans is the face value. The University expects the loan repayment installments to be repaid and the agreements to be honoured.

Total nil interest loans outstanding are \$7.715 million. The net present value of these loans at an interest rate of 4% is \$5.924 million.

Note 6

TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	This Year \$000	Consolidated		This Year \$000	University	
		Budget \$000	Last Year \$000		Budget \$000	Last Year \$000
Trade Receivables	10,765	13,881	12,458	10,274	12,262	12,011
Other Receivables	7,319	6,556	8,882	7,682	6,354	7,623
Prepayments	4,307	3,972	4,294	4,207	3,965	4,283
Total Trade & Other Receivables and Prepayments	22,391	24,409	25,634	22,163	22,581	23,917

	This Year \$000	Consolidated		This Year \$000	University	
			Last Year \$000			Last Year \$000
TRADE RECEIVABLES						
Current	8,527		9,758	8,148		9,441
2 to 3 months	576		1,105	465		994
> 3 months	1,662		1,595	1,661		1,576
Carrying Amount	10,765		12,458	10,274		12,011

Any impairment or write-off of trade receivables is based on an analysis of past collection history, and a review of specific debtors' balances greater than 3 months.

Note 7

INVESTMENTS IN ASSOCIATES

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
University of Otago Holdings Limited						
Unipol Recreation Limited	-	-	1,793	-	-	-
Unihealth Limited	-	-	-	-	-	-
University Union Limited	2,520	2,484	2,431	-	-	-
LCO New Zealand Limited	795	811	816	-	-	-
NZ Centre for Reproductive Medicine Ltd	60	60	60	-	-	-
BPAC NZ Limited	-	-	-	-	-	-
Upstart Incubation Trustee Company Ltd	-	-	-	-	-	-
	3,375	3,355	5,100	-	-	-
Otago Innovation Limited						
Photonic Innovations Limited	26	-	30	-	-	-
Menixis Limited	8	-	-	-	-	-
	34	-	30	-	-	-
Total Investments in Associates	3,409	3,355	5,130	-	-	-

	This Year \$000	Consolidated Budget \$000	Last Year \$000
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University of Otago Holdings Limited's Associates:**Name of entity: Unipol Recreation Limited**

Principal activity: Building owner

Ownership: 100% (31 December 2011 – 40%)

Balance date: 31 December

During the year UOHL acquired the balance of shares in this company, hence the reclassification to subsidiaries. The net assets acquired exceeded the consideration, with the resulting gain (\$2.394 million) shown in the Statement of Comprehensive Income.

Investment at Deemed Cost	-	-	905
Share of Increase (Decrease) in the net assets of the Associate (previous years)	-	-	691
Share of Increase (Decrease) in the net assets of the Associate (current year)	-	-	197

Total Investment	-	-	1,793
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	This Year \$000	Consolidated Budget \$000	Last Year \$000
Name of entity: Unihealth Limited			
Principal activity: Not operating			
Ownership: 50% (31 December 2011 – 50%)			
Balance date: 31 December			
Investment at Deemed Cost	-	-	3
Share of Increase (Decrease) in the net assets of the Associate (previous years)	-	-	-
Share of Increase (Decrease) in the net assets of the Associate (current year)	-	-	(3)
Total Investment	-	-	-
Name of entity: University Union Limited			
Principal activity: Owner of University Union Building, University of Otago			
Ownership: 50% (31 December 2011 – 50%)			
Balance date: 31 December			
Investment at Deemed Cost	1,992	1,992	1,992
Share of Increase (Decrease) in the net assets of the Associate (previous years)	439	442	329
Share of Increase (Decrease) in the net assets of the Associate (current year)	89	50	110
Total Investment	2,520	2,484	2,431
Name of entity: LCO New Zealand Limited			
Principal activity: Owner and operator of library system			
Ownership: 31% (31 December 2011 – 31%)			
Balance date: 31 December			
Investment at Deemed Cost	792	792	792
Share of Increase (Decrease) in the net assets of the Associate (previous years)	24	6	33
Share of Increase (Decrease) in the net assets of the Associate (current year)	(21)	13	(9)
Total Investment	795	811	816
Name of entity: New Zealand Centre for Reproductive Medicine Limited			
Principal activity: Not operating, formerly involved in the provision of human fertility services			
Ownership: 50% (31 December 2011 – 50%)			
Balance date: 30 June			
Investment at Deemed Cost	60	60	310
Share of Increase (Decrease) in the net assets of the Associate (previous years)	-	-	(223)
Share of Increase (Decrease) in the net assets of the Associate (current year)	-	-	(27)
Total Investment	60	60	60

	Consolidated	
This Year	Budget	Last Year
\$000	\$000	\$000

Name of entity: BPAC NZ Limited

Principal activity: Provision of best practice advocacy to primary, secondary and tertiary health providers in the field of medication prescribing

Ownership: 20% (31 December 2011 – 20%)

Balance date: 30 June

Value: UOHL doesn't account for a share of BPAC's income or net assets, as it has been established there is no prospect of distribution to shareholders.

Name of entity: Upstart Incubation Trustee Company Limited

Principal activity: This company is not operational, and has no assets or liabilities

Ownership: 33.33% (31 December 2011 – 33.33%)

Otago Innovation Limited's Associates:**Name of entity: Photonic Innovations Limited**

Principal activity: Development of infrared laser technology

Ownership: 50% (31 December 2011 – 50%)

Balance date: 31 December

Unlisted ordinary shares	59	-	59
Share of Increase (Decrease) in the net assets of the Associate (previous years)	(29)	-	(21)
Share of Increase (Decrease) in the net assets of the Associate (current year)	(4)	-	(8)

Total Investment	26	-	30
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Name of entity: Menixis Limited

Principal activity: Developing particle analysis technology

Ownership: 22.7% (31 December 2011 – 26.7%)

Balance date: 31 March

Unlisted ordinary shares	12	-	-
Share of Increase (Decrease) in the net assets of the Associate (previous years)	-	-	-
Share of Increase (Decrease) in the net assets of the Associate (current year)	(4)	-	-

Total Investment	8	-	-
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Name of entity: Kiwi Innovation Network Limited

Principal activity: Commercialisation of IP generated from NZ publicly funded research organisation

Ownership: 11.1% (31 December 2011 – 0%)

Balance date: 31 December

Unlisted ordinary shares	30	-	-
Share of Increase (Decrease) in the net assets of the Associate (previous years)	-	-	-
Share of Increase (Decrease) in the net assets of the Associate (current year)	(30)	-	-

Total Investment	-	-	-
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Total Investments in Associates	3,409	3,355	5,130
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Note 8 **PROPERTY, PLANT AND EQUIPMENT – PARENT**

Cost	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books	Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Balance at 1 January 2011</i>										
Items at cost	5,602	11,758	74,876	22,682	9,913	99,321	2,897	9,414	190,250	426,713
Items at valuation	198,919	828,288	-	-	-	-	-	-	-	1,027,207
	204,521	840,046	74,876	22,682	9,913	99,321	2,897	9,414	190,250	1,453,920
Revaluations/(impairment)	(1,077)	(6,768)	-	-	-	-	-	-	-	(7,845)
Additions		42,575	3,694	1,228	162	4,064	192	72	14,336	66,323
Disposals	(33)	(115)	(7,665)	(291)	-	-	-	-	(10,591)	(18,695)
Transfers between categories	-	-	20	-	-	-	-	-	(20)	-
Other adjustments	-	(6)	(3)	-	(1)	1	-	-	(4)	(13)
Balance at 31 December 2011	203,411	875,732	70,922	23,619	10,074	103,386	3,089	9,486	193,971	1,493,690
<i>Balance at 1 January 2012</i>										
Items at cost	5,569	54,212	70,922	23,619	10,074	103,386	3,089	9,486	193,971	474,328
Items at valuation	197,842	821,520	-	-	-	-	-	-	-	1,019,362
	203,411	875,732	70,922	23,619	10,074	103,386	3,089	9,486	193,971	1,493,690
Revaluations/(impairment)	-	(7)	-	-	-	-	-	-	-	(7)
Additions	5,500	28,802	5,533	981	45	3,353	353	51	12,657	57,275
Disposals	-	(105)	(5,772)	(7,382)	-	(51,014)	-	-	(919)	(65,192)
Transfers between categories	-	-	28	8	-	-	-	-	(36)	-
Other adjustments	-	(3)	1	-	-	(1)	-	-	(19)	(22)
Balance at 31 December 2012	208,911	904,419	70,712	17,226	10,119	55,724	3,442	9,537	205,654	1,485,744

