

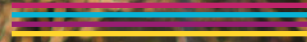


UNIVERSITY
of
OTAGO

Te Whare Wānanga o Ōtāgo
NEW ZEALAND

UNIVERSITY OF OTAGO

Annual Report 2018



UNIVERSITY OF OTAGO

Annual Report 2018



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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 mārama, 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, health and safety, 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.

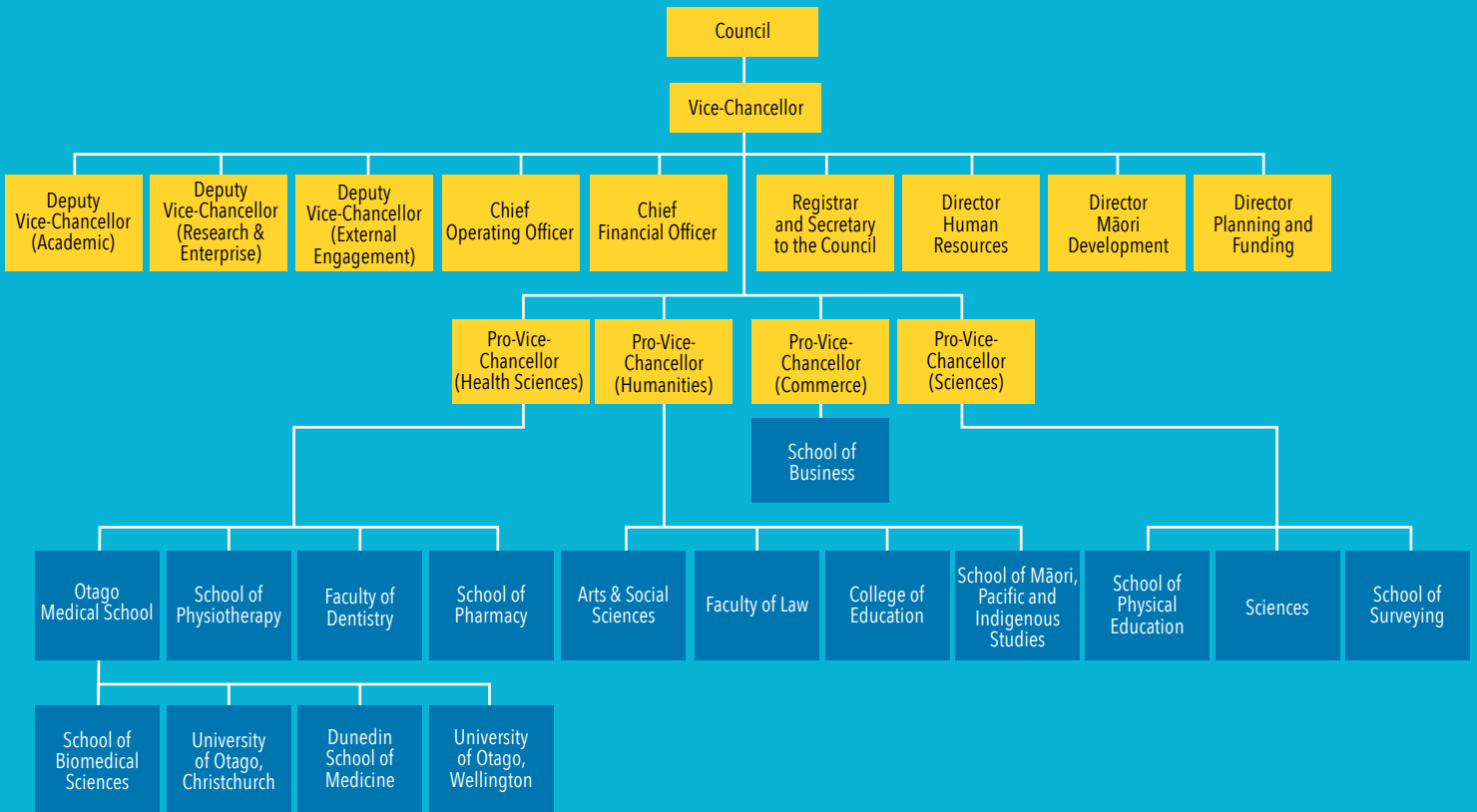
University Autonomy and Academic Freedom

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 the means by which the University 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 2018

Appointed by
the Minister of
Education



Dr Royden J. Somerville
(Chancellor)
QC LL.M PhD(Otago) AAMINZ



Mr Stephen J. Higgs
(Pro-Chancellor)
BCom(Otago) FCA, CFInstD

Appointed by the
Minister of Education



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



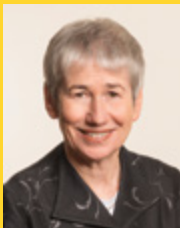
Mr Malcolm A Wong
BCom(Otago) FCA

Ex Officio



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

Secretary to Council



Ms Jan A. Flood
(until 30 Sept)
DipPhEd(Otago)



Mr Christan Stoddart
(from 1 Oct)
BA(Hons)(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)



Ms Caitlin F. Barlow-Groome
BCom(Otago)

Appointed by the
University Council



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



Mr Martin R. Dippie
CMIInstD



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



Ms P. (Trish) A. Oakley
BCom(Otago)

Executive Group

University of Otago 2018

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 MIEEE MInstP CPhys

Deputy Vice-Chancellor (External Engagement)
Professor Helen D. 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 (until 1 July)
MB ChB MPH PhD(Otago) DipObst(Auck)FAFPHM MRNZCGP

Professor Paul A. Brunton (from 2 July)
MSc PhD(Manc) FDSRCSEd FDSRCS FFGDP(UK)

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 Strategy, Analytics and Reporting
Mr David J. Thomson
BA(Hons) MBA(Otago)

Registrar and Secretary to the Council
Ms Jan A. Flood (until 30 Sept)
DipPhEd(Otago)

Mr Christan J. Stoddart (from 1 Oct)
BA(Hons)(Otago)



Chancellor's Introduction

It is my great pleasure to introduce the University of Otago's Annual Report for 2018. The information in this report clearly demonstrates that the values of the University, which inform its commitment to excellence in teaching, research and service, have been honoured.

