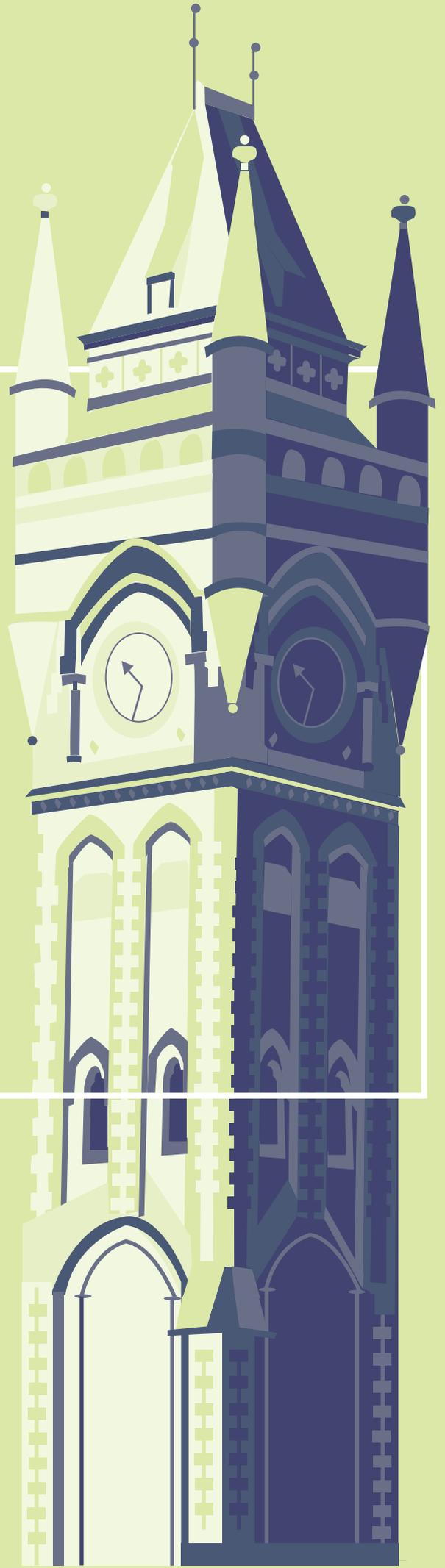




UNIVERSITY OF OTAGO

ANNUAL REPORT 2017



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Vision

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

He Whare Wānanga aronui ana ki te rangahau, e rongonui ana i ngā tōpito o te ao i āna tutukinga ikeike.

Mission

The University of Otago will create, advance, preserve, promote and apply knowledge, critical thinking and intellectual independence to enhance the understanding, development and well-being of individuals, society and the environment. It will achieve these goals 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 whakawhanake, he pupuri, he whakatairanga hoki i te mātauranga, i te ihomatua tātari kaupapa, i te whakaaroaro motuhake o te tangata, kia hāpai ai te mōhio, te mārāma, te hiatotanga, otirā, te oranga o te tangata, o te iwi hoki. Mā te rangahau me te tika mārika o te whakaako, mā te whai wānanga ahurei, mā te whakaū ki tōna mana, me ōna toronga puta noa i te motu, i te ao hoki ēnei whāinga e tutuki.

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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 appointed, elected and designated members.

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. Also included are 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

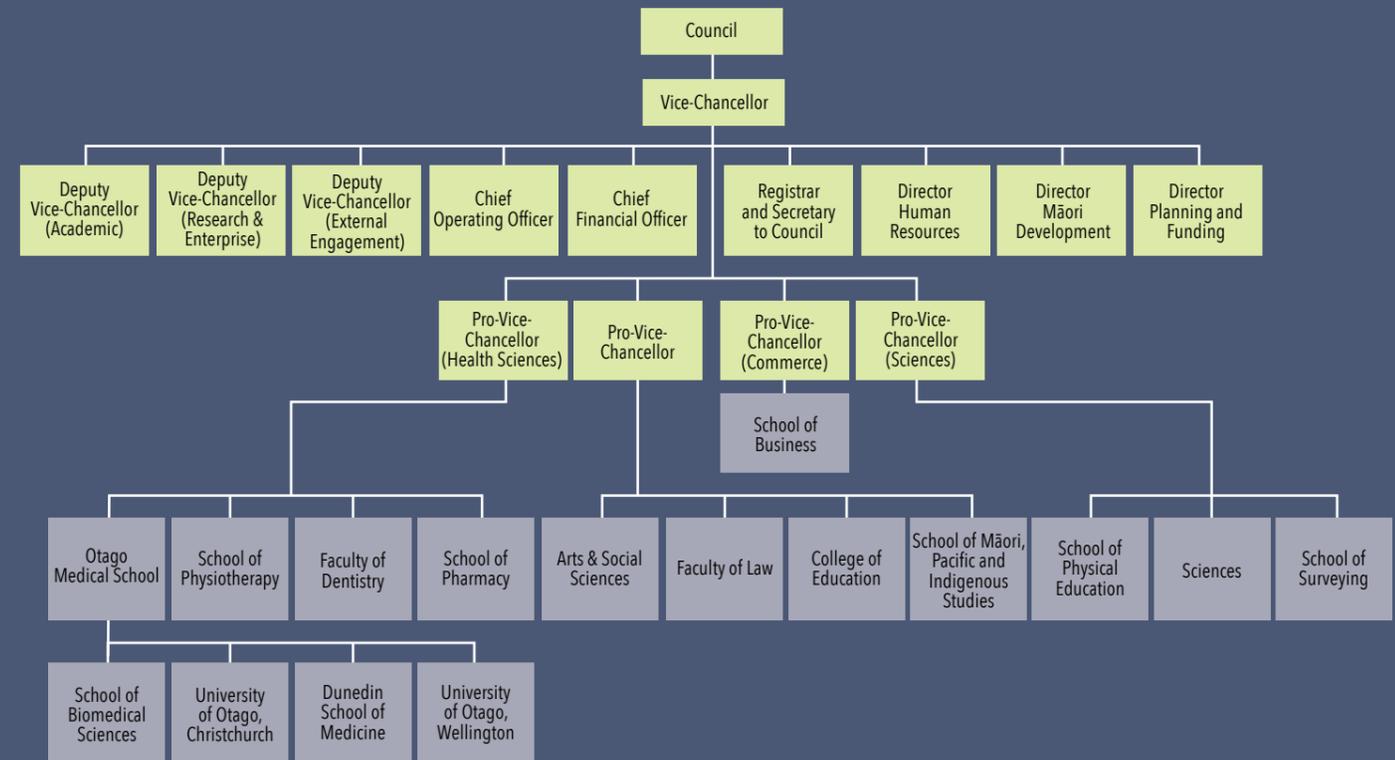
The Education Act 1989 provides statutory recognition of, and protection for, the institutional autonomy of the University and the academic freedom of its staff and students. In accordance with the Act, the Council and the Vice-Chancellor have a duty to act to preserve and enhance university autonomy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

Governance Documents

The University strategic plan, Strategic Direction to 2020, 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



Council

University of Otago 2017

Appointed by the Minister of Education



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



Mr Stephen J. Higgs
BCom(Otago) FCA

Appointed by the Minister of Education



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



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

Ex Officio



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

Secretary to Council



Ms Jan A. Flood
DipPhEd(Otago)

Elected by Academic Staff



Associate Professor
Craig J. Marshall
BSc(Hons) PhD(Otago)

Elected by General Staff



Mr Shane A. Montague-Gallagher
BA(Hons) PDDipLing(NUI) PDDipSLP(Edin)
GDipSustPrac(Otago Poly)

The President, Otago University Students' Association (ex officio)



Hugh J. Baird

Appointed by the University Council



Mr Frazer B. Barton
BA LLB(Hons)(Otago)



Mr Martin R. Dippie
CMinstD



Ms L. Carrie Hobson
BCom(Hons)(Otago), RGON



Mr Stuart J. McLauchlan
BCom(Otago) FCA(PP) CFInstD

Executive Group

University of Otago 2017

- Vice-Chancellor**
Professor Harlene Hayne
ONZM BA HonDSc(Colorado College) MS PhD(Rutgers) FRSNZ
- Deputy Vice-Chancellor (Academic)**
Professor Vernon A. Squire
Polar Medal BSc(Hons)(Wales) PhD(Camb) DSc(Wales) FRSNZ FIMA CMath FNZMS
- Deputy Vice-Chancellor (Research and Enterprise)**
Professor Richard J. Blaikie
BSc(Hons)(Otago) PhD(Camb) FRSNZ MIEEEE MInstP CPhys
- Deputy Vice-Chancellor (External Engagement)**
Professor Helen Nicholson
BSc(Hons) MB ChB MD(Brist)
- Chief Operating Officer**
Mr Stephen W. Willis
MHlthSc(Qld UT) MPRM(S Qld) AdvDipPM(Southbank IT) MAIPM MInstD
- Pro-Vice-Chancellor (Commerce)**
Professor Robin D. C. Gauld
BA(Hons) MA(Well) PhD(HK)
- Pro-Vice-Chancellor (Health Sciences)**
Professor Peter R. Crampton
MB ChB MPH PhD(Otago) DipObst(Auck)FAFPHM MRNZCGP
- Pro-Vice-Chancellor (Humanities)**
Professor Anthony J. Ballantyne
BA(Hons)(Otago) PhD(Camb)FRSNZ
- Pro-Vice-Chancellor (Sciences)**
Professor Richard J. Barker
BSc(Hons) PhD(Massey)
- Director of Human Resources**
Mr Kevin J. Seales
BCom(Cant) MHRINZ
- Chief Financial Officer**
Ms Sharon A. van Turnhout
BCom(Otago) ACA
- Director of Māori Development**
Mr Tuari L. Potiki
PGDipHealSc CComPSc(Otago) CertClinSup CertAODCouns (CIT)
- Director of Planning and Funding**
Mr David J. Thomson
BA(Hons) MBA(Otago)
- Registrar and Secretary to Council**
Ms Jan A. Flood
DipPhEd(Otago)



Chancellor's Introduction

It is my pleasure to introduce the University of Otago's Annual Report. This is the ninth and last time this honour is mine as Chancellor, so it is particularly gratifying to report that 2017 was another excellent year for the University.

Over the past 12 months the University of Otago has topped all six of the Tertiary Education Commission's educational performance indicators, has improved its placing in international rankings, and our researchers have gained 33 Marsden Fund grants valued at \$24 million, surpassing the performance of all other New Zealand universities.

These are stellar achievements and I am very proud of our Vice-Chancellor, executive, staff and students who have all contributed to these successes.

Driven by a commitment to provide the best possible facilities to enable our staff and students to excel, the University is currently undertaking the most ambitious capital development programme in its history. Projects such as the Health Sciences precinct developments on three of our campuses, the Mellor Laboratories, the \$130 million Dental School redevelopment, the Business School upgrade and new facilities for Music, Theatre and the Performing Arts will stand the University in good stead for many years to come. It has been very rewarding being involved with the progressive decision-making processes pertaining to these projects.

The University is in a most satisfactory financial position, reporting a surplus of \$34.2 million for 2017 that is significantly ahead of budget. An excellent result from the University of Otago Foundation Trust has substantially contributed to this result. The Foundation Trust receives and administers all donations, bequests and sponsorship monies gifted to the University. Over the 2017 year, the Trustees distributed \$10.4 million across the University to enhance research and teaching, scholarships, fellowships and more. Of particular note was the gift to the University Foundation Trust of a magnificent property at Woolshed Bay, on the shores of Lake Wakatipu. This was an extraordinary gesture by the Jardine family and the University feels privileged to be charged with its preservation while also making the most of the opportunities that it presents.

Those who give to the University demonstrate great generosity and foresight. With their support we are able to help our staff and students – indeed, our University – to make meaningful contributions to our domestic and international communities.

"It has been an enormous privilege to have worked with so many wonderful people and for such an outstanding institution."



Many of our donors are alumni and it is always a great pleasure to catch up with former students at alumni receptions here in New Zealand and overseas. I have always received overwhelmingly positive comments about this wonderful University. Two of the events I attended in 2017 were to officially launch the book *Undreamed of ... 50 Years of the Frances Hodgkins Fellowship* – the title of which is self-explanatory – and to share with alumni our plans for our forthcoming 150th anniversary celebrations in 2019. Both of these celebrations illustrate the proud history that Otago alumni share.

Another of the pleasures of being Chancellor is to personally congratulate our new graduates as they leave each year to make their way in the world. In 2017 11 graduation ceremonies were held, attended by 3,513 graduates and their families. A further 1,657 students graduated in absentia. It was also my particular privilege to confer honorary degrees on two outstanding Otago alumni: esteemed physiotherapist Dr Stanley Paris who received an honorary Doctor of Laws in August, and internationally renowned businessman and philanthropist Graeme Hart who was awarded an Honorary Doctor of Commerce degree in December.

At the end of 2017 I step aside as Chancellor, bringing to an end 15 years on the University Council. This is a lengthy term, but it seems to have passed in a heartbeat. I have met so many remarkable people, both within the University and externally: Chancellors and Vice-Chancellors of New Zealand's other

universities, members of Parliament, dignitaries, international figureheads, royalty, the Dalai Lama, business leaders and many others – not forgetting our vibrant, intelligent and sometimes mischievous students. I have served with three remarkable Otago Vice-Chancellors: Dr Graeme Fogelberg, Professor Sir David Skegg and Professor Harlene Hayne. All have shown immense vision, energy and capability, focusing not only on the education and well-being of our students and the University as a whole, but also our ongoing commitment to local, national and international good.

It has been an enormous privilege to have worked with so many wonderful people and for such an outstanding institution. I would like to thank all of my fellow Council members for their dedication and commitment. I convey my very best wishes to my successor, Dr Royden Somerville, for his time as the 19th Chancellor of this University, and to Mr Stephen Higgs as Pro-Chancellor. I pass the baton with respect, anticipation, gratitude and much goodwill to those who follow.

J.F. Ward
Chancellor.

Vice-Chancellor's Review



"Despite our high level of success to date, we are not complacent. In order to ensure we retain our position as a nationally and internationally leading university we must be bold and innovative to meet the challenges of a changing world."

Each year as I prepare my review for the University's Annual Report, I reflect on the exceptional achievements of our staff, our students and our institution as a whole. In doing so this year, I am again enormously proud. 2017 was, indeed, another outstanding year for the University of Otago.

Many of these achievements are canvassed in the following pages of this report, but I would like to highlight just a few of them here.

While we have always rated highly in the Tertiary Education Commission's annual educational performance indicators, our latest results are unprecedented. Otago topped every one of the key measures, a remarkable result that highlights not only the excellence of our academic staff and learning environment, but also the commitment of Otago students to making the most of the rich opportunities we offer and to achieving their full potential.

Our success was also reflected in international rankings. Otago moved up 18 places to 151 in the Quacquarelli Symonds (QS) World University Rankings, with 13 subject areas ranked in the top 100. This was the second successive year that we improved our QS ranking and reflects gains across a range of areas including academic and employer reputation, international faculty and citations per academic staff member. Our overall position in the 201-250 band of the Times Higher Education World University Rankings was maintained, cementing our position within the top echelon of the top 2-3% of universities worldwide.

Similarly, Otago has always performed well in highly contestable external funding rounds, but our success in attracting research funding in 2017 was exceptional. We received more than \$24 million in the Health Research Council's main funding round and achieved our best result ever from the Marsden Fund, gaining a further \$24 million for 33 projects across all four of our academic divisions. It is very pleasing that increased Government investment, announced in the 2016 Budget, is now flowing into the research community.

We also welcomed the 10-year New Zealand Health Research Strategy that was announced by the Government in June, focusing on world-leading health research and innovation to improve the health and well-being of New Zealanders. The strategy will see stronger inter-agency collaboration within and between the health sector, the tertiary sector and research organisations. Otago has a distinguished record in contributing to the better health of New Zealanders and this strategy will enhance our important work in this area.

A stellar example of our contribution to the health and well-being of New Zealanders is the work of the Dunedin Multidisciplinary Health and Development Research Unit, led by Professor Richie Poulton. For the last 45 years this team's Dunedin Study has been tracking the lives of more than a thousand babies born in Dunedin in 1972-73. The results of their work have revolutionised the understanding of human development and informed health, education and social policies here and around the world. In 2017 this contribution was recognised with the Prime Minister's Science Prize, New

Zealand's most valuable and prestigious science award – the third time an Otago research team has received this accolade.

Despite our high level of success to date, we are not complacent. In order to ensure we retain our position as a nationally and internationally leading university we must be bold and innovative to meet the challenges of a changing world.

Our new Māori Strategic Framework (MSF) 2022 was launched in 2017. This framework builds on the inaugural 2007 MSF in continuing to develop our engagement with iwi and Māori entities, strengthening our commitment to achieving equitable Māori success rates in tertiary education, and setting ambitious goals to embed mātauranga Māori across our core activities.

We also launched our Sustainability Strategic Framework: 2017-2021 which not only outlines our sustainability objectives for the future, but also how we are going to achieve them. This framework is the culmination of a rigorous planning, consultation and negotiation process that has been undertaken over a number of years, and sets us on a brave new path. By treating our campuses as "living laboratories" of sustainability practice and research we will address our own sustainability challenges and equip our students with sustainability skills to take with them when they graduate.

We are in the midst of the largest and most complex building programme in our history. If we are to continue to attract the best staff and students it is essential that our facilities are world-class. A number of new and redeveloped facilities were opened in 2017 including purpose-built premises for the Dunedin Study, a new marine teaching laboratory at Portobello and the refurbished School of Business. Work continued in the Science precinct and on the \$130 million redevelopment of the Faculty of Dentistry, and plans were announced for a new facility for Music, Theatre and Performing Arts. These are substantial projects that are having – and will continue to have – considerable impact on the regional economy. The latest economic impact figures estimated this at \$1.64 billion for Dunedin alone, supporting 14,748 jobs.

We are also looking forward to working in partnership with the Ministry of Health, the Southern Partnership Group and the Southern District Health Board providing input into the Dunedin Hospital rebuild project.

Our students are the lifeblood of this institution and we are very proud of the exceptional experience we offer them, encompassing the social, cultural and sporting aspects of student life, as well as academic excellence. The quality of this experience was reflected in the annual Student Opinion surveys in which around 98% of respondents gave a positive assessment of the University's administrative and support services, living accommodation, libraries, Student Learning Centre and personal safety on campus.

It was a great pleasure to welcome the Governor-General Dame Patsy Reddy to our 2017 academic convocation ceremony where she challenged our newest cohort of students to make a difference to society, sharing her four main aspirations – creativity, innovation, diversity and leadership. These are worthy aspirations and are reflected in the activities and achievements of many of our students (see pages 28-31).

A highlight in 2017 was the awarding of a Rhodes Scholarship to English Literature Honours student Jean Balchin, making her the 63rd Otago student to receive this award since the Rhodes Scholarships were first presented in 1904.

Increased international enrolments largely offset a decline in domestic recruitment, which left 2017's total enrolments on a par with 2016. The year was very much "steady as it goes" for enrolment with some pleasing highlights. Both our Māori and Pacific student numbers continue to increase, and in 2017 were the highest ever as a proportion of domestic student EFTS – 11.0% and 4.9% respectively. These student numbers reflect the considerable effort that has gone into attracting Māori and Pacific students to the University, and in supporting them once they are here. These efforts are important: as research from the Otago-based National Centre for Lifecourse Research has shown, a university education may not only change the lives of individual Māori and Pacific graduates, but also positively impact their families, communities and society in general. Another feature of the year was the incoming Government's introduction of the fees free policy for the first year of study, which will take effect in 2018. We will watch with interest to see how this policy effects the number and nature of students who choose Otago as a place to study.

The University is in a sound financial position, finishing significantly above budget in 2017, however, as a largely public-funded institution we must use our resources both efficiently and effectively. The University-wide Support Services Review has entered its third year and, following extensive consultation, a shared services model is now being implemented. This is the first time in more than 20 years that the University's administrative activities have been reviewed. These changes will enable us to adapt to the evolving and complex environment in which we operate.

Similarly, academic areas that are not strongly supported or no longer meet the University's goals must be considered. In 2017 we reviewed a number of departments in the Division of Sciences. This review included a restructure of the School of Physical Education, Sport and Exercise Science and the pending closure of the Centre for Materials Science and Technology. Both the School and Centre faced substantial financial challenges and the need to adapt to the changing environment was imperative.

We must also develop new avenues of revenue to help diversify our funding base. The commercialisation of our intellectual property is one of these avenues. Otago Innovation Ltd received 49 new commercial opportunities in 2017 and a number of existing spin-out companies are making excellent progress.

Attracting philanthropic support is another opportunity for additional support and, in 2017, the University received one of its most significant gifts ever: a four-hectare Woolshed Bay property from Wakatipu farmers Dick and Jillian Jardine. Our shared vision is that this property will be primarily used as a research retreat – a place where researchers from all around the world will have the time and space to take the next step in their work. Entrusting their home to the University has been an extraordinary leap of faith by the Jardines and the University is committed to protecting both their vision and the special nature of this property for many years to come.

Dunedin breakfast cereal manufacturer Harraway and Sons also gave \$100,000 to fund a visiting professorship to the Department of Food Science, highlighting the strong practical relationships Otago has developed with the business community.

This gift marked Harraway's 150th anniversary, a milestone that the University of Otago will also be reaching in 2019. We have planned a series of exciting events – from research forums, seminars and symposia, to sporting, cultural and civic events – to enable our staff, students, alumni, friends and wider community to celebrate this significant event with us. This anniversary will provide an unprecedented opportunity to look back at the University's very many achievements since 1869 and to reflect on what we have learned over the past 150 years to inform our progress in the years ahead.

Finally, I would like to pay tribute to Mr John Ward who stepped down from the position of Chancellor at the end of December. Mr Ward has given many years' dedicated service to the University: first appointed to Council in 2003, he became Pro-Chancellor in 2007 and Chancellor in 2009. Over this time he has presided over 103 graduation ceremonies, overseen the University's ambitious capital development programme and guided Council through changes to the 2015 Education Amendment Act. Mr Ward committed his heart, his mind, his time and his own personal philanthropy to the University of Otago over a very long period of time. The University is extremely grateful for his service.

Dr Royden Somerville QC will take over as Chancellor in 2018 and Dunedin accountant Mr Stephen Higgs as Pro-Chancellor. We are very fortunate to have proud Otago graduates of this calibre in these very important roles and I look forward to working with them, and the rest of Council, in the year ahead.

Professor Harlene Hayne

Vice-Chancellor



Significant Events

Senior appointments

Dr Royden Somerville QC as University of Otago Chancellor.

Mr Stephen Higgs as University of Otago Pro-Chancellor.

Ms Shelagh Murray as Director of the Development and Alumni Relations Office.

Associate Professor Chris Button as Dean of the School of Physical Education, Sport and Exercise Sciences.

Dr Ronald Peeters as Professor of Economics, Department of Economics.

Professorial promotions

The following academic staff were promoted to full professor (effective from 1 February 2018):

Haxby Abbott (Surgical Sciences); Greg Anderson (Anatomy); David Bell (College of Education); Jim Cotter (School of Physical Education, Sport and Exercise Sciences); Sarah Derrett (Preventive and Social Medicine); George Dias (Anatomy); Ruth Empson (Physiology); Ruth Fitzgerald (Anthropology and Archaeology); Paul Hansen (Economics); John Horwood (Psychological Medicine, Christchurch); Greg Jones (Surgical Sciences); Merata Kawharu (Te Tumu: School of Māori, Pacific and Indigenous Studies); Stephen Knowles (Economics); James Maclaurin (Philosophy); Patrick Manning (Medicine); Jessica Palmer (Law); Suetonia Palmer (Medicine, Christchurch); Inguruwatt Premachandra (Accountancy and Finance); Anthony Ritchie (Music, Theatre and Performing Arts); Louise Signal (Public Health, Wellington); Claudine Stirling (Chemistry); Michelle Thompson-Fawcett (Geography); Sarah Young (Pathology).

Associate Professorial promotions

The following academic staff were promoted to associate professor (effective from 1 February 2018): Azam Ali (Centre for Materials Science and Technology); John Ashton (Pharmacology and Toxicology); Alaa Bekhit (Food Science); Rebecca Campbell (Physiology); Ben Daniel Motidyang (HEDC); Fiona Edgar (Management); David Evers (Computer Science); Sebastian Filep (Tourism); Alex Gunn (College of Education); Hilary Halba (Music, Theatre and Performing Arts); Sian Halcrow (Anatomy); James Headley (Politics); Janice Lord (Botany); Nigel Lucas (Chemistry); Liana Machado (Psychology); Sandra Mandic (School of Physical Education, Sport and Exercise Sciences); Simone Marshall (English); Christoph Matthaei (Zoology); Lynn McBain (Primary Health Care and General Practice, Wellington); Giles Newton-Howes (Psychological Medicine, Wellington); David Orlovich (Botany); Bruce Russell (Microbiology and Immunology); Mike Sam (School of Physical Education, Sport and Exercise Sciences); Ben Schonthal (Theology and Religion); Daryl Schwenke (Physiology); Philippa Seaton (Postgraduate Nursing, Christchurch); Sally Shaw (School of Physical Education, Sport and Exercise Sciences); Trent Smith (Economics); Lee Thompson (Population Health, Christchurch); Steve Tumilty (Physiotherapy); Tony Walls (Pathology, Christchurch); Ben Wheeler (Women's and Children's Health); Sigurd Wilbanks (Biochemistry); Hamish Wilson (General Practice and Rural Health); Ming Zhang (Anatomy).

Research Associate Professors: Anitra Carr (Pathology, Christchurch); Dawn Coates (Oral and Diagnostic and Surgical Sciences); Margaret Currie (Pathology, Christchurch); Michelle McConnell (Microbiology and Immunology); John Pearson (Dean's Department, Christchurch); Nevil Pierse (Public Health, Wellington); Janet Stephenson (Geography); Virginia Toy (Geology).

Clinical Associate Professor: Darren Hooks (Medicine, Wellington).

Emeritus Professors

Stuart Anderson (Law); Robert Ballagh (Physics); Amanda Barusch (Sociology, Gender and Social Work); George Benwell (School of Business); Douglas Booth (School of Physical Education, Sport and Exercise Sciences); Kevin Dawkins (Law); Hilary Radner (History and Art History).

Honours

A number of staff were recognised with Honours in 2017.

Companion of the New Zealand Order of Merit: Professor Richie Poulton (Director of the Dunedin Multidisciplinary Health and Development Study) for services to science and health research.

Officer of the New Zealand Order of Merit: Professor Vicky Cameron (Medicine, University of Otago, Christchurch) for services to health.

Member of the New Zealand Order of Merit: Professor Sally Brooker (Chemistry) for services to science.

Honorary Degrees

Honorary degrees were presented to Dr Stanley Paris (Doctor of Laws) and Mr Graeme Hart (Doctor of Commerce).

Obituaries

Mr Murray Goldfinch (Property Services).

Associate Professor Gordon Sanderson (Department of Medicine, Dunedin School of Medicine).

Emeritus Professor Desmond Sawyer (Mathematics and Statistics).

Professor Jae Song (Linguistics).

Excellence in Research

The University of Otago is one of New Zealand's largest research organisations, internationally recognised for its strengths in areas that enhance social, environmental, health and economic well-being.