PROPERTY, PLANT AND EQUIPMENT – PARENT (continued)

Accumulated Depreciation and
Impairment Losses

	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books	Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Balance at 1 January 2011</i>	-	-	59,760	13,082	-	79,637	-	-	128,142	280,621
Revaluations/(impairment)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	25,915	6,139	1,658	-	4,882	-	-	12,863	51,457
Revaluations – write back accum. Depn	-	-	-	-	-	-	-	-	-	-
Disposals	-	(5)	(7,626)	(283)	-	-	-	-	(10,329)	(18,243)
Transfers between categories	-	-	(286)	-	-	-	-	-	286	-
Other adjustments	-	-	(1)	-	-	-	-	-	-	-
Balance at 31 December 2011	-	25,910	57,986	14,457	-	84,519	-	-	130,963	313,835
<i>Balance at 1 January 2012</i>	-	25,910	57,986	14,457	-	84,519	-	-	130,963	313,835
Revaluations/(impairment)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	27,180	5,744	1,626	-	5,119	-	-	13,430	53,099
Revaluations – write back accum. Depn	-	-	-	-	-	-	-	-	-	-
Disposals	-	(6)	(5,753)	(7,382)	-	(51,014)	-	-	(809)	(64,964)
Transfers between categories	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	(1)	-	-	-	-	-	-	(1)
Balance at 31 December 2012	-	53,084	57,976	8,701	-	38,624	-	-	143,584	301,969

Carrying Amounts

At 1 January 2011	204,521	840,046	15,116	9,600	9,913	19,684	2,897	9,414	62,108	1,173,299
At 31 December 2011 & 1 January 2012	203,411	849,822	12,936	9,162	10,074	18,867	3,089	9,486	63,008	1,179,855
At 31 December 2012	208,911	851,335	12,736	8,525	10,119	17,100	3,442	9,537	62,070	1,183,775

PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED

Cost	Land	Buildings	Computers	Furniture	Artworks	Library Books	Hocken Collections	Rare Books	Equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Balance at 1 January 2011</i>										
Items at cost	7,903	16,792	75,776	23,107	9,913	99,504	111,911	9,414	190,878	545,198
Items at valuation	198,919	828,288	-	-	-	-	-	-	-	1,027,207
	206,822	845,080	75,776	23,107	9,913	99,504	111,911	9,414	190,878	1,572,405
Revaluations/(impairment)	(1,077)	(6,768)	-	-	-	-	-	-	-	(7,845)
Additions	143	42,884	3,717	1,252	162	4,064	915	72	14,446	67,655
Disposals	(33)	(115)	(8,296)	(558)	-	(183)	-	-	(10,764)	(19,949)
Transfers between categories	-	-	20	-	-	-	-	-	(20)	-
Other adjustments	-	(6)	(3)	-	(1)	1	-	-	(4)	(13)
Balance at 31 December 2011	205,855	881,075	71,214	23,801	10,074	103,386	112,826	9,486	194,536	1,612,253
<i>Balance at 1 January 2012</i>										
Items at cost	8,013	59,555	71,214	23,801	10,074	103,386	112,826	9,486	194,536	592,891
Items at valuation	197,842	821,520	-	-	-	-	-	-	-	1,019,362
	205,855	881,075	71,214	23,801	10,074	103,386	112,826	9,486	194,536	1,612,253
Revaluations/(impairment)	-	(7)	-	-	-	-	-	-	-	(7)
Additions	5,666	29,899	5,568	1,185	45	3,353	1,175	51	13,020	59,962
Disposals	-	(174)	(5,772)	(7,382)	-	(51,014)	-	-	(1,008)	(65,350)
Transfers between categories	-	-	28	8	-	-	-	-	(36)	-
Other adjustments	-	(3)	1	-	-	(1)	-	-	(19)	(22)
Balance at 31 December 2012	211,521	910,790	71,039	17,612	10,119	55,724	114,001	9,537	206,493	1,606,836

PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED (continued)

	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library Books \$000	Hocken Collections \$000	Rare Books \$000	Equipment \$000	Total \$000
Accumulated Depreciation & Impairment Losses										
<i>Balance at 1 January 2011</i>	-	67	60,566	13,406	-	79,820	-	-	128,522	282,381
Revaluations/(impairment)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	25,917	6,197	1,669	-	4,882	-	-	12,895	51,560
Disposals	-	(5)	(8,257)	(550)	-	(183)	-	-	(10,502)	(19,497)
Transfers between categories	-	-	(294)	-	-	-	-	-	294	-
Other adjustments	-	-	(1)	-	-	-	-	-	-	-
Balance at 31 December 2011	-	25,979	58,211	14,525	-	84,519	-	-	131,210	314,444
<i>Balance at 1 January 2012</i>	-	25,979	58,211	14,525	-	84,519	-	-	131,210	314,444
Revaluations/(impairment)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	27,243	5,793	1,675	-	5,119	-	-	13,485	53,315
Disposals	-	(75)	(5,745)	(7,382)	-	(51,014)	-	-	(906)	(65,122)
Transfers between categories	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	(1)	-	-	-	-	-	-	(1)
Balance at 31 December 2012	-	53,147	58,258	8,818	-	38,624	-	-	143,789	302,636

Carrying Amounts

At 1 January 2011	206,822	845,013	15,210	9,701	9,913	19,684	111,911	9,414	62,356	1,290,024
At 31 December 2011 & 1 January 2012	205,855	855,096	13,003	9,276	10,074	18,867	112,826	9,486	63,326	1,297,809
At 31 December 2012	211,521	857,643	12,781	8,794	10,119	17,100	114,001	9,537	62,704	1,304,200

Buildings at Cost includes Work in Progress \$21.661 million (2011: \$46.729 million).

Note 9 **INTANGIBLE ASSETS – PARENT**

	Externally Generated \$000	Internally Generated \$000	Total \$000
Cost			
<i>Balance at 1 January 2011</i>	19,464	3,515	22,979
Additions	5,278	190	5,468
Disposals	(65)	-	(65)
Transfers Property Plant & Equipment	-	-	-
Other adjustments	-	-	-
Balance at 31 December 2011	24,677	3,705	28,382
<i>Balance at 1 January 2012</i>	24,677	3,705	28,382
Additions	6,026	104	6,130
Disposals	-	-	-
Transfers Property Plant & Equipment	-	-	-
Other adjustments	2	-	2
Balance at 31 December 2012	30,705	3,809	34,514
Accumulated Amortisation & Impairment Losses			
<i>Balance at 1 January 2011</i>	9,815	1,645	11,460
Amortisation	1,879	338	2,217
Disposals	(65)	-	(65)
Other adjustments	-	-	-
Balance at 31 December 2011	11,629	1,983	13,612
<i>Balance at 1 January 2012</i>	11,629	1,983	13,612
Amortisation	2,859	711	3,570
Disposals	-	-	-
Other adjustments	-	-	-
Balance at 31 December 2012	14,488	2,694	17,182
Carrying Amounts			
At 1 January 2011	9,649	1,870	11,519
At 31 December 2011 & 1 January 2012	13,048	1,722	14,770
At 31 December 2012	16,217	1,115	17,332

INTANGIBLE ASSETS – CONSOLIDATED

	Externally Generated \$000	Internally Generated \$000	Total \$000
Cost			
<i>Balance at 1 January 2011</i>	19,666	3,515	23,181
Additions	5,316	190	5,506
Disposals	(159)	-	(159)
Transfers Property Plant & Equipment	-	-	-
Other adjustments	-	-	-
Balance at 31 December 2011	24,823	3,705	28,528
<i>Balance at 1 January 2012</i>	24,823	3,705	28,528
Additions	6,034	104	6,138
Disposals	-	-	-
Transfers Property Plant & Equipment	-	-	-
Other adjustments	2	-	2
Balance at 31 December 2012	30,859	3,809	34,668
Accumulated Amortisation & Impairment Losses			
<i>Balance at 1 January 2011</i>	9,941	1,645	11,586
Amortisation	1,894	338	2,232
Disposals	(159)	-	(159)
Other adjustments	-	-	-
Balance at 31 December 2011	11,676	1,983	13,659
<i>Balance at 1 January 2012</i>	11,676	1,983	13,659
Amortisation	2,896	711	3,607
Disposals	-	-	-
Other adjustments	-	-	-
Balance at 31 December 2012	14,572	2,694	17,266
Carrying Amounts			
At 1 January 2011	9,725	1,870	11,595
At 31 December 2011 & 1 January 2012	13,147	1,722	14,869
At 31 December 2012	16,287	1,115	17,402