This report highlights Otago's many successes including those in major external funding rounds, and in national and international rankings; the achievements of our outstanding staff and students; engagement with local, national and international stakeholders; and the significant building programme underway on our campuses.

The University is committed to providing world-class campus environments and facilities to enable our staff and students to excel and, in 2018, had almost \$500 million of construction investment either in progress, recently completed or soon to be started. This is, indeed, a major investment in our University's future and in the cities in which we operate.

Our University has strong links with the Dunedin community and during the year has been collaborating with the Southern Partnership Group in respect of the planning of the major redevelopment of the Dunedin Hospital. The University is also working closely with the group planning the redevelopment of the harbour basin.

2018 was my first year in the role of Chancellor. One of the most satisfying duties the Chancellor undertakes is to personally congratulate Otago's new graduates on the completion of their studies and as they depart for the next chapter in their lives. In 2018 the University hosted 11 graduation ceremonies in which 3,606 students graduated in person and a further 1,592 in absentia. It was also a great pleasure to confer honorary degrees on two outstanding Otago alumni: former University of Otago Chancellor Mr John Ward (Doctor of Laws) and distinguished businessman Mr Norman Geary (Doctor of Commerce).

I was fortunate to attend a number of alumni events in New Zealand, as well as in London, Melbourne and Brisbane. Our alumni groups here and around the world continue to provide invaluable support to the University, with growing numbers of alumni choosing to give back to their alma mater. This generosity is very important and I wish to thank everyone who has contributed. Your gifts help us do things that might otherwise not be possible.

"The ongoing engagement of the wider University community is especially important as we begin our sesquicentennial celebrations in 2019 ... This is a significant milestone and, while we will most certainly be celebrating the achievements of the past, it will also be an opportunity for us to look to the future as well."



As covered in depth elsewhere in this report, the University finished 2018 in a healthy financial position. However, as the tertiary sector continues to operate within a constrained funding environment, we must continue to seek new and diverse avenues of funding. A substantial \$10 million donation was made to the University in 2018 by esteemed businessman Mr Graeme Hart and his family to help develop a new \$28.2 million dental teaching facility in South Auckland. This extraordinarily generous gift will not only make a difference to Otago staff and students, but also to the community in which the new facility will operate.

The ongoing engagement of the wider University community is especially important as we begin our sesquicentennial celebrations in 2019. Founded in 1869, Otago was New Zealand's first university: it has a distinguished history and much planning has gone into putting together a comprehensive programme of events and celebrations for staff, students, alumni and members of the wider community to enjoy. This is a significant milestone and, while we will most certainly be celebrating the achievements of the past, it will also be an opportunity for us to look to the future as well.

I would like to thank members of Council for their support and hard work over the past year, in particular the new Pro-Chancellor Mr Stephen Higgs. Their commitment has certainly made my first year as Chancellor an easier transition. We welcomed three new members in 2018 – Mr Malcolm Wong, Ms Trish Oakley, and Ms Caitlin Barlow-Groome who served one year as the OUSA representative. At the end of the year we also farewelled two long-serving members – Ms Donna Matahaere-Atariki and Associate Professor Craig Marshall. I would like to pay special tribute to their commitment over the last 10 and eight years respectively. I must also note the retirement of Ms Jan Flood who served as Registrar and Secretary to the Council for 16 years. Her contribution has been immeasurable.

Finally I must acknowledge and thank the Vice-Chancellor and her executive group for their dedicated work over the past 12 months. We have much to celebrate in 2019.

Dr Royden Somerville QC
Chancellor

Vice-Chancellor's Review



Established in 1869 by a group of determined Scottish colonists who believed that a university education should be available to any capable person who desired it, the University of Otago changed the face of education in New Zealand forever. From small beginnings as this country's first university, Otago has grown into an institution of local, national and international significance. Reviewing our achievements over 2018 it is clear that we have much to be proud of.

Otago again topped the New Zealand Tertiary Education Commission's annual Educational Performance Indicators for student performance and retention, and achieved the most successful Marsden funding round ever, gaining around \$28.5 million for 41 projects, including 12 Fast-Start grants for our early career researchers. A further \$19 million was received in the Health Research Council's main funding round.

Otago retained its place within the world's top 300 universities in all the key international rankings, including placing 175th in the QS world rankings, with five individual subject areas in the global top 50, and 15 in the top 100. To put these rankings in context, we are part of a global system that includes over 25,000 higher education institutions, of which around 10,000 are research and teaching institutions similar in purpose to ourselves.

The University also retained its 5-star plus rating – the highest possible – from the QS Stars world university rating system, gaining the maximum result in all of the measured categories including teaching, research, internationalisation, facilities, innovation and inclusiveness.