\$500,000

Dunedin Study wins the \$500,000 Prime Minister's Science Prize

\$35 million

Otago leads the \$35 million Genomics Aotearoa platform

Researchers gained **\$24 million** for **33 projects** from the Marsden Fund

12 research centres and **17** research themes confirmed

Excellence in Research

Otago's broad-based research acumen was widely recognised in 2017. New Zealand's most valuable science award, the \$500,000 Prime Minister's Science Prize, was won by researchers at the Dunedin Multidisciplinary Health and Development Research Unit. For the past 45 years their Dunedin Study has tracked some 1,000 babies born in Dunedin between 1972 and 1973, saving lives and influencing policy both in this country and around the world. This is the third time this prestigious prize has been awarded to Otago researchers: it was presented to the He Kainga Oranga/Housing and Health Research Programme in 2014, and to a team of scientists under the auspices of the joint Otago-NIWA Centre for Chemical and Physical Oceanography in 2011.

In August it was announced that Otago is to lead the \$35 million Genomics Aotearoa platform. This collaborative venture is being established to grow New Zealand's genomics capability, build international connections, and develop tools and technologies that will translate into a wide range of social, health, economic and environmental benefits. Funded by the government's Strategic Science Investment Fund, it was announced following a competitive two-stage application process managed by the Ministry of Business, Innovation and Employment (MBIE).

The University is committed to supporting areas in which it has internationally recognised research strengths, enhancing social and environmental well-being, and human and animal health. This was reinforced in 2017 with the reconfirmation of Otago's 10 flagship research centres and the addition of two new ones: One Health Aotearoa, which encompasses human, animal and environmental health; and the Otago Global Health Institute, which builds on the foundation laid by the former Otago International Health Research Network.

The research centres are:

Brain Health Research Centre

Centre for Neuroendocrinology

Centre for Sustainability (CSAFE)

Centre for Research on Colonial Culture

Centre for Translational Cancer Research

Christchurch Heart Institute

Edgar Diabetes and Obesity Research

Genetics Otago

National Centre for Lifecourse Research

New Zealand Centre for Sustainable Cities

One Health Aotearoa

Otago Global Health Institute

A further four research themes were also established: the Centre for Health Systems and Technology, Global Migrations, Microbiome Otago, and Bioengineering. This brings the total number of research themes to 17.

The Centre for Global Migrations was launched in April and the Centre for Translational Physiology (University of Otago, Wellington), which aims to forge new links between health researchers and clinicians working on solutions for diseases such as diabetes, obesity and stroke, was officially launched in July.

During 2017 Otago researchers continued to push the boundaries of academic endeavour. Among the many highlights, a team of Otago physicists found a way to control individual atoms, paving the way for a wide-range of new technologies such as ultra-fast quantum computers. In a Law Foundation-funded project, researchers from Law, Philosophy and Computer Science began a multidisciplinary examination of the potential impacts of artificial intelligence on law and policy.

The 2016 Kaikoura earthquake became the focus of research across a number of disciplines, providing opportunities to rethink seismic modelling, and investigate subsequent biological and environmental impacts of such a major geological event. A landmark study produced new insights into the role of the brain in controlling fertility, providing potential for the development of new clinical therapies and a chance discovery by Dentistry researchers uncovered a piece of genetic sleight-of-hand that may be contributing to the global health problem of multi-drug resistance.

The breadth and depth of Otago's research was recognised with increased support in major contestable funding rounds. Researchers from across all four academic divisions gained \$24 million for 33 world-class research projects from the Marsden Fund, the University's most successful result ever, both in terms of the number of researchers supported and the total amount of funding. This included support for 24 standard research projects and nine fast-start projects designed to support outstanding researchers early in their careers. Projects range from the consequences of eviction to the sex of stress; the evolution of TB in pre-European Pacific to the regulation of plant genes; and global warming to the "secret life" of traumatic memories.

Otago researchers were also awarded \$24 million by the Health Research Council (HRC) to support studies to improve the health and well-being of New Zealanders. One major new programme received funding of \$5 million over five years to examine ways to reduce the burden of gastric cancer. Another 18 other projects, led by research teams from the Wellington, Christchurch and Dunedin campuses, received funding to support projects ranging from infertility to Parkinson's disease; heart failure to cervical screening for Māori women; and frailty to antibiotic resistance in superbugs. Further HRC funding was received for four Feasibility Study Grants and two Emerging Researcher First Grants; and 35 health research grants, totalling \$2.6 million, were received from the Lottery Grants Board.

Nearly \$18 million of new research funds were gained from MBIE's Endeavour Fund which looks for transformative research initiatives that have strong potential to improve New Zealand's future economically, environmentally and socially. This included more than \$6 million to a project using genomic technologies to improve honeybee performance, and almost \$6 million for the development of a hand-held molecular diagnostic tool. Two University of Otago, Wellington projects to help prevent and manage diabetes and pre-diabetes received \$1.8 million and \$1.6 million respectively from a contestable fund jointly established by the Healthier Lives National Science Challenge, the Ministry of Health and HRC.

Each year the University recognises the outstanding achievements of its research staff with a number of prestigious awards. Internationally-recognised cancer genetics and biology expert Professor Parry Guilford was awarded the University's highest honour, the 2017 Distinguished Research Medal. His achievements include the discovery of the first known gene for inherited gastric cancer and a simple-to-use non-invasive test for bladder cancer.

A world-leading team of microbiologists won the University's Research Group Award. The Bacterial Energetics and Antimicrobial Resistance Group, led by Professor Greg Cook, has shown outstanding research performance at an international level, making important advances in the war against diseases such as TB and the development of a new class of antibiotics.

Dr Kourken Michaelian (Department of Philosophy) received the 2017 Carl Smith Medal and Rowheath Trust Award for his research using approaches from philosophy and psychology toward providing a general account of episodic memory. A further seven up-and-coming Otago academics received Early Career Awards for Distinction in Research: Dr Tilman Davies (Mathematics and Statistics), Dr Bill Hawkins (Chemistry), Dr Tobias Langlotz (Information Science), Dr James Scott (Geology), Dr Nic Rawlence (Zoology), Dr Jesse Wall (Law) and Dr Ting Wang (Mathematics and Statistics).

The work of our Māori researchers was showcased at the biennial Hui Poutama, held in November. This two-day research symposium had a theme of *Titiro Whakamuri Kia Anga Whakamua*: how the past prepares us for a new and uncertain future to ensure our communities are vibrant and flourishing.

Other staff who received recognition for their research achievements included:

Associate Professor Jonathan Broadbent (Dentistry) who received the Health Research Council of New Zealand's Liley Medal for his work showing a long-term association between a child's upbringing and their teeth as a middle-aged adult.

Professor Sally Brooker (Chemistry) who received the Hector Medal from the Royal Society Te Apārangi, and Physics PhD student Ryan Thomas who won the society's Hatherton Award. Professor Brooker was also awarded the 28th Burrows Award from the Royal Australian Chemical Institute Inorganic Chemistry Division for her leadership and research achievements.

Professor Barbara Brookes (History and Art History) who won the illustrated non-fiction category of the Ockham Book Awards for her book *A History of New Zealand Women*.

Professor Emerita Carolyn Burns (Zoology) who was awarded the 2017 Marsden Medal from the New Zealand Association of

Scientists, recognising decades of service to the New Zealand research, science and tertiary education communities.

Dr Aniruddha Chatterjee (Pathology) and Dr Alex Gavryushkin (Computer Science) who received Rutherford Discovery Fellowships from the Royal Society Te Apārangi. Dr Erica Todd (Anatomy) and Charlotte Steel (Neuroscience) gained Rutherford Trust Awards.

Professor Sylvie Chetty (Centre for Entrepreneurship) who received an honorary doctorate from Sweden's Uppsala University.

Professor Mark Henaghan (Law) and Professor Paul Trebilco (Theology and Religion) were announced as Fellows of the Royal Society Te Apārangi.

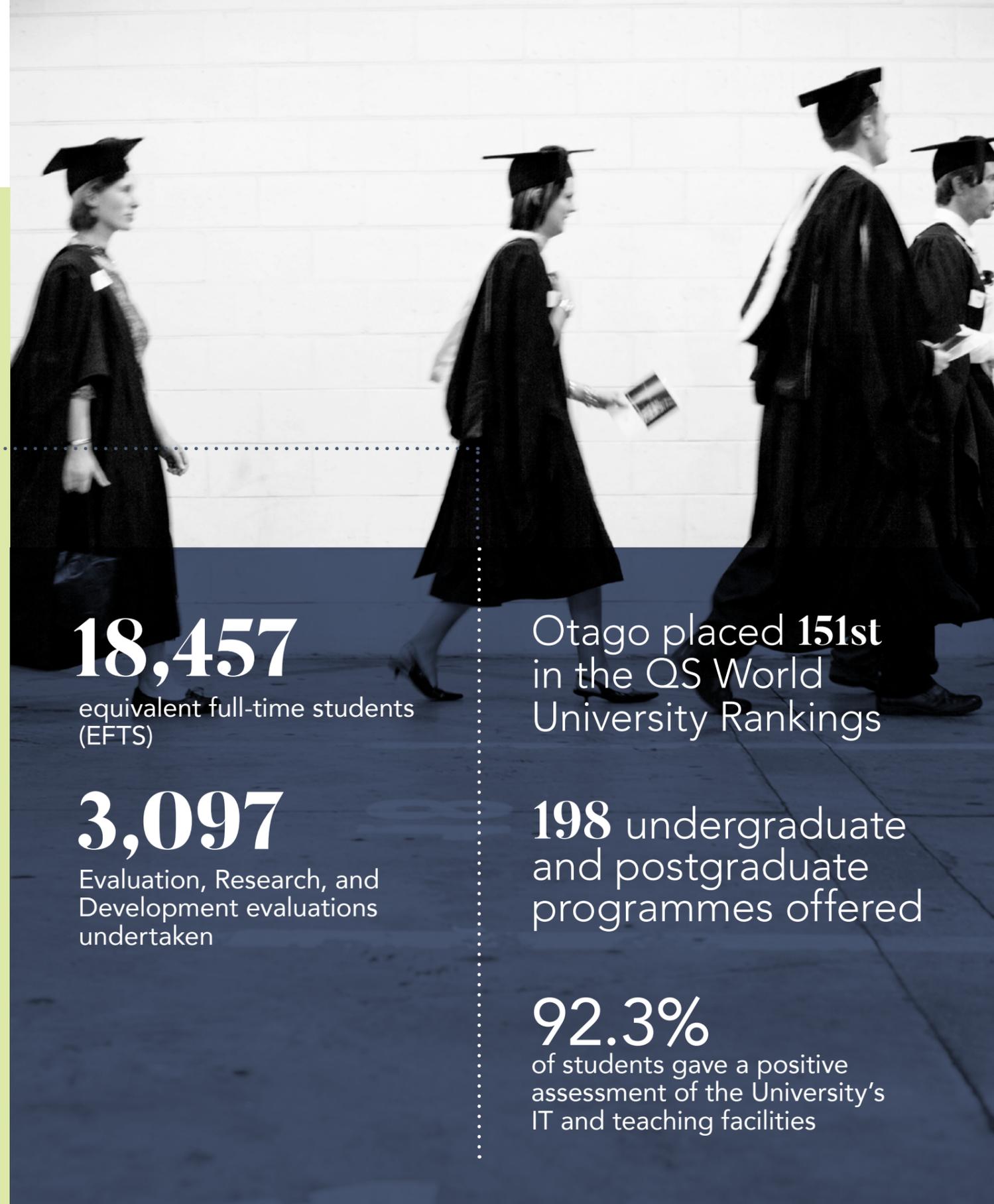
Dr Damian Scarf (Psychology) who received the New Zealand Psychological Society's Early Career Goddard Award – Research and Scholarship.

Faculty of Dentistry staff received awards from the Australia New Zealand International Association for Dental Research: Dr Li Mei received the Oral Biology Award and Dr Kc Li received the Joan Chong Award in Dental Materials.

Sir Charles Hercus Health Research Fellowships were received by Dr Htin Lin Aung (Microbiology and Immunology); Dr Hamish Jamieson (Medicine, Christchurch); Dr Michael Pankhurst (Anatomy) and Dr Daniel Ribiero (Physiotherapy).

Excellence in Teaching

Otago's commitment to teaching excellence was highlighted in 2017 by its successes in external rankings and performance measures, the range of programmes offered, the quality of the student cohort and the performance of its teaching staff.



18,457

equivalent full-time students (EFTS)

3,097

Evaluation, Research, and Development evaluations undertaken

Otago placed **151st** in the QS World University Rankings

198 undergraduate and postgraduate programmes offered

92.3%

of students gave a positive assessment of the University's IT and teaching facilities

Excellence in Teaching

In 2017 Otago topped all six of the key Government indicators which measure the educational performance of students at New Zealand's universities. These Tertiary Education Commission indicators measure course and qualification completions, overall and first-year retention rates and progression to higher levels of study.

The University performed exceptionally well in international rankings, climbing 18 places to 151 in the Quacquarelli Symonds (QS) World University Rankings. The University was also ranked by QS to be among the world's top 10 universities for the study of Sport and its related disciplines (7th), with another four subject areas in the top 50: Anatomy and Physiology 24th, Dentistry 29th, Archaeology 40th and Development Studies 44th. Anthropology, Education, Geography, History, Law, Medicine, Performing Arts and Psychology also ranked in the top 100, demonstrating the breadth and depth of the University's capabilities across a range of disciplines.

Otago Business School's MBA degree was judged to be among the world's best, being the only one in New Zealand to be included in the QS Global 250 Business Schools report and was ranked 28th in the Asia-Pacific region for employability. Otago's online MBA – the only one offered in New Zealand – also received significant recognition, being ranked fourth in the world by London-based CEO magazine.

Otago maintained its overall position in the 201-250 band of the Times Higher Education World University Rankings and was 31st in the Times Higher Education Asia-Pacific Ranking. The Department of Tourism was judged 14th in the world in the 2017 Shanghai Rankings Global Ranking of Academic Subjects for Hospitality and Tourism Management. This placed them top among New Zealand universities in this category and the second highest-ranking university department in the country irrespective of discipline.

Teaching excellence is integral to much of this success. Each year the University recognises the outstanding performances of its teaching staff with the annual University of Otago Teaching Excellence Awards. Four staff received awards in 2017: Dr Bradley Hurren (Anatomy); Ms Haruki Stuart (Languages and Cultures); Associate Professor Ruth Fitzgerald (Anthropology and Archaeology); and Associate Professor Michelle Thompson-Fawcett (Geography) who received the Kaupapa Māori Award. Dr Fitzgerald, Dr Hurren and Ms Stuart also received Ako Aotearoa National Tertiary Teaching Excellence Awards for sustained excellence.

Dr John Guthrie (Marketing) received the Premier Lecturer award at the annual OUSA Teaching Excellence Awards. Other top awards were given to Dr David McMorran (Chemistry), Dr Gill Rutherford (College of Education) and Dr Gareth Treharne (Psychology). Dr Tamlin Conner (Psychology) won the OUSA Supervisor of the Year award.

The Christchurch Māori/Indigenous Health Institute (MIHI) won a significant international teaching award for the third time – the 2017 Innovation in Indigenous Health Curriculum Award, presented at the Leaders in Indigenous Medical Education (LIME) Awards, which recognise how teaching programmes demonstrate commitment to indigenous peoples.

In 2017 the University offered a total of 198 undergraduate and postgraduate degree, diploma and certificate programmes, including a new Doctor of Business Administration (being offered simultaneously at Otago and Shanghai Jiao Tong University, China); masters' degrees in International Business, Marketing and Sustainable Business; and a master's, postgraduate diploma and certificate in Medical Imaging. The Division of Humanities re-launched the Master of Social and Community Work (Applied) as a programme approved by the Social Workers Registration Board, and the Division of Sciences offered a new undergraduate minor in Science Communication to complement an existing major in either the humanities or the natural sciences.

Otago joined forces with business schools at the University of Auckland, Auckland University of Technology, Massey University, Victoria University and the University of Waikato to offer a new part-time online Master of Māori and Indigenous Business in 2018. The programme was developed after extensive consultation with businesses and iwi in response to a need for top-level business expertise and leadership within the burgeoning Māori economy.

The South Island ICT Graduate Network and Laboratory, a consortium among Otago, Canterbury and Lincoln Universities, the Otago Polytechnic and the Ara Institute of Canterbury, was officially launched in August. The Graduate School has sites in Christchurch and Dunedin and aims to develop the ICT skills of current industry professionals and new students.

The Distance Learning programme – largely focused at the postgraduate level – continued to capitalise on particular areas of Otago expertise. In 2017 there were offerings from all academic divisions. 404 papers were taught, with 4,303 paper enrolments in total. These enrolments accounted for 2,333 individual students or 901 EFTS (equivalent full-time students).

Summer School ran for six weeks from early January to mid-February, offering 59 undergraduate papers from across the academic divisions. Four papers were taught in other centres and seven papers were taught by distance. The school attracted 1,753 students (an increase of 7.4%) with total enrolments of 2,029 (291.1 EFTS). Approximately 16% of students studied two papers and around 40% combined Summer School study with paid work. More than 11% were Māori or Pacifica and about 13% were international students, nearly 50% of whom were from China, Hong Kong, or Taiwan. Students viewed Summer School extremely positively, with 97% rating the experience "good, very good, or fantastic".

A Pre-Christmas Summer School ran for five weeks immediately following Semester 2 examinations. The nine papers offered included two distance papers, and one paper taught in Wellington, together achieving 291 total enrolments and 40 EFTS.

The 2017 International School was held during June and July and was based on the paper Landscape Development and Environment Change in the South Island. Enrolments were up on the previous year, the majority of which were from the United States.

Otago enrolled slightly more individual students in 2017 than 2016, but a decrease in the average workload per student meant that the EFTS total fell by 0.5% to 18,457. This comprised 18,198 University EFTS and a further 260 EFTS for the University's Foundation Studies subsidiary.

Within the University total, domestic student enrolments decreased by 146 EFTS (0.9%), with a drop in first-years partly offset by an increase in returning enrolments. International full-fee enrolments grew by 57 EFTS (4.0%) for the University, and by three EFTS (2.5%) for Foundation Studies. This was the second successive year of international full-fee growth at Otago.

Other positives in the international arena included another year of significant growth in recruitment from the United States (which continues to provide the largest country enrolment by head count), and growth from several other countries including China, India, the United Kingdom, Singapore, Canada and Iran.

The proportion of commencing students attracted from outside the University's Otago/Southland home catchment decreased slightly to 88.6% (2016: 89.2%). There were 1,933 Māori students enrolled, representing a record 9.3% of total enrolments (head count) and a record 11.0% of total domestic EFTS. Pacific enrolments were also at an all-time high, with 931 students, representing 4.5% of total enrolments and 4.9% of total domestic EFTS.

The number of students recruited from Australia was 284 (2016: 269), including a commencing cohort of 42 students (2016: 50). Approximately two thirds of these commencing students were New Zealand citizens returning from Australia. Postgraduate student numbers were up by 5.0% over 2016 in EFTS terms, due to very strong demand for both postgraduate taught and postgraduate research programmes. Total postgraduate enrolments increased proportionally to reach 18.0% of the roll.

The future of teaching was the subject of the Division of Humanities' inaugural Celebrating Teaching Symposium in October, focusing on how modern technologies and social media impact on current students' expectations and the ways in which to use these formats. There was a record increase in the use of electronic teaching and learning facilities across the University in 2017: the Otago Capture lecture recording system reported a 18.6% increase in use, with more than 1.3 million "views"; and use of the Zoom videoconferencing technology grew to more than 4.9 million minutes, an increase of 47.5%.

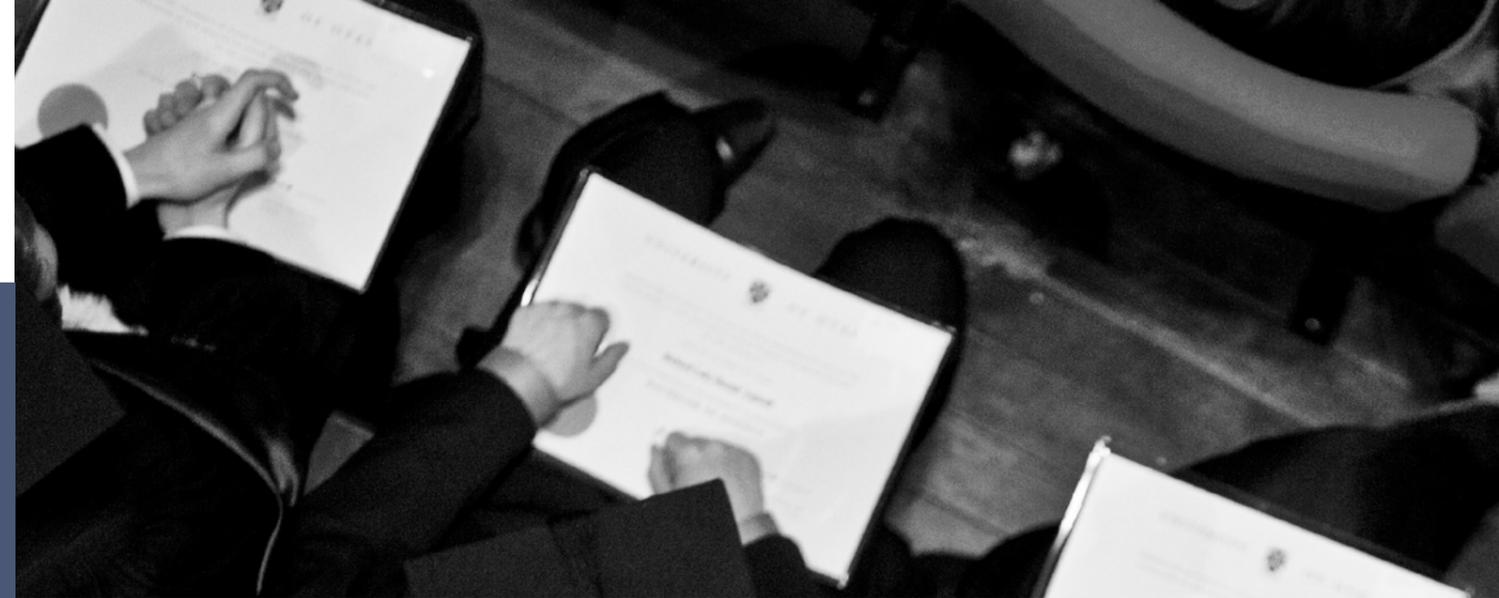
The University of Otago Library is an essential source of information to enhance research, teaching and learning across the University community. In 2017 the physical collection contained 1,680,316 books and serial items, 169,530 electronic serials, and an increase in accessible e-books of over 9% to 850,783. More than 100 extra study spaces were created by moving the Central Library Reserve Collection from the first floor to the ground floor: there are now 4,500 study spaces across the library system.

As part of its commitment to teaching excellence, the University carries out and encourages regular teaching evaluation activities. In 2017, Evaluation, Research, and Development reported on 3,097 evaluations, continuing a seven-year trend of annual increases, up 27% since 2011.

In the 2017 Student Opinion Survey 92.3% of respondents gave a positive assessment of the University's information technology and teaching facilities, 98.6% expressed satisfaction with the University libraries and 92.0% of research graduate students were happy with the quality of their supervision.

Outstanding Student Experiences

The University works in partnership with students to ensure that their time at Otago is the best it can be. The pursuit of academic excellence, sporting and cultural achievement, and enjoyment of life produces work-ready graduates well equipped to make positive contributions to society.



3,481

students accommodated in residential colleges

Unipol Recreation Centre recorded **689,008** visits

\$100,000

University of Otago Relay for Life raised over \$100,000 for the Cancer Society

1,600-plus

attended UNIO101: University Transition and Success

More than **3,350** students attended SLC workshops

98.1% of students gave a positive assessment of administration and support services, and **97.7%** of residential colleges



Outstanding Student Experiences

The Otago experience has its roots in the distinctive residential student life that the majority of the University's students enjoy. There are 15 residential colleges located on and around the Dunedin campus and in 2017 these were filled to capacity, with 3,481 students accommodated in the colleges, including Abbey College, New Zealand's first postgraduate college, and a further 751 in University-owned flats.

With around 85% of students coming from outside Dunedin, the University takes seriously its responsibility to provide high quality pastoral care. For many this begins at their residential college, while the Locals Programme provides a sense of community for local students, providing them with academic and pastoral support, social events and volunteering opportunities, much like their residential college counterparts.

At the Academic Convocation Ceremony held on 20 February the Governor-General, Her Excellency Dame Patsy Reddy, welcomed new students to Otago and challenged them to make a difference to New Zealand society in terms of creativity, innovation, diversity and leadership.

An academic orientation programme, UNIO101: University Transition and Success, was attended by more than new 1,600 students and 98% reported a positive assessment of its content. Other initiatives offered by the office of the Director of First-Year Experience included work-load advice for first-year students, support and advice for students struggling with their academic progress, and a "maximising opportunities hui" for high-achieving students.

In November, a new Blackboard (online) resource for first-year students – UNIO101: Getting Started at Otago – was launched and is available to all new first-year students enrolled from 2018. It provides a wide range of information in one location to help students transition into the University of Otago, with topics ranging from academic assistance to information technology.

In addition to specific programmes for first-years, the University provides an extensive range of support services for all Otago students, including Student Health, Recreation Services and Disability Information and Support (see page 67), as well as Te Huka Mātauraka (the Māori Centre) and the Pacific Islands Centre (see pages 64-67). Encouraging students to live healthy sustainable lives is an important focus and, in 2017, the Unipol Recreation Centre recorded 689,008 visits, a 4% increase on 2016. The inter-college sport programme attracted 263 teams participating in 10 sports.

The University also takes seriously its responsibility to help ensure that students are safe. A 24/7 Campus Watch service operates around campus and in 2017 the University Council approved a plan to install CCTV cameras in the surrounding streets, including Castle Street, Dundas Street, Albany Street and Hyde Street.

Academic support is a key priority. In addition to the tutorial services provided in residential colleges, there are a number of specifically-targeted support programmes and services offered by the Student Learning Centre (SLC).

More than 3,350 students attended SLC workshops in 2017 and a further 1,257 students accessed one-to-one consultations. Peer-assisted study sessions (PASS) continued to be popular, with more than 11,374 student contact hours recorded.

The Career Development Centre offers a comprehensive career planning service, as well as advice on gaining experience and job search. In 2017 there was an increase in demand for its services: callers to the centre were up by 10% to 21,868, including 2,453 one-on-one appointments. Four careers expos and 86 employer presentations were held, including a number of new events aimed at less-represented groups on campus such as Women in Tech, Navigating Career Pathways for Māori and Pacific students, and the New Zealand Defence military fitness boot camp.

A culture of volunteerism is becoming increasingly embedded in the Otago student ethos. This started well in 2017 with 904 students signing up to join UniCrew Volunteers during O-week – the highest number ever – and more than 2,300 hours of volunteering activities recorded during the week. The 2017 Student Volunteer Fair was also the biggest ever, with 36 organisations attending. The University of Otago Relay for Life, held in April, reached a significant milestone in raising over \$100,000 for the Cancer Society.

Other volunteering activities during the year included the third annual "sleep out" in the Octagon, raising \$3,000 for the Dunedin Night Shelter; the Te Whare Pounamu Dunedin Women's Refuge Appeal which has raised almost \$40,000 over the past two years; support for the Aspire Programme providing learning inspiration and mentoring to Dunedin high school students; and the Silverline Wellbeing Festival, a University and Otago Polytechnic student-led mental health initiative held in September to showcase the importance of recognising diversity in the ways society talks about, and deals with, mental health issues.