Note 10 **TRADE & OTHER PAYABLES AND ACCRUALS**

	This Year	Consolidated		This Year	University	
	\$000	Budget	Last Year	\$000	Budget	Last Year
		\$000	\$000		\$000	\$000
Trade Payables	11,638	13,084	8,743	11,608	12,752	8,602
Other Payables	15,402	19,121	21,110	21,392	19,108	21,601
Accruals	11,865	11,409	14,140	10,900	11,237	13,365
Total Trade & Other Payables and Accruals	38,905	43,614	43,993	43,900	43,097	43,568

	This Year	Consolidated		This Year	University	
	\$000		Last Year	\$000		Last Year
			\$000			\$000
TRADE PAYABLES						
Current	9,699		5,434	9,669		5,293
2 to 3 months	1,354		2,942	1,354		2,942
> 3 months	585		367	585		367
Carrying Amount	11,638		8,743	11,608		8,602

Note 11 **FUNDS RECEIVED IN ADVANCE**

	This Year	Consolidated		This Year	University	
	\$000	Budget	Last Year	\$000	Budget	Last Year
		\$000	\$000		\$000	\$000
Research Funding	23,414	27,540	26,442	23,414	27,540	26,442
Student Fees	7,347	8,726	7,853	5,292	6,395	5,821
Other	20,758	18,163	19,970	2,855	2,190	3,051
Total Funds Received in Advance	51,519	54,429	54,265	31,561	36,125	35,314

Note 12 **EMPLOYEE ENTITLEMENTS**

Current Portion of Employee Entitlements:

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
Annual Leave	28,978	29,027	28,219	28,788	28,851	28,101
Long-Service Leave	906	654	961	906	654	961
Retirement Gratuities	13,009	11,582	12,474	13,009	11,582	12,474
Staff Intellectual Property Entitlements	-	233	228	-	233	228

Total Current Portion	42,893	41,496	41,882	42,703	41,320	41,764
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Non-Current Portion of Employee Entitlements:

Long-Service Leave	1,453	1,386	1,258	1,453	1,386	1,258
Retirement Gratuities	31,650	35,248	26,254	31,650	35,248	26,254
Sick Leave	862	1,390	1,442	862	1,390	1,442

Total Non-Current Portion	33,965	38,024	28,954	33,965	38,024	28,954
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Total Employee Entitlements	76,858	79,520	70,836	76,668	79,344	70,718
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Calculation of Sick Leave, Long-Service Leave and Retirement Gratuities

An actuarial assessment of the accrued sick leave, long-service leave and retirement gratuities of the University of Otago in respect of current employees was carried out as at 31 December 2012. A range of discount rates from 2.44% to 6.00% (2011: 2.76% to 6.00%) and a salary growth rate of 3.00% (2011: 3.00%) have been applied in the calculation of the non-current sick leave, long-service leave and retirement gratuity entitlements. Discount rates are those assessed as the interest rates (before tax) attaching to Government Stock with terms to maturity that match, as closely as possible, the terms of the related liabilities. The salary growth rate is based on the projected long-term annual rate of inflation. The assumed retirement age of academic staff is 69 (2011: 69).

Sick leave for University of Otago Holdings Limited Group has not been accrued as it is immaterial.

	This Year \$000	Consolidated Last Year \$000	This Year \$000	University Last Year \$000
Employer Contributions to Multi-Employer Defined Benefit Plans	3,649	4,052	3,649	4,052

Note 13 **LOANS AND LEASES**

	This Year \$000	Consolidated Budget \$000	Last Year \$000	This Year \$000	University Budget \$000	Last Year \$000
Non-Current Loans & Leases	531	685	631	-	-	-
Total Loans and Leases	531	685	631	-	-	-

Non-Current Loans represent funds held on behalf of two external trusts where the University of Otago is not the sole beneficiary plus a small loan provided by an associate. The carrying amount (fair value) of the loans has been estimated to be the face value of the loans. The funds held on behalf of the external trusts have been invested in the University of Otago Foundation Trust and investment income is allocated to these funds monthly. The loan provided by an associate was to finance the purchase of units in a related partnership.

	This Year \$000	Consolidated Weighted avg effective interest rate	Last Year \$000	This Year \$000	University Weighted avg effective interest rate	Last Year \$000
Non-Current						
Maturity analysis						
1 - 5 years	-	-	-	-	-	-
> 5 years	531	0.00%	631	-	0.00%	-
Total Loans	531		631	-		-

Note 14 **EQUITY**

	This Year \$000	Consolidated Last Year \$000	This Year \$000	University Last Year \$000
General Reserve				
As at 1 January	820,919	793,479	584,204	558,185
Surplus for year	32,070	27,440	14,610	26,019
Adjustment & Other Comprehensive Income	2,392	-	(2)	-
As at 31 December	855,381	820,919	598,812	584,204
Property Revaluation Reserve				
As at 1 January	590,457	598,302	590,457	598,302
Revaluation/(Impairment) Fixed Assets	(7)	(7,845)	(7)	(7,845)
As at 31 December	590,450	590,457	590,450	590,457
Total Equity	1,445,831	1,411,376	1,189,262	1,174,661

Note 15 **FINANCIAL INSTRUMENTS**

The Group is party to financial instrument arrangements as part of its everyday operations. The main risks arising from the University and Group's financial instruments are foreign exchange risk, credit risk, interest-rate risk, price risk and liquidity risk.

To manage and limit the effects of those risks, the University Council has approved policy guidelines and authorised the use of various financial instruments. Compliance is monitored monthly and deviations from the target are reported to the Finance and Budget Committee, the University of Otago Foundation Trust or the Foreign Exchange Risk Management Committee. The financial instruments being utilised at balance date are outlined below.

The principal or contract amounts of derivative financial instruments outstanding at balance date are as follows:

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
	Fair Value	Fair Value	Fair Value	Fair Value
Forward foreign exchange contracts	10,314	9,400	10,314	9,400

Foreign Exchange Risk

The Group has transactional currency exposures arising from sales and purchases in currencies other than NZ dollars. The University regularly monitors its exposure to overseas currency fluctuations. Wherever possible the University transacts in NZ dollars including the setting of fees for international students. The University purchases library items and scientific equipment from overseas, giving rise to and exposure to currency fluctuations, but in the case of ordering major items of equipment (over \$50,000) policy requires the University to hedge the purchase when the committed payment date is known. Hedge accounting is not applied. The Group has a Foreign Exchange Risk Management Committee which oversees this risk by applying the foreign exchange policy which is approved by Council.

At 31 December 2012, the University held the following amounts of foreign currency within its current and call deposit accounts:

	Consolidated		University	
	This Year	Last Year	This Year	Last Year
	\$000	\$000	\$000	\$000
Currency				
Expressed in original currency value				
US Dollars	824	105	824	105
Australian Dollars	164	139	58	15
Euros	15	235	15	235
Great Britain Pounds	242	90	242	90
Swiss Francs	-	12	-	12

In early 2013, the majority of the above funds were used to pay overseas creditors.

Sensitivity analysis

At 31 December 2012, if the NZD had weakened/strengthened by 5% against the US dollar, Australian dollar, Euros, GB pound or Swiss francs, with all other variables held constant, the surplus / deficit for the year would have been \$82k / \$90k (2011: \$68k / \$80k) higher/lower. This movement is attributable to the foreign exchange gains / losses on translation of foreign denominated bank accounts held in the group.

At 31 December 2012, if the NZD had weakened/strengthened by 5% against the Australian dollar, or US dollar with all other variables held constant, the surplus / deficit for the year would have been \$2.102 million / \$1.901 million (2011: \$1.693 million / \$1.532 million) higher/lower. This movement is attributable to the foreign exchange gains/losses on translation of foreign equities held in the Group.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

In the normal course of business, credit risk arises from debtors, deposits with banks and derivative financial instruments assets.

Trade receivables constitute a minimal concentration of credit risk due to the large number of customers included in the Group's customer base.

The Group consults with professional investment advisors and has an investment policy which is regularly reviewed. The Group places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Group believes that this policy reduces the risk of any loss which could arise from its investment activities.