Excellent results do not come in isolation, but reflect the quality of our researchers, the dedication of our teaching staff, the systems we have in place to ensure the quality of our learning environment and, of course, the commitment of our students who work so hard to achieve to their full potential.

These efforts are canvassed in detail in the following pages of the report, however I would like to pay special tribute to some select successes. Faumuina Associate Professor Fa'afetai Sopoaga became the sixth Otago teacher in seven years to win the Prime Minister's Supreme Award at the national Tertiary Teaching Excellence awards. This is an outstanding record for Otago and well-deserved recognition for Faumuina, whose exceptional commitment to Pacific students also earned her an endorsement for excellence. One of our most esteemed researchers, Professor Warren Tate, was awarded the prestigious Marsden Medal for his lifetime of outstanding service to science, and the University's own Distinguished Research Medal was presented to Professor David Craw whose work, over many years, has transformed our understanding of New Zealand geology and the forces at work within it.

The University of Otago has made a strategic commitment to its role as a good local, national and global citizen and I am very proud to see how many of our staff and students are embracing this commitment. Recent surveys show that 88.4% of academic staff dedicated time to community service in the past year and a record 52.5% of graduates had undertaken volunteer work while studying at Otago. In 2018 the University Volunteer Centre reported a record 1,243 new student volunteer registrations, bringing the total number to 4,435.

Staff and students are also embracing the University's commitment to sustainability which is becoming increasingly embedded across our campuses. In 2018, Otago won the Sustainable Campus Category at the Australasian Green Gown Awards and became the first New Zealand university to sign the international SDG Accord to pursue the United Nations' Sustainable Development Goals. These goals cover a broad range of issues, including making cities more sustainable, combating climate change, protecting our oceans and forests, and improving health and education. As a university, we recognise our unique role in supporting those goals by nurturing young people as a force for change, fulfilling the need for new knowledge and rigorous debate.

Encouraging and supporting groups under-represented in university study is another cornerstone commitment at Otago. Within a positive year for the University's enrolments overall, rising by 2.1% to 18,840 EFTS (equivalent full-time students), the numbers of Māori and Pacific students enrolled reached record levels of 11.8% and 5.2% of total domestic EFTS respectively. A particularly important milestone was achieved in December when 76 Māori health professional students graduated. This is the largest ever cohort of such students and will have a significant and widespread impact on New Zealand's health workforce and the well-being of our communities for decades.

As one of New Zealand's largest employers, the University has a major impact on the regional and national economies. The latest annual Economic Impact Report estimated that the University directly injected around \$967.4 million into the Dunedin economy, with the downstream effects totalling \$1.68 billion and supporting around 15,112 jobs. The impact of the University's activities on the New Zealand economy as a whole was estimated at \$1.91 billion. This, in part, reflects the large and complex building programme that is underway on our campuses and will continue into the future with two significant new projects announced in 2018.

The first was a new building for our Christchurch campus. This will be the biggest construction project the University has undertaken, demonstrating our commitment to the campus, the city of Christchurch and its people. The new building's state-of-the-art facilities will enable further growth of the campus' world-class health science research and education programmes, and provide new opportunities for collaboration with partners in the Christchurch Health Precinct. The proximity of the University to hospital facilities is one of our key advantages and we thus welcomed the Government's approval of an inner-city site for Dunedin's new hospital. The chosen site is close to the University of Otago precinct and our medical and health-related facilities, enabling the close relationship we have enjoyed for many decades to continue.

“Excellent results do not come in isolation, but reflect the quality of our researchers, the dedication of our teaching staff, the systems we have in place to ensure the quality of our learning environment and, of course, the commitment of our students who work so hard to achieve to their full potential.”

A second significant project announced in 2018 was a dental teaching facility and patient treatment clinic in South Auckland. This new building will not only provide unique training opportunities for our students, it will also have a real impact on the health and well-being of the local community by offering accessible dental treatment, following the same model that has been so successful at the Dental School in Dunedin. The University was delighted by a \$10 million donation from New Zealand businessman and philanthropist Mr Graeme Hart and his wife Robyn to help develop this facility. This is the largest gift in the University's history and we are extremely grateful for the Harts' generosity and foresight in giving to this important project.

The University ended 2018 in a sound financial position with a higher-than-budgeted surplus of \$27 million. Despite our sound position, we cannot be complacent and need to take a long-term view, continuing efforts to diversify our funding base and making sure that our resources are used efficiently and effectively. Full implementation of the institution-wide Support Services Review (SSR) is expected to be completed towards the end of 2020. The SSR Steering Group made the decision to make structural changes first, focusing on appointments to key leadership roles and providing certainty to staff as early as possible. New services and processes are being introduced and this will continue as the shared services model is fully established. This review is important for the ongoing sustainability of the University and I appreciate the contribution professional staff have made to the process. I would like to welcome newcomers to the University as well as existing staff to their new roles.

I would also like to acknowledge our students. Over a number of years the University has undertaken a concerted programme to reduce anti-social behaviour within our student community. Initiatives such as the introduction of Campus Watch and the Code of Student Conduct, CCTV cameras and proactive campaigns by the Proctor and the Otago University Students' Association to educate students are proving effective in targeting issues such as fire-lighting, glass-breaking and flat initiations. Our discipline statistics show a significant and steady downward trend, with a 14.2% drop in recorded incidents compared to 2017. While there is still work to do, I am delighted that, for the first time in many years, no discipline cases were referred to me. This has been a community effort and signals a change in attitude among students and they deserve recognition for this turn-around.