The two-year-long University of Otago Student Leadership Award programme, in which students contribute to a variety of social action and community activities, had 52 participants in 2017.

Otago students continued to succeed at the highest levels. English Literature Honours student Jean Balchin was awarded a prestigious Rhodes Scholarship to undertake postgraduate study at Oxford University; and Law and Arts graduate Oliver Hailes received a Woolf Fisher Scholarship to study at Cambridge University.

Charlotte Steel (Neuroscience) was awarded a three-year Cambridge-Rutherford Memorial PhD Scholarship. Fulbright Awards were received by Ben Riordan (Psychology), Andrew Pauling (Physics), Kate Turner (Geophysics), Jeremy Lee-Hand (Physics) and Charlotte Skerten (Law).

PhD student Emma Douma has received a 2017 Young Scientist Award from the International Union of Radio Science; Master of Science student Sean Boulton was awarded a Freemasons Postgraduate Scholarship; Marketing students Sophia Cooper and Malcolm Hayes received the Marketing Association Student Marketer of the Year Award; and first-year student Sisilia Laumanu was awarded a national Toloa Scholarship from the Ministry of Pacific Peoples.

A team of four Otago Commerce students – Tessa Paterson-Catto, Tiffany Robinson, Seth Hoskin and Matt Dunn – progressed to the finals of the CFA Institute Research Challenge held in Bangkok; George Coslett and Lucy Patterson were selected to travel to India as part of the Education New Zealand's NZ-India Sustainability Challenge; Holly Hanson, Mika Smith and Kiri Lenagh-Glue took part in the World's Challenge Challenge in Ontario; and Charlotte Steel and Injy Johnstone were selected for the New Zealand National Commission for UNESCO Youth Reference Group.

Law students Olivia Klinkum and Zared Wall-Manning won the National Mooting Competition; the Otago A debating team progressed to the semi-finals of the Australian Debating Championships; and Craig Stanton was selected as a judge for the World University Debating Championships in Mexico. The Otago University Rowing Club continued its outstanding run of successes taking top honours at the 2017 International Universities Rowing Regatta, held in China in August.

2017 Student Opinion Survey respondents indicated an overwhelming satisfaction with services provided: 98.1% gave a positive assessment of administration and support services, 98.5% with the Student Learning Centre, 97.7% with residential colleges, 97.0% with sport and recreational facilities and 92.2% with the careers advisory service. International students have also ranked Otago highly. In the latest International Student Barometer, respondents who studied at Otago reported the highest overall scores among the six participating New Zealand universities: 93% reported overall satisfaction with their Otago experience and 88% would recommend the University to others.

Outstanding Campus Environments

The University of Otago is widely recognised for its exceptional campus environments. The University is committed to ensuring that it provides high-quality facilities for students and staff, while maintaining the overall aesthetic value of its campuses. Safety, sustainability and responsiveness to new opportunities are principles which drive all aspects of campus development.

\$26 million

facility for Music, Theatre and Performing Arts announced

Sustainability Strategic Framework sets a target of **100%** renewable energy status by **2030**

\$130 million

redevelopment of the Faculty of Dentistry facilities is ongoing

96.8% of students report satisfaction with the general campus environment

Outstanding Campus Environments

The University is undertaking one of the most significant building programmes in its history. In 2017 a number of projects were completed, others were ongoing and several new projects were announced.

Early in the year the new purpose-built home for Dunedin's world-renowned Dunedin Multidisciplinary Health and Development Study was opened by the then Tertiary Education Minister, the Hon. Paul Goldsmith.

A 7.8 million landscaping project that aimed to enhance the University's reputation for having one of the world's most beautiful campuses was completed in February. This included adding more than 8,000 plants to the campus, about 60 nursery-matured trees, 20 small rain gardens, heritage-style lighting, iron railings and fences, bluestone facades, and replacing or laying about 15,000m² of paving.

The new Portobello Marine teaching laboratory was completed in June and hosted its first classes in July. With new display and "touch-tanks" this facility provides outstanding opportunities for teaching and marine outreach programmes. The new seawater system pumps 60,000 litres of seawater through the complex every hour.

The redeveloped Otago Business School building was opened in December. The \$17.6 million project has created a more modern and easily accessible learning environment, and has resolved problems that had been caused by a leaking atrium roof.

Work began on the \$9.1 million redevelopment of the St David 2 facility. The building – which was gutted and seismically strengthened in 2015 – is being reconfigured to provide much-needed office accommodation. This project will bring a valuable University asset back to life and reduce reliance on leased premises. It is expected to be completed by May 2018.

The \$56 million refurbishment of the University's Science 1 building approached completion. Features include a three-storey atrium to create a more user-friendly link with the Science 2 building; environmental and chemical oceanography laboratories; a trace elements lab; and "super-labs" for students. Work continued on the site for a new \$49.8 million Research Support Facility which will replace ageing facilities with a modern building equipped with the latest technologies.

Another substantial new project – a \$26 million new facility for Music, Theatre and Performing Arts – was announced in 2017. This project comprises the construction of a new building beside the Robertson Library in Union Street East, as well as refurbishing the music suite, teaching wing and tower block at the neighbouring University of Otago College of Education. Features include purpose-built and versatile recording studios, flexible teaching spaces and communal areas.

The redevelopment will provide opportunities for academic, commercial and community collaborations. Construction will begin in 2018 and completion is scheduled for 2019.

The largest project on campus – the \$130 million redevelopment of the Faculty of Dentistry facilities – is ongoing. Construction of the new 8,000m² clinical services building commenced early in 2017. It will house operating theatres, specialty and teaching clinics, the primary care unit, and radiography and surgical suites. When this is completed services will be relocated from the existing Walsh building to allow its refurbishment. The two buildings will be linked by a 1,800m² atrium. The project is expected to be completed in early 2020.

In other developments during the year, the Otago Regional Council started the next stage of the Water of Leith flood protection scheme on campus, between the Union Street Bridge and Clyde Street, to help improve the river's safety and amenity in the "University bend" area.

City College, one of the 15 residential colleges located around the campus, was renamed Caroline Freeman College, after the University's first female graduate.

The University's Sustainability Strategic Framework 2017–2021 was launched in May. This document provides the foundation for integrating sustainable principles and practices across all campuses and activities, building on initiatives already under way, and encouraging the celebration of progress and success.

A number of priority sustainability actions and targets have been set (to be measured against a 2012 baseline):

- Reducing total greenhouse gas emissions by 33% by 2020. This started well with the University negotiating to transition fuel for the boiler that heats about 40% of the Dunedin campus from coal to locally sourced wood.
- Improving energy efficiency by at least 20% by 2025.
- Achieving 100% renewable energy status by 2030.
- Landfill waste to be reduced by 50% by 2021.

Other planned sustainability initiatives include: creating Green Building Standards for the University, launching Green Impact – a programme to recognise efforts taken by people and departments to make the University more socially responsible and environmentally sustainable, and achieving Certified Emissions Management and Reduction Scheme (CEMARS) accreditation.

In the latest Student Opinion Survey 96.8% of students reported satisfaction with the general campus environment and 98.2% satisfaction with personal safety on campus.



First-year students at the 2017 Academic Convocation Ceremony.



Members of the Health Sciences team during the Relay for Life to raise money for the Cancer Society.

Commitment as a Local, National and Global Citizen

Otago is making a meaningful response to the challenges posed by changing times, particularly in the areas of health and well-being, society and the environment. The University continues to strengthen partnerships with Māori and Pacific communities, and contributes to society through a wide range of community service and outreach activities.

79.5%

of academic staff dedicated time to community service activities

6,130

school students and their teachers attended programmes at the New Zealand Marine Studies Centre

Māori and Pacific student numbers at an all-time high

The University's national economic impact is estimated at **\$1.87 billion**

Hocken Collections include **1,136,251** pictures and photographs, and **10,272** linear metres of archives

Commitment as a Local, National and Global Citizen

In addition to research highlighted earlier in this report (see pages 20-23) Otago staff from across the academic disciplines are reinforcing the University's commitment to the world we live in and the preservation of our environment. They are finding new ways to treat cancer and fight antibiotic-resistant superbugs; developing technologies to remove pollutants from our waterways; using "big data" to help answer some of the most pressing health research questions; and taking a multidisciplinary approach to providing sustainable, low-carbon energy solutions. Otago researchers are taking lead roles in issues such as healthy ageing, resilience planning, health disparities, environment protection and integrated landscape management (otago.ac.nz/hekitenga). And research from the Otago-based National Centre for Lifecourse Research has shown that a university education may not only change the lives of Māori and Pacific graduates, but also positively impact their families, communities and society in general.

Otago is also contributing to local, national and global citizenship at the practical level. In partnership with the Wellington City Council, the University of Otago, Wellington launched a voluntary Rental Warrant of Fitness for minimum housing standards in Wellington. The first of its kind in New Zealand, the programme aims to raise the standard of housing stock and improve health outcomes.

The Christchurch Heart Institute is working with the Heart Foundation to examine cardiovascular disease in residents of Ryman Healthcare facilities. The results will be twofold: Ryman residents will benefit from increased awareness of their health risks and the information gathered will be used to raise the standard of cardiovascular care throughout New Zealand.

The Division of Health Sciences, Mercy Hospital and Rotary collaborated to send health equipment, educational resources and other requested goods to the Samoa Ministry of Health and National University of Samoa. The University also partnered with Te Pūtahitanga o Te Wāipounamu, Ngāi Tahu, Arai Te Uru Whare Hauora and the Pacific Community to establish Te Kāika, a South Dunedin-based facility to provide a variety of services for Māori, Pacific and other people who experience barriers to primary health care.

In association with the Otago Muslim Association and the Southern District Health Board, the Faculty of Dentistry held an oral health information day for refugees and their families in February. A Dentistry-led team also worked with Te Kura Kaupapa Māori o Ōtepoti staff, pupils and their whānau to investigate the hidden sugar content in their diet and how pupils can improve their oral health. Christchurch medical students ran a community health programme for people on community work sentence, and also provided free medical checks to people attending the Polyfest event.

The New Zealand Marine Studies Centre (NZMSC) provides a window into marine research at the University of Otago, fostering an understanding of New Zealand's marine environment and its conservation through community engagement and education. In 2017, 6,130 school students and teachers attended curriculum-linked programmes at the centre; 1,055 people participated in group marine experiences; and a further 4,740 school students and teachers attended outreach programmes in the Nelson/Marlborough/Tasman region.

New developments included the completion of the new teaching laboratory at Portobello for University and school groups, and the "launch" of the Marine Science Aquavan. Equipped with chilled recirculating seawater tanks for transporting marine specimens, this is a valuable research and teaching resource, and is also being used for community outreach initiatives.

The after-school Aspire Programme, held in collaboration with Te Rūnunga o Ōtākau and which aims to motivate school pupils to continue with their education, proved very popular and doubled in size throughout the year.

The University has a long-standing commitment to community service, with activities undertaken in 2017 estimated at \$25.5 million. In a survey of academic staff, 79.5% of responders had dedicated time in the past year to community service and, on average, this comprised 7.1% of their time. The types of service undertaken included giving lectures, talks or presentations to non-university groups (68.5%), holding a post in an organisation or association relevant to their area of expertise (72.6%) and editing or serving on the editorial boards of publications (54.8%).

The University has a well-established outreach programme stretching back more than 30 years, a key focus of which is encouraging groups under-represented in University study. The three-day Science Wānanga programme was delivered to two communities in 2017: Waipatu Marae in Hastings and Ōtākou Marae in Dunedin. In total, 118 rangatahi Māori and 19 teachers took part, supported by 44 university staff and postgraduate students.

The Otago University Advanced School Sciences Academy (OUASSA) was held for the seventh year. Of the 57 students who participated, 21 students identified as Māori and a further five as Pasifika, the largest Māori and Pacific cohort to date. Seventeen teachers also took part. Hands-On at Otago – which grew out of the highly successful Hands-On Science programme – attracted 414 students from 169 New Zealand schools, as well as one in Australia and one in Samoa. 83 students were Māori and 45 Pasifika.

A revised Māori Strategic Framework 2022 (MSF) was formally launched in 2017, building on momentum and progress made since the inaugural MSF was introduced in 2007. Its aims are to further develop the University's engagement with Māori, to deepen the commitment to achieving equitable Māori participation and success rates in tertiary education; and to set and pursue ambitious goals around embedding mātauranga Māori within the University's core functions.

The number of equivalent full-time Māori students enrolled at Otago increased to 1,933 (2016: 1,844). As a proportion of the University's total domestic student EFTS, Māori student EFTS were at an all-time high of 11.0%. Pacific enrolments were also at an all-time high of 931 students (2016: 874), representing 4.9% of total domestic student EFTS. Support and mentoring programmes for Māori and Pacific students were run through the Te Huka Mātauraka the Māori Centre, the Pacific Islands Centre and the academic divisions.

For more information on Māori and Pacific development, see pages 64-67.

As one of New Zealand's largest employers, the University makes a significant impact on the regional and national economies. The latest Economic Impact Report, released in 2017, estimated that the University directly injected around \$939.1 million into the Dunedin economy, with the downstream

effects totalling \$1.64 billion and supporting around 14,748 jobs. There were also economic impacts of around \$121.3 million, 105.0 million and \$3.9 million into the Christchurch, Wellington and Invercargill economies respectively. The total (direct and indirect) impact of the University's activities on the New Zealand economy was estimated at \$1.87 billion.

The University offers a number of important services that contribute to the well-being of people in New Zealand and overseas. For example, the National Poisons Centre (NPC) works towards the reduction of harmful exposures in the community through the provision of clinical advice as well as other prevention, education and surveillance programmes. A service unit within Otago's Department of Preventive and Social Medicine, it provides a 24-hour, 365-days-a-year free phone service to both members of the public and health-care professionals of New Zealand. The NPC also maintains a database (TOXINZ) of some 200,000 toxic substances that is extensively used in the management of poisoned patients in New Zealand hospitals as well as overseas. The Pharmacovigilance Centre helps ensure the safety of medicines, vaccines, herbal products and dietary supplements through the monitoring of "adverse events".

The University's library collections, documentary heritage and commitment to the arts provide further avenues of contribution to the national good. The University's arts fellowships are of national significance and in 2017 were held by: Campbell Patterson (Frances Hodgkins Fellow); Craig Cliff (Robert Burns Fellow); Chris Gendall (Mozart Fellow); Caroline Sutton Clark (Caroline Plummer Fellow in Community Dance); and Dr Mere Whaanga (Creative New Zealand University of Otago College of Education Children's Writer in Residence).

Support continued for the University of Otago Sheilah Winn Shakespeare Festival which was held in April in conjunction with the Shakespeare Globe Centre New Zealand. The annual festival involves students from more than half the secondary schools in the country, many of whom go on to study at Otago.

The Hocken Collections is one of the foremost research libraries in New Zealand, its collections comprising 1,136,251 pictures and photographs and 10,272 linear metres of archives. One of four exhibitions mounted in the Hocken Gallery in 2017 was by the 2016 Frances Hodgkins Fellow, titled "Miranda Parkes: the merrier". A book celebrating and commemorating the fellowship was launched in September: *Undreamed Of... 50 years of the Frances Hodgkins Fellowship*. The Salmond Anderson Architects records, held at the Hocken, were inscribed on the UNESCO Memory of the World New Zealand heritage register.

The Library's Special Collections hosted John Holmes as the 2017 Printer in Residence who produced a book *SNAP*, collaborating with David Eggleton for the poems and Nigel Brown for images. Four exhibitions were mounted in the de Beer Gallery including "Intrepid Journeys: Travelling with the Hakluyt Society".

Otago University Press became the first New Zealand university press to be accepted as a member of the AAUP, the Associate of American University Presses.

Strong External Engagement

Building strong relationships with political, business, professional, community and alumni groups was an important focus for the University in 2017.



101

current student exchange partners

Sister city relationship with Shanghai further strengthened

Otago is a partner in three inaugural Centres of Asia-Pacific Excellence

More than **700** continuing education events were held

Contact maintained with more than **100,000** alumni

Strong External Engagement

With a strategic commitment to being better connected, more entrepreneurial and more highly engaged, the University of Otago has continued to develop partnerships and collaborative agreements.

Otago became a key partner in three inaugural Centres of Asia-Pacific Excellence (CAPEs) announced in March. CAPEs are cross-institutional centres of excellence in the language, culture, politics and economics of countries or groups within the Asia-Pacific region, strengthening New Zealand's ties to the Asia-Pacific region.

A memorandum of understanding (MOU) and student exchange agreement were signed with Hokkaido University, Japan, cementing already established links. The agreements will encourage research collaboration and allow for staff and student exchanges. An MOU was also signed with the O.P. Jindal Global University, India, providing opportunities for students studying the Otago Master of International Business and Master of Marketing programmes.

An MOU between the University of Otago and Fiji National University formalises long-standing links and will promote research and teaching collaboration, and staff and student mobility, as well as laying a platform to work together on a broad range of areas for future benefit. In August another MOU was signed to offer places for Kuwaiti-funded students in Health Science programmes. The University currently has 101 student exchange partners and is finalising bilateral agreements with Melbourne University, LaTrobe University, Memorial University (Newfoundland) and Willamette University (US) as part of an indigenous exchange programme.

The Otago-hosted NZ-China Non-Communicable Diseases Research Collaboration Centre also signed MOUs with three leading Shanghai Institutions: Huashan Hospital, Shanghai Mental Health Centre and the Fudan University of Public Health. This will strengthen growing collaborations between New Zealand and Chinese Health researchers in areas such as diabetes, heart disease and neurological disorders.

The University's relationship with Dunedin's sister city Shanghai was further strengthened in mid-November during a visit from Shanghai's Vice Mayor Mr Xu Kunlin. Otago's links with institutions in Shanghai include a student exchange programme with Fudan University, a joint Doctor of Business Administration degree with Shanghai Jiao Tong University, and a relationship with the Shanghai University of International Business and Economics.

The executive of the Matariki Network of Universities – of which Otago is a founding member – met at Dartmouth College in October, followed by a joint alumni event. The MNU enables research collaboration, student and staff exchange, and opportunities for sharing best practice.

Closer to home, the University joined with the New Zealand Food Innovation Network in FoodSouth Otago, a partnership to support a pilot food-science plant on the Dunedin campus. The collaboration will enable the development of new food products, improve industry links, and provide access to bigger and better processing equipment.

The Grow Dunedin Partnership also contributed financially to this venture.

Rural health has been in the political and policy spotlight over the past year and the University of Otago is party to a now well-developed proposal for a National School of Rural Health, together with the University of Auckland, AUT, the Royal New Zealand College of General Practitioners and the New Zealand Rural General Practice Network. The concept of a School of Rural Health includes 10 inter-professional rural sites that will be co-developed and co-governed by iwi and local communities, ensuring the school meets the needs of those communities. The implementation of this initiative will depend on the Minister of Health and the Minister of Tertiary Education as they determine their priorities.

The University, in particular the Division of Health Sciences, is also proactively working with the Ministry of Health, the Southern Partnership Group and the Southern District Health Board to provide input into the planning for the Dunedin Hospital rebuild.

Issues of societal impact were the focus of public lectures and seminars hosted by the University in 2017. The Winter Symposium (formerly Winter Lecture Series) addressed three key areas of importance to audiences in Auckland, Wellington and Queenstown: the future of work, regionalism and the dominance of Auckland; and water quality and the impact of tourism. The 52nd University of Otago Foreign Policy School focused on geopolitical instability and forced migration.

The University of Otago, Wellington Public Health Summer School, held in February, provided an opportunity for members of the public to listen to world leading experts discuss issues such as emerging infectious disease, disaster resilience, domestic violence, racism and child health. The Future Face of Healthcare public lecture series – a collaboration between the Dunedin School of Medicine and the Southern District Health Board – continued in 2017, highlighting research of direct relevance to the health of our population; and a "Forward Pharmacy" initiative held its first symposium in Wellington in April.

Across the wider university, more than 700 continuing education events were held in total, including 195 open lectures, 362 seminars, 21 inaugural professorial lectures, forty-three short courses, 35 symposia and 16 conferences. Forty-nine performances were given, including three concerts.

Distinguished visitors to the campus included His Excellency, Dr Rui Maria de Araujo, Prime Minister of Timor-Leste, an Otago alumnus who led a delegation to explore collaborative public health projects; one of the world's foremost historians, Professor Sir Richard J. Evans (University of Cambridge) who addressed audiences in Dunedin, Wellington and Auckland about the truths and myths surrounding the Holocaust and World War 2. Lectures were also delivered by two other distinguished alumni, the Deputy Governor of the Reserve Bank Mr Geoff Bascand and internationally respected cancer specialist Professor Sir Murray Brennan.

Nurturing long-lasting mutually beneficial relationships with Otago alumni continued to be a priority, both in New Zealand and internationally.

The University maintained contact with more than 100,000 alumni via electronic and print communications, including the University of Otago Magazine, which was published in April and October, and the eConnect alumni electronic newsletter in April, October and December.

Targeted emails for alumni – "What's On for Alumni" – were sent monthly to alumni living in Dunedin, Christchurch, Wellington, Auckland and Queenstown, as well as other cities and towns where University of Otago-related events were held. Social media – Facebook, Instagram, LinkedIn, and Twitter – provided further opportunities for alumni to communicate with each other and to engage directly with the University.

The Development and Alumni Relations Office organised 19 alumni events in New Zealand and around the world. Event highlights included events in Dunedin, Wellington and Auckland to launch the University's 150th anniversary and celebrate the 50th anniversary of the Frances Hodgkins Fellowship; a welcome BBQ for new graduates in Auckland; and successful events in London, Frankfurt, San Francisco, New York and Toronto.

The Development and Alumni Relations Office also assisted with the organisation of 17 alumni reunions in Dunedin and around New Zealand. A new alumni network was established in Fiji, supporting the goal to increase engagement with our Pacific region alumni. Fifty-two entrance scholarships were awarded in 2017, providing funding support for students' residential college fees. Donor support contributed to academic fellowship and research positions, as well as prizes and awards to recognise diligence and tenacity for learning.

Sustaining Capability

The University is taking a long-term approach to sustaining its capabilities, looking at ways to diversify its funding base, and scrutinising activities, processes and structures for both efficiency and effectiveness.

\$34.2 million surplus

49

commercial opportunities received by Otago Innovation Ltd

Support Services Review adopts a shared services model

2,787

staff attended 324 HR workshops

Sustainability Strategic Framework sets bold goals

Sustaining Capability

To support the vision of being a research-led University with an international reputation for excellence, it is important to generate sufficient resources and to target the use of those resources effectively. As outlined in detail in the Financial Review on page 72, the University Group reported a surplus of \$34.2 million which was significantly above budget, primarily due to the excellent result from the University of Otago Foundation Trust.

The constrained funding environment for the tertiary sector continues, with flat student demand and government funding rising at a slower rate than costs increase. The financial position of the University remains strong, but careful fiscal management is required to ensure we can continue to deliver high quality teaching, research and community service while the University parent surplus remains below the level required to fund the bold capital expenditure plan.

While Otago continues to advocate for adequate levels of Government funding, it is also seeking to diversify its funding through other avenues, particularly entrepreneurial and development activities.

In 2017, 49 commercial opportunities were presented to Otago Innovation Ltd, the University's commercialisation company (2016: 42). Several spin-out companies also had a productive year and have successfully raised capital. These include Upstream Medical Technologies that develops biomarker-based testing for the rapid and accurate diagnoses of heart disease and associated clinical complications; Ubiquitome Ltd and its hand-held portable diagnostic device; and Photonic Innovations which is making headway in the New Zealand market with a device for detecting ammonia in cold stores and food processing industries.

Following regulatory clearance from the US Food and Drug Administration, Chitogel is proceeding with plans for its wound-healing biological gel to be used to treat sinus patients in the United States. Quitta Pty Ltd is refining its product to help smoking cessation and, as a result of a fruitful collaboration between Chemistry and Dentistry, a new company, Silventum, was formed late in 2017 to make and market new dental treatments. A number of licences were also agreed with pharmaceutical and other companies worldwide.

Otago Innovation also works to encourage new ideas from staff. The annual Proof of Concept Award was won by Associate Professor Alex McLellan and Dr Yoshio Nakatani (Microbiology and Immunology) with their proposal for a new technique to make modern cancer treatments safer. Dr Ailsa McGregor (School of Pharmacy), together with Associate Professor Natalie Medicott (Pharmacy) and Professor Paul Glue (Psychological Medicine), won the Translational Research Grant for an idea that could revolutionise the treatment of severe pain.

In January 2017 the University of Otago received one of its largest single gifts: a four-hectare homestead property on the shores of Lake Wakatipu. The Woolshed Bay property was given to the University by Queenstown farmers Dick and Jillian Jardine and, in accordance with their wishes, this will be used as a research retreat – a meeting place for some of the world's top minds to come together to think, meet, share ideas and reflect.

Dunedin breakfast cereal company Harraway & Sons Ltd gifted \$100,000 to the Department of Food Science to fund an annual visiting professorship to strengthen the department's international networks and bring valuable expertise to this country. Belgian researcher Professor Marc Hendrickx (Katholieke Universiteit Leuven) has been announced as the first recipient.

To sustain the University as a vibrant and diverse community, it is important that staff are fully engaged in their academic and professional callings. During 2017 Human Resources held a total of 324 workshops, attended by 2,787 participants, an increase from the previous year (2016: 225 workshops, attended by 2,618 participants). To ensure the programme remains relevant and responsive, 17 new workshops were offered to staff. A series of workshops, Connecting with our Community, was developed to acknowledge and support the contributions of staff towards the creation of outstanding student experiences at the University of Otago. The secondment of a psychologist from Student Health enabled Human Resources, in partnership with Health and Safety, to develop and offer a range of courses around well-being and resilience.

The Te Reo language courses continued to be popular with staff. Four workshops were held, attended by 48 participants.

The Women in Leadership at Otago (WiLO) programme was attended by 17 participants from three campuses. The Essential Management programme, a three-day event, was held three times in 2017 and attended by 60 managers. The Supervisory Skills programme had another successful year with 20 participants.

Just as the University celebrates the outstanding performances of research and teaching staff, general staff are also recognised with the annual Award for Exceptional Performance by General Staff. In 2017 this was jointly presented to Sze-En Watts, co-ordinator of the University Volunteer Centre, and Sally Carson, director of the Marine Studies Centre.

To sustain capability the University must respond to the challenges of a changing world. The Sustainability Strategic Framework: 2017-2021 sets bold goals, integrating sustainability principles and practices across all University activities (see page 34).

The University must also scrutinise its activities for efficiency and effectiveness. The wide-ranging Support Services Review continued throughout 2017. A Business Case was presented to staff mid-year and, following further consultation in which more than 600 submissions were received, the review is now entering its implementation phase. The new shared services model requires a 160 FTE reduction in staff, but the University is confident that most of this will be achieved by natural attrition and voluntary redundancy. A management of change process is underway and is expected to be completed in 2018.

A number of departments in the Division of Sciences were also reviewed in 2017. This resulted in a restructure of the School of Physical Education, Sport and Exercise Science, and the pending closure of the Centre for Materials Science and Technology.



Celebrating the launch of the Māori Strategic Framework 2022: Director of Māori Development Tuari Potiki, Vice-Chancellor Professor Harlene Hayne, Rino Tirikatene and Paul Karaitiana.