Short term deposits are only placed with the major New Zealand trading banks approved under the investment policy. Not more than one third of the maximum annual value of cash deposits can be held with any one approved bank.

Interest-Rate Risk

The Group has minimal exposure to interest-rate risk from loans.

Sensitivity analysis

At 31 December 2012, if interest rates on investments had strengthened / weakened by plus or minus 0.5%, the surplus for the year would have been \$502k (2011: \$564k) higher / lower. This movement is attributable to interest earning deposits held.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The University and Group are exposed to equity security prices on their equity investments. These prices move in line with market movements in listed securities. The University and Group hold listed equity instruments which are publicly traded on the NZX and ASX exchanges.

Sensitivity analysis

If the NZX50 and the ASX100 index and the global index at 31 December 2012 had fluctuated by plus or minus 5% and equity instruments moved proportionately, the effect would have been to increase/decrease the fair value by \$4.406 million / \$4.406 million (2011: \$3.749 million / \$3.356 million).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due.

Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Flexibility in funding is maintained by keeping committed credit lines available. The University and the Group have a maximum amount that can be drawn down against its overdraft facility of \$30 million (2011: \$30 million). There are no restrictions on the use of this facility. The University and the Group manage liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Note 16 RARE BOOKS AND SPECIAL LIBRARY COLLECTIONS

The University holds a number of gifted collections of books, manuscripts and artworks within the Central, Medical and Dental Libraries. The collections were valued at 31 December 1994, based on net current value, by expert University staff following the generally accepted methodology employed by the Alexander Turnbull Library. The total valuation of the Rare Books and Special Collections is \$9.537 million (2011: \$9.486 million). Additions at cost in 2012 were \$51k (2011: \$72k). (See Note 8.)

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Note 17 HOCKEN COLLECTIONS				
Opening Balance	112,826	111,911	3,089	2,897
Donated Hocken Additions	1,175	915	353	192
Total	114,001	112,826	3,442	3,089
being:				
Assets held in Trust	110,559	109,737	-	-
Assets owned by the University	3,442	3,089	3,442	3,089
Total	114,001	112,826	3,442	3,089

The University holds in Trust a national archival collection of books and artworks known as the Hocken Collections. Items included in the collections are acquired by gift, bequest and purchase. Items are also accepted on deposit where ownership is retained by the depositor.

The University has included the valuation of the owned and deposited items in the total above as it believes that the Hocken Library is in-substance the owner of all items in the collection. The total collections include deposited items valued at \$24.864 million (2011: \$24.612 million).

Note 18 RELATED PARTY INFORMATION

Crown / Government

The Government influences the role of the University and Group as well as being a major source of revenue. While the University and Group enter into numerous transactions with Government departments and other Crown agencies, they are on an arm's-length basis and, where those parties are acting in the course of their normal dealings, are not considered to be related party transactions.

Inter-Group

University of Otago Holdings Limited (UOHL)

- During the year UOHL repaid term loans of \$1.758 million (2011: decrease of \$1.162 million). Term loan balances at year end for UOHL were \$Nil (2011: \$1.758 million).
- During the year UOHL repaid current loans of \$370k (2011: \$Nil). Current loan balances at year end for UOHL were \$Nil (2011: \$370k).
- During the year, the University provided no additional equity funding for UOHL (2011: \$60k).
- UOHL paid the University \$26k for accounting and secretarial services (2011: \$26k).
- UOHL has a current account with the University of Otago. This account is interest-bearing, with interest charged to the University at the average rate achieved by the University on its bank call and term deposits. Interest received on this current account amounted to \$18k (2011: \$10k). The balance at year end was \$1.291 million (2011: 723k).

University of Otago Foundation Studies Limited (FSL)

- FSL enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year FSL purchased goods and services from the University to the value of \$1.363 million (2011: \$1.007 million), including building rentals. At year end the amount owing to the University was \$143k (2011: \$191k).
- FSL provided goods and services to the University of Otago to the value of \$1.017 million (2011: \$0.761 million). This included payments of Vote Education funding of \$790k (2011: \$519k) and commissions associated with student recruitment of \$181k (2011: \$201k). At year end the amount owing by the University was \$7k (2011: \$Nil).
- FSL has invested its surplus funds with the University of Otago. Interest is charged to the University at the average rate achieved by the University on its bank call and term deposits. Interest received on these funds amounted to \$70k (2011: \$Nil). The balance at year end was \$3.180 million (2011: \$Nil).

Otago Innovation Limited (OIL)

- a. OIL enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year OIL purchased goods and services from the University to the value of \$654k (2011: \$1.639 million). At year end the amount owing to the University was \$53k. (2011: \$34k).
- b. During the year OIL supplied services to the University to the value of \$618k (2011: \$511k). At year end the amount owing by the University was \$46k (2011: \$98k).
- c. Immune Solutions Limited enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year Immune Solutions Limited purchased goods and services from the University to the value of \$32k (2011: \$26k). At year end the amount owing to the University was \$3k. (2011: \$2k).
- d. During the year Immune Solutions Limited supplied services to the University to the value of \$35k (2011: \$Nil). At year end the amount owing by the University was \$6k. (2011: \$Nil).

New Zealand Genomics Limited (NZGL)

- a. NZGL enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year NZGL purchased goods and services from the University to the value of \$1.938 million (2011: \$1.696 million), including building rental and collaborator payments. At year end the amount owing to the University was \$646k (2011: \$222k).
- b. NZGL provided goods and services to the University of Otago to the value of \$282k (2011: \$44k). At year end the amount owing by the University was \$80k (2011: \$45k).

Unipol Recreation Limited (URL)

- a. URL paid the University \$8k for accounting and secretarial services (2011: \$7k).
- b. The University arranges insurance for Unipol Recreation Limited including material damage, business interruption and liability policies. The cost of this insurance was \$3k (2011: \$6k).
- c. URL has a current account with the University of Otago. This account is interest-bearing, with interest charged to the University at the average rate achieved by the University on its bank call and term deposits. Interest received on this current account amounted to \$152k (2011: \$160k). The balance at year end was \$1.791 million (2011: \$4.213 million).
- d. URL sold equipment and vehicles to the University to the value of \$454k (2011: \$Nil).
- e. University of Otago Holdings Limited (and the other shareholders) has previously made a shareholder's advance to the company. The shareholders' advances were repaid in 2012.

University Union Limited (UUL)

- a. During the year the University entered into transactions with UUL, an associate company of University of Otago Holdings Limited. The transactions were made on commercial terms and conditions. The University paid UUL \$314k for rent (2011: \$299k). UUL paid the University of Otago ground rent of \$99k (2011: \$99k).

University of Otago Foundation Trust

- a. During the year, the University entered into transactions with the University of Otago Foundation Trust. These were made on commercial terms and conditions. The University received investment management fees of \$556k (2011: \$535k) and received distributions of \$4.075 million (2011: \$3.526 million). The Trust has a current account with the University. The balance at year end was \$45k (2011: \$625k).

Key Management Personnel

During the year key management personnel which includes the Chancellor, Councillors, Vice-Chancellor and other senior management personnel, as part of a normal customer relationship, may have been involved in minor transactions with the University of Otago on an arm's-length basis.

Close family members of Councillors and key management personnel are employed by the University. The terms and conditions of those arrangements are no more favourable than the University would have agreed had there been no relationships to Councillors or key management personnel.