The University of Otago is unique in New Zealand for its collegiate lifestyle. With more than 85% of our students coming from outside Dunedin we take seriously our commitment to providing excellent pastoral care and rich student experiences

that foster both academic excellence and positive personal development. For most, the "Otago Experience" begins in one of our 15 residential colleges and, for those who spend their first year living at home, boarding or flatting, we offer the Locals programme. Introduced as a pilot orientation programme in 2011, Locals is now firmly established with more than 450 students joining in 2018. Providing academic support, social and volunteering opportunities, Locals helps to ensure that all students can benefit from our collegiate culture. Similarly, we want to ensure that all students have the best opportunities possible to succeed. To this end we have expanded our first-year University transition programmes to create an Office of Student Success that will work collaboratively across the University to make sure every student is equipped with the "tools" they need to make the most of their time at Otago.

I have no doubt that those who made the extraordinarily bold decision to establish a university in Dunedin in 1869 would now see their vision as a great success. We will be celebrating their foresight during our sesquicentennial celebrations in 2019 and, over the past year (and longer), have been planning an exciting programme of events in which we hope staff, students, the wider University community and members of the public will come together to celebrate our extraordinary achievements as New Zealand's first university.

Finally I would like to thank the University Council, staff and students for their hard work and support in 2018. In particular, I want to acknowledge two key senior staff who have retired or stepped out of their role. Ms Jan Flood retired after 32 years of dedicated service to the University of Otago, the last 16 as Registrar and Secretary to the Council. Professor Peter Crampton stepped down from his role as the Pro-Vice-Chancellor Health Sciences, but he continues in his role as a Professor, teaching and conducting world-class research in the Division of Health Sciences. Both of these senior leaders have made major contributions to our University.

2019 will be a very special year for us as we mark the 150th anniversary of the University of Otago. Throughout the year, we will celebrate not only our very distinguished past, but we will also set the course for our successful future. I look forward to the exciting months ahead.

Professor Harlene Hayne
Vice-Chancellor





Significant Events

Senior appointments

Professor Paul Brunton as Pro-Vice-Chancellor, Health Sciences.

Mr David Christensen as the Chief Executive Officer of Otago Innovation Ltd.

Professor Alec Ekeroma as Professor, Obstetrics, Gynaecology and Women's Health, University of Otago, Wellington.

Dr Martin Gagnon as the Director of Research and Enterprise.

Mr Dean Macaulay as the Director of the Property Services Division.

Associate Professor Janice Murray as Deputy Pro-Vice-Chancellor, Sciences.

Professor Jessica Palmer as Dean, Faculty of Law.

Professor Miguel Quiñones to the Webster Family Chair in Viral Pathogenesis.

Mr Christan Stoddart as Registrar and Secretary to the Council.

Mr David Tapp as the Director of Shared Services.

Professor Barry Taylor as Acting Dean of the Otago Medical School.

Professor Gillian Whalley as Professor, Clinical Sonography / Cardiology, Department of Medicine, Dunedin School of Medicine.

Professorial promotions

Seventeen University of Otago academics were promoted to the position of professor (effective 1 February 2019):

Chris Brickell (Department of Sociology, Gender and Social Work); Chris Button (School of Physical Education, Sport and Exercise Sciences); James Crowley (Department of Chemistry); Lisa Ellis (Department of Politics); Peter Fineran (Department of Microbiology and Immunology); Jeremy Krebs (Edgar Diabetes and Obesity Research Centre, UOW); Brent Lovelock (Department of Tourism); Brendan McCane (Department of Computer Science); Alister Neill (Department of Medicine, UOW); Lachy Paterson (Te Tumu: School of Māori, Pacific and Indigenous Studies); Lynette Sadleir (Department of Paediatrics and Child Health, UOW); Michael Schultz (Department of Medicine, DSM); Martin Sellbom (Department of Psychology); Sheila Skeaff (Department of Human Nutrition); Lois Surgenor (Department of Psychological Medicine, UOC); Hazel Tucker (Department of Tourism); Ceri Warnock (Faculty of Law).

The following staff were promoted to associate professor (effective 1 February 2019):

Mikkel Andersen (Department of Physics); Angela Ballantyne (Department of Primary Healthcare and General Practice, UOW); Heather Brooks (Department of Pathology, DSM); David Ciccoricco (Department of English and Linguistics); Tamlin Conner (Department of Psychology); Rebecca Grainger (Departments of Pathology and Molecular Medicine / Medicine, UOW); Kirk Hamilton (Department of Physiology); Peter Jones (Department of Physiology); Douglas Hill (Department of Geography); Stephanie Hughes (Department of Biochemistry); Andrea Insch (Department of Marketing); Lynnette Jones (School of Physical Education, Sport and Exercise Sciences); Kay Siang Khoo (Department of Politics); Joanna Kirman (Department of Microbiology and Immunology); Tobias Langlotz (Department of Information Science); Elizabeth Ledgerwood (Department of Biochemistry); Arlene McDowell (School of Pharmacy); Gisela Sole (School of Physiotherapy); Thomas McLean (Department of English and Linguistics); Miranda Miroso (Department of Food Sciences); Cecilia Novero (Department of Languages and Cultures); Lianne Parkin (Department of Preventive and Social Medicine, DSM); Candler Rogers (Department of English and Linguistics); Susan Sandretto (College of Education); Hugh Slotten (Department of Media, Film and Communication); Wayne Stephenson (Department of Geography); Maria Stubbe (Department of Primary Healthcare and General Practice, UOW); Nicola Swain (Department of Psychological Medicine, DSM); Gareth Treharne (Department of Psychology); Alexander Tups (Department of Physiology); Sara Walton (Department of Management); Leah Watkins (Department of Marketing); Joanna Williams (Department of Anatomy); Stephanie Woodley (Department of Anatomy).