Then Prime Minister the Rt Hon. Bill English speaks to students during a visit to the Dunedin campus in August 2017.



2017 Teaching Excellence Awards recipients with Deputy Vice-Chancellor (Academic) Professor Vernon Squire (centre): Professor Ruth Fitzgerald, Ms Haruko Stuart, Professor Michelle Thompson-Fawcett and Dr Bradley Hurren.

Reporting by Outputs

	Note	Commerce			Health Sciences			Humanities			Sciences			Service Divisions			Total		
		Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s
Teaching and learning output	23																		
Campus-based teaching and learning		26,763	27,977	25,130	99,218	110,585	87,228	51,714	55,690	48,418	33,974	36,309	32,957	2,971	3,358	531	214,640	233,919	194,264
Total cost of outputs		26,763	27,977	25,130	99,218	110,585	87,228	51,714	55,690	48,418	33,974	36,309	32,957	2,971	3,358	531	214,640	233,919	194,264
Research output	23																		
Postgraduate thesis supervision		5,770	6,085	5,488	20,136	25,059	20,235	7,340	7,506	8,912	8,097	8,675	9,557	19,673	21,349	18,543	59,837	53,192	62,735
Teaching-related research		2,256	2,390	2,320	6,624	9,095	14,042	10,452	10,926	8,693	4,682	5,334	6,756	0	0	0	25,192	40,226	31,811
Project-based research																			
- University funded		4,516	3,386	4,087	67,187	56,914	62,867	4,447	4,317	4,514	43,718	40,391	37,287	371	160	0	120,239	105,168	108,755
- Externally funded		1,204	1,189	771	10,5227	94,085	96,121	12,165	10,822	11,381	32,094	32,094	25,838	0	0	0	150,690	134,193	134,111
Total cost of outputs		13,746	13,050	12,666	199,173	182,152	193,265	34,404	33,571	33,500	88,591	82,497	79,438	20,044	21,509	18,543	355,958	332,779	337,412
Community service		2,634	2,747	3,291	11,497	11,205	13,884	6,141	6,108	7,416	5,244	5,367	6,379	0	0	0	25,517	25,428	30,970

Output reporting for the University includes net expenditure by output for each division e.g. community service, teaching and research, based on percentages provided by the divisions. It differs to the Annual Report financial statements in that it presents the University's output expenditure and excludes expenditure relating to non-output-related activities (such as provision of accommodation services).



Statement of Service Performance

STRATEGIC OBJECTIVE ONE: EXCELLENCE IN RESEARCH

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
1.1	Increasing the number of quality-assured research outputs as measured by a three-year rolling average. ¹	3-year rolling average 4,592	3-year rolling average 4,712	> previous year	3-year rolling average 4,825
1.2	Increasing research funding from outside sources as measured by a three-year rolling average.	3-year rolling average \$87.1 million	3-year rolling average \$97.8 million	> previous year	3-year rolling average \$112.3 million
1.3	Increasing the proportion of postgraduate research EFTS within University EFTS. ²	8.8%	8.6%	> previous year	8.9%
1.4	Increasing the number of research degree completions as measured by a three-year rolling average.	3-year rolling average 568	3-year rolling average 554	> previous year	3-year rolling average 550
1.5	At least 90% of research degree respondents to the Graduate Opinion Survey reporting overall satisfaction with the quality of supervision.	89.7%	96.2%	≥ 90.0%	92.0%
1.6	At least maintaining the number of academic staff undertaking research and study leave as measured by a three-year rolling average.	3-year rolling average 135	3-year rolling average 140	≥ previous year	3-year rolling average 143
1.7	Maintaining Otago's position as New Zealand's top university in the publications per capita (PCP) component of the annual Academic Ranking of World Universities (ARWU) Rankings.	Outright first	Third equal in ARWU	Outright first	Third in ARWU

The University achieved five of seven performance targets relating to this strategic objective.

The increase in the three-year average of quality-assured research outputs reflects an intensification of research activity as academic staff prepare for the 2018 PBRF round. The average is likely to increase over the next year. The University had a very successful year for securing external research income in 2017 and this is reflected in the \$14.5 million (14.8%) increase in the three-year rolling average.

The increase in postgraduate research EFTS as a proportion of total University EFTS was due to growth concentrated in the health sciences and sciences, including increased numbers of professional doctorate as well as PhD enrolments.

Satisfaction with the quality of research degree supervision again exceeded its performance target in 2017. Although there was a slight decrease from the 2016 figure, it is pleasing to achieve satisfaction levels in excess of 90% for two consecutive years.

The overall increase in the number of academic staff undertaking research and study leave was driven by an increase in the Division of Sciences.

The drop to third position in the citation components of the annual Academic Ranking of World Universities (ARWU) reflected recent changes made by ARWU and to the methodologies underpinning these indicators³.

1. Due to the time required to collate and vet research output data, the outputs reported for this measure are a year in arrears (i.e. outputs reported against 2017 are those published in 2016, etc.). Research outputs are only included once evidence of their quality-assured status has been obtained. The definition of quality-assured research outputs employed for this measure is consistent with that specified by the Tertiary Education Commission for PBRF reporting purposes.

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

3. Since this performance target was set the citations methodology for each ranking has been modified in a way that has adversely impacted Otago's score. ARWU has moved from measuring citations over several years to measuring the top 1% of citations by field and year indexed in the Web of Science – which is generally the year of publication. The previous methodology rewarded the cumulative influence of influential older research and Otago did very well in this respect; while the current methodology favours the impact of newer research in each year of publication.

STRATEGIC OBJECTIVE TWO: EXCELLENCE IN TEACHING

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
2.1	Increasing the proportion of postgraduate EFTS within University EFTS.	17.0%	17.1%	> previous year	18.0%
2.2	At least 90% of undergraduate degree-level commencing students admitted with NCEA Level 3 or an equivalent qualification.	93.4%	94.9%	≥ 90.0%	95.3%
2.3	Increasing the pass rate for first-year undergraduate students.	84.2%	85.0%	> previous year	85.8%
2.4	Maintaining an average pass rate for papers within 2% of the average for the previous three years.	90.3% (3 year average 89.8%)	90.8% (3 year average 90.2%)	+/- 2.0% of rolling average	91.2% (3 year average 90.2%)
2.5	Increasing the number of students successfully completing qualifications at both undergraduate and postgraduate levels.	3,462 (UG) 1,814 (PG)	3,410 (UG) 1,936 (PG)	> previous year	3,235 (UG) 2,007 (PG)
2.6	At least 90% of respondents to the annual Student and Graduate Opinion Surveys ⁴ providing a positive assessment of the quality of teaching.	84.5%	86.2%	≥ 90.0%	84.9%
2.7	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;	96.3%	96.6%	≥ 90.0%	96.2%
	Teamwork skills;	83.6%	86.1%	≥ 90.0%	85.4%
	Communication skills;	92.1%	92.3%	≥ 90.0%	92.5%
	The skills to plan my own work;	94.7%	94.6%	≥ 90.0%	95.1%
	The ability to solve problems;	95.0%	94.4%	≥ 90.0%	94.7%
	Independent judgement;	95.0%	95.7%	≥ 90.0%	96.0%
	Academic rigour;	93.9%	94.5%	≥ 90.0%	94.4%
	A multidisciplinary perspective;	89.7%	91.2%	≥ 90.0%	89.9%
	Analytical skills;	96.0%	96.1%	≥ 90.0%	96.6%
	Flexibility and adaptability;	91.5%	93.8%	≥ 90.0%	93.5%
	An awareness of ethical issues;	89.8%	91.1%	≥ 90.0%	91.6%
	A global perspective;	86.0%	88.6%	≥ 90.0%	87.2%
	Cultural understanding;	83.0%	85.2%	≥ 90.0%	83.5%
	Environmental literacy;	77.4%	79.5%	≥ 90.0%	78.7%
	Research skills;	94.8%	94.5%	≥ 90.0%	95.5%
	Information literacy.	95.1%	95.6%	≥ 90.0%	96.7%
2.8	At least 90% of respondents to the Graduate Opinion Survey reporting progression to employment or further study following completion of their qualification, as measured by a three-year rolling average.	93.2%	94.2%	≥ 90.0%	94.7%

4. Please refer to footnotes 5 and 6 below for discussion of these surveys and their response rates.

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. In 2017, 5,116 students were invited to complete the survey and there were 2,522 respondents (a 49.3% response rate). (2016: 4,465 surveyed; 2,225 respondents; 49.8% response rate.)

Statement of Service Performance continued

Seventeen of the 24 performance targets relating to this strategic objective were achieved. Of those not achieved, one was within 0.1% of the target. The increased proportion of undergraduate degree-level commencing students admitted with NCEA Level 3 (or equivalent) reflects the drive to recruit more high-calibre school leavers to Otago. The proportion of first-year undergraduate students who passed their first year of study increased for the second year in a row, as did the number of students successfully completing postgraduate qualifications – reflecting modest growth in the number of international enrolments in postgraduate programmes. The slight decrease in undergraduate qualification completions is an effect of increased numbers of students enrolled in longer undergraduate degrees such as those in Health Sciences.

The percentage of respondents positively assessing the quality of teaching at the University improved slightly from 2016 and 2015, though again remained below target. Improved performance against this measure remains a priority. Results for the Graduate Opinion Survey were similar to previous years, with minor variations. Employment and further study outcomes remain strong.

STRATEGIC OBJECTIVE THREE: OUTSTANDING STUDENT EXPERIENCES

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
3.1	At least 90% of residential college respondents to the annual College Resident Survey ⁶ providing a positive assessment of their colleges.	96.2%	97.3%	≥ 90.0%	97.7%
3.2	At least 90% of respondents to the annual Student Opinion Survey ⁷ providing a positive assessment of:				
	Administrative services and support services;	95.9%	97.2%	≥ 90.0%	98.1%
	The Student Learning Centre;	96.7%	98.0%	≥ 90.0%	98.5%
	The helpfulness of staff;	88.9%	92.5%	≥ 90.0%	91.8%
	Student health and counselling services;	91.5%	90.4%	≥ 90.0%	85.6%
	The University's careers advisory service;	94.9%	94.9%	≥ 90.0%	92.2%
	Support from the Otago University Students' Association.	96.1%	96.9%	≥ 90.0%	95.7%
3.3	Enrolling a diversified international student population ⁸ constituting up to:				
	15% of total University EFTS;	11.2%	11.6%	≤15.0%	12.1%
	25% of the international cohort from one country.	19.8%	20.7%	≤ 25.0%	21.1%

The University achieved eight out of the nine targets relating to this strategic objective. As a residential university, the high satisfaction rating from residential college respondents were especially noteworthy, affirming the value of our focus in this area. The proportional increase in international EFTS was due primarily to a third year of strong growth from the United States (an increase of 77 students or 10.7% from 2016) along with modest growth from Canada (13 students; 24.1%), India (11 students; 9.2%), and Indonesia (7 students; 21.9%).

6. The annual Student Opinion Survey elicits comprehensive feedback from students on both the academic and wide 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 2017, 6,714 students were invited to complete the Academic Experience component of the survey and there were 3,767 respondents (a 56.1% response rate). (2016: 4,078 surveyed; 2,137 respondents; 52.4% response rate. 2015: 6,443 surveyed; 3,155 respondents; 49.0% response rate.) 4,000 students were invited to complete the Support Services component of the survey. There were 1,901 respondents (a 47.5% response rate). (2016: 3,500 surveyed; 1,930 respondents; 55.1% response rate). In 2017, the Support Services component of the Student Opinion Survey was extensively re-designed to better capture how students experience administrative and support services. As result some of the items used to calculate the key performance indicators are worded or structured differently from previous years.

7. The annual College Resident Survey elicits comprehensive feedback from students on their college residential experience. Each year, all college residents are invited to participate. In 2017 3,901 residents were invited to participate in the survey and 2,380 responded (a 61.0% response rate). In previous years, Key Performance Indicator 3.1 was based on a similar item included in the Support Services component of the Student Opinion Survey (see above for response rates).

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

Statement of Service Performance continued

STRATEGIC OBJECTIVE FOUR: OUTSTANDING CAMPUS ENVIRONMENTS

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
4.1	At least 90% of respondents to the annual Student Opinion Survey or College Resident Survey providing a positive assessment of:				
	The general campus environment;	96.1%	94.9%	≥ 90.0%	96.8%
	Personal safety on campus;	98.6%	98.2%	≥ 90.0%	98.2%
	University libraries;	93.4%	99.0%	≥ 90.0%	98.6%
	University information technology and teaching facilities;	91.9%	92.5%	≥ 90.0%	92.3%
	The quality of sport and recreational facilities;	97.5%	97.6%	≥ 90.0%	97.0%
	University Union, including food and beverage service;	92.5%	91.7%	≥ 90.0%	83.0%
	Living accommodation provided by the University.	95.7%	96.6%	≥ 90.0%	97.8%
4.2	Providing learning assistance and/or access to special equipment for at least 500 students with a disability affecting study.	669	656	≥ 500	731
4.3	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			

The University achieved eight out of the nine targets relating to this strategic objective, with the Student Opinion Survey and the College Resident Survey again confirming very high levels of student satisfaction with the campus environment, personal safety, libraries, sport and recreational facilities and living accommodation. The University's Disability Information and Support team continued its broad programme of support for an increasing number of students with a disability affecting study.

STRATEGIC OBJECTIVE FIVE: COMMITMENT AS A LOCAL, NATIONAL AND GLOBAL CITIZEN

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
5.1	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;	1,759 students, 9.9% of EFTS	1,844 students, 10.4% of EFTS	> previous year	1,933 students, 11.0% of EFTS
	Increasing the pass rate for first-year undergraduate Māori students;	80.1%	78.9%	> previous year	81.5%
	Increasing the number of Māori students completing qualifications at both undergraduate and postgraduate levels.	257 (UG) 96 (PG)	276 (UG) 122 (PG)	> previous year	256 (UG) 125 (PG)
5.2	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;	804 students, 4.2% of EFTS	874 students, 4.6% of EFTS	> previous year	931 students, 4.9% of EFTS
	Increasing the pass rate for first-year undergraduate Pacific students;	70.3%	68.8%	> previous year	68.5%
	Increasing the number of Pacific students completing qualifications at both undergraduate and postgraduate levels.	82 (UG) 38 (PG)	94 (UG) 52 (PG)	> previous year	115 (UG) 67 (PG)
5.3	Maintaining or increasing the number of research projects being undertaken in consultation with Māori as measured by a three-year rolling average. ⁹	3-year rolling average 667	3-year rolling average 666	≥ previous year	3-year rolling average 658
5.4	Maintaining or increasing the number of media articles featuring comment by University of Otago academic staff on matters relating to their professional expertise, as measured by a three-year rolling average.	3-year rolling average 2,147	3-year rolling average 2,331	≥ previous year	3-year rolling average 2,480
5.5	At least 80% of University academic staff involved in community service activities.	92.1%	91.5%	≥ 80.0%	79.5%
5.6	Holding at least 500 open lectures, public seminars, and adult and community education courses per annum.	591	633	≥ 500	747
5.7	Providing at least 100 performing arts activities open to the public per annum.	123	110	≥ 100	112
5.8	Maintaining the University's status as a Fair Trade university.	Status maintained	Status maintained	Status maintained	Status maintained
5.9	An increasing proportion of respondents to the Graduate Opinion Survey indicate they have undertaken volunteer work while studying at the University.	49.2%	51.8%	> previous year	50.6%

9. This KPI captures the number of research projects appropriately engaging with consultation procedures outlined in the University's Research Consultation with Māori Policy.

Statement of Service Performance continued

The University achieved 12 of the 17 performance targets in meeting its ambitious commitments as a local, national and international citizen.

The number of Māori student enrolments and Māori EFTS as a proportion of total domestic EFTS were at all-time highs. Māori first-year course pass rates increased from 2016 and 2015. While Māori undergraduate qualification completions decreased from 2016, this simply reflected the increasing number of Māori gaining entry to longer professional degrees such as medicine and law. Māori postgraduate qualification completions were at an all-time high.

Pacific student enrolments and Pacific EFTS as a proportion of total domestic EFTS were also at all-time highs. Pacific first-year course pass rates were down very slightly from 2016, reflecting some of the challenges faced when seeking to increase participation and achievement simultaneously. Pacific undergraduate qualification completions were up from 2016 and Pacific postgraduate qualification completions (up from 2016) were at an all-time high.

The University remained committed to robust, appropriate research consultation with Māori, and this was managed through the University's Research Consultation with Maori Policy. 658 (3-year rolling average) research projects were reviewed through this process in 2017, a slight decrease on 2016.

The University has worked hard to encourage civic engagement and leadership among its staff and students. While the level of academic staff involvement in community service activities decreased from 2016 it remained high. The University maintained its commitment to providing open lectures, public seminars, and adult and community education courses with an 18% increase in events (114), and to achieving its target of providing performing arts' activities to the public. The proportion of students undertaking volunteer work again exceeded 50% although the 2017 figure was down slightly from 2016.

STRATEGIC OBJECTIVE SIX: STRONG EXTERNAL ENGAGEMENT

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
6.1	Hosting at least 650 academic visitors to the University per annum.	687	975	≥ 650	889
6.2	At least 25% of academic staff serving on government advisory boards and committees.	27.0%	33.8%	≥ 25.0%	19.2%
6.3	At least 50% of academic staff providing services to public sector departments, statutory authorities, agencies, boards, committees or inquiries, or to non-governmental organisations.	74.2%	74.6%	≥ 50.0%	68.5%
6.4	At least 50% of academic staff holding posts in an organisation or association relevant to their area of professional expertise.	67.4%	73.2%	≥ 50.0%	72.6%
6.5	Increasing the number of students studying abroad on outbound student exchange.	165	210	> previous year	193

The University achieved three of its five performance targets against this strategic objective.

Underpinning this were high levels of academic staff service on public and private sector boards, committee and other organisational structures. There was a decrease in 2017 of academic staff serving on government advisory boards and committees. Though two of the three targets for external engagement by academic staff were achieved, the failure to meet one such target and the decline in involvement over 2017 for the other two was cause for concern. It is possible that a heightened focus on research ahead of the upcoming PBRF round was a factor driving this.

The University easily achieved its performance target for academic visitors once again. The reason for slight decrease in the number of students studying abroad on outbound student exchange is unclear.¹⁰

10. Outbound student exchange normally takes place in a student's second year of study at Otago.

Statement of Service Performance continued

STRATEGIC OBJECTIVE SEVEN: SUSTAINING CAPABILITY

#	KEY PERFORMANCE INDICATORS	2015 Actual	2016 Actual	2017 Target	2017 Actual
7.1	Achieving or exceeding the following University and University Group EFTS enrolment targets: ¹¹	18,156 & 18,421	18,287 & 18,547	18,357 & 18,587	18,198 & 18,457
7.2	Achieving an operating surplus such that the rolling five-year average is at least 2% of net assets (excluding extraordinary items).	1.7% of net assets	1.6% of net assets	≥ 2.0% of net assets	1.4% of net assets
7.3	Maintaining a liquid ratio of no worse than 1:1.	2.7:1	2.6:1	≥ 1:1	2.1:1
7.4	Ensuring that net interest paid is no greater than one-third of the operating surplus.	1.2%	1.1%	≤ 33.3%	0.6%
7.5	Maintaining at least 50% of University income from diverse sources other than Government Grant funding.	55.6%	56.6%	≥ 50.0%	56.9%
7.6	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.	\$75.5 million (103.6%)	\$77.3 million (102.4%)	≥ 105.0% of 2016	\$77.9 million (100.8%)
7.7	Reducing energy use per m ² of floor space as measured by a three-year rolling average. ¹²	3-year rolling average of 211.2 kWh/m ²	3-year rolling average of 211.7 kWh/m ²	≤ previous year	3-year rolling average of 217.4 kWh/m ²
7.8	Increasing the percentage of waste recycled.	22.7%	25.1%	> previous year	11.3%

The University performed well against its capability imperative, achieving four of the nine performance targets and narrowly missing another. While the \$0.6 million (0.8%) increase in consulting, commercial and intellectual property income fell short of the 5.0% growth target, it continued the run of solid year-on-year increases.

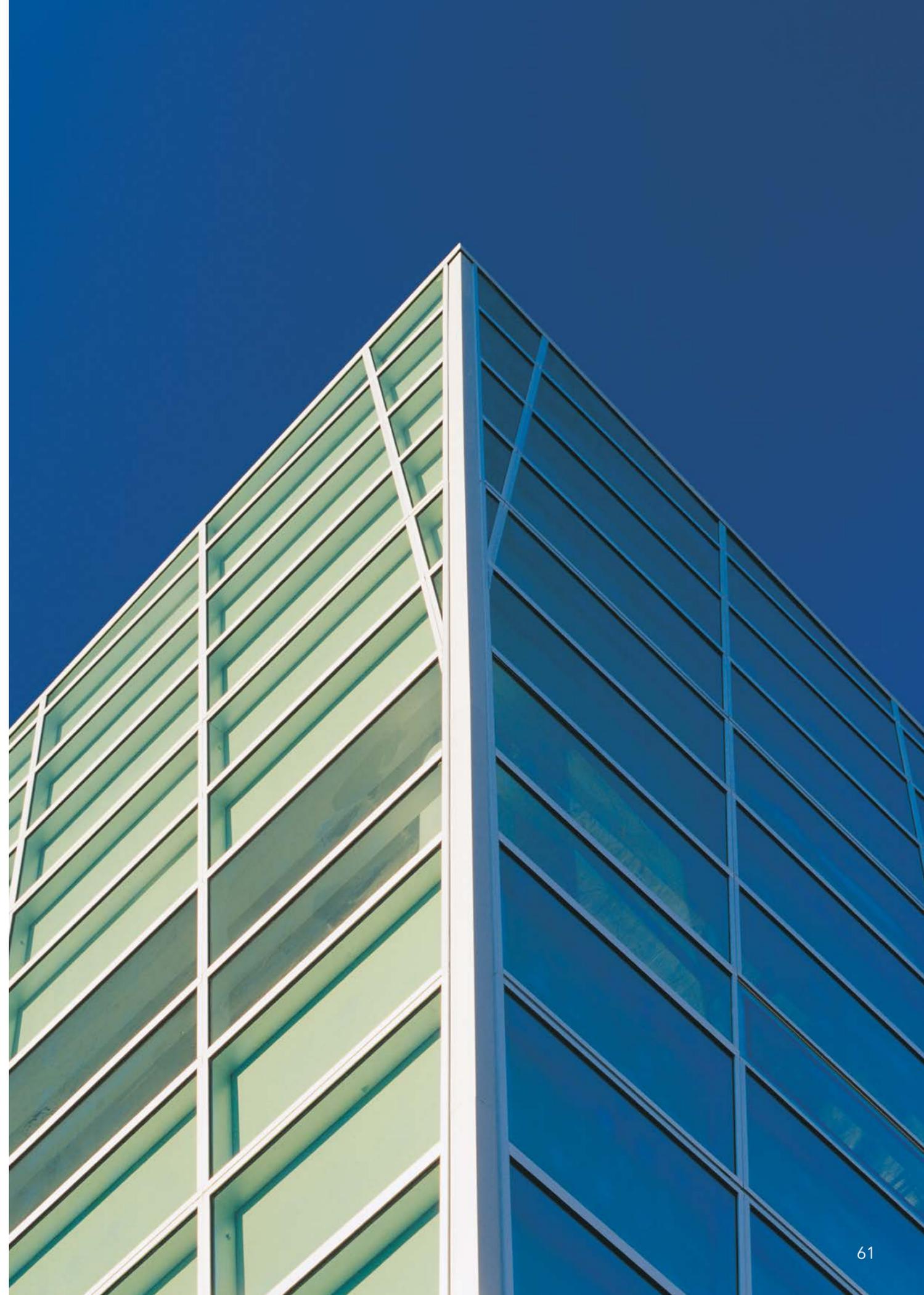
Energy use per m² has increased slightly from 2016. This was largely influenced by the removal of storage areas that do not require significant heating and the addition of new buildings that require heating as they are occupied by people.

The apparent reduction in the percentage of waste recycled in 2017 is a reporting error from the supplier and incorrect figures were supplied in 2015 and 2016. The instigation of a new provider with improved reporting procedures is currently in progress.

Extensive commentary on the financial capability indicators is contained elsewhere in the University's Annual Report.

11. University Group EFTS include those generated by Foundation Programmes operated by the University's wholly-owned Foundation Studies subsidiary

12. Notable influences on this year's figure include: 2017 Actual includes all University Union consumption (previous figures did not include all University Union consumption); large floor areas with low energy needs have been removed, (e.g. the storage area at the former Wickliffe Press site).



Statement of Resources 2017

4,029 FTE Staff

Off-campus computer and telecommunications network traffic:

7,371,800 gigabytes

200 million emails delivered

Net assignable floor space: 219,784 m²

1,680,316 items in the Library's printed collection

2,154 items received by e-Waste and e-Cycle Centre

Health and Safety

Formal monitoring and review of health and safety performance at the University in 2017 was facilitated through monthly reports from the Health and Safety Compliance Office to the Vice-Chancellor's Advisory Group, the University's Health and Safety and Ethics Compliance Committee and to the University Council.

Health and Safety systems continue to develop, including Vault, the University's online and safety management system. Vault now has 586 users across all campuses. On-site health and safety team inductions were provided to over 1,900 contractors in 2017.

The University retained tertiary level ACC Partnership Programme status and related health and safety audits were successful with minor corrective actions. Access to the Employee Assistance Programme was increased from three to six sessions for Support Services Review-related issues. An Occupational Mental Health and Well-being Advisor was also appointed to provide on-site assistance for staff. Influenza vaccinations continued to be offered free to all staff, with around 2,300 vaccines administered in 2017.

Human Resources

The number of staff employed by the University increased slightly in 2017 to total 4,029 in full-time equivalent (FTE) terms (2016: 3,862).

Within the academic ranks, the number of professors decreased by six FTE from 228 to 222 (2.6%), and the number of associate professors increased by five FTE from 189 to 194 (2.7%). The number of senior lecturers increased by 11 FTE from 348 to 359 (3.2%), while the number of lecturers decreased by six FTE (4.5%) from 157 to 151 (3.8%). The number of research-only staff on academic contracts increased by 21 FTE from 336 to 357 (6.3%).

Information Technology

The volume of off-campus computer and telecommunications network traffic increased from 5,078,486 gigabytes in 2016 to 7,371,800 gigabytes in 2017. The increase is primarily due to the exponential growth in research data transfers and online media content streaming services.

The number of seating places provided in student computer laboratories decreased to 972 (2016: 1,107) due to the closure of a number of computer rooms during building refurbishment. The number of enquiries processed through the Information Technology Services Service Desk decreased from 49,725 in 2016 to 46,555 in 2017.

Future state networking services and wireless expansion related to the Network Project were delivered to a number of new and existing sites, including a number of residential colleges and Health Sciences buildings across multiple campuses.

By the end of 2017, a total of 3,590 wireless access points were operating across 80 locations, representing a 28% increase on the previous year. Peak concurrent wireless access increased 16% to 14,500 connections, and up to 500 concurrent connections to the new self-service Guest Service was observed on a number of occasions during semester time. Almost 80% of physical servers running in the ITS data centres now have direct wired connection to the future state network, as do approximately 2,500 departmental client devices. New traffic management technology implemented in late 2016 resulted in improved performance of internet services.