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<i>Key Management Remuneration:</i>				
Salary and Short Term Benefits	3,706	3,594	2,255	2,364
Superannuation	217	235	204	225
University Council fees	79	87	79	87
Directors' Remuneration	139	126	-	-
Trustees' Remuneration	9	4	-	-
Total	4,150	4,046	2,538	2,676

RELATED PARTIES TRANSACTIONS

Councillors

Year: 2012		Year: 2011	
Purchased by University during year	Purchased from University during year	Purchased by University during year	Purchased from University during year
\$000 (GST inclusive)		\$000 (GST inclusive)	

Judge E O K Blaikie

University of Otago (Council Member)

Professor A Vicky Cameron (term commenced Jan 2012)

University of Otago (Employee)

Mr D C Cull

Alexander McMillan Trust (Board Member)

Dunedin City Council (Mayor of Dunedin)	5,201	71	5,159	1,196
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Mr Logan Edgar (term commenced Dec 2011)

Otago University Students Association (President)	3,376	113
Planet Media Dunedin Limited (D)	108	12
Student Job Search Aotearoa Limited (National Councillor)		
University Bookshop Otago Limited (D)	137	2
University of Otago (Student)		
University Union Limited (D)	361	1,923

Dr J D Every-Palmer (term completed Aug 2012)

Russell McVeagh (Partner)

University of Otago Holdings Limited (D)	-	25	-	1
(term completed 19 Sept 2012)	See intergroup note above		See intergroup note above	

Councillors

	Year: 2012		Year: 2011	
	Purchased by University during year	Purchased from University during year	Purchased by University during year	Purchased from University during year
	\$'000 (GST inclusive)		\$'000 (GST inclusive)	
Professor H Hayne (term commenced Aug 2011)				
AAW Jones Charitable Trust (Trustee)				
AAW Jones Custodian Limited (D)				
Alexander McMillan Trust (Trustee)				
Fulbright NZ Trust (Inc) (Trustee)				
John F Kennedy Memorial Trust (Trustee)				
McMillan Nominees Limited (D)				
Ministry of Science & Innovation (Board Member)	-	10,152	-	4,134
NZ Innocence Project (D)				
Otago Innovation Limited (Deputy Chair)	See intergroup note above		See intergroup note above	
Te Tapuae o Rehua Limited (D)	57	3,268		
University of Otago Foundation Trust (Trustee)	See intergroup note above		See intergroup note above	
University of Otago Holdings Limited (D)	See intergroup note above		See intergroup note above	
University of Otago (Vice-Chancellor)				

Mr S J Higgs (term commenced Aug 2012)

Polson Higgs Business Advisors	49	-		
Motor Trade Finances Ltd (D)	-	77		
University of Otago Foundation Trust (Trustee)	See intergroup note above		See intergroup note above	

Mr Higgs is a director and/or shareholder of numerous other companies that had no related party transactions with the University during the year.

Miss L P Isaacs

University of Otago Foundation Trust (Trustee)	See intergroup note above		See intergroup note above	
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Dr C J Marshall

Tertiary Education Union Otago (Committee Member)	-	22	-	19
University of Otago (Employee)				

Mr S J McLauchlan

AD Instruments PTY Limited (D)	236	-	126	-
Aurora Energy Limited (D)	43	-	200	-
Cargill Hotel 2002 Limited (C)	33	-	69	-
Delta Limited (D)	35	19	198	-
Dunedin International Airport Limited (C)	6	-	6	-
Institute of Directors Otago & Southland (C)	4	-		
Lund South Limited (D)	231	-	181	-
Otago Community Hospice Trust (C)	11	-	11	-
Otago Southland Employers Assn (Trustee)	8	2	6	5
Pharmac (C)	-	4		
Scenic Circle Hotels Limited (D)	10	-	-	-
Scott Technology Limited (C)	-	-		
Southern DHB (Crown Monitor)	2,909	10,499	2,437	11,042
University of Otago Foundation Studies Limited (D)	See intergroup note above		See intergroup note above	
University of Otago Foundation Trust (Trustee)	See intergroup note above		See intergroup note above	
University of Otago Holdings Limited (D)	See intergroup note above		See intergroup note above	
University of Otago (Pro-Chancellor)				
University of Otago Rugby Club (Committee)	-	15	-	4

Mr McLauchlan is a director and/or shareholder of numerous other companies that had no related party transactions with the University during the year.

Councillors

Councillors	Year: 2012		Year: 2011	
	Purchased by University during year	Purchased from University during year	Purchased by University during year	Purchased from University during year
	\$'000 (GST inclusive)		\$'000 (GST inclusive)	
Ms D C Matahaere-Atariki				
Arai Te Uru Whare Hauora (Executive Director)	-	1	11	1
Bathgate Park Primary School (C)				
Brockville Primary School Dunedin (Trustee)	-	-	-	2
Family and Community Services - Advisory Council (Member)				
Ministry of Health - NGO Working Group (Member)	66	7,658		
National Taskforce on Violence (Member)				
Otakou Runanga (C)				
Southern Primary Health Organisation (Board Member)	-	28		
Ms M A Morgan				
Arana College (College Council Member)				
Stuart Residence Halls Council (Board Member)	-	12		
University of Otago (Employee)				
Mr J K Rowe (term completed Dec 2012)				
Otago University Students Association (Vice President)	3,376	113		
Planet Media Dunedin Limited (Director)	108	12		
University of Otago (Student)				
Mr M J M Sidey				
Forsyth Barr Limited (Vice-Chairman) (S)	-	-	1	-
Halberg Trust (Trustee)				
Last Ocean Trust (Trustee)				
Excellence in Sport-South Island (D)	-	-	1	116
St Andrew's College Foundation (Trustee)	-	3	-	3
University of Otago Foundation Trust (Trustee)	See intergroup note above		See intergroup note above	
University of Otago Holdings Limited (D)	See intergroup note above		See intergroup note above	
Associate Professor E Slooten				
New Zealand Whale and Dolphin Trust (Trustee)	1	-		
University of Otago (Employee)				
Dr R J Somerville				
Environmental Legal Assistance Fund Panel (Ministry for the Environment) (C)				
Knox College and Salmond College Council Inc. (C)	3,435	308	1,107	42
Otago Foundation Trust Board (Trustee)	268	1	273	-
University of Otago Foundation Trust (Trustee)			See intergroup note above	
Mr R H Tobin				
Logan Park High School (Deputy Principal)	3	5	4	6

Councillors

	Year: 2012		Year: 2011	
	Purchased by University during year	Purchased from University during year	Purchased by University during year	Purchased from University during year
	\$'000 (GST inclusive)		\$'000 (GST inclusive)	
Mr J F Ward				
Amtex Corporation Limited (C) (S)				
H & J Smith Holdings Limited (C)				
Otago Innovation Limited (D)	See intergroup note above		See intergroup note above	
Simner Investments Limited (C) (S)	32	-		
Southland Building Society (C)	See below *			
University of Otago (Chancellor)				
University of Otago Foundation Trust (C)	See intergroup note above		See intergroup note above	
University of Otago Holdings Limited (C)	See intergroup note above		See intergroup note above	

Mr Ward is a director and/or shareholder of numerous other companies that had no related party transactions with the University during the year.

* The University invests money on term deposit with the Southland Building Society in the normal course of business. At year end the balance invested was \$4.0 million. Interest earned during the year was \$64k.

C = Chairman; D = Director; S = Shareholder

Note 19 PLEDGED DONATIONS

Donations are recognised at face value upon the pledge being made and the contract documents signed. All of the pledges have been made and the University expects that these pledges will be honoured.

Total pledged donations outstanding are \$2.450 million (2011: \$3.040 million). The Net Present Value of these pledges at an interest rate of 4% (2011: 4.5%) is \$2.259 million (2011: \$2.769 million).

	Consolidated			University		
	This Year \$'000	Budget \$'000	Last Year \$'000	This Year \$'000	Budget \$'000	Last Year \$'000
<i>Analysis of Pledged Donations:</i>						
Less than 1 year	790	650	850	-	-	-
More than 1 year but less than 5 years	1,460	1,340	1,890	-	-	-
Greater than 5 years	200	200	300	-	-	-
Total Pledged Donations	2,450	2,190	3,040	-	-	-

Note 20 CAPITAL MANAGEMENT

The University's capital is its equity, which comprise general funds and revaluation reserves. Equity is represented by net assets.

The University manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The University's equity is largely managed as a consequence of managing income, expenses, assets and liabilities.

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

Note 21 STANDARDS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The University of Otago has elected to not apply the following new standards or interpretations that have been issued but are not yet effective.

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

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

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

There are no other standards or interpretations issued, but not yet effective, that the University of Otago has not yet applied.

Note 22 EVENTS AFTER THE BALANCE SHEET DATE

There were no other significant events after balance date.

Independent Auditor's Report

To the readers of the University of Otago and group's financial statements and Statement of Service Performance for the year ended 31 December 2012

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

We have audited:

- the financial statements of the University and group on pages 54 to 94, that comprise the statement of financial position, and statement of commitments and contingencies as at 31 December 2012, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the University and group in the statement of service performance on pages 36 to 41 and group entities report on pages 49 to 51.

Opinion

In our opinion:

- the financial statements of the University and group on pages 54 to 94:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - ~ financial position as at 31 December 2012; and
 - ~ financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the University and group on pages 36 to 41, and pages 49 to 51, fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2012.