Research Associate Professors:

Kirsten Coppell (Department of Medicine, DSM); Ricci Harris (Department of Public Health, UOW); Jacqueline Keenan (Department of Surgery, UOC); James Stanley (Dean's Department, UOW); Logan Walker (Department of Pathology, UOC); Yiwen Zheng (Department of Pharmacology and Toxicology).

Emeritus Professors

The status of emeritus professor was awarded to the following academics:

Professor Tom Brooking (Department of History and Art History); Professor David Craw (Department of Geology); Professor Brett Delahunt (Department of Pathology and Molecular Medicine, UOW); Professor Pete Ellis (Department of Psychological Medicine, UOW); Professor Wayne Gillett (Department of Women's and Children's Health); Professor Charles Higham (Department of Anthropology and Archaeology); Professor Keith Hunter (Department of Chemistry); Professor Peter Kuch (Department of English and Linguistics); Professor Robert McGee (Department of Preventive and Social Medicine); Professor Alison Mercer (Department of Zoology); Professor Andrew Mercer (Department of Microbiology and Immunology); Professor Sarah Romans (Department of Psychological Medicine, UOW); Professor C. Murray Skeaff (Department of Human Nutrition).

Honours

A number of staff were recognised with Honours in 2018.

Officer of the New Zealand Order of Merit: Emeritus Professor Helen Leach (Anthropology and Archaeology); Professor Spencer Beasley (Paediatric Surgery, UOC).

Member of the New Zealand Order of Merit: Professor Barbara Brookes (History and Art History); Dr John Guthrie (Marketing); Associate Professor Mike Hilton (Geography); Donna Matahaere-Atariki (University of Otago Council).

Honorary Degrees

Honorary degrees were awarded to former University of Otago Chancellor Mr John Ward (Doctor of Laws) and Mr Norman Geary (Doctor of Commerce).

Obituaries

Emeritus Professor Ted Corbett (Department of Chemistry).

Dr Geoff Cutfield (School of Medicine).

Dr Adi Alumita Durutalo (Te Tumu, School of Māori, Pacific and Indigenous Studies).

Emeritus Professor David Fergusson (Director, Christchurch Health and Development Study).

Emeritus Professor Keith Hunter (Chemistry, former Pro-Vice-Chancellor Sciences).

Dr John Schofield (Animal Welfare Office).

Ms Lindy Wilson (Division of External Engagement).

Excellence in Research

The University of Otago is a large research organisation with comprehensive capabilities, fostering both existing and emerging areas of research strength in its commitment to addressing issues of national and international importance. In 2018 this was highlighted by a number of new research ventures, outstanding success in competitive funding rounds, and the achievements of researchers across the University's campuses.

Success in major funding rounds:

\$28.5 million

for 41 projects from the Marsden Fund

\$19 million

for 17 projects from the
Health Research Council

\$5 million

from the Endeavour Fund for
innovative research

12 Fast-Start grants for
early-career researchers

Distinguished Research Medal
presented to geologist
Professor David Crow

The 2018 Research Group award
was won by the Gemmell Lab

Professor Warren Tate received
the Marsden Medal



Excellence in Research

Developments in 2018 included the launch of Brain Research New Zealand's Dunedin Dementia Prevention Research Centre as part of a network of three clinics across the country aiming to find ways to prevent or delay the onset of dementia. This is one of the flagship activities of Brain Research New Zealand – Rangahau Roro Aotearoa – co-hosted by the University of Otago. The year also saw the Otago-hosted Dodd-Walls Centre for Quantum and Photonic Technologies take the lead in International Day of Light events, including a special light and sound show illuminating the Auckland Harbour Bridge.

Research at Otago is specifically focused to enhance health, society and the environment, with an increasing emphasis on economic benefit. In 2018 this ranged from the discovery of a gene that sets humans (primates) apart from other mammals, to the discovery of how an anti-cancer virus infects cancer cells, but not normal tissue. This focus was also reinforced with the New Zealand Science Board's decision to affirm funding for a second five-year period to the two National Science Challenges hosted by Otago – Healthier Lives, aimed at reducing the burden of non-communicable diseases, and Ageing Well, aimed at enhancing well-being, health and social connectedness for older New Zealanders.

In a New Zealand first, the University signed a memorandum of understanding (MOU) with the International Agency for Research on Cancer (IARC). The new relationship will result in further research opportunities as well as putting Otago in an excellent position to take a key role in helping to shape the global cancer agenda.

Otago was recognised as a World Leisure Centre of Excellence which will benefit research and learning in tourism. The University also joined the Global Research Alliance for Sustainable Finance and Investment, alongside 17 other leading universities including Oxford, Cambridge and UC Berkeley.

An Otago team is helping lead a significant \$18 million international project to determine the main causes of fever in sub-Saharan Africa and Asia and how they should be treated. It aims to tackle antimicrobial resistance and develop a blueprint for treatment. Another international project, overseen by Otago's Professor Mark Richards, provided new insights into the death rates and risk predictions of heart failure that could improve heart-care globally.