Utilisation of the University's two central data centres (in terms of physical and virtual server counts) declined slightly during 2017, as did unit costs of hosting services there. High Capacity Storage volume consumption for 2017 was 5.679 PB (2016: 3.781 PB).

Use of Zoom (the University's online meeting and desktop videoconferencing system) totalled 4,967,987 minutes in 2017, an increase of 47.5% from 2016 (3,366,230 minutes).

The popularity of Syncplicity Sync & Share (mobile access technology allowing access to files on multiple client devices) continued to climb, with 3,150 users in 2017 (2016: 2,808 users). The total file storage consumed by Syncplicity users was 47.5 TB in 2017 (2016: 39 TB). 1,359,144 podcasts were viewed using the Otago Capture lecture recording system, a 18.6% increase from 2016 (1,184,958 podcast views).

The University e-Waste and e-Cycle Centre received 2,154 items in 2017. The centre successfully recycled 1,246 items internally and/or donated them to school and community groups. A total of 798 items were disposed of responsibly. During 2017 over 320 million email messages were blocked or quarantined. Of these about 16 million had a malicious payload. Over 200 million emails were delivered to users.

In 2017 the University continued to benefit through its investment in the NeSI (New Zealand eScience Infrastructure) high performance computing infrastructure and support system. In 2017, Otago researcher use of NeSI's resources increased by approximately 22% compared to 2016.

The ITS High Speed Data Transfer system, developed in collaboration with NeSI and REANNZ, continued to provide significant support for data intensive research, with over one petabyte (240 million files) now transferred since go-live, bound for NeSI's supercomputers and other research facilities around the globe.

Land, Buildings and Capital Development

The land owned by, or held in Crown title for, the University decreased by 8,333m² during the year, largely due to an

amendment to the area of Strath Taieri endowment land. The University's net assignable floor space decreased marginally by 624m² (0.3%) in 2017 to 219,784 m². The decrease is due to a number of factors, most significantly the demolition of the Walsh Building as part of the Dental School redevelopment.

Significant progress was made on several major projects. These include the completion of the remodelling of the lower levels of the Commerce Building, landscaping in central campus, a new laboratory building and other improvements at the Portobello Marine Laboratory, and a new building for the Dunedin Study. In addition, work is under way on a major refurbishment of the Mellor Laboratory Building, a new clinical services wing for the Faculty of Dentistry and a research support building. (For further information see pages 32-34.)

Significant work is under way to evaluate and programme capital expenditure to 2026 and beyond and the Campus Master Plan review will be completed once this can be incorporated.

Library Resources

The University of Otago Library 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 research, teaching and learning. Collaboration between academic and library staff continued to underpin further development of both the physical and online collections.

In 2017, the Library's printed collection contained 1,680,316 books and serial items (2016: 1,677,278). Electronic resources included 169,530 serials (2016: 152,490) and 850,783 accessible ebooks (2016: 779,443 – an increase of 9.2%). There were 4,500 seating places across the library system (2016: 4,392).

The Hocken Collections is one of the foremost research and heritage collections in New Zealand. The Pictures and Photographs Collection alone includes 1,136,251 items. In 2017, more than 7,400 researchers visited Hocken to access more than 21,000 collection items and over 1,500 image reproductions were completed. (For further information see page 39.)

Summary staff profile

	2017	2016	2015	2014	2013
Full-time Equivalent (FTE) teaching and research staff					
Females	545	535	522	512	509
Males	651	662	668	676	670
Total	1,196	1,196	1,190	1,188	1,179
Full-time Equivalent (FTE) research-only staff (excludes general research-only staff)					
Females	198	181	246	240	243
Males	159	155	182	183	178
Total	357	336	429	423	420
Full-time Equivalent (FTE) general staff					
Females	1,604	1,489	1,403	1,407	1,402
Males	872	841	781	770	750
Total	2,476	2,330	2,184	2,177	2,152
Total Staff	4,029	3,862	3,803	3,788	3,752

Equal Opportunities Report 2017

Equity in educational opportunity and employment are core values of the University.

The University knows that strong relationships with iwi and Māori providers are integral to the success of Māori at Otago. The high value placed on these relationships is exemplified by the University's cornerstone memorandum of understanding with Te Rūnanga o Ngāi Tahu, and its formal agreements and activities with other iwi and iwi groups.

The Māori Strategic Framework 2022 was launched in 2017, outlining the University's commitment to Māori advancement through a set of carefully articulated goals and strategies that seek to increase Māori student and staff participation and success.

The Office of Māori Development has an overall leadership role in implementing initiatives that foster the success of Māori at Otago. This role includes working closely with other key groups such as Te Poutama Māori, Te Huka Mātauraka (the Māori Centre), the Māori Health Development Workforce Unit, as well as the network of Associate Deans Māori.

The Office of Māori Development is also responsible for allocating the Māori component of Tertiary Education Commission equity funding to support University-wide initiatives that contribute to the recruitment, retention and success of Māori students.

Iwi to which students affiliated

Affiliation	2017		2016		2015		2014		2013	
	first	all								
Ngāi Tahu / Kāi Tahu	391	462	397	466	382	442	396	455	386	439
Ngāpuhi	237	336	217	297	211	280	216	285	207	277
Ngāti Porou	142	245	143	225	139	218	147	226	117	177
Tainui	80	141	84	145	69	124	84	137	85	139
Ngāti Kahungunu ki Te Wairoa	54	93	44	76	45	76	47	81	32	69
Ngāti Maniapoto	52	99	54	100	50	84	44	74	57	83
Ngāti Tūwharetoa	51	103	51	106	50	90	52	90	41	75
Ngāti Kahungunu ki Heretaunga	43	54	30	38	31	44	29	44	28	43
Te Arawa	42	77	28	55	31	44	29	44	28	43
Ngāti Kahungunu, region unspecified	39	61	36	55	35	52	32	52	29	45
Ngāti Awa	38	61	36	52	35	52	28	51	30	50
Don't know	35	42	48	55	53	58	56	62	44	48
Te Atiawa (Taranaki)	32	48	32	59	34	59	31	58	39	67
Te Rarawa	32	61	30	54	27	55	24	61	26	57
Ngāti Kahungunu ki Wairarapa	31	48	30	48	27	38	23	38	21	35
Tūhoe	31	83	28	72	28	64	26	62	22	61
Ngāti Raukawa	30	45	24	35	22	33	17	28	18	22
Te Ati Haunui-a-Pāpārangi	28	43	26	37	18	26	18	29	14	27
Taranaki	27	39	21	36	22	34	20	31	20	27
Ngāti Whātua	26	47	23	38	20	37	23	38	14	29
Ngaiterangi	26	39	20	33	17	29	21	40	15	29
Te Atiawa	21	26	20	27	20	30	11	18	10	16
Ngāti Raukawa (Horowhenua/Manawatū)	20	30	24	39	25	38	32	46	34	51
Ngāti Ruanui	19	37	24	44	15	31	17	34	13	24
Waikato	19	32	20	32	15	27	17	32	13	35
Other	387	906	354	836	338	812	336	827	339	783
Total	1,933	n/a	1,844	n/a	1,759	n/a	1,776	n/a	1,682	n/a

Projects supported in 2017 included the Tū Taura Hauora programme in Health Sciences, the Science Wānanga programme in Sciences, the Te Manawa Titi: Inspiring Māori Students programme in Commerce, and the Building Māori Law Leaders programme in Humanities.

The Ngāi Tahu Research Consultation Committee had another busy year in 2017, considering research proposals at the University and providing advice on research that impacts on Māori and the environment within the Otago region and beyond.

The University is strongly committed to broad, ongoing engagement with Pacific communities. The University of Otago Pacific Strategic Framework 2013–2020 formalises this commitment and articulates the University's goals with regard to improving academic and development outcomes for Pacific students and staff. This work is co-ordinated by the Office of the Director of Pacific Development and supported by Associate Deans Pacific and other representatives in the academic and service divisions.

Two members of the Pacific Staff Academic Caucus received higher honours or promotion. Dr Christiane Leurquin (New Caledonian) from the Department of Languages received the French National Order of Merit for services to teaching French language, and Dr Daryl Schwenke (Samoan) from the Physiology Department was appointed as Associate Professor.

In 2017, Ms Esmey Eteuati was appointed as the inaugural Associate Dean Pacific in the School of Business and Ms Kasey Brown was appointed as a Professional Practice Fellow Pacific Advisor in the School of Pharmacy. These important roles support the implementation of the Pacific Strategic Framework in the Commerce and Health Sciences Divisions. In June 2017 the Academic Leadership Development Programme hosted the inaugural workshop Integrating the Pacific Strategic Framework into departmental, programme and centre practices.

The University of Otago continued to be involved in the New Zealand Institute for Pacific Research. This institute draws together Pacific scholars from a range of disciplines to undertake research around the changing shape of Pacific Islands societies, the challenges these societies face and opportunities for future development.

Continued focus on connections with alumni saw additional Pacific alumni chapters established (in Fiji and Auckland). A new memorandum of understanding between the University of Otago and Fiji National University was established. This agreement with the Fiji National University's College of Medicine, Nursing and Health Sciences will promote staff and student mobility as well as lay a platform to work together on a broad range of areas for future benefit.

The Pacific component of Tertiary Education Commission equity funding was awarded to a variety of initiatives in support of Pacific student success.

Equal Educational Opportunities

The University is committed to supporting the educational aspirations and progress of all students and recognises the importance of identifying and eliminating barriers to entry and successful progress through University of Otago study. Key elements of the University's strategy in this area are support and recruitment initiatives for students from groups where there are recognised educational inequities, particularly Māori students, Pasifika students and students with disabilities.

The University's package of targeted scholarships and awards was continued in 2017, with 188 students commencing their study on Māori and Pacific Island Entrance Scholarships (2016: 126), and many more Māori and Pacific students securing other Otago entrance scholarships.

Māori

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The University's package of targeted scholarships and awards was continued in 2017, with 188 students commencing their study on Māori and Pacific Island Entrance Scholarships (2016: 126), and many more Māori and Pacific students securing other Otago entrance scholarships.

As has been noted elsewhere in this Annual Report, the number of equivalent full-time Māori students enrolled at Otago increased from 1,844 in 2016 to 1,933 in 2017. As a proportion of the University's total domestic student EFTS, Māori student EFTS increased to 11.0% (2016: 10.4%), an all-time high.

There were 149 Māori students in Health Sciences First Year, more than 320 studying in undergraduate health professional degrees, over 160 in other undergraduate Health Sciences degrees and over 100 in Health Sciences postgraduate study. Māori students now comprise 12.2% of students in health professional programmes (a 120% increase over six years), and population parity has been achieved in admissions to Medicine.

In 2017, the course pass rate for Māori across the University was 87.5% (2016: 86.9%), the highest for Māori at Otago since systematic pass rate data by ethnicity started being compiled. 381 Māori students successfully completed qualifications in 2017; a 4.3% decrease from 2016 (398). The decline only occurred in undergraduate completions.

Te Huka Mātauraka, the Māori Centre, experienced an increase in the number of new and returning Māori students accessing its academic, cultural and counselling services. Alongside general academic and cultural support, key initiatives included: the Turaka Hou academic orientation programme for first-year Māori students (for which attendance was up by 20% in 2017); Kaituitui Mātauraka, the centre's academic tutorial programme; the SeeTheSolutions online tutorial programme; and the Kā Rikarika ā Tāne programme, with senior student (tuākana) volunteers mentoring first-year students.

Māori pre-graduation ceremonies were well attended in 2017, bringing together Māori graduands, whānau and staff in celebration of Māori academic achievement at the University.

Each of the University's four academic divisions also provided tailored support for Māori students in 2017.

Otago Business School initiatives included: Biz4Taiohi: Inspiring Māori Student Futures for Year-12 and Year-13 Māori students; an early intervention programme providing pastoral care and advice; and the He Manawa Tīti, Inspiring Māori Future Business Leaders programme.

The Te Ara Hauora programme develops pathways into Health Sciences through recruitment, outreach and engagement activity. Twenty five Year-9 to Year-11 Māori students attended a Te Rauawa o Te Pahī Science Enrichment and Extension Programme; and 18 students in Tū Kahika are expected to advance to degree-level University study in 2018. Retention and completion rates for Māori students within Health Sciences' Tū Tauria Hauora support programme were around 96.0%.

The Division of Humanities runs an early intervention project to assist new Māori students and supports the Humanities Māori Students' Association Rōpū. Students were also supported by divisional and departmental kaiāwhina Māori, and through various hui and workshops. Bridging scholarships and summer student bursaries were awarded to Māori students transitioning from undergraduate to postgraduate study.

The Office of Te Manutaki Tuarua Māori (Associate Dean Māori) established an inaugural Māori leadership group within the Division of Sciences to help develop the divisional plan for the implementation of the Māori Strategic Framework. A network of 33 departmental kaiāwhina offer academic support and course advice for Māori science students. Three kaiāwhina hui were held in 2017, focusing on outreach activities with Māori communities, retention of Māori undergraduate students, pastoral care, and continuing improvements in Māori student achievement and success.

The Outreach team delivered Science Wānanga to two communities: Waipatu Marae in Hastings and Ōtākou Marae in Dunedin both supported by the Dodds-Walls Centre and involved a new collaboration with the Otago Museum. New partnerships were also formed in 2017 with the National Science Challenge Sustainable Seas Team.

Pacific Peoples

Another strong intake of first-year Pacific enrolments pushed total Pacific enrolments at Otago to an all-time high of 931 students (2016: 874). Proportionally, Pacific students increased to another all-time high, at 4.9% of total domestic student EFTS (2016: 4.6%).

There were 106 Pacific students in Health Sciences First Year, 136 students studying in undergraduate health professional degrees (the largest Pacific intake into health programmes ever) and 127 studying other allied health programmes. For the second year in a row, the number of Pacific students entering the Medicine programme mirrored the percentage of the Pacific population in New Zealand.

182 Pacific students from across the University successfully completed qualifications in 2017, up from 146 completions in 2016. The increase occurred across both undergraduate and postgraduate completions.

In 2017, the course pass rate for Pacific students was 79.7% (2016: 78.8%), which was the highest for Pacific students at Otago since systematic pass rate data by ethnicity started being compiled. Considerable work must still be done to achieve parity with non-Pacific peers and this is a priority for the University.

The Pacific Islands Centre continued an extensive programme of academic and pastoral support services throughout 2017. Performance data (see table) show that the centre increased its provision of support across most activities in 2017.

Key initiatives in 2017 included: the Taimane Academic Mentoring Programme; GPS'2017 mentoring programme for Pacific first-year students; the Pacific Postgraduate Reference Group; supervised study nights; the Dare to Succeed secondary school homework programme; and the Le Moana Action Group (a collaboration between the centre and academic divisions). The Fofoa accommodation scheme was offered again in 2017, providing supported flatting accommodation for Pacific students near the Dunedin campus.

The POPO Foundation Programme, which operates through the University's Foundation Studies subsidiary, ran for its sixth year, providing a pathway for students who need additional academic support prior to entering University.

Each of the University's four academic divisions also provided tailored support for Pacific students in 2017.

The Divisions of Humanities and Commerce advanced their early intervention programme for first-year Pacific students, in conjunction with the Pasifika Numeracy and Literacy Pilot Project, which has students completing a TEC numeracy and literacy diagnostic online assessment to identify those "at risk". Pronounced progress was obtained in the academic performance of first-year Pacific students in both divisions.

The Division of Health Sciences endorsed a new Divisional Centre for Pacific Health to lead and support the co-ordination of Pacific teaching and research across the division. The Pacific Islands Research and Student Support Unit operates a comprehensive support programme to assist Pacific students in their transition to health sciences study, and also supports senior Pacific students across the division. A Pacific advisor was appointed in the School of Pharmacy as part of the division's Pacific Plan, which outlines specific actions and initiatives in relation to the division's needs and context.

The Division of Sciences established its first Science Students' Pacific Island Association. The division increased its student support personnel with the appointment of a programmes manager and an additional student support person.

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, working in conjunction with both academic and administrative departments.

In 2017, the University enrolled 1,364 students who identified as having a disability affecting study (2016: 1,306). Support in the form of learning assistance and/or specialised equipment requiring a specific financial commitment was provided to 731 students with disabilities in 2017 (2016: 656). 1,855 instances of support were provided in the form of note-taking, assistance with examinations, tutoring, and transcription or typing (2016: 1,434), along with many hours of individual consultations provided by a team of trained advisors. The number of student contacts totalled 28,414 in 2017; an increase of 26% over 2016 (22,548).

Disability Information and Support staff attended various conferences and hosted workshops in 2017 (including New Zealand Sign Language courses, the 2017 Disability Matters conference), and participated in a number of teaching initiatives and disability awareness-raising events, including the Disability Information and Support Appreciation Awards ceremony, the OUSA Teaching Awards ceremony (at which the Inclusive Teaching Award was presented), and the selection processes for the N.G. Stewart Scholarship and the Donna-Rose McKay Disability Support Scholarship.

The Disability Information and Support team also completed several enhancements and improvements to its processes and systems.

Services provided by the Pacific Islands Centre

	2017	2016	2015	2014	2013
Registered with the centre	870	859	792	742	667
Extra tutorials	101	82	88	79	64
Career advisory services seminar	16	17	9	11	9
Students receiving course advice	1,320	1,240	4,100	3,084	1,795
Pacific postgraduate seminars	8	9	11	12	15
Student gatherings	120	165	181	177	141
Community meetings/consultation	185	245	148	124	55
Community functions attended	24	45	83	76	98
Students receiving counselling ¹	2,800	2,502	1,094	983	588

Learning assistance support for students with disabilities

	2017	2016	2015	2014	2013
Note-taking	622	550	506	497	342
Tutoring	354	274	341	310	255
Transcription/typing	0	1	3	3	1
Reader	0	1	1	1	0
Assistant	1	2	3	3	1
Examination arrangements	878	606	486	524	614
Scanning	0	0	0	0	0
Other	214	274	238	292	273

66 ¹Now referred to as consultation which includes contacts relating cultural advice, pastoral care and general enquiries.

Equal Employment Opportunities

In 2017, the number of women in senior academic positions (senior lecturer and above) increased by 7 FTE (2.4%) to 294 FTE staff. Women comprised 37.6% of all staff at this level. This compares with 36.4% five years ago.

The number of women professors increased from 50 in 2016 to 52 in 2017. Women now comprise 23.4% of the University's professors, compared with 19.2% in 2013. There were 74 women associate professors in 2017 (2016: 72). Women now comprise 38.1% of our associate professors, compared to 31.6% in 2013.

Women comprise 64.8% of the University's FTE professional staff in 2017, a slight increase from 2016 (63.9%).

Women in Leadership at Otago provides the opportunity to develop leadership skills for both academic and professional staff women. Three Planning for Promotion workshops were provided for academic women.

Equity and Diversity in Employment

The University has reinforced its commitment to equity and diversity through the Equity and Diversity Strategic Framework and Equity and Diversity Policy. These documents assert the University's commitment to providing an environment that values individual differences, is inclusive of all students and staff, and supports students and staff to achieve their full potential.

The topic of diversity and inclusivity was promoted through a range of workshops, including: Equity at Otago, Creating an Inclusive Environment; Cross-cultural Awareness; Diversity: raising awareness; International Students: cultural differences and their impact; Mental Health: face to face with student issues, Pacific Awareness; Te Reo Māori: He Timatanga; and Te Reo Māori: Te Waharoa. The Higher Education Development Centre also offered workshops on the Treaty of Waitangi, Māori Culture, and the Policy for Research Consultation with Māori.

Diversity topics were included in the two main programmes aimed at supervisors and managers, the Essential Management Programme and Supervisory Skills, and were threaded through customised and programmed training around communication and conflict resolution skills.

The University released Gender Transitioning at Work Guidelines to assist staff who are gender transitioning and introduced a "gender diverse" category in the payroll and recruitment systems to be inclusive of non-binary staff.

The University's Professional Development Programme introduced a new series of courses on the topic of Mental Health and Well-being.

Other Staff Support Initiatives

Support for childcare continued to be provided through the Otago University Childcare Association, with the University providing a grant to support the association's early childhood education facilities. Together, all five centres provide education and care for approximately 190 children, of which 90% are children of University staff or students. After building up numbers since moving into the new purpose built centres in 2014, all centres — including the bilingual centre — are now full with waiting lists.



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 subsidiary entities and associates appears in the Statement of Accounting Policies on page 79 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 and academic priorities.

The Trust is an umbrella trust consisting of 391 individual trust funds. Each fund has specific terms and conditions stating the purpose for which the funds can be distributed to the University.

The investments are managed by the Board of Trustees, which is made up of Council members, senior University staff and investment professionals. The board holds regular meetings to evaluate the investment performance of the fund and to ensure that the investment objectives are being met. The risks and exposure to individual investments and sectors are regularly monitored and reviewed. The board receives advice from a board-appointed independent external investment advisor who reviews and endorses investment decisions and offers advice on purchases and sales for the portfolio.

All monies received by the Trust are combined for investment purposes, enabling investment risk to be managed through

a diversified portfolio. Investments are spread in a balanced portfolio which includes shares, property, bonds and cash. A detailed investment policy provides guidelines on asset allocation and social responsibility issues, and is regularly reviewed by the board.

The investment objectives of the 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 investments under management have increased substantially over the last decade, from \$113 million invested in 2007 to total investments of \$212 million in 2017.

The investments managed by the Trust have achieved an average return of 7.2% 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.

2017 achievements

The net investment return for the 2017 year was 13.0% (2016: 5.7%). The total fund value as at 31 December 2017 was \$214.6 million (2016: \$196.7 million).

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 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' English language ability so they can proceed to study at Foundation Year and at the University.

2017 Achievements

In 2017, the Foundation Year provided academic tuition to 305 individual domestic and international students, generating 259.6 EFTS enrolments. This was slightly higher than the 2016 equivalent figure (259.3 EFTS). International student numbers grew by 2.4%.

The Language Centre had 138 EFTS, an increase of 14 EFTS compared to the previous year (11.3%).

FSL generated an overall operating surplus of \$875K in 2017, which was a significant improvement on the operating surplus of \$460K in 2016. This increase was based on increased student numbers across both divisions and a reduction in operating costs.

Otago Innovation Limited

Overview

Otago Innovation Limited (Otago Innovation) was established in 2002. 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. However, an increasing number of ideas are emerging from basic sciences such as chemistry and physics, as well as more diverse areas such as computer science and commerce.

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 also runs an annual Otago Innovation Proof of Concept Grant competition with a \$60,000 research grant awarded to the winning University of Otago application. The competition is designed 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. A second competition, called the Translational Research Grant [\$50,000] is open to Division of Health Sciences staff and achieves a similar purpose.

2017 Achievements

Forty-nine commercial opportunities were presented to Otago Innovation in 2017 (2016: 42). Several spin-out companies have enjoyed a productive year's growth and have successfully raised capital. These include Upstream Medical Technologies, Chitogel Ltd, Photonic Innovations Ltd, Quitta Pty Ltd, Ubiquitome Ltd and Techion Holdings Ltd. A new spin-out company, Silventum was formed late in the year. It is the product of a fruitful collaboration between Chemistry and Dentistry. It is seeking to make and market new dental materials, including those for treating caries. A number of licences were agreed with pharmaceutical and other companies worldwide, though often under conditions of confidentiality.

New Zealand Genomics Limited

Overview

Prior to 30 June 2017 New Zealand Genomics Limited underpinned the economic development in New Zealand's biological economy through horticultural, agricultural, environmental and human health research endeavour. Examples of this application includes human health research, the dairy, sheep and seafood industries, and environmental and conservation research.

New Zealand Genomics Limited (NZGL) had a significant, positive and wide-reaching impact on New Zealand's national genomics capability, by ensuring New Zealand researchers have access to large-scale genomics infrastructure, including specialist equipment, a framework for co-ordinating cross sector, multidisciplinary projects, analytical and bioinformatics support, and provisioning of custom technology platforms.

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.

A key focus for NZGL was developing genomic human capital to ensure New Zealand is well positioned to attract and retain the talent required to support the science system and maintain its international viability as a genomics contributor.

Over the past six years, NZGL, in collaboration with the University of Otago, Massey University and the University of Auckland, has extended New Zealand's expertise in next-generation sequencing (NGS) and bioinformatics. Its sequencing facilities, expertise and BioIT platforms underpin the collaborative approach between the partner universities and NZGL. These platforms were enabled through significant Crown funding and co-investment from collaborating universities, including the University of Otago. The University of Otago's point of difference within the collaboration is its high throughput sequencing and end-to-end services for researchers at all stages of their projects. The Otago service hosts high-throughput NGS instruments, providing a Nanostring nCounter service as part of NZGL's national arrangement.

NZGL ceased taking on new projects at 30 June 2017 and completed or assigned all remaining projects by 31 December. NZGL remains accountable for expenditure of Crown funds by way of the NZGL board and continues to report on this expenditure to the Ministry of Business, Innovation and Employment. Dissolution of the company will occur early-mid 2018.

2017 achievements

In 2017, NZGL organised the eResearchNZ conference "Shaping the digital future: Opportunities for Australia and New Zealand science communities". The conference hosted 170 delegates and ran 76 different presentations, workshops, panel discussions, lightning talks, plenary speakers and keynote speakers over three days.

NZGL saw a significant improvement in service performance implementing new technologies to strengthen service capability. This resulted in 98.7% of service targets met over the period.

With MBIE signalling change in 2016 and the withdrawal of the University of Otago from the collaboration during the 2017 year, NZGL began winding down its activities from 1 July 2017 liaising closely with stakeholders to retain as much of the existing capability as possible.

Financial Review 2017

The University Group, which includes the University of Otago, University of Otago Holdings Limited, the University of Otago Foundation Trust and the Dunedin City Tertiary Accommodation Trust, achieved an operating surplus of \$34.2 million for the year, \$13.2 million (63%) higher than the budget. The surplus was \$6.4 million higher than last year's Group surplus of \$27.8 million. This surplus represented a return of 4.8% on revenue of \$715.8 million and 1.67% on equity of \$2.0 billion. These results were above the Tertiary Education Commission's guidelines of 3.0% and 1.2% respectively.

The University parent's operating surplus for the year was \$16.2 million which was \$1.9 million (10%) lower than budget. The unfavourable result against budget was mostly as a result of the actuarial revaluation of long-term employee liabilities due to the increase in staff reaching 60 years of age and becoming eligible for retirement gratuities, and the change in long-term interest rates. Capital expenditure was \$112.7 million, \$15.0 million higher than 2016, reflecting significant projects moving through the construction phase. This is the highest annual level of capital expenditure in the history of the University.

The University of Otago Foundation Trust achieved an operating surplus of \$17.5 million for the year, which was \$12.6 million (257%) higher than budget as a result of an excellent year for market returns. The net return on investment for the year was 13% and the average net return over the last 10 years was 7%.

Other Group entities produced a surplus of \$0.5 million for the year, which was \$2.5 million higher than budget mainly due to investment gains within Otago Innovation Limited, and higher levels of student enrolments within Foundation Studies Limited.

Operating cash flow for the Group for the year was a net inflow of \$99.5 million which was significantly higher than the budgeted inflow of \$85.6 million. This was due to higher investment income, lower payments to suppliers, and the timing of salary payments over the 2016/2017 year end.