Our audit was completed on 23 April 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

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

The Council is also responsible for preparing non-financial performance information that fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

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

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

Responsibilities of the Auditor

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

Independence

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

In addition to the audit, we carried out an assurance engagement reporting on the Vice-Chancellor's annual declaration on the Performance-Based Research Fund external research income. This assurance engagement is compatible with those independence requirements.

Other than the audit, we have no relationship with or interests in the University or any of its subsidiaries.

Julian Tan

Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand



Student Services Levy Report

This report has been prepared in accordance with clause 6 of the Ministerial Direction on Compulsory Student Services Fees 2012.

This clause requires the University to publish a description of the services funded out of the compulsory student services fee and an income and expenditure statement for each type of student service in its Annual Report.

Summary

During 2011, considerable energy was put into consultation between the University and the Otago University Students' Association (OUSA). A draft service-level agreement was finalised along with other third party providers on the services the University wished to purchase. OUSA was the principal provider of third-party services. The University also provided a number of services funded from the student services fee.

University-provided Services funded from the Student Services Fee

Recreation Services	Recreation and fitness programmes; social sport; UNIPOL Gym.
Student Health Services	Primary health care via GPs, practice nurses, counsellors, health educator and a psychiatrist.
Careers Services	Careers advice, guidance and providing employment information to assist students transitioning from University to the workplace.
Internet Access – Sport, Cultural and Recreation	The provision of high speed internet for on-campus students' personal use (non-academic purposes). It does not cover internet use for academic purposes; this is covered by tuition fees.

OUSA-provided Services funded from the Student Services Fee

Student Support Centre (Advocacy and Legal Advice; Counselling; Careers)	<ul style="list-style-type: none"> • Co-ordination of the system of senate, division, department and class representatives • Advocacy/Student Support Centre programmes • Orientation in collaboration with the University • Support for Te Roopu • Financial support and advice • Advocacy and pastoral care • Education Quality Support Network • Careers guidance through volunteering in conjunction with the University • Student Job Search.
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Clubs & Societies (Sport & Recreation & Cultural Activities)

- Sports, recreation and cultural activities
- USNZ level sports and games tournaments
- Blues and Golds sports and cultural awards
- Orientation
- Capping Week and Capping Show
- Battle of the Bands
- Market days
- Re-Orientation
- International food festival
- Music gigs
- Postgrad coffee hour
- Film festival and World Cinema Showcase
- Future DJ competition
- Art week
- Te Roopu.

Media

- Student communication activities: i.e.
- Planet Media Dunedin
 - Critic magazine
 - Radio One 91FM
 - Onefest
 - Orientation magazine
 - Facebook presence
 - Web presence.

Advocacy & Counselling Services Provided by the Otago Tertiary Chaplaincy Trust Board

Advocacy; Counselling & Pastoral Care	Chaplaincy service.
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Childcare Services Provided by the Otago University Childcare Association

Childcare	Pre-school childcare services for students who are parents.
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Compulsory Student Services Levy Income Statement Summaries

Year ended 31 December 2012

Services Operating:		Advocacy & Legal Advice	Careers Information, Advice & Guidance	Counselling	Financial Support & Advice	Health	Media	Childcare	Sports & Recreation Facilities	Other Campuses	Total
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income	Levies	374	456	511	115	3,039	527	186	4,135	64	9,407
	Other	-	21	53	24	1,036	-	-	4,858	-	5,992
Expenditure		(384)	(452)	(557)	(98)	(4,070)	(542)	(192)	(9,461)	(51)	(15,807)
Net Surplus/(Deficit)		(10)	25	7	41	5	(15)	(6)	(468)	13	(408)

Services Capital:		Careers Information, Advice & Guidance	Health	Sports & Recreation Facilities	Total
		\$000s	\$000s	\$000s	\$000s
Income	Levies	8	33	723	764
	Other	-	-	-	-
Expenditure		(5)	(26)	(1,412)	(1,443)
Net		3	7	(689)	(679)

Summary Facts and Figures

From 2009, figures include international Foundation Studies students for the first time. Caution is therefore advised when analysing changes between years.

STUDENT ENROLMENTS

	2012	2011	2010	2009	2008
Equivalent Full-time Students (EFTS)					
Commerce	3,096	3,220	3,526	3,586	3,471
Health Sciences	5,815	5,761	5,620	5,310	5,150
Humanities	5,643	5,910	5,971	5,646	5,449
Sciences	4,362	4,418	4,490	4,318	4,094
Other University*	35	36	55	43	31
Subtotal	18,951	19,344	19,661	18,903	18,195
Other Group EFTS**	246	224	257	269	134
Total	19,197	19,568	19,918	19,172	18,330

* Other University EFTS comprise continuing education EFTS not allocated to departments within the four academic divisions.

** Other Group EFTS comprise EFTS enrolled in the Foundation Studies programme of the University subsidiary Foundation Studies Limited.

** Prior to 2009 the Foundation Studies programme figure was for domestic EFTS only. From 2009 international EFTS have also been included.

Enrolment By Qualification Type

PhD	1,301	1,259	1,258	1,206	1,104
Professional Doctorates	76	68	67	64	48
Masters – by Thesis	1,059	969	979	921	874
Masters – by Coursework	222	251	207	196	209
Postgraduate Diplomas	939	1,068	1,134	1,095	1,101
Postgraduate Certificates	538	473	526	525	535
Graduate Diplomas	426	475	487	405	385
Bachelor Honours	524	873	854	843	797
Bachelors	15,762	15,593	15,780	15,359	14,947
Undergraduate Diplomas	74	91	121	121	146
Undergraduate Certificates	18	25	31	48	28
Certificate of Proficiency	1,171	1,326	1,450	1,419	1,402
Interest Only	0	0	223	150	138
Foundation Studies	266	254	273	282	120
Other	6	17	20	25	17
Total Students	21,416	21,728	22,139	21,507	20,752

	2012	2011	2010	2009	2008
Full-time and Part-time Students					
Full-time	17,509	17,883	17,953	17,291	16,440
Part-time	3,907	3,845	4,186	4,216	4,312

Total	21,416	21,728	22,139	21,507	20,752
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Note: Data for 2008-2011 has been revised to be consistent with the new definition for full-time/part-time study being used by the University, which matches that used by StudyLink for loans and allowances purposes.

Female and Male Students

Female	12,233	12,390	12,623	12,197	11,810
Male	9,183	9,338	9,516	9,310	8,942

Total	21,416	21,728	22,139	21,507	20,752
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First Year and Returning Students

First Year	3,996	3,832	4,458	4,453	4,167
Returning	17,420	17,896	17,681	17,054	16,585

Total	21,416	21,728	22,139	21,507	20,752
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Ethnicity of Students

European/Pakeha	74.8%	75.0%	75.6%	75.7%	76.8%
Māori	7.8%	7.6%	7.6%	7.5%	7.3%
Asian	18.3%	17.9%	17.2%	16.9%	16.0%
Pacific Islanders	3.1%	3.1%	3.1%	3.0%	2.8%
Middle Eastern/Latin American/African	3.0%	3.0%	3.1%	2.8%	2.2%
Other/Unknown	2.9%	2.9%	2.5%	2.5%	2.2%

Students who reported more than one ethnic group are counted once in each group reported. This means that the total number of responses for all ethnic groups can be greater than the total number of students who stated their ethnicities. Therefore, totals may be greater than 100%.

Home Area of Students

Dunedin	3,903	4,101	4,323	4,315	4,207
Otago/Southland	2,413	2,445	2,431	2,363	2,341
Remainder of South Island	3,695	3,574	3,737	3,558	3,445
North Island	8,276	8,349	8,393	8,117	7,885
Overseas (including NZ Citizens Overseas)	2,986	3,113	3,096	2,984	2,740
Unknown	143	146	160	170	134

Total	21,416	21,728	22,139	21,507	20,752
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Note: The majority of NZ Citizens Overseas listed their home area as Australia (100 in 2012). Conversely, 204 of the 300 Australian citizens who enrolled in 2012 were normally resident in New Zealand prior to commencing University study, and as so listed a New Zealand home area.