An Otago-led study into ancient climate change highlighted the risks of oxygen depletion in the Earth's oceans; a Legal Issues Centre report found that the barriers to legal advice can be too great for many New Zealanders; Psychology researchers identified adventure education as a potential tool to help tackle the mental health challenges facing adolescents in New Zealand; and Otago zoologists have been providing research support to the Predator Free Dunedin project. Work also began on a three-year project to document the knowledge embedded in Te Rā, the last known Māori sail, currently held at the British Museum; and a revolutionary bio-ink for 3-D tissue printing, developed by the Christchurch Regenerative Medicine and Tissue Engineering Group, achieved sales in its first week on the market.

The quality and depth of Otago's research was again recognised in major contestable funding rounds. The University celebrated the most successful Marsden funding round ever, receiving a total of around \$28.5 million for 41 projects, including 12 Fast-Start grants for early-career researchers. The projects are varied and from across a wide range of academic areas. For example, palaeontologist Professor Ewan Fordyce (Geology) received \$928,000 to further investigate a "global dark age" in whale evolution; Vice-Chancellor Professor Harlene Hayne (Psychology) received \$827,000 for her research into how judicial instructions and questions influence jurors; and Professor Michelle Glass (Pharmacology and Toxicology) received \$939,000 to look at human drug discovery approaches to kauri dieback disease.

Researchers from the Dunedin, Wellington and Christchurch campuses were awarded almost \$19 million from the Health Research Council's (HRC) funding round to support 17 world-class studies to improve New Zealanders' health and well-being. The areas of research include the potential hazards of toxic mould in New Zealand homes (Professor Julian Crane, Medicine, UOW); a randomised controlled trial of prescription drug charges (Professor Pauline Norris, Pharmacy); patient response to melanoma immunotherapy (Professor Michael Eccles, Pathology); the management, and impact of osteoarthritis (Professor Haxby Abbott, Surgical Sciences); and the mental health and well-being of Pacific youth in higher education (Faumuina Associate Professor Fa'afetai Sopoaga). The HRC awarded a further \$5 million to an Otago team investigating polycystic ovary syndrome in women, led by Professor Rebecca Campbell (Centre for Neuroendocrinology). Another \$750,000 was granted for three feasibility studies for studies on psychotherapy and bipolar disorder, vitamin C as treatment for pneumonia, and the elimination of TB among Māori.

Funding totalling around \$5 million was received from the government's Endeavour Fund for innovative Otago research. This included Deputy Vice-Chancellor (Research and Enterprise) Professor Richard Blaikie's project to develop a cost-effective solution for large-scale production of hydrogen gas; the use of honey bees as biosecurity monitors (Dr Andrew Cridge, Biochemistry); and superhydrophobic lenses as anti-icing agents (Dr Sam Lowery, Physics).

In mid July, Otago submitted 1,537 evidence portfolios (EPs) for review in the six-yearly cycle of the Performance-Based Research Fund (PBRF) Quality Evaluation, the Tertiary Education Commission's formal research performance assessment. Of these, 290 EPs were submitted by new and emerging researchers. Final panel evaluation of portfolios was completed in December and results are expected to be announced in April 2019.

Fostering a supportive research culture is vital for success and each year the University recognises the outstanding achievements of its staff with a number of significant awards. The 2018 Distinguished Research Medal – the University's highest honour – was awarded to Professor David Craw (Geology), recognising his advancement of the understanding of New Zealand geology, including demonstrating links between tectonic movement and the movement of mineral deposits, and the effect of tectonics on the development of biological species.

The 2018 Research Group award was won by the Gemmell Lab, led by Professor Neil Gemmell (Anatomy). This award recognised the lab's role in the conservation of some of the world's rarest species, as well as its encouragement of emerging researchers in the field of evolutionary biology, and its generation of some of the most exciting and challenging papers in the field of molecular ecology and evolution. Professor Gemmell was also noteworthy in 2018 for the launch of his high-profile project on measuring the biodiversity in ecosystems using environmental DNA, including a study on Loch Ness in Scotland that attracted significant media attention.

Six rising research stars received Early Career Awards for Distinction in Research: Dr Rosie Brown (Anatomy), Dr Allan Gamble (School of Pharmacy), Dr Tracy Melzer (Medicine, UOC), Dr Robert Odolinski (Surveying), Dr Michael Pankhurst (Anatomy) and Dr Daniel Ribeiro (Physiotherapy). Associate Professor Siân Halcrow (Anatomy) received the University's Rowheath Trust Award and Carl Smith Medal, which recognises the outstanding scholarly achievement of researchers in the early stages of their career, and was also one of three Otago scientists recognised by the New Zealand Association of Scientists, winning the Hill Tinsley Medal awarded to outstanding young scientists. Professor Warren Tate (Biochemistry) was awarded the prestigious Marsden Medal for a "lifetime of outstanding service" to science and Dr Judith Bateup (Microbiology and Immunology) received the Cranwell Medal for excellence in science communication.

The outstanding achievements of Otago researchers were also recognised by the Royal Society Te Apārangi: Dr Helen Taylor (Anatomy) received the Callaghan Medal; Professor Lisa Matisoo-Smith (Anatomy) was awarded the Mason Durie Medal; the Metge Medal was presented to Associate Professor Suzanne Pitama (Māori / Indigenous Health Institute, UOC); Professor Brett Delahunt (Pathology and Molecular Medicine, UOW) received the Hercus Medal; Emeritus Professor Carolyn Burns (Zoology) was awarded the Thomson Medal; and Professor Barbara Brookes (History and Art History) received the Humanities Aronui Medal.