The Group continued to invest heavily in fixed assets, although the cash outflow for capital expenditure of \$116.8 million for the year was \$96.8 million lower than budget. Capital expenditure was \$17.8 million higher than 2016 as major capital projects move through the construction phase.

To fund these projects the University has intentionally accumulated cash over several years and now has \$123.0 million in hand at year end. This is a planned strategy to limit borrowing during the construction period.

Total assets for the Group were \$2.2 billion for the year, an increase of \$268.0 million over 2016 mainly due to an increase in fixed assets. A revaluation of University buildings was completed at the end of 2017 and this resulted in an increase in the value of buildings of \$211.6 million. The previous revaluation exercise was completed at the end of 2014.

The strong financial performance by the University was underpinned by significant growth in externally-funded research income and a continuing effort to rebalance expenditure in a time of constrained government funding and student enrolments.

The major capital development programme is set to continue for several years and the funding of that programme needs to be carefully managed. It is important to continue the process of lifting the University surplus back to the Council target of 2% of equity as the cornerstone of funding for the capital programme.

Sharon van Turnhout
Chief Financial Officer

Statement of Responsibility

For the year ended 31 December 2017

1. The Council and management of the University of Otago and Group 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 the 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 year ended 31 December 2017 fairly reflect the financial position and operations of the University of Otago and Group.



Dr R. J. Somerville QC
Chancellor

10 April 2018



Professor H. Hayne
Vice Chancellor

10 April 2018

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017

	Note	Actual 2017 \$000	Consolidated Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	University Budget 2017 \$000	Actual 2016 \$000
REVENUE							
Government grants	5	237,585	238,442	230,530	236,300	237,317	229,207
Tuition fees		157,600	159,583	153,010	152,188	154,389	148,026
Trust donations		4,406	-	2,637	-	-	-
Investment revenue	7	33,960	17,630	20,207	6,514	3,469	7,988
Externally-funded research		122,741	108,482	111,156	122,265	107,722	110,758
Performance-Based Research Funding	4	60,201	60,142	60,191	60,201	60,142	60,191
Distributions from trust funds		-	-	-	10,366	10,374	9,736
Consulting and commercial revenue	4	75,588	79,568	81,111	76,767	77,790	78,559
Sale of intellectual property		444	400	463	196	195	66
Other revenue		23,234	23,565	23,196	22,832	20,692	22,568
Total revenue	4	715,759	687,812	682,501	687,629	672,090	667,099
EXPENDITURE							
Salaries – academic		210,772	210,348	205,836	208,820	208,536	203,857
Salaries – general		162,699	155,767	153,376	159,041	152,240	149,618
Staff-related costs		29,730	23,851	23,927	29,510	23,658	23,722
Consumables and general		131,645	134,429	130,350	127,663	127,377	126,103
Depreciation and amortisation expense	6,13,14	61,785	60,409	60,681	61,583	60,238	60,508
Occupancy costs		40,103	40,259	42,209	40,084	40,161	42,223
Scholarships		43,999	41,093	37,539	43,999	41,092	37,539
Finance costs	7	213	188	226	310	188	240
Other expenses	6	573	509	584	408	509	390
Total operating expenditure		681,519	666,853	654,728	671,418	653,999	644,200
Surplus/(deficit)		34,240	20,959	27,773	16,211	18,091	22,899
Gain on revaluation of land and buildings		211,565	-	-	211,565	-	-
Total Comprehensive Revenue & Expense		245,805	20,959	27,773	227,776	18,091	22,899
Total comprehensive revenue and expenses attributable to:							
University of Otago Group		245,805	20,959	28,138	227,776	18,091	22,899
Non-controlling interest		-	-	(365)	-	-	-
		245,805	20,959	27,773	227,776	18,091	22,899

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Note	Actual 2017 \$000	Consolidated Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	University Budget 2017 \$000	Actual 2016 \$000
ASSETS							
Current assets							
Cash and cash equivalents	8	25,388	10,017	14,340	16,114	5,000	7,487
Trade and other receivables and prepayments	10	39,305	29,369	37,321	38,958	29,566	37,946
Other financial assets	11	128,446	31,762	150,448	106,864	2,885	122,859
Inventories	9	1,113	911	933	1,117	911	930
Total current assets		194,252	72,059	203,042	163,053	38,362	169,222
Non-current assets							
Investments in associates and joint ventures	24	2,965	-	2,755	-	-	-
Investments in subsidiaries	12	-	-	-	7,786	7,786	7,786
Other financial assets	12	200,460	187,550	188,360	35,187	36,047	41,842
Property, plant and equipment	13	1,796,945	1,690,692	1,531,045	1,671,103	1,567,307	1,408,0738
Intangible assets	14	24,200	30,537	25,555	24,113	30,170	25,176
Total non-current assets		2,024,570	1,908,779	1,747,715	1,738,189	1,641,310	1,482,877
Total assets		2,218,822	1,980,838	1,950,757	1,901,242	1,679,672	1,652,099
LIABILITIES							
Current liabilities							
Trade and other payables and accruals	15	62,153	55,092	48,760	63,077	59,127	51,203
Employee entitlements	16	49,090	48,355	48,263	48,904	48,148	48,053
Deferred revenue	17	50,273	50,591	48,971	47,955	48,602	45,618
Total current liabilities		161,516	154,038	145,994	159,936	155,877	144,874
Non-current liabilities							
Employee entitlements	18	43,941	41,885	37,631	43,941	41,885	37,631
Loans	19	773	801	1,160	-	-	-
Total non-current liabilities		44,714	42,686	38,791	43,941	41,885	37,631
Total liabilities		206,230	196,724	184,785	203,877	197,762	182,505
Net assets		2,012,592	1,784,114	1,765,972	1,697,365	1,481,910	1,469,594
EQUITY							
Accumulated funds	20	1,027,178	1,010,265	991,694	711,951	708,061	695,745
Other reserves	20	985,414	773,849	773,849	985,414	773,849	773,849
Total equity attributable to the University		2,012,592	1,784,114	1,765,543	1,697,365	1,481,910	1,469,594
Minority interest		-	-	429	-	-	-
Total equity		2,012,592	1,784,114	1,765,972	1,697,365	1,481,910	1,469,594

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

	Note	Actual 2017 \$000	Consolidated Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	University Budget 2017 \$000	Actual 2016 \$000
Balance at 1 January		1,765,972	1,763,150	1,737,543	1,469,594	1,463,819	1,446,695
Total comprehensive revenue and expenses previously reported		245,805	20,959	27,773	227,776	18,091	22,899
Capital injection from non-controlling interest		-	-	656	-	-	-
Non-controlling interest derecognised		815	-	-	-	-	-
Balance at 31 December	20	2,012,592	1,784,114	1,765,972	1,697,365	1,481,910	1,469,594
University of Otago Group		245,805	20,959	28,138	227,776	18,091	22,899
Non-controlling interest		-	-	(365)	-	-	-
Total comprehensive revenue		245,805	20,959	27,773	227,776	18,091	22,899

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

Accounting policy

Included in the Statement of Cash Flows is the year end balance - bank and deposits and bank overdraft which consists of cash on hand, bank account balances plus call deposits or call loans that form part of the day to day cash management of the University.

The cash flows are classified into three sources:

Operating activities

Includes cash received from all income sources of the University and cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the statements of cash flows given that they flow through the University's main bank account.

Investing activities

The sources and uses of cash in this category include the sale and purchase of long-term investments and purchases of land and buildings and other operational property, plant and equipment. Cash received from the sale of surplus and used assets is also recorded under this heading. Infrastructural assets include new assets and major work undertaken that improves the value of the asset from the depreciated replacement cost recorded in the statement of financial position

Financing activities

Under this category the cash received from new loans raised and the repayment of maturing debt is recorded. Short-term borrowings are loans with a fixed term of less than one year i.e. not repayable at call.

The accompanying notes form part of these financial statements.

Statement of Cash Flows continued

For the year ended 31 December 2017

	Note	Actual 2017 \$000	Consolidated Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	University Budget 2017 \$000	Actual 2016 \$000
Cash flows from operating activities							
Subsidies and grants received		297,786	298,585	290,721	295,138	297,459	289,398
Fees and charges received		169,923	171,257	167,373	164,427	165,712	161,258
Interest received		18,337	14,298	16,768	8,189	5,990	8,988
Receipts from other revenue		212,587	207,063	204,435	220,807	211,993	212,332
		698,633	691,203	679,297	688,561	681,154	671,976
Payments to suppliers and employees		599,165	605,558	591,080	586,902	592,186	582,616
Net cash flow from operating activities	27	99,468	85,645	88,217	101,659	88,968	89,360
Cash flows from investing activities							
Receipts from sale of property, plant and equipment		191	37	209	168	37	209
Receipts from sale of investments		51,459	2,260	30,686	22,418	857	9,405
		51,650	2,297	30,895	22,586	894	9,614
Purchase of property, plant and equipment		116,823	213,582	98,959	115,618	213,086	97,738
Acquisition of investments		23,238	3,583	21,775	-	2,883	-
Net cash flow from investing activities		(88,411)	(214,868)	(89,839)	(93,032)	(215,075)	(88,124)
Cash flows from financing activities							
Proceeds from borrowings		-	-	424	-	-	-
Investment by minority interest		-	-	656	-	-	-
Repayment of borrowings		(9)	-	-	-	-	-
Net cash flow from financing activities		(9)	-	1,080	-	-	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		11,048	(129,223)	(542)	8,627	(126,107)	1,236
Cash, cash equivalents and bank overdrafts at the beginning of the year		14,340	139,240	14,882	7,487	131,107	6,251
Cash, cash equivalents and bank overdrafts at the end of the year	8	25,388	10,017	14,340	16,114	5,000	7,487

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2017

1. Statement of accounting policies for the year ended 31 December 2017

1.1 Reporting entity

The financial statements of University of Otago Group and its subsidiaries for the year ended 31 December 2017 were authorised for issue by Council on 10 April 2018.

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 University is a Tertiary Education Institution governed by the Crown Entities Act 2004 and the Education Act 1989.

The financial statements presented here are for the reporting entity, University of Otago (Parent), and the Group consisting of subsidiary and associate companies, joint ventures, controlled trusts and the Dunedin City Tertiary Accommodation Trust.

The Group subsidiary and associate companies and joint ventures 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.
- University Union Limited. Owner of the University Union building. 50% owned by University of Otago Holdings Limited.
- Unihealth Limited. Not trading. 50% 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. 17% 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.
- Disease Research Limited. Diagnostics of health and disease in ruminants, located at Invermay. 100% owned by Otago Innovation Limited.
- Otakou Health Limited. 33% owned by University of Otago Holdings Limited. Owner of community health facility (under development).
- Silventum Limited. Commercialising dental material incorporating nano silver. 58.82% owned by Otago Innovation Limited.
- Insitugen Limited. A non-operating shelf company 100% owned by University of Otago Holdings Limited to build on exposure and start developing brand awareness around commercial applications of the androgen assays.

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 to make a financial return. Accordingly, the University has designated itself and the Group as public benefit entities for the purposes of financial reporting.

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and Section 203 of the Education Act 1989, which include the requirement to comply with generally accepted accounting practice (GAAP) in New Zealand.

Notes to the Financial Statements continued

For the year ended 31 December 2017

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the opening balance sheets and reporting period to 31 December 2017, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period unless otherwise stated.

Measurement base

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 and some other financial assets have been shown at fair value.

The financial statements have been prepared in accordance with tier 1 PBE accounting standards. These financial statements comply with PBE accounting standards.

Functional and presentation currency

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 and its subsidiaries, associates and joint ventures is New Zealand dollars.

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 surplus or deficit.

Budget figures

The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the University for the preparation of the financial statements. The budget was approved by Council on 8 November 2016.

Reclassification of prior year balances

Where the presentation of balances has been changed in the current year, prior year balances have also been reclassified for consistency.

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

In January 2017 the External Reporting Board issued PBE IPSAS 35 "Consolidated Financial Statements". These have not been early adopted by the University and Group.

Other amendments

While there are other amendments issued and not yet effective, the University and Group does not consider these to be relevant and therefore no information has been disclosed about these amendments.

Critical accounting estimates and assumptions

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

Property revaluations: Note 13 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings and infrastructure.

Retirement gratuities: Note 18 provides information about the estimates and assumptions exercised in the measurement of retirement gratuities.

2.2 Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

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 Comprehensive Revenue and Expenditure and the share of post-acquisition increases/decreases in net assets in the University's Statement of Financial Position.

2.3 Income Tax and Goods and Services Tax

The University Group is exempt from income tax. Accordingly, no provision has been made for income tax.

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 2017 is included in accounts payable.

2.4 ACC Partnership Programme

The University belongs to the ACC Partnership Programme at the secondary level whereby the University accepts the management of workplace injuries through rehabilitation, case management, injury prevention and work safety management practices. Under the ACC Partnership Programme, the University is effectively providing accident insurance to employees. The value of this liability represents the expected future payments in relation to accidents and illnesses occurring up to the balance 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 enough 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. 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.

3. Financial instruments

The Group's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The University and Group have a series of policies to manage the risks associated with financial instruments.

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.

(a) Financial instrument categories

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

	Consolidated		University	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
FINANCIAL ASSETS				
Fair value through surplus or deficit – held for trading				
Listed shares	155,103	137,233	443	670
Unlisted shares	4,424	1,635	-	-
Total fair value through surplus or deficit – held for trading	159,527	138,868	443	670
Loans and receivables				
Cash and cash equivalents	25,388	14,340	16,114	7,487
Receivables	29,125	27,716	28,890	28,436
Other financial assets:				
- Term deposits	121,870	144,257	105,500	127,000
- Loans	11,107	12,031	11,107	12,031
- Corporate bonds	36,401	43,652	-	-
- Shares in subsidiaries	-	-	7,786	7,786
- Investment in in-substance subsidiary	-	-	25,000	25,000
- Investments in associates and joint ventures	2,965	2,755	-	-
Total loans and receivables	226,856	244,751	194,397	207,740
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables	62,153	48,760	63,077	51,203
Loans and leases	773	1,160	-	-
Total financial liabilities at amortised cost	62,926	49,920	63,077	51,203

Notes to the Financial Statements

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For the year ended 31 December 2017

(b) Market risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The University purchases goods and services from overseas exposing it to currency risk. The University of Otago Foundation Trust's investment portfolio invests in shares and bonds denominated in foreign currency, which also exposes it to currency risk.

The University and Group manages currency risks associated with the purchase of goods and services from overseas that are above specified amounts by entering into forward foreign exchange contracts. This allows the University and Group to fix the New Zealand dollar amount payable prior to the payment date. Hedge accounting is not applied. The Group has a Foreign Exchange Risk Management Committee that oversees this risk by applying the foreign exchange policy approved by Council.

The University of Otago Foundation Trust's investment portfolio's exposure to currency risk is mitigated to an extent through diversification of investments across different currencies in accordance with the investment policy.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2017		2016	
	USD \$000	AUD \$000	USD \$000	AUD \$000
Cash and cash equivalents foreign bank accounts	181	87	27	617
Equities	7,068	58,748	5,865	52,805

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as available for sale investments.

The price sensitivity impact on the surplus is based on a 5% movement in each of the following indexes with all other variables held constant.

Consolidated Index	Impact on the surplus		Impact on equity	
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
ASX 200	3,231	2,738	3,231	2,738
NZX50	4,025	3,702	4,025	3,702
NYSE International 100	499	422	499	422

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments issued at fixed rates of interest create exposure to fair value interest rate risk. The University and Group do not actively manage their exposure to fair value interest rate risk.

Movement in interest rate:	Surplus after tax (the Group)		Equity (the Group)	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
0.5% (50 basis points) higher for the year				
Interest received	472	562	472	562

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

(c) Credit risk

The University and Group have no significant concentrations of credit risk. Credit risk is the risk that a third party will default on its obligation to the University and Group, causing the University and Group to incur a deficit. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposures to receivables and other debtors as well as derivative financial instruments.

In the normal course of business, the University and Group are exposed to credit risk from cash and term deposits with banks, debtors and other receivables, corporate bonds, listed shares, other loans and pledged donations. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

The University and Group control the amount of credit exposure to any one financial institution for cash and term deposits by limiting the maximum funds that can be placed on deposit. The maximum deposit that can be held in any single registered bank, where the bank has a Standard and Poors' credit rating of at least AA-, is 33% of the value of deposits. This reduces to 5% where the bank has a Standard and Poors' credit rating of at least BBB.

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

Maximum exposure to credit risk

The University and Group's maximum credit exposures for each class of financial instruments are as follows:

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank and term deposits	147,258	158,597	121,614	134,487
Receivables	29,125	27,716	28,890	28,436
Loans	11,107	12,031	11,107	12,031
Corporate bonds	36,401	43,652	-	-
Total credit risk	223,891	241,996	161,611	174,954

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter-party default rates.

Impairment of a loan or receivable is established when there is objective evidence that the University and Group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Counter-parties with credit ratings				
Cash at bank and term bank deposits				
AA-	132,155	133,020	109,614	117,478
A+	-	18,508	-	15,000
A	7,000	-	7,000	-
BBB	8,103	7,069	5,000	2,009
Total cash at bank and term deposits	147,258	158,597	121,614	134,487

Notes to the Financial Statements

continued

For the year ended 31 December 2017

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Stock and government bonds				
AA	1,732	1,477	-	-
AA-	11,543	14,346	-	-
A+	1,014	2,034	-	-
A	1,529	5,367	-	-
A-	4,429	1,833	-	-
BBB+	6,719	9,067	-	-
BBB	1,011	2,046	-	-
BB-	870	874	-	-
Not rated	7,554	6,608	-	-
Total corporate bonds	36,401	43,652	-	-
Counter-parties without credit ratings				
Debtors and other receivables	29,125	27,716	28,890	28,436
Existing counter-party with no defaults in the past	11,107	12,031	11,107	12,031
Total community and related-party loans	40,232	39,747	39,997	40,467

(d) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The University and Group manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Contractual maturity analysis of financial liabilities

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$000	\$000	\$000	\$000	\$000	\$000
CONSOLIDATED 2017						
Financial assets						
Cash and cash equivalents	25,388	-	-	-	25,388	25,388
Bank term deposits	119,214	1,523	1,133	-	121,870	121,870
Receivables	29,125	-	-	-	29,125	29,125
Corporate bonds	7,869	7,862	14,218	6,452	36,401	36,401
Loans	1,364	557	1,692	7,494	11,107	11,107
Total financial assets	182,960	9,942	17,043	13,946	223,891	223,891

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities						
Payables and accruals	39,310	-	-	-	39,310	39,310
Loans	-	-	-	773	773	773
Total financial liabilities	39,310	-	-	773	40,083	40,083

CONSOLIDATED 2016

Cash and cash equivalents	14,340	-	-	-	14,340	14,340
Bank term deposits	134,144	9,031	1,082	-	144,257	144,257
Receivables	27,716	-	-	-	27,716	27,716
Corporate bonds	15,445	8,395	14,515	5,297	43,652	43,652
Loans	859	862	2,192	8,118	12,031	12,031
Total financial assets	192,504	18,288	17,789	13,415	241,996	241,996

Financial liabilities						
Payables and accruals	48,760	-	-	-	48,760	48,760
Loans	-	-	-	1,160	1,160	1,160
Total financial liabilities	48,760	-	-	1,160	49,920	49,920

UNIVERSITY 2017

Financial assets						
Cash and cash equivalents	16,114	-	-	-	16,114	16,114
Bank term deposits	105,500	-	-	-	105,500	105,500
Receivables	28,890	-	-	-	28,890	28,890
Loans	1,364	557	1,692	7,494	11,107	11,107
Total financial assets	151,868	557	1,692	7,494	161,611	161,611

Financial liabilities						
Payables and accruals	62,153	-	-	-	62,153	62,153
Total financial liabilities	62,153	-	-	-	62,153	62,153

UNIVERSITY 2016

Financial assets						
Cash and cash equivalents	7,487	-	-	-	7,487	7,487
Bank term deposits	122,000	5,000	-	-	127,000	127,000
Receivables	28,436	-	-	-	28,436	28,436
Loans	859	862	2,192	8,118	12,031	12,031
Total financial assets	158,782	5,862	2,192	8,118	174,954	174,954

Financial liabilities						
Payables and accruals	51,203	-	-	-	51,203	51,203
Total financial liabilities	51,203	-	-	-	51,203	51,203

Notes to the Financial Statements continued

For the year ended 31 December 2017

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 month \$000	Between 1 and 3 months \$000	Between 3 and 12 months \$000	Between 1 and 2 years \$000	Total \$000	Carrying amount liabilities \$000
CONSOLIDATED - ACTUAL 2017						
Forward foreign exchange contracts	2,661	595	10,401	1,499	15,156	15,156
	Less than 1 month \$000	Between 1 and 3 months \$000	Between 3 and 12 months \$000	Between 1 and 2 years \$000	Total \$000	Carrying amount liabilities \$000
CONSOLIDATED - ACTUAL 2016						
Forward foreign exchange contracts	3,098	1,921	7,830	3,644	16,493	16,493
	Less than 1 month \$000	Between 1 and 3 months \$000	Between 3 and 12 months \$000	Between 1 and 2 years \$000	Total \$000	Carrying amount liabilities \$000
UNIVERSITY - ACTUAL 2017						
Forward foreign exchange contracts	2,661	595	10,401	1,499	15,156	15,156
	Less than 1 month \$000	Between 1 and 3 months \$000	Between 3 and 12 months \$000	Between 1 and 2 years \$000	Total \$000	Carrying amount liabilities \$000
UNIVERSITY - ACTUAL 2016						
Forward foreign exchange contracts	3,098	1,921	7,830	3,644	16,493	16,493

(e) Fair value estimation

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position:

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
31 DECEMBER 2017 - CONSOLIDATED				
Financial assets				
Cash and cash equivalents	25,388	25,388	-	-
Bank term deposits	119,214	119,214	-	-
Corporate bonds	36,401	36,401	-	-
Listed shares	155,103	155,103	-	-
Investments in associates and joint ventures	2,965	-	2,965	-
Shares in unlisted companies	4,424	-	-	4,424
Loans	11,107	-	11,107	-
Total financial assets	354,602	336,106	14,072	4,424
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
31 DECEMBER 2016 - CONSOLIDATED				
Financial assets				
Cash and cash equivalents	14,340	14,340	-	-
Bank term deposits	144,257	144,257	-	-
Corporate bonds	43,652	43,652	-	-
Listed shares	137,233	137,233	-	-
Investments in associates and joint ventures	2,755	-	2,755	-
Shares in unlisted companies	1,635	-	-	1,635
Loans	12,031	-	12,031	-
Total financial assets	355,903	339,482	14,786	1,635

Notes to the Financial Statements continued

For the year ended 31 December 2017

31 DECEMBER 2017 - UNIVERSITY

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Financial assets				
Cash and cash equivalents	16,114	16,114	-	-
Bank term deposits	105,500	105,500	-	-
Listed shares	443	443	-	-
Shares in subsidiaries	7,786	-	7,786	-
Investment in in-substance subsidiary	25,000	-	25,000	-
Loans	11,107	-	11,107	-
Total financial assets	165,950	122,057	43,893	-

31 DECEMBER 2016 - UNIVERSITY

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
Financial assets				
Cash and cash equivalents	7,487	7,487	-	-
Bank term deposits	127,000	127,000	-	-
Listed shares	670	670	-	-
Shares in subsidiaries	7,786	-	7,786	-
Investment in in-substance subsidiary	25,000	-	25,000	-
Loans	12,031	-	12,031	-
Total financial assets	179,974	135,157	44,817	-

4. Revenue summary

Accounting policy

Government Grants

Government grants are recognised as revenue upon completion of services for which the grant was made. Where obligations are attached to a government grant, a liability is recognised. Once the obligation is discharged, the government grant is recognised as revenue.

Student achievement component (SAC) funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

Tuition fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Donations

Unrestricted donations are recognised as revenue upon receipt.

Where the consolidated entity receives a donation with obligations, a liability is recognised. Once the obligation is discharged, the donation is recognised as revenue.

Donated assets are recognised at fair value.

Donations and bequests are recognised as revenue when the right to receive the fund or asset has been established, unless there is an obligation in substance to return the funds if conditions of the donation or bequest are not met. If there is such an obligation, they are initially recorded as revenue in advance when received and recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

Research and contracts

The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the University considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange.
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool.
- Nature of the funder.
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder, to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract.

Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

Notes to the Financial Statements continued

For the year ended 31 December 2017

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Consulting and commercial revenue

Service income is recognised as revenue throughout the period of delivery of the service.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time-proportionate basis using the effective interest rate method.

Accommodation services

Revenue from the provision of accommodation services is recognised throughout the period of delivery of service.

Scholarships

Scholarships awarded by the University that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.

5. Government grants

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Vote Education	235,116	228,275	233,831	226,952
Vote Health	2,469	2,255	2,469	2,255
Total government grants	237,585	230,530	236,300	229,207

6. Specific expenses

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Surplus includes the following specific expenses:				
Depreciation	58,815	57,883	58,646	57,732
Amortisation of intangible assets	2,970	2,798	2,937	2,776
Total depreciation and amortisation	61,785	60,681	61,583	60,508
Fees to Principal Auditor (Audit New Zealand):				
Audit fees for financial statements audit	237	270	218	213
Audit fees for the PBRF audit	9	9	9	9
Total	246	279	227	222
Directors'/Councillors'/Trustees' fees	327	305	181	168

Directors'/Councillors'/Trustees' fees includes the following fees paid to Council members:

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
H. J. Baird	6	-	6	-
L. M. Harris	-	6	-	6
F. B. Barton	13	13	13	13
M. R. Dippie	13	13	13	13
M. A. Fitz-Gerald (Resigned 21 November 2016)	-	11	-	11
S. J. Higgs	13	13	13	13
L. C. Hobson	9	-	9	-
S. J. McLauchlan	16	25	16	25
C. J. Marshall	6	6	6	6
D. C. Matahaere-Atariki	13	13	13	13
S. A. Montague-Gallagher	6	6	6	6
R. J. Somerville QC	25	15	25	15
J. F. Ward (Chancellor)	40	40	40	40
Total earned	160	160	160	160

Notes to the Financial Statements continued

For the year ended 31 December 2017

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Director and Trustee remuneration				
M. A. Fitz-Gerald (Resigned 21 November 2016)	-	2	-	-
S. J. Higgs	18	18	-	-
S. J. McLauchlan	23	23	-	-
R. J. Somerville QC	3	3	-	-
J. F. Ward	24	24	-	-
	68	69	-	-
No Council members received compensation or benefits in relation to cessation (2016 Nil)	-	-	-	-
	228	229	160	160
Rental expense relating to operating leases				
Minimum lease payments	9,014	9,104	9,029	9,099
Total rental expense relating to operating leases	9,014	9,104	9,029	9,099

7. Finance revenue and finance costs

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Finance revenue				
Interest received	9,590	11,406	6,741	7,996
Realised gain/(loss) on sale of investments	1,710	3,841	-	(87)
Dividends received	5,518	5,174	-	-
Gain/(loss) Forex unrealised	2,316	(1,479)	-	-
Unrealised gain/(loss) on revaluations of investments	14,826	1,265	(227)	79
Total finance revenue	33,960	20,207	6,514	7,988
Finance costs				
Interest paid	213	226	310	240
Total finance costs	213	226	310	240

8. Cash and cash equivalents

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

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank and on hand	19,389	13,140	11,114	7,487
Short-term deposits maturing three months or less from date of acquisitions	5,999	1,200	5,000	-
Total cash and cash equivalents	25,388	14,340	16,114	7,487

9. Inventories

Accounting Policy

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

10. Trade and other receivables and prepayments

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade debtors	13,982	16,579	13,807	15,955
Other receivables	15,143	11,137	15,083	12,481
Prepayments	10,180	9,605	10,068	9,510
Total trade and other receivables and prepayments	39,305	37,321	38,958	37,946

The ageing profile of trade receivables is as follows:

At Actual	Consolidated		University	
Current	7,509	12,345	7,475	12,013
2 to 3 months	6,083	3,733	6,028	3,504
> 3 months	390	501	304	438
Total gross trade receivables	13,982	16,579	13,807	15,955

Any impairment or write-offs of trade receivables is based on analysis of past history, and a review of specific debtors' balances greater than 3 months. Amounts not considered recoverable are written off in the period in which they are identified.