	2012	2011	2010	2009	2008
International Students					
Undergraduate	1,924	2,036	1,873	1,829	1,764
Postgraduate	766	762	776	643	588

Total	2,690	2,798	2,649	2,472	2,352
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International Students by Home Country

USA	530	652	578	524	487
Malaysia	506	483	473	326	303
China	397	329	291	295	351
India	104	97	74	69	53
Canada	97	113	99	112	94
United Kingdom	96	100	86	61	58
Germany	85	101	127	138	161
Saudi Arabia	73	82	90	63	62
Brunei	70	64	63	60	59
Korea (South)	50	64	70	86	96
France	42	47	45	49	47
Japan	40	45	60	82	84
Thailand	36	36	37	36	35
Singapore	31	31	33	35	39
Iran	36	28	20	12	9
Vietnam	23	26	25	22	21
Oman	23	25	28	25	19
Taiwan	18	21	22	26	26
Spain	20	20	15	10	9
Fiji	13	20	19	24	28
Samoa	23	20	15	17	18
Netherlands	14	19	19	18	17
Pakistan	18	17	11	6	5
Other	345	358	349	376	271

Total	2,690	2,798	2,649	2,472	2,352
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Note: Australian, Tokelauan and Cook Islands' students – whether resident in their home country or New Zealand prior to commencing study – are not counted as international students, and so are not included in the above figures.

China enrolments include those from Hong Kong. United Kingdom enrolments encompass students from England, Scotland, Wales and Northern Ireland.

Home Area of First Year Students

Dunedin	636	668	901	891	873
Otago/Southland	547	530	577	549	556
Remainder of South Island	784	675	808	758	768
North Island	1,691	1,665	1,772	1,780	1,726
Overseas (including NZ Citizens Overseas)	321	273	355	424	227
Unknown	17	21	45	51	17

Total	3,996	3,832	4,458	4,453	4,167
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Note: The majority of NZ Citizens Overseas listed their home area as Australia (29 in 2012). Conversely, 25 of the 38 Australian citizens who enrolled in 2012 were normally resident in New Zealand prior to commencing University study, and as so listed a New Zealand home area.

ACADEMIC ATTAINMENT

	2012	2011	2010	2009	2008
Number of Graduates					
Undergraduate Diplomas & Certificates	322	364	397	312	328
Undergraduate Degrees	3,975	3,544	3,369	3,411	3,383
Postgraduate Diplomas & Certificates	907	911	977	851	806
Postgraduate Degrees	618	561	515	480	436

Total University	5,822	5,380	5,258	5,054	4,953
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Commerce Graduates	738	807	794	724	814
Health Sciences Graduates	1,655	1,485	1,581	1,379	1,325
Humanities Graduates	1,720	1,541	1,462	1,518	1,457
Sciences Graduates	1,567	1,387	1,262	1,292	1,204
Interdivisional Graduates	142	160	159	141	153

Total University	5,822	5,380	5,258	5,054	4,953
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Degrees, Diplomas and Certificates Completed per 100 EFTS Enrolled					
Commerce	23.8	25.1	22.5	20.2	23.5
Health Sciences	28.5	25.8	28.1	26.0	25.7
Humanities	30.5	26.1	24.5	26.9	26.7
Sciences	35.9	31.4	28.1	29.9	29.4

Total	30.7	27.8	26.7	26.7	27.2
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Examination Pass Rates					
Commerce	86.7%	86.5%	85.7%	85.0%	85.4%
Health Sciences	91.4%	90.8%	90.7%	90.6%	91.3%
Humanities	92.0%	91.0%	89.7%	88.9%	88.9%
Sciences	88.8%	85.8%	87.6%	86.8%	86.3%
Other (Foundation Studies)	79.6%	79.0%	77.5%	77.3%	70.4%

Total Pass Rate	89.9%	89.3%	88.4%	87.7%	88.1%
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STAFF PROFILE

	2012	2011	2010	2009	2008
Full-time Equivalent (FTE) Teaching and Research Staff					
Female					
Vice-Chancellor/Senior Academic Managers	2	2	3	3	2
Professors	29	26	23	21	19
Readers/Associate Professors	53	49	44	31	24
Senior Lecturers	173	172	175	169	168
Lecturers	89	91	102	118	130
Other Teaching and Teaching/Research Staff	150	152	140	134	142
Research-only Staff	244	266	264	240	228
Total Females	740	757	751	716	713
Male					
Vice-Chancellor/Senior Academic Managers	6	6	5	5	6
Professors	157	161	152	149	137
Readers/Associate Professors	115	108	112	102	99
Senior Lecturers	194	198	201	213	221
Lecturers	83	89	97	109	121
Other Teaching and Teaching/Research Staff	111	108	113	121	112
Research-only Staff	170	189	169	172	179
Total Males	836	858	848	871	874
Total Academic and Research-only Staff	1,576	1,616	1,599	1,587	1,588
Full-time Equivalent (FTE) General Staff					
Female					
Senior Managers	8	9	8	10	12
General Services, Student and Community Staff	1,011	991	1,003	987	986
Librarians and Library Assistants	113	94	99	94	95
Research Support Staff and Technicians	277	290	301	283	322
Total Females	1,409	1,385	1,411	1,373	1,414
Male					
Senior Managers	24	23	24	23	19
General Services, Student and Community Staff	559	519	515	504	500
Librarians and Library Assistants	22	15	15	17	21
Research Support Staff and Technicians	166	191	187	179	195
Total Males	771	748	741	723	736
Total General Staff	2,180	2,133	2,152	2,096	2,150
Total Staff	3,755	3,749	3,751	3,683	3,737

Note: Changes to the way in which various types of general staff are categorised for reporting purposes account for some of the apparent variations in FTE staff numbers within the different categories.

Significant changes have been made to the way in which the actual hours worked by part-time staff are calculated in human resources statistical reports. These changes, which took effect in 2009, have the overall effect of reducing reported FTE staff numbers, and are such that valid comparisons cannot be made between 2009 FTE staffing data and that for previous years.

	2012	2011	2010	2009	2008
Student-Academic Staff Ratios					
Commerce	28.4	28.7	28.4	27.1	26.1
Health Sciences	12.1	12.3	12.0	11.5	11.7
Humanities	18.1	19.0	18.6	17.0	16.6
Sciences	16.6	16.6	17.7	16.5	15.4
Overall	16.3	16.7	16.8	15.9	15.5

RESEARCH ACTIVITIES (revised for previous years)

Research Outputs Produced

Total Publications	5,226	4,239	4,168	4,090	3,687
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Note: Publications are shown in the year they are reported in the University's Research Outputs Report. Actual date of publication or dissemination may differ. Figures for the current year are provisional, subject to final vetting. Figures for previous years are updated as appropriate to account for the impact of vetting.

LAND & BUILDINGS

	2012	2011	2010	2009	2008
Land (hectares)					
Land owned by the University	33	33	33	31	29
Land in Crown title for the University	11	11	11	8	8
Endowment Leasehold	22,246	22,246	22,235	25,585	25,585
Total Land Controlled by the University	22,289	22,289	22,279	25,624	25,622

Note: Endowment land is tied up in long-term pastoral lease.

University of Otago Net Assignable Space (floor space in square metres)

Commerce	9,022	8,929	8,870	9,079	9,021
Health Sciences	65,984	65,105	65,904	66,229	65,902
Humanities	20,298	20,533	20,600	19,773	21,167
Science	41,580	41,943	42,020	39,013	38,046
Administration and Other	67,868	62,672	59,013	58,416	50,494
Corporate	3,139	3,030	3,033	2,923	4,439
Information Services	15,612	16,106	15,793	15,950	16,479
Total	223,504	218,318	215,233	211,383	205,548

Note: University-owned flats and residential colleges total a further 55,886 sqm.

LIBRARY

	2012	2011	2010	2009	2008
Library Collection					
Books (volumes)	1,119,373	1,109,344	1,096,807	1,094,165	1,091,174
Serials (volumes)	544,236	536,242	526,937	525,512	517,738
Microfilms	229,550	229,493	232,546	224,052	229,582
Non-book Materials	1,228,227	1,221,442	1,221,570	1,218,520	1,215,442

Total	3,121,386	3,096,521	3,077,860	3,062,249	3,053,936
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Print Serials Received	5,128	6,030	6,210	6,813	7,143
Electronic Serials Received	231,681	229,336	174,844	111,919	73,359

Total	236,809	235,366	181,054	118,732	80,502
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e-books Received	489,607	380,867	362,526	348,633	n/a
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Space					
Seating Places Available	4,280	4,188	3,776	3,698	3,681

Note: From 2008 library collection figures include the Robertson Library.