Professor Tony Merriman (Biochemistry) was awarded a James Cook Fellowship; Dr Jonathan Squire (Physics), Dr Sarah Diermeier (Biochemistry), Dr Lisa Te Morenga (Edgar Diabetes and Obesity Research Centre) and former PhD student Dr Ceridwen Fraser won Rutherford Discovery Fellowships; and Dr Alana Alexander (Anatomy) received a two-year Rutherford Foundation Postdoctoral Fellowship. Curekids Chair in Child Health Research Professor Stephen Robertson and Professor David Bryant (Mathematics and Statistics) were made centenary fellows of the Royal Society of New Zealand.

The annual Health Research Excellence Awards celebrate the ongoing and unique research partnership between the Dunedin School of Medicine and the Southern District Health Board. In 2018 Professor Stephen Robertson received the Dean's Medal for Research Excellence and Professor Rachael Taylor (Karitane Fellow in Early Childhood Obesity) received the Research Development Investment Prize.

Other staff who received recognition for their research achievements included:

Professor Tony Blakely (Public Health, UOW) was awarded the Chaffer Medal by the Otago Postgraduate Medical Society for distinguished performance in health research

Dr Andrew Das (Pathology and Biomedical Science, UOC) won the Roche Translational Cancer Research Fellowship to further his research into leukaemia

Professor Peter Fineran (Microbiology and Immunology) received the UK Microbiology Society's Fleming Prize, the first New Zealander to win this award

Bowel cancer researcher Professor Frank Frizelle (Surgery, UOC) received an honorary fellowship from the Royal College of Surgeons in Ireland

Professor Neil Gemmell (Anatomy) and Professor Tony Merriman (Biochemistry) received 2018 Fulbright New Zealand Scholar Awards. Professor Gemmell also received the Genetics Society of Australasia MJD White Medal

Professor Lyall Hanton (Chemistry) was made a Fellow of the Royal Society of Chemistry

Professor Liam McIlvanney (Centre for Irish and Scottish Studies) received the McIlvanney Prize for his book *The Quaker*

Dr Khoon Lim (Orthopaedics and Musculoskeletal Medicine, UOC), Dr Katie Douglas (Department of Psychological Medicine, UOC) and Dr Rosie Brown (Anatomy) received Sir Charles Hercus Health Research Fellowships

Professor Murray Rae (Theology and Religion) received the Ashton Wylie Mind Body Spirit Literary Award for his book *Architecture and Theology: The Art of Place*

Professor Lisa Stamp (Medicine, UOC) was awarded the Medicines New Zealand Value of Medicines Award for her research into the management of gout

Dr Reremoana Theodore (National Centre for Lifecourse Research) and Dr Jason Gurney (Public Health, UOW) received two of the inaugural \$500,000 Māori Health Research Emerging Leader Fellowships to undertake research aimed at providing better health and well-being for Māori

Dr Stefanie Zollman (Computer Science) won the L'Oréal-UNESCO For Women in Science Fellowship which recognises outstanding scientists globally

HRC Emerging Researcher First Grants were awarded to Dr Kirsty Danielson (Surgery and Anaesthesia, UOW), Dr Rachel Purcell (Surgery, UOC), Dr Sarah Appleby (Medicine, UOC), Dr Aaron Stevens (Pathology, UOC), Dr Kate Thomas (Dunedin School of Medicine) and Dr Rebecca Dyson (Paediatrics and Child Health, UOW).

Excellence in Teaching

The University of Otago's commitment to teaching excellence was reinforced in 2018 with ongoing success in national and international measures and rankings, the quality of academic programmes and the outstanding performances of teaching staff.

18,840

equivalent full-time students up **2.1%**

University retained its **5-star plus** rating from QS Stars

201

 programmes offered

85.8%

of students from outside Dunedin

15

 subject areas in the top 100 of QS World University Rankings by subject

For the **6th** time in **7** years, an Otago staff member won the Prime Minister's Supreme Teaching Award



Excellence in Teaching

Once again, the University topped the New Zealand Tertiary Education Commission's annual Educational Performance Indicators (placing first for three of the four measures and a close second for the other) reflecting the excellence of teaching staff, systems and the learning environment. Otago's performance measures included a 93% student progression rate to higher level study; a course completion rate of 89%; first-year retention rate of 84%; and qualification completion rate of 74%.

The University retained its 5-star plus rating in the QS Intelligence Unit's world university performance statistics, gaining the maximum rating in all eight categories – teaching, employability, research, internationalisation, facilities, innovation, inclusiveness, and life sciences and medicine. Otago is one of only five universities in New Zealand and Australia to hold this 5-star plus rating. Otago also maintained its position in the 201-250 band of the influential Times Higher Education World University Rankings; was placed 175th in the 2018 QS World University Rankings; and 10th in Australasia and 217th in the world respectively in the US News World University Rankings.

Highlighting the range and quality of teaching and research across disciplines, 15 Otago subject areas were placed in the top 100 worldwide in the 2018 QS World University Rankings by subject (up from 13 in 2017). Five of these subjects were ranked in the top 40: Physical Education 12th; Dentistry 27th; Archaeology 28th; Anatomy and Physiology 29th; and Development Studies 39th. QS also rated the Otago MBA among the top 200 MBAs worldwide, taking its ranking to 21–26 in the Asia-Pacific region. Otago's Online MBA programme was ranked third in the world by London-based *CEO Magazine*. The Otago Online MBA, established in 2014, is the only online MBA in New Zealand.