Student fees are due before a course begins or are due upon enrolment if the course has already begun.

Student fee receivables are non-interest bearing and are generally settled on the 20th of the month following date of invoice. Therefore, their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on the 20th of the month following date of invoice. Therefore, the carrying value of other receivables approximates their fair value.

11. Other financial assets

Accounting policy

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

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

Notes to the Financial Statements continued

For the year ended 31 December 2017

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

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

The University and Group have no investments in this category.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise the investment within 12 months of balance date.

The University and Group have no investments in this category.

Term deposits

Term deposits are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current portion				
Other loans	1,364	859	1,364	859
Short-term deposits	119,214	134,144	105,500	122,000
Corporate bonds	7,868	15,445	-	-
Total current portion	128,446	150,448	106,864	122,859

The maturity profile for current other financial assets is as follows:

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Less than 1 year				
Other loans	1,364	859	1,364	859
Short-term deposits with maturities of greater than 3 months from acquisition	119,214	134,144	105,500	122,000
Corporate bonds	7,868	15,445	-	-
Total current portion	128,446	150,448	106,864	122,859

12. Non-current assets - Other financial assets

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Non-current portion				
<i>Investment in subsidiaries</i>				
Shares in University of Otago Holdings Ltd 100% owned subsidiary, domiciled in New Zealand	-	-	7,786	7,786
Balance date 31 December	-	-	7,786	7,786
Total investment in subsidiaries	-	-	7,786	7,786
<i>Investment in other entities</i>				
Long-term bank deposits	2,657	10,113	-	5,000
Loans and receivables	9,744	11,172	9,744	11,172
Corporate bonds	28,532	28,207	-	-
	40,933	49,492	9,744	16,172
<i>Other listed securities</i>				
Shares in other companies	155,103	137,233	443	670
	155,103	137,233	443	670
<i>Other unlisted securities</i>				
Equity securities	4,424	1,635	-	-
	4,424	1,635	-	-
<i>Investment in in-substance subsidiary</i>				
University of Otago Foundation Trust: 100% controlled trust, domiciled in New Zealand	-	-	25,000	25,000
Balance date 31 December	-	-	25,000	25,000
Total investment in other entities	200,460	188,360	35,187	41,842

The maturity profile for non-current other financial assets is as follows:

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
1 to 5 years				
Other Loans	2,249	3,054	2,249	3,054
Short-term deposits with maturities of 1-5 years	2,657	10,113	-	5,000
Corporate bonds	22,080	22,910	-	-
More than 5 years				
Other loans	7,495	8,118	7,495	8,118
Corporate bonds	6,452	5,297	-	-
Shares in listed companies	155,103	137,233	443	670
Shares in unlisted companies	4,424	1,635	-	-
Shares in subsidiary	-	-	7,786	7,786
Investment in in-substance subsidiary	-	-	25,000	25,000
Total term portion	200,460	188,360	42,973	49,628

Notes to the Financial Statements continued

For the year ended 31 December 2017

Investment in in-substance subsidiary is carried at cost in the parent entity financial statements.

Term deposits

The carrying amount of term deposits approximates their fair value.

Bonds

Bonds are valued at market bid prices.

Investments are carried at fair value through profit or loss and transaction costs are recognised in the Statement of Comprehensive Revenue and Expense.

Loans

The face value of loans is \$11.107 million (2016: \$12.031 million).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less any provision for impairment. Gains or losses are recognised in the surplus or deficit when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Unlisted shares

Unlisted shares are recognised at fair value.

For investments with no active market, fair values are determined using valuation methods. Investments whose fair values cannot be reliably measured are accounted for at cost and amortised where necessary.

Listed shares

Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market.

Investments in quoted shares are initially measured at fair value plus transaction costs.

Interest-free 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 instalments to be repaid and the agreements to be honoured.

Total interest-free loans outstanding are \$8.484 million (2016 \$9.271 million). The net present value of these loans at a discount rate of 4.00% is \$6.258 million (2016 \$6.731 million).

Movements in the carrying value of loans are as follows:

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 January	12,031	12,874	12,031	12,874
Amount of new loans granted during the year	1	27	1	27
Loans repaid during the year (principal and interest)	(925)	(870)	(925)	(870)
At 31 December	11,107	12,031	11,107	12,031

Loans have been advanced to various affiliated Colleges for upgrades of their accommodation facilities for use by students of the University of Otago. Mortgages have been raised over the freehold interest in the properties in each case.

13. Property, plant and equipment

Accounting policy

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 2017 in accordance with "PBE IPSAS 17 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:

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.

Land was valued at market value;

Land fair value, using market based evidence, is based on the highest and best use of the land, with reference to comparable land values.

Restrictions on the University's ability to sell land are reflected in the valuation to recognise that additional time and costs would be involved in selling any land due to these restrictions.

Specialised buildings and improvements were valued at depreciated replacement cost; and

Non-specialised buildings and improvements were valued at market value.

Specialised buildings are buildings designed for educational purposes. They are valued using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the December 2017 valuation include:

The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over design or surplus capacity.

The replacement cost is derived from recent construction contracts of modern equivalent assets and consultation with other valuers and quantity surveyors.

Valuations have been adjusted to take account of known building faults including the need to strengthen some structures and to comply with current fire regulations.

The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans and experience with similar buildings.

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings and storage facilities) are valued at fair value using market-based evidence. Significant assumptions in the 31 December 2017 valuation include market rents and capitalisation rates.

Key assumptions and special conditions:

Remaining useful lives and other strategic considerations are based on:

- The University's capital expenditure and strategic asset management plan
- Seismic assessment programme close-out report
- Fire penetrations assessment
- Discussions with facilities managers.

Restrictions on title

Under the Education Act 1989, the University is required to obtain consent from the Ministry of Education to dispose of land and buildings. For plant and equipment, there is an asset disposal limit formula, which provides a limit up to which a tertiary education institution may dispose of plant and equipment without seeking the approval from the Ministry of Education. Detailed information on the asset disposal rules can be found on the Tertiary Education Commission website.

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.

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.

Capital work in progress is valued at cost less impairment 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 less impairment. Library electronic resources in the form of annual subscriptions are written off at the time of purchase.

Notes to the Financial Statements

continued

For the year ended 31 December 2017

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 29).

The Hocken Library Collections were revalued at 1 January 2006 by an independent registered valuer (Peter Webb Galleries). The value represents deemed cost. Any additions since 1 January 2006 have been valued at cost (refer Note 28).

University artworks were valued at 1 January 2006 by an independent registered valuer (Peter Webb Galleries). The value represents 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.

Impairment - property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that an impairment has occurred. Impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

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

Class of asset depreciated	Estimated useful life	Depreciation rates
Buildings and components		
Site improvements	50 years	2.0%
Structure including walls	30 to 250 years	0.4% to 3.3%
Roof	25 to 100 years	1.0% to 4.0%
Plumbing	40 to 50 years	2.0% to 2.5%
Lifts	40 years	2.5%
Heating and ventilation	30 to 50 years	2.0% to 3.3%
Fume cupboards	15 years	6.7%
Floor coverings and chattels	10 to 40 years	2.5% to 10.0%
Fit out	30 to 75 years	1.3% to 3.3%
Fire protection	40 to 60 years	1.7% to 2.5%
Electrical	40 to 50 years	2.0% to 2.5%
Data network	20 years	5.0%
Infrastructure	10 to 50 years	2% to 10%
Motor vehicles and trailers	3 to 10 years	10% to 33.3%
Furniture and fittings	5 to 10 years	10% to 20%
Plant and equipment	4 to 60 years	1.7% to 25.0%
Computers and photocopiers	4 to 10 years	10.0% to 25.0%
ipads and similar tablet devices	3 years	33.3%
Library collections	5 to 10 years	10.0% to 20.0%

	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Rare books \$000	Equipment \$000	Total \$000
CONSOLIDATED 2016									
Gross carrying amount									
Cost	16,194	163,432	70,739	18,476	10,429	174,894	9,804	249,707	713,675
Valuation	238,613	853,854	-	-	-	-	-	-	1,092,467
Balance as at 1 January 2016	254,807	1,017,286	70,739	18,476	10,429	174,894	9,804	249,707	1,806,142
Year ended 31 December 2016									
Additions	4,058	63,248	4,958	1,572	148	3,280	68	19,262	96,594
Disposals	-	-	(17,228)	(2,377)	-	(27,248)	-	(6,177)	(53,030)
Transfers / adjustments	-	(557)	142	(1)	-	5	-	395	(16)
Balance as at 31 December 2016	258,865	1,079,977	58,611	17,670	10,577	150,931	9,872	263,187	1,849,690
CONSOLIDATED 2017									
Balance as at 1 January 2017	258,865	1,079,977	58,611	17,670	10,577	150,931	9,872	263,187	1,849,690
Revaluation	9,201	113,200	-	-	-	-	-	-	122,401
Additions	531	90,029	5,406	1,244	319	3,563	57	12,903	114,052
Disposals	-	-	(2,387)	(1,862)	-	(9,303)	-	(5,179)	(18,731)
Transfers / adjustments	-	(3,118)	(30)	337	-	-	-	1,535	(1,276)
Balance as at 31 December 2017	268,597	1,280,088	61,600	17,389	10,896	145,191	9,929	272,446	2,066,136

Notes to the Financial Statements continued

For the year ended 31 December 2017

	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Rare books \$000	Equipment \$000	Total \$000
CONSOLIDATED 2016									
Accumulated depreciation Cost	-	(30,744)	(54,596)	(10,678)	-	(48,094)	-	(169,409)	(313,521)
Balance as at 1 January 2016	-	(30,744)	(54,596)	(10,678)	-	(48,094)	-	(169,409)	(313,521)
Year ended 31 December 2016									
Revaluation	-	-	-	-	-	-	-	-	-
Disposals	-	-	17,182	2,377	-	27,248	-	5,946	52,753
Depreciation charge (Note 6)	-	(29,599)	(5,887)	(1,709)	-	(4,523)	-	(16,151)	(57,869)
Transfers / adjustments	-	-	-	-	-	(8)	-	-	(8)
Balance as at 31 December 2016	-	(60,343)	(43,301)	(10,010)	-	(25,377)	-	(179,614)	(318,645)
CONSOLIDATED 2017									
Balance as at 1 January 2017	-	(60,343)	(43,301)	(10,010)	-	(25,377)	-	(179,614)	(318,645)
Revaluation surplus	-	90,029	-	-	-	-	-	-	90,029
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	2,373	1,818	-	9,303	-	4,747	18,241
Depreciation charge (Note 6)	-	(29,787)	(5,923)	(1,642)	-	(3,117)	-	(18,347)	(58,816)
Transfers / adjustments	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	-	(101)	(46,851)	(9,834)	-	(19,191)	-	(193,214)	(269,191)
Net book value									
As at 1 January 2016	254,807	986,542	16,143	7,798	10,429	126,800	9,804	80,298	1,492,621
As at 31 December 2016	258,865	1,019,634	15,310	7,660	10,577	125,554	9,872	83,573	1,531,045
As at 31 December 2017	268,597	1,279,987	14,749	7,555	10,896	126,000	9,929	79,232	1,796,945
UNIVERSITY 2016									
Gross carrying amount Cost	13,255	157,012	70,292	18,111	10,429	62,928	9,804	248,834	590,665
Valuation	238,613	853,854	-	-	-	-	-	-	1,092,467
Balance as at 1 January 2016	251,868	1,010,866	70,292	18,111	10,429	62,928	9,804	248,834	1,683,132
Year ended 31 December 2016									
Revaluation	-	-	-	-	-	-	-	-	-
Additions	3,935	62,984	4,937	1,522	148	2,699	68	19,239	95,532
Disposals	-	-	(17,228)	(2,377)	-	(27,248)	-	(6,177)	(53,030)
Transfers / adjustments	-	(558)	142	(3)	-	5	-	393	(21)
Balance as at 31 December 2016	255,803	1,073,292	58,143	17,253	10,577	38,384	9,872	262,289	1,725,613
UNIVERSITY 2017									
Balance as at 1 January 2017	255,803	1,073,292	58,143	17,253	10,577	38,384	9,872	262,289	1,725,613
Revaluation	9,201	113,200	-	-	-	-	-	-	122,401
Additions	397	88,130	5,373	1,225	319	2,575	57	12,899	110,975
Disposals	-	-	(2,332)	(1,792)	-	(9,303)	-	(5,103)	(18,530)
Transfers / adjustments	-	(3,118)	(30)	337	-	-	-	1,537	(1,274)
Balance as at 31 December 2017	265,401	1,271,504	61,154	17,023	10,896	31,656	9,929	271,622	1,939,185
UNIVERSITY 2016									
Accumulated depreciation Cost	-	(30,694)	(54,260)	(10,454)	-	(48,094)	-	(169,062)	(312,564)
Balance as at 1 January 2016	-	(30,694)	(54,260)	(10,454)	-	(48,094)	-	(169,062)	(312,564)

Notes to the Financial Statements continued

For the year ended 31 December 2017

Year ended 31 December 2016	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Rare books \$000	Equipment \$000	Total \$000
Revaluation	-	-	-	-	-	-	-	-	-
Disposals	-	-	17,182	2,377	-	27,248	-	5,946	52,753
Depreciation charge (Note 6)	-	(29,592)	(5,849)	(1,661)	-	(4,531)	-	(16,096)	(57,729)
Balance as at 31 December 2016	-	(60,286)	(42,927)	(9,738)	-	(25,377)	-	(179,212)	(317,540)
UNIVERSITY 2017									
Balance as at 1 January 2017	-	(60,286)	(42,927)	(9,738)	-	(25,377)	-	(179,212)	(317,540)
Revaluation	-	90,030	-	-	-	-	-	-	90,030
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	2,315	1,791	-	9,303	-	4,669	18,078
Depreciation charge (Note 6)	-	(29,743)	(5,877)	(1,620)	-	(3,117)	-	(18,289)	(58,646)
Transfers / adjustments	-	(1)	-	(3)	-	-	-	-	(4)
Balance as at 31 December 2017	-	-	(46,489)	(9,570)	-	(19,191)	-	(192,832)	(268,082)
Net book value									
As at 1 January 2016	251,868	980,172	16,032	7,657	10,429	14,834	9,804	79,772	1,370,568
As at 31 December 2016	255,803	1,013,006	15,216	7,515	10,577	13,007	9,872	83,077	1,408,073
As at 31 December 2017	265,401	1,271,504	14,665	7,453	10,896	12,465	9,929	78,790	1,671,103

Library books includes the Hocken Collection. At 31 December 2017 the net book value was: parent \$4.765 million and consolidated \$118.300 million.

Work in progress as at 31 December 2017 (Parent and Group):

Buildings \$127.805 million (2016 \$75.671 million).

Equipment \$190k (2016 \$1.148 million).

14. Intangible assets

Accounting policy

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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 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 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 surplus or deficit.

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

Class of intangible asset	Estimated useful life	Amortisation rates	
Computer software	3 to 25 years	4% to 33.3%	
		Computer software \$000	Total \$000
CONSOLIDATED 2016			
Gross carrying amount			
Cost		52,740	52,740
Balance as at 1 January 2016		52,740	52,740
Year ended 31 December 2016			
Additions		2,549	2,549
Adjustments		(170)	(170)
Impairment charge		(2,895)	(2,895)
Disposals		(2,873)	(2,873)
Balance as at 31 December 2016		49,351	49,351
CONSOLIDATED 2017			
Balance as at 1 January 2017		49,351	49,351
Additions		3,210	3,210
Adjustments		(117)	(117)
Disposals		(2,011)	(2,011)
Balance as at 31 December 2017		50,433	50,433

Notes to the Financial Statements continued

For the year ended 31 December 2017

	Computer software \$000	Total \$000
CONSOLIDATED 2016		
Accumulated amortisation and impairment Cost	(23,834)	(23,834)
Balance as at 1 January 2016	(23,834)	(23,834)
Year ended 31 December 2016		
Amortisation charge	(2,812)	(2,812)
Disposals	2,850	2,850
Balance as at 31 December 2016	(23,796)	(23,796)
CONSOLIDATED 2017		
Balance as at 1 January 2017	(23,796)	(23,796)
Amortisation charge	(2,969)	(2,969)
Disposals	533	533
Balance as at 31 December 2017	(26,232)	(26,232)
Net book value		
As at 1 January 2016	28,906	28,906
As at 31 December 2016	25,555	25,555
As at 31 December 2017	24,200	24,200
UNIVERSITY 2016		
Gross carrying amount Cost	52,452	52,452
Balance as at 1 January 2016	52,452	52,452
Additions	2,266	2,266
Adjustments	(183)	(183)
Impairment charge	(2,895)	(2,895)
Disposals	(2,873)	(2,873)
Balance as at 31 December 2016	48,767	48,767

	Computer software \$000	Total \$000
UNIVERSITY 2017		
Balance as at 1 January 2017	48,767	48,767
Additions	2,023	2,023
Adjustments	(117)	(117)
Impairment charge	-	-
Disposals	(539)	(539)
Balance as at 31 December 2017	50,134	50,134
UNIVERSITY 2016		
Accumulated amortisation and impairment Cost	(23,664)	(23,664)
Balance as at 1 January 2016	(23,664)	(23,664)
Disposals	2,849	2,849
Amortisation charge	(2,776)	(2,776)
Balance as at 31 December 2016	(23,591)	(23,591)
UNIVERSITY 2017		
Balance as at 1 January 2017	(23,591)	(23,591)
Disposals	507	507
Amortisation charge	(2,937)	(2,937)
Balance as at 31 December 2017	(26,021)	(26,021)
Net book value		
As at 1 January 2016	28,788	28,788
As at 31 December 2016	25,176	25,176
As at 31 December 2017	24,113	24,113

Work in progress as at 31 December 2017 (University and Group) was \$1.321 million (2016 \$2.647 million).

Notes to the Financial Statements continued

For the year ended 31 December 2017

15. Trade and other payables and accruals

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are non-interest bearing and are settled on the 20th of the month following date of invoice. Therefore, the carrying value of payables approximates their fair value.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current				
Trade payables	11,651	10,923	11,439	10,554
Accruals	22,843	18,580	20,526	17,930
Other payables	27,659	19,257	31,112	22,719
Total creditors and other payables	62,153	48,760	63,077	51,203

16. Current liabilities - employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date.

Defined contribution/benefit schemes

Employer contributions to multi-employer defined benefit plans: Consolidated \$2.209 million (2016 \$2.287 million), Parent \$2.209 million (2016 \$2.287 million).

Employer contributions to defined contribution schemes: Consolidated \$15.652 million, (2016 \$14.739 million), Parent \$15.652 million, (2016 \$14.739 million).

	Consolidated		University	
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Current portion				
Annual leave	30,795	30,126	30,609	29,916
Long-service leave	1,020	1,439	1,020	1,439
Retirement gratuities	17,275	16,698	17,275	16,698
Total current portion	49,090	48,263	48,904	48,053

17. Current liabilities - deferred revenue

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Research funding in advance	37,523	34,235	37,523	34,235
Student fees in advance	9,739	10,171	7,616	7,912
Other income in advance	3,011	4,565	2,816	3,471
Total current liabilities - deferred income	50,273	48,971	47,955	45,618

Deferred revenue from tuition fees includes both liabilities recognised for domestic student fees received for which the course withdrawal date has not yet passed and for international student fees, which is based on the percentage completion of the course. Deferred revenue from research contracts includes both liabilities recognised for research funding with unsatisfied conditions (non-exchange contracts) and liabilities for exchange research funding received in excess of costs incurred to date on the required research.

18. Non-current liabilities - employee entitlements

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Sick leave, annual leave, vested long-service leave, and non-vested long-service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long-service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

A liability or asset in respect of defined benefit superannuation plans is recognised in the Statement of Financial Position, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The actuarial assessment of retiring gratuities, long-service leave and sick leave is performed by Eriksen & Associates Ltd annually.

Critical assumptions: The assumed long run rate of CPI inflation is 2% to which was added 0.5% per annum for secular salary increases, demographic assumptions were based on the experience of the Government Superannuation Fund and key economic assumptions were taken from prescribed Treasury rates calculated as at 31 December 2017.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Retirement gratuities	40,783	34,486	40,783	34,486
Long-service leave	2,075	2,109	2,075	2,109
Sick leave	1,083	1,036	1,083	1,036
Total non-current portion	43,941	37,631	43,941	37,631

Notes to the Financial Statements

continued

For the year ended 31 December 2017

21. Contingencies

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$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	50	50
There were several personal grievance and employment related claims against the University.	40	20	40	20
Legal proceedings against the University	-	-	-	-
Total contingent liabilities	90	70	90	70

Compensation claims

There are a number of issues that the University is addressing in order to become fully compliant with the Holidays Act. These issues relate to very specific employment situations where people's hours of work have varied over the course of a year. Because of the complex nature of the University's payroll, the rectification of these issues may take some time. The value of this is not yet able to be quantified due to the nature of the issues involved.

Contingent assets

Trust pledged donations are recognised as revenue when the funds are received.

Total pledged donations outstanding as at 31 December 2017 at face value are \$3.371 million (2016 \$2.210 million).

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Pledged donations at fair value	2,754	1,666	-	-
Total quantifiable contingent assets	2,754	1,666	-	-

22. Capital commitments and operating leases

Accounting policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks 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.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Capital commitments				
Buildings	139,266	140,072	139,266	140,072
Equipment and other	4,123	2,077	4,123	2,077
Total capital commitments	143,389	142,149	143,389	142,149

Capital commitments represent capital expenditure contracted for at balance date, but not yet incurred.

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Operating leases as lessee				
Not later than one year	5,835	6,931	5,665	6,089
Later than one year and not later than five years	3,950	5,671	3,950	4,803
Later than five years	2,699	2,972	2,699	2,972
Total non-cancellable operating leases	12,484	15,574	12,314	13,864

Operating leases "not later than 1 year" includes accommodation head leases, \$3.087 million (2016 \$3.141 million).

23. Related-party transactions

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.

Related-party transactions with subsidiaries, associates or joint ventures

	Consolidated	
	2017 \$000	2016 \$000
Intra-Group		
University of Otago Holdings Limited (UOHL)		
Dividends received from Foundation Studies Ltd	276	116
Dividends received from Unipol Recreation Limited (URL)	-	1,213
Equity advanced to Otago Innovation Limited	700	900
Equity advanced to Otakou Health Limited	-	150
Accounting and secretarial services paid to the University of Otago	28	27
UOHL has a current account with the University of Otago. Since 1 January 2008 this account has been interest bearing, with interest paid by the University at the average rate achieved by the University of Otago on its bank call and term deposits. Interest paid on this current account amounted to	66	27
The balance of the current account at year end was	1,830	2,366
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, including building rentals, to the value of	2,005	1,278
At year end the amount owing to the University was	140	381
During the year FSL provided goods and services to the University to the value of	1,693	1,507
At the end of the year the amount owing by the University was	-	8
FSL has invested its surplus funds with the University of Otago. Interest is paid by the University at the average rate achieved by the University on its bank call and term deposits. Interest paid on these funds amounted to	115	63
The balance at year end was	4,630	3,180
Otago Innovation Limited (OIL)		
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	901	688
At year end the amount owing to the University was	418	-
During the year OIL supplied services to the University to the value of	711	743
At year end the amount owing by the University was	5	-
Immune Solutions Limited (ISL)		
ISL enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year ISL purchased goods and services from the University to the value of	15	36
At year end the amount owing to the University was	13	-

Notes to the Financial Statements

continued

For the year ended 31 December 2017

	Consolidated	
	2017	2016
	\$000	\$000
Disease Research Limited (DRL)		
DRL enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year DRL purchased goods and services from the University to the value of	27	4
At year end the amount owing to the University was	161	-
Upstream Medical Technologies Limited (UMT)		
UMT enters into transactions with the University of Otago, which are made on normal commercial terms and conditions. During the year UMT purchased goods and services from the University to the value of	-	274
At year end the amount owing to the University was	-	64
New Zealand Genomics Limited (NZGL)		
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, including building rental and collaborator payments to the value of	820	2,982
At year end the amount owing to the University was	33	570
NZGL provided goods and services to the University of Otago to the value of	534	623
At year end the amount owing by the University was	-	23
Unipol Recreation Limited (URL)		
URL has a current account with the University of Otago. This account is interest bearing, with interest paid by the University at the average rate achieved by the University on its bank call and term deposits. Interest paid on this current account amounted to	-	78
University of Otago Trusts		
The University of Otago Foundation Trust paid to the University administration fees to the value of	672	672
The University of Otago Foundation Trust distributed to the University an amount of	10,366	9,736
The University of Otago Foundation Trust holds a current account with the University. At year end the balance was negative	2,432	2,307
University Union Limited (UUL)		
During the year the University entered into transactions with UUL, an associate company of UOHL. The transactions were made on commercial terms and conditions. The University paid UUL rent of	342	483
UUL paid the University of Otago ground rent of	115	116

Transactions with key management personnel

Key management personnel compensation

	Consolidated	
	2017	2016
	\$000	\$000
Senior Management Team, including the Vice-Chancellor:		
Remuneration	5,366	5,148
Full-time equivalent	24	24

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

All members of the Vice-Chancellor's Advisory Group were included as key management personnel.

Councillor's fees: consolidated \$160k (2016 \$160k), parent \$160k (2016 \$160k).

Directors fees: consolidated \$68k (2016 \$69k), parent (nil) (2016 nil).

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2016 \$nil).