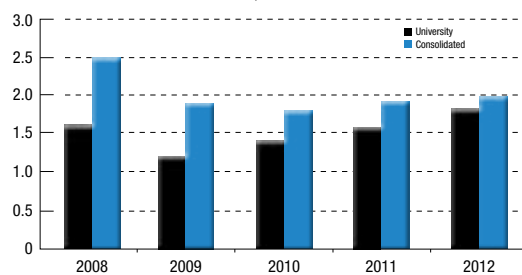
INFORMATION TECHNOLOGY SERVICES

Volume of Computer and Telecommunications Traffic					
Off-campus Network Traffic (megabytes)	315,847,232	464,158,837	421,690,487	291,222,821	154,474,845
ITS Training and Support Services					
Enquiries Received by ITS Helpdesk	43,587	46,295	45,256	60,502	51,500
Seating Places in Student Computer Laboratories	1,361	1,361	749	702	615

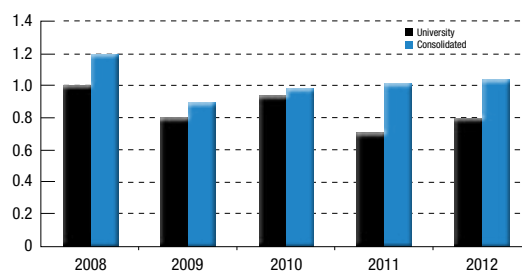
KEY FINANCIAL INDICATORS

Value of Output per EFTS					
Teaching, Learning and Assessment	\$9,955	\$9,381	\$8,590	\$9,088	\$9,049
Research and Postgraduate Teaching	\$14,349	\$14,294	\$13,420	\$13,134	\$12,772
Community Service	\$1,477	\$1,291	\$1,137	\$1,112	\$969

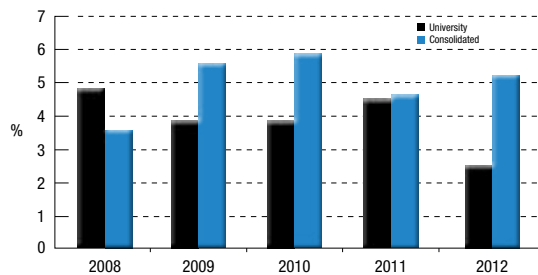
Financial Indicators					
	2012	2011	2010	2009	2008
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
Current Ratio (current assets: current liabilities)	1.0	1.0	1.0	0.9	1.2
Liquid Ratio (current assets which will result in cashflow: current liabilities which will result in cashflow)	2.0	1.9	1.8	1.9	2.6
Level of Debt (debt to equity)	2.4%	2.1%	2.5%	2.3%	2.3%
Increase in Net Assets	2.4%	1.4%	2.3%	2.4%	2.0%
Return on Total Assets	2.0%	1.7%	2.2%	2.1%	1.3%
Return on Revenue	5.2%	4.6%	5.9%	5.5%	3.6%

LIQUID RATIO

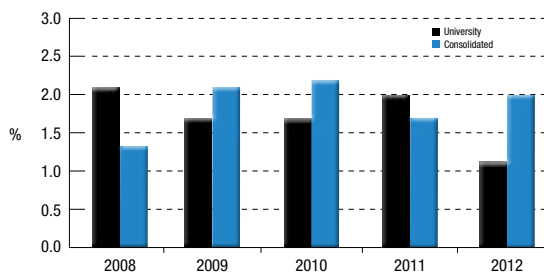
Current assets which will result in cashflow:
current liabilities which will result in cashflow

CURRENT RATIO

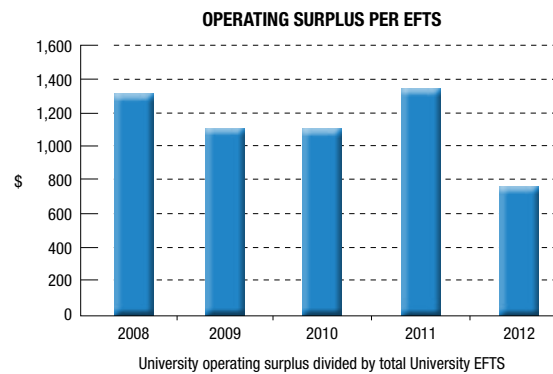
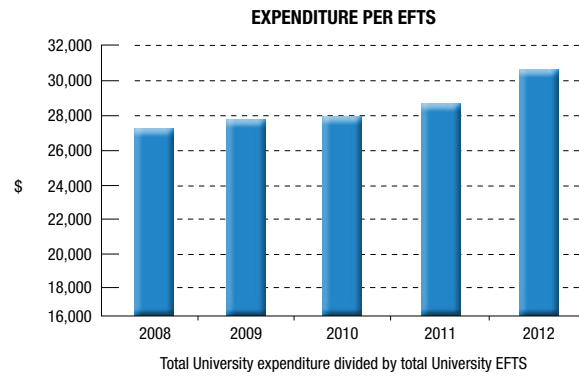
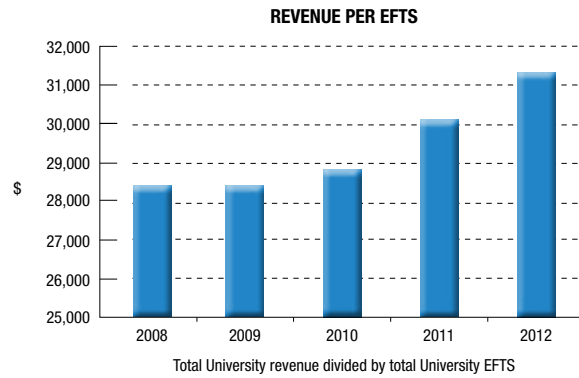
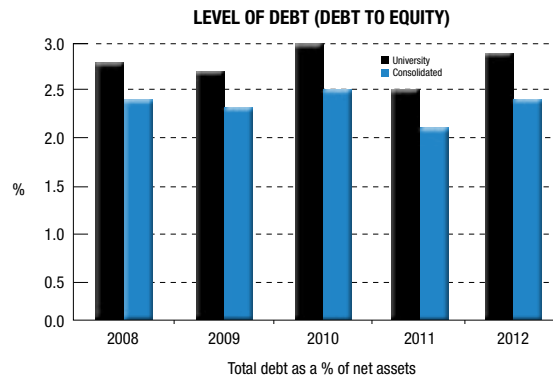
Current assets: current liabilities

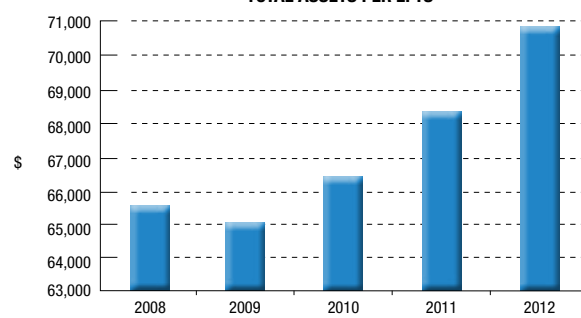
RETURN ON REVENUE

Operating surplus as a % of total income

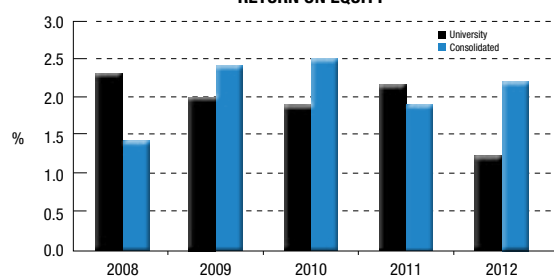
RETURN ON TOTAL ASSETS

Operating surplus as a % of total assets

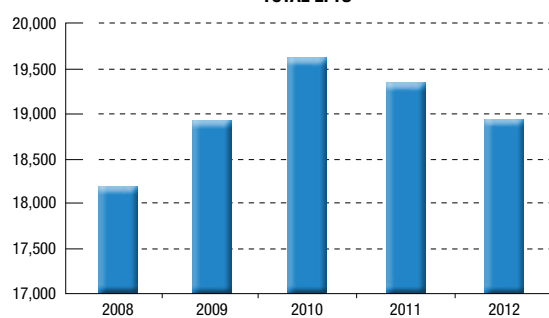


TOTAL ASSETS PER EFTS

Total University assets divided by total University EFTS

RETURN ON EQUITY

Operating surplus as a % of total equity

TOTAL EFTS

Total domestic and international EFTS