Transactions with members of Council

Member of Council	Organisation	Purchased by the University		Purchased from the University	
		2017	2016	2017	2016
		\$000	\$000	\$000	\$000
Mr H. J. Baird (term 1 Jan to 31 Dec 2017)	University Union Limited (D)	393	-	871	-
	University Bookshop (Otago) Limited (D)	134	-	4	-
	Otago University Students' Association (P)	3,702	-	199	-
Mr F. B. Barton	Anderson Lloyd Lawyers (Partner and Chairman of Partners)	173	384	4	9
	New Zealand Law Society (Branch President)	3	2	-	-
	Presbyterian Support Otago (Board Member)	12	14	2	-
Mr M. R. Dippie	Mitre 10 (New Zealand) Limited (D)	29	16	-	-
Mr M. A. Fitz-Gerald (term completed 21 Nov 2016)	Fulbright New Zealand (Board Member) (Treasurer)	-	-	-	3
Ms L. M. Harris (term 1 Jan to 31 Dec 2016)	Otago University Students' Association (P)	-	3,907	-	99
	Planet Media Dunedin Limited (D)	-	51	-	2
	University Bookshop (Otago) Limited (D)	-	124	-	8
	University Union Limited (D)	-	556	-	305
Professor H. Hayne	Otago Innovation Limited (Deputy Chair) (see intragroup note)	-	-	-	-
	Te Tapuae o Rehua Limited (D)	83	78	1,286	3,518
	Universities NZ (Board Member)	-	-	168	297
	University of Otago Foundation Trust (Trustee) (see intragroup note)	-	-	-	-
	University of Otago Holdings Limited (D) (see intragroup note)	-	-	-	-

Notes to the Financial Statements

continued

For the year ended 31 December 2017

Transactions with members of Council

Member of Council	Organisation	Purchased by the University		Purchased from the University		Purchased by the University		Purchased from the University	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Mr S. J. Higgs	Disease Research Limited (D) (see intragroup note)	104	52	-	-	-	-	-	-
	Farmlands Co-Operative Society Ltd (Secretary)	2	3	-	-	-	-	-	-
	Immune Solutions Ltd (C) (see intragroup note)	-	-	-	-	-	-	-	-
	Otago Innovation Ltd (D) (see intragroup note)	-	-	-	-	-	-	-	-
	Polson Higgs & Co Ltd	11	44	-	-	-	-	-	-
	University of Otago Foundation Trust (Trustee) (see intragroup note)	-	-	-	-	-	-	-	-
	University of Otago Holdings Limited (D) (see intragroup note)	-	-	-	-	-	-	-	-
Ms L. C. Hobson (term commenced 14 Mar 2017)		-	-	-	-	-	-	-	-
Associate Professor	Blueskin Resilient Communities Trust (Trustee)	-	-	-	1	-	-	-	-
C. J. Marshall	Tertiary Education Union Otago (Rep on Ethical Behaviour Committee)	-	-	28	31	-	-	-	-
Mr S. J. McLauchlan	Analogue Digital Limited (C)	110	77	-	2	-	-	-	-
	Aurora Energy Limited (D)	-	9	-	-	-	-	-	-
	Delta Limited (D)	-	24	-	9	-	-	-	-
	Dunedin International Airport Limited (C)	2	2	-	-	-	-	-	-
	Otago Community Hospice Trust (C)	30	35	-	-	-	-	-	-
	Otago Southland Employers Assn (Trustee)	8	11	1	4	-	-	-	-
	Pharmac (C)	-	-	26	26	-	-	-	-
	Scenic Circle Hotels Limited (D)	1	2	-	-	-	-	-	-
	University of Otago Foundation Studies Limited (C) (see intragroup note)	-	-	-	-	-	-	-	-
	University of Otago Holdings Limited (D) (see intragroup note)	-	-	-	-	-	-	-	-
	University of Otago Rugby Club (Committee)	2	1	-	19	-	-	-	-
Ms D. C. Matahaere-Atariki	Ministry of Health - NGO Working Group (C)	30	25	4,797	4,688	-	-	-	-
	Te Whare Pounamu Dunedin Womens Refuge (Trustee)	-	-	1	2	-	-	-	-
	Te Runanga o Otakou Inc (C)	39	52	-	-	-	-	-	-
	Otakou Health Limited (D)	593	-	1	-	-	-	-	-
	Te Runanga o Ngai Tahu (Alternate Trustee)	1	-	-	-	-	-	-	-
Mr S. A. Montague-Gallagher		-	-	-	-	-	-	-	-
Dr R. J. Somerville QC	University of Otago Foundation Trust (Trustee) (see intragroup note)	-	-	-	-	-	-	-	-

Member of Council

Mr J. F. Ward

(term completed
31 Dec 2017)

Organisation

Otago Innovation Limited (C) (see intragroup note)

Simner Investments Limited (C) (S)

SBS Bank (C) (See * below)

University of Otago Foundation Trust (C) (Trustee) (see intragroup note)

University of Otago Holdings Limited (C) (see intragroup note)

Amtex Corporation Limited (C)

* The University invests money on term deposit with the SBS Bank in the normal course of business. At year end the balance invested was \$2.0 million (2016 \$2.0 million). Interest earned during the year was \$119k (2016 \$379k).

C = Chairman; D = Director; S = Shareholder; P = President

Notes to the Financial Statements continued

For the year ended 31 December 2017

24. Investments in associates and joint ventures

The Group's associate investments are accounted for in the Group financial statements using the equity method. An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the change in net assets of the associate after the date of acquisition. The Group's share of the associate's surplus or deficit is recognised in the Group surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment in the Group financial statements.

Joint Venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

The Group has a 33% interest in a joint venture, Otakou Health Limited. The joint venture is accounted for using the equity method rather than proportionate consolidation.

	Consolidated	
	2017 \$000	2016 \$000
University of Otago Holdings Limited		
University Union Limited	2,815	2,756
Otakou Health Limited	150	-
Total investments in associates and joint ventures	2,965	2,756

	Consolidated	
	2017 \$000	2016 \$000
University of Otago Holdings Limited's Associates:		
Name of entity: Unihealth Limited		
Principal activity: Not operating		
Ownership: 50% (31 December 2016 - 50%)		
Balance date: 31 December		
Name of entity: University Union Limited		
Principal activity: Owner of University Union Building, University of Otago		
Ownership: 50% (31 December 2016 - 50%)		
Balance date: 31 December		
Investment at deemed cost	1,992	1,992
Share of increase (decrease) in the net assets of the associate (previous years)	764	693
Share of increase (decrease) in the net assets of the associate (current year)	59	71
Total investment	2,815	2,756

Name of entity: Otakou Health Limited		
Principal activity: Owner of community health facility (under development)		
Ownership: 33% (31 December 2016 - 33%)		
Balance date 31 March	150	-
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: 17% (31 December 2016 - 17%)		
Balance date: 30 June		
Value: UOHL does not 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% (31 December 2016 33%)		

25. Capital management

The University

The University and Group's capital is its equity, which comprises general funds and reserves. Equity is represented by net assets. The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The University manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The University's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

26. Events occurring after the balance date

On 4 April 2018 the University of Otago purchased the assets and business of Dunedin City Tertiary Accommodation Trust, which owns and operates City College for \$24,615 million.

There were no other significant events after balance date.

27. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Consolidated		University	
	Actual 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Surplus/(deficit)	34,240	27,773	16,211	22,899
Add/(less) non-cash items				
Non-cash donations	(2,847)	(581)	-	-
Non-cash dividends	(2,033)	(2,060)	-	-
Share of associate's surplus	(60)	71	-	-
Adjustments to staff entitlements	6,310	1,464	6,310	1,464
Depreciation and amortisation expense	61,785	60,681	61,583	60,508
Property, plant and equipment impairment	410	3,755	325	3,709
Dunedin City Tertiary Accommodation Trust	(180)	400	-	-
Increase / (decrease) in loans from external trust funds	85	36	-	-
(Gains)/losses in fair value of investments	(14,826)	(1,265)	227	(79)
Total non-cash items	48,644	62,501	68,445	65,602
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	2,539	457	(646)	1,111
(Increase)/decrease in prepayments	(578)	(1,343)	732	(1,373)
(Increase)/decrease in inventory	(168)	(23)	(187)	(25)
Increase /(decrease) in payables	8,035	2,303	9,284	511
Increase/(decrease) in funds received in advance	1,302	(408)	2,337	3,624
Increase /(decrease) in employee entitlements	5,454	(3,043)	5,483	(2,989)
Net movement in working capital items	16,584	(2,057)	17,003	859
Net cash inflow/(outflow) from operating activities	99,468	88,217	101,659	89,360

Notes to the Financial Statements continued

For the year ended 31 December 2017

28. Hocken Collections

	Consolidated		University	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	117,087	116,172	4,540	4,206
Donated Hocken additions	1,213	915	225	334
	118,300	117,087	4,765	4,540
being:				
Assets held in trust	113,535	112,547	-	-
Assets owned by the University	4,765	4,540	4,765	4,540
	118,300	117,087	4,765	4,540

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 \$26.141 million (2016 \$25.859 million).

29. 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 \$9.929 million (2016 \$9.872 million). Additions at cost in 2017 were \$57k (2016 \$68k) (refer Note 13).

Independent Auditor's Report

To the readers of University of Otago and Group's financial statements and statement of service performance for the year ended 31 December 2017

The Auditor General is the auditor of University of Otago (the University) and Group. The Auditor General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the University and Group on his behalf.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Opinion

We have audited:

- the financial statements of the University and Group on pages 74 to 118, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, 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 statement of service performance of the University and Group on pages 52 to 60.

In our opinion:

- the financial statements of the University and Group on pages 74 to 118:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Tier 1 Public Benefit Entity Standards; and
- the statement of service performance of the University and Group on pages 52 to 60 presents fairly, in all material respects, the University and Group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017.

Our audit was completed on 10 April 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the financial statements and the statement of service performance

The Council is responsible on behalf of the University and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the University and Group for preparing a statement of service performance that is fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the University and group for assessing the University and Group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the University and Group's approved budget and Statement of Objectives.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the Group audit.
We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 12 to 130, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the University and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than 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.

We have no relationship with or interests in the University or any of its subsidiaries.



Andy Burns
Audit New Zealand
On behalf of the Auditor General
Dunedin, New Zealand

Student Services Fee Report

This report has been prepared in accordance with clause 6 of the Ministerial Direction on Compulsory Student Services Fees 2014.

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

Summary

The University provides student services and also contracts with third parties to provide services. The Otago University Students' Association (OUSA) is the principal third-party provider and a comprehensive service level agreement is negotiated each year.

The highest proportion of the fee is spent on health services, and sport, recreation and cultural activities. This is consistent with student feedback on priorities.

The University publishes detailed information on the fees charged, services provided, and opportunities for students to have input and provide feedback on its website. An annual online student services fee survey was launched in 2017 to get student feedback on the use of services and priorities for the fee. Levels of satisfaction with the services provided is measured in a variety of ways including as a component of the University's Annual Student Satisfaction Survey and OUSA's Annual Student Survey.

Student Services delivered by the University

Sports, recreation and cultural activities	Recreation and fitness programmes Social sport UNIPOL gym Outdoor trips and activities Unlimited internet use on campus for students' personal use (internet use for academic purposes is covered by tuition fees).
Health services	Subsidised general practice health care Specialist mental health support and counselling.
Career information, advice and guidance; employment information	Careers advice, guidance, planning, workshops and providing employment information to assist students transitioning from University to the workplace Opportunities for volunteering.
Financial support and advice	Student Emergency Fund.

Student Services delivered by OUSA

Advocacy and legal advice; counselling services; careers (OUSA Support Centre)	<ul style="list-style-type: none"> • Education Quality Support Network (through the co-ordination of the system of senate, division, department and class representatives) • Student Support Centre programmes • Support for Te Roopu (Māori Students' Association). • Financial support and advice • Advocacy • Pastoral care • Careers guidance through volunteering in conjunction with the University • Student Job Search.
Sport, recreation and cultural activities	<ul style="list-style-type: none"> • Sports, recreation and cultural activities • USNZ level sports and games tournaments • Blues and Golds sports and cultural awards • Healthy Lifestyles programme • Orientation • Capping Week and Capping Show • Battle of the Bands • Market days • Re-Orientation • International food festival • Music gigs • Postgrad coffee hour

Sport, recreation and cultural activities (continued)

- Future DJ
- Art week
- Volunteers
- Te Roopu (Māori Students' Association).

Media

Student communication activities:

- Critic magazine
- Radio One 91FM
- Onefest
- Orientation magazine
- Facebook presence
- Web presence.

Student Services delivered by the Otago University Childcare Association

Childcare services Pre-school childcare services for students who are parents.

Student services provided by the Otago Tertiary Chaplaincy Trust Board

Counselling services; advocacy Interfaith chaplaincy services and pastoral care.

	\$000s				
	Compulsory student services fee	Other	Total revenue	Total expenses	Surplus (deficit)
Advocacy and legal advice	844	-	844	(839)	5
Careers information, advice and guidance	620	105	725	(802)	(78)
Counselling	388	22	409	(430)	(21)
Financial support and advice	20	14	35	(21)	14
Health	3,552	1,392	4,944	(5,098)	(154)
Media	647	0	647	(641)	6
Childcare	74	-	74	(52)	22
Sports and recreation facilities	4,401	727	5,159	(5,605)	(477)
Other campuses	68	0	68	(114)	(46)
Total	10,614	2,260	12,874	(13,602)	(729)

Summary Facts and Figures

	2017	2016	2015	2014	2013
STUDENT ENROLMENTS					
Equivalent Full-time Students (EFTS)					
Commerce	2,885	2,954	2,928	3,074	3,082
Health Sciences	6,267	6,089	5,871	5,857	5,815
Humanities	4,712	4,807	4,944	5,180	5,328
Sciences	4,334	4,437	4,413	4,458	4,375
Subtotal	18,198	18,287	18,156	18,570	18,600
Other Group EFTS*	260	259	265	261	275
Total	18,457	18,547	18,421	18,830	18,875

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

Enrolment By Qualification Type

PhD	1,383	1,325	1,307	1,317	1,293
Professional doctorates	118	86	80	71	68
Masters	1,261	1,287	1,224	1,214	1,216
Postgraduate diplomas	1,072	1,016	946	841	898
Postgraduate certificates	690	638	596	547	485
Graduate diplomas	243	294	314	388	416
Bachelor honours	366	385	451	434	460
Bachelors	14,448	14,598	14,559	15,136	15,057
Undergraduate diplomas	20	29	39	60	66
Undergraduate certificates	0	0	0	5	7
Certificate of proficiency	1,492	1,493	1,442	1,284	1,228
Interest only	11	1	4	10	0
Foundation Studies	305	292	316	300	303
Other	0	0	4	6	7
Total Students	20,838	20,814	20,601	20,942	21,113

Note: Enrolments by qualification type sum to more than the total headcount as students can enrol for more than one qualification type.

	2017	2016	2015	2014	2013
Gender of Students					
Female	12,272	12,147	11,879	12,004	12,171
Male	8,565	8,665	8,720	8,936	8,942
X	1	2	2	2	N/a
Total	20,838	20,814	20,601	20,942	21,113

Note: the Department of Internal Affairs has created X as a category to accommodate indeterminate or unspecified gender for the purposes of passports or other identification documents.

The University's usage of X is consistent with this. Prior to 2014, X was not available as an option within the University's student enrolment system.

First-year and Returning Students

First year	3,770	4,002	3,738	4,057	4,149
Returning	17,068	16,812	16,863	16,885	16,964
Total	20,838	20,814	20,601	20,942	21,113

Ethnicity of Students

European/Pakeha	72.4%	73.1%	73.4%	74.3%	74.3%
Māori	9.3%	8.9%	8.5%	8.5%	8.0%
Asian	19.8%	19.2%	18.8%	18.3%	18.6%
Pacific	4.5%	4.2%	3.9%	3.6%	3.2%
Middle Eastern/Latin American/African	3.4%	3.4%	3.6%	3.5%	3.3%
Other / Unknown	3.9%	3.7%	3.6%	3.2%	3.3%

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	3,043	3,127	3,182	3,407	3,627
Otago/Southland	1,860	1,969	2,033	2,213	2,309
Remainder of South Island	3,813	3,903	3,828	3,895	3,792
North Island	8,737	8,570	8,482	8,425	8,284
Overseas (including NZ citizens overseas)	3,348	3,191	3,014	2,938	3,012
Unknown	37	54	62	64	89
Total	20,838	20,814	20,601	20,942	21,113

Note: The majority of NZ citizens overseas listed their home area as Australia (162 in 2017). Conversely, 193 of the 315 Australian citizens who enrolled in 2017 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

Summary Facts and Figures continued

	2017	2016	2015	2014	2013
International Students					
Undergraduate	1,807	1,810	1,768	1,749	1,879
Postgraduate	1,030	913	824	828	769
Total	2,837	2,723	2,592	2,577	2,648

International Students by Home Country

United States of America	798	721	656	581	572
China	500	490	460	454	409
Malaysia	241	241	255	287	394
India	130	119	103	99	99
United Kingdom	89	87	100	100	103
Germany	69	72	62	80	68
Singapore	68	52	45	45	42
Canada	67	54	54	66	87
Iran, Islamic Republic of	55	53	61	59	49
France	46	52	40	39	38
Brunei Darussalam	41	52	56	61	60
Indonesia	39	32	20	19	12
Japan	37	44	51	55	49
Thailand	31	30	32	32	33
Norway	30	34	25	31	18
Saudi Arabia	30	42	52	63	74
Korea, Republic of	30	31	32	38	46
Vietnam	27	25	26	27	26
Oman	27	30	30	30	25
Pakistan	27	21	21	11	13
Samoa	24	19	22	24	25
Other	431	426	392	378	342
Total	2,837	2,727	2,595	2,579	2,584

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	578	616	554	593	652
Otago/Southland	428	432	416	474	518
Remainder of South Island	714	831	768	876	833
North Island	1,794	1,826	1,722	1,882	1,822
Overseas (including NZ citizens overseas)	255	277	263	230	321
Unknown	1	20	15	2	3
Total	3,770	4,002	3,738	4,057	4,149

Note: The majority of NZ citizens overseas listed their home area as Australia (29 in 2017). Conversely, 28 of the 41 Australian citizens who enrolled in 2017 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

	2017	2016	2015	2014	2013
ACADEMIC ATTAINMENT					
Number of Programme Completions					
Undergraduate diplomas and certificates	143	183	168	260	321
Undergraduate degrees	3,368	3,467	3,566	3,525	3,770
Postgraduate diplomas and certificates	969	995	841	732	826
Postgraduate degrees	1,056	969	989	912	907
Total University	5,536	5,614	5,564	5,429	5,824

Commerce graduates	700	671	745	724	742
Health Sciences graduates	1,674	1,790	1,576	1,464	1,503
Humanities graduates	1,275	1,290	1,419	1,452	1,691
Sciences graduates	1,494	1,475	1,455	1,444	1,504
Interdivisional graduates	393	388	369	345	384
Total University	5,536	5,614	5,564	5,429	5,824

Degrees, Diplomas and Certificates Completed per 100 EFTS Enrolled

Commerce	24.3	22.7	25.4	23.9	24.8
Health Sciences	26.7	29.4	26.8	25.4	27.2
Humanities	27.1	26.8	28.7	34.3	32.3
Sciences	34.5	33.2	33.0	32.8	35.4
Total	30.4	30.7	30.6	29.4	30.2

Examination Pass Rates

Commerce	88.6%	87.8%	87.7%	85.9%	87.3%
Health Sciences	94.9%	94.2%	93.7%	93.5%	91.9%
Humanities	92.4%	92.1%	91.4%	91.1%	91.8%
Sciences	87.1%	87.7%	87.1%	86.0%	88.1%
Other (Foundation Studies)	76.0%	74.8%	79.3%	81.0%	84.4%
Total pass rate	91.2%	90.8%	90.3%	89.6%	90.0%

Summary Facts and Figures continued

	2017	2016	2015	2014	2013
STAFF PROFILE					
Full-time Equivalent (FTE) Teaching and Research Staff					
Female					
Vice-Chancellor/senior academic managers	2	2	2	2	2
Professors	52	50	42	37	39
Readers/associate professors	74	72	71	61	50
Senior lecturers	168	162	166	176	179
Lecturers	89	87	82	83	90
Other teaching and teaching/research staff	160	161	159	154	149
Research-only staff	198	181	246	240	243
Total females	743	715	769	752	752
Male					
Vice-Chancellor/senior academic managers	6	6	6	6	6
Professors	170	178	166	166	163
Readers/associate professors	120	117	108	107	109
Senior lecturers	191	186	191	200	194
Lecturers	62	69	82	85	85
Other teaching and teaching/research staff	104	106	116	112	113
Research-only staff	159	155	182	183	178
Total males	810	817	851	859	848
Total academic and research-only staff	1,552	1,532	1,619	1,611	1,600
Full-time Equivalent (FTE) General Staff					
Female					
Senior managers	9	9	12	13	10
General services, student and community staff	1,177	1,153	1,053	1,036	1,030
Librarians and library assistants	93	93	101	110	114
Research support staff and technicians	325	235	236	247	248
Total females	1,604	1,489	1,403	1,407	1,402
Male					
Senior managers	18	18	16	17	21
General services, student and community staff	651	640	602	587	559
Librarians and library assistants	22	21	24	23	22
Research support staff and technicians	181	162	139	144	148
Total males	872	841	781	770	750
Total general staff	2,476	2,330	2,184	2,177	2,152
Total staff	4,029	3,862	3,803	3,788	3,752

	2017	2016	2015	2014	2013
RESEARCH ACTIVITIES (revised for previous years)					
Research Outputs Produced					
Total publications	4,917	4,527	5,132	4,477	4,168
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					
Land (hectares)					
Land owned by the University (other than endowment land)	33.0985	32.1435	31.7155	33	33
Land in Crown title for the University	10.7405	11.6657	11.6297	12	12
Endowment land	22,243	22,244	22,243	22,243	22,243
Total freehold land	22,287	22,288	22,288	22,288	22,288

Notes: Property Services have revised and updated their databases:

1. Land owned by the University (other than endowment land) has increased due to the purchase of four properties and because a Crown title has been reclassified as University land.
2. Crown-owned land has reduced due to the abovementioned reclassification.
3. The majority of endowment land is subject to long-term leases. The area reduced in 2017 following a review of property records.

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

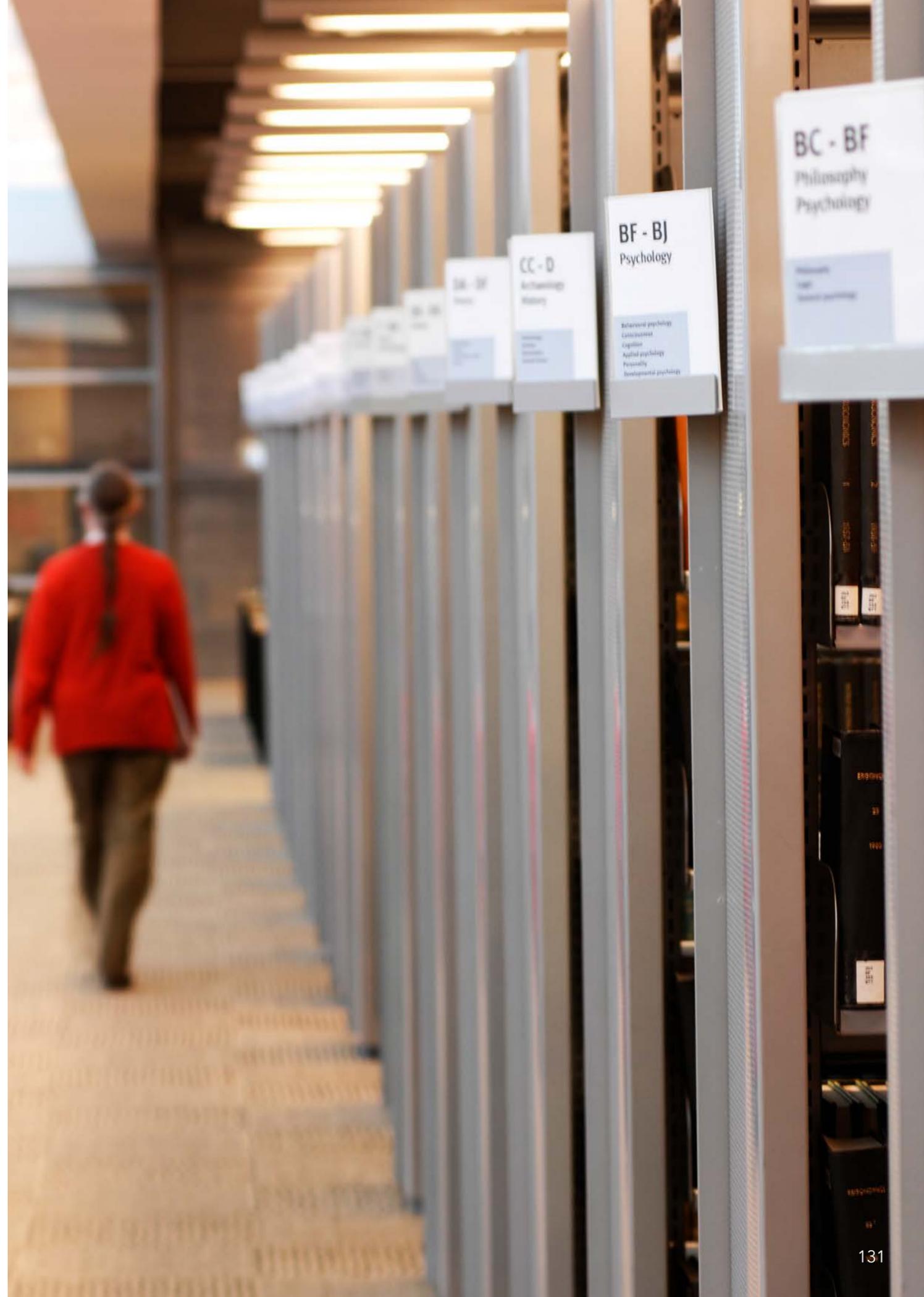
Total	219,784	220,408	224,713	222,589	229,929
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Notes:

1. Assignable space is defined as the floor area measured from the inside face of the walls and deducting all the common use areas (corridors, toilets, etc.) and non-inhabitable areas (lifts, stairs, service ducts, etc.). Note, corridors provided within "open plan" offices are considered to be assignable space.
2. Assignable space at University-owned flats and residential colleges totals a further 56,859m².

Summary Facts and Figures *continued*

	2017	2016	2015	2014	2013
LIBRARY					
Library Collection					
Books (volumes)	1,224,672	1,217,737	1,216,154	1,212,901	1,095,169
Serials (items)	455,644	459,541	467,117	493,941	570,385
Print serials subscriptions	2,855	2,915	3,247	3,791	3,932
Hocken pictures and photographs	1,136,251	1,131,932	1,131,458	1,130,574	1,130,452
Hocken linear metres of archives	10,272	10,178	10,034	9,950	9,680
Electronic serials available	169,530	152,490	171,199	164,304	215,047
Electronic books available	850,783	779,443	744,321	672,789	510,375
Space					
Seating places available	4,500	4,392	4,388	4,388	4,320
INFORMATION TECHNOLOGY					
Volume of Computer and Telecommunications Traffic					
Off-campus network traffic (Gigabytes)	7,371,800	5,078,486	692,958	419,554	315,164
KEY FINANCIAL INDICATORS					
Value of Output per EFTS					
Teaching, learning and assessment	\$11,795	\$10,623	\$11,101	\$10,725	\$10,750
Research and postgraduate teaching	\$19,561	\$18,451	\$16,654	\$15,626	\$14,475
Community service	\$1,402	\$1,694	\$1,711	\$1,622	\$1,526
	2017	2016	2015	2014	2013
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
Financial indicators					
Current ratio (<i>current assets: current liabilities</i>)	1.2	1.4	1.3	1.2	1.2
Liquid ratio (<i>current assets which will result in cashflow: Current liabilities which will result in cashflow</i>)	2.5	3.1	2.7	2.3	2.2
Level of debt (<i>debt to equity</i>)	2.2%	2.2%	2.1%	2.1%	2.2%
Increase in net assets	14.0%	1.8%	2.2%	14.5%	2.2%
Return on total assets	1.5%	1.6%	1.7%	1.8%	2.8%
Return on revenue	4.8%	4.6%	5.0%	5.2%	7.2%







ANNUAL REPORT 2017