The University of Otago was also rated one of the top three best universities to study at internationally by global site Study International, which provides information to students looking to study overseas. This result specifically recognises Otago's academic integrity and underscores many of Otago's strengths, especially in the areas of the campus environment, high-quality student experience, interculturalism and cross-cultural dialogue.

Teaching excellence contributes much to this success. For the sixth time in seven years, a University of Otago staff member won the top tertiary teaching award in New Zealand, with Faumuina Associate Professor Fa'afetai Sopoaga, Associate Dean (Pacific) in the Division of Health Sciences receiving the Prime Minister's Supreme Award at the national Tertiary Teaching Excellence awards. She also received an endorsement for excellence in supporting Pacific learners. Three other Otago academics also received awards: Professor Michelle Thompson-Fawcett (Geography) received a Sustained Excellence Award in the Kaupapa Māori category; and Dr Rebecca Bird (Anatomy) and Associate Professor Sheila Skeaff (Human Nutrition) each received Sustained Excellence Awards in the general category. All four, together with Dr Kristin Hillman (Psychology) also won University of Otago Teaching Excellence Awards.

The Otago University Students' Association (OUSA) runs its own teaching excellence awards to acknowledge, on behalf of students, the contribution teachers make to their academic endeavours and future careers, and to encourage best practice. Accountancy lecturer Nicola Beatson was named best teacher, winning the Premier Lecturer award; Dr David Warren (Chemistry) won the Summer School Excellence in Teaching award; and Dr Gareth Treharne (Psychology) received the Disability Awareness and Inclusive Teaching award. Dr Sarah Stein, who is Director of Distance Learning, won the OUSA Supervisor of the Year award; Associate Professor Azam Ali (Food Science and Centre for Material Science and Technology) won the Best New Supervisor award; and Professor Philippa Howden-Chapman (Public Health, UOW) won the inaugural Graduate Research School Dean's Medal for Contribution to Supervision.

The University's Higher Education Development Centre provides a number of programmes and services to help foster and encourage this teaching excellence. Ninety-eight workshops were held in 2018 in areas relating to course design, learning facilitation and evaluation, and supervision, attended by 1,264 staff.

2018 was a positive year for the University's enrolments overall, with EFTS numbers rising by 2.1% to 18,840 EFTS. This total comprised 18,572 University EFTS and a further 268 EFTS for the University's Foundation Studies subsidiary. Within the University total, strong first year growth (7.2%) led to domestic student enrolments increasing by 262 EFTS (1.6%) and international full-fee enrolments grew by 112 EFTS (7.5%), the third successive year of international full-fee growth at Otago. Foundation Studies enrolments were up overall by nine EFTS (3.3%) due to international growth.

While the United States continued to provide the largest number of Otago's international students by head count, a notable feature of 2018 was strong growth in enrolments from Malaysia, and increases from other key Asian countries including China, India, Singapore, Indonesia and Vietnam.

The proportion of commencing students attracted from outside the University's Otago/Southland home catchment increased slightly to 74.3% (2017: 73.3%), with 85.8% coming from outside Dunedin. There were 2,097 Māori students enrolled, representing a record 9.9% of total enrolments (head count) and a record 11.8% of total domestic EFTS. Pacific enrolments were also at an all-time high, with 994 students, representing 4.7% of total enrolments and 5.2% of total domestic EFTS.

The number of postgraduate students was up by 3.3% over 2017 in EFTS, due to strong demand for both postgraduate taught and postgraduate research programmes. Total postgraduate enrolments reached 18.3% of EFTS.

The Distance Learning suite of programmes continued to capitalise on particular areas of Otago expertise. In 2018 there were offerings from all academic divisions, with 379 papers being taught. There were 4,415 paper enrolments in total, equating to 2,406 individual students or 962 EFTS. As in the past, Otago's Distance Learning programmes were predominantly postgraduate, with diploma, certificate and doctoral students making up 75% of all distance-enrolled students.

The Summer School ran for six weeks from early January to mid-February, offering 55 undergraduate papers from across the teaching divisions. Four papers were taught in other centres and 10 papers were taught by distance. The School attracted 1,621 students (265.2 EFTS), approximately 17% of students studied two papers, 11% were Māori or Pacific Peoples, 33%

had previously studied a Summer School paper, 54% were in their second or third year of study, and 95% rated their Summer School experience as "good, very good, or fantastic". Another pre-Christmas Summer School ran for five weeks from Monday 12 November, immediately following Semester 2 examinations. The nine papers offered, which included four distance papers, together achieved a total of 379 enrolments (52.1 EFTS).

A total of 201 undergraduate and postgraduate degree, diploma and certificate programmes were offered by the University in 2018. New qualifications included a Diploma in Global Cultures (replacing the Diploma in Language and Culture), a coursework Master of Arts, and a Master of Social and Community Work. The Division of Health Sciences launched a new Bachelor of Health Sciences degree focused on future health care services and delivery. The degree offers students interested in a health career in the unregulated health workforce a pathway into employment or further training, with majors in Community Health Care, Public Health, Māori Health, and Pacific and Global Health.

The School of Physical Education, Sport and Exercise Sciences announced a significant new degree structure to be introduced in 2019. The four-year Bachelor of Physical Education and Bachelor of Applied Science in Sport Technology degrees will be replaced by four three-year majors in the Bachelor of Science, Bachelor of Applied Science and Bachelor of Arts degrees. The new curriculum provides more career-focused qualifications for a quickly evolving field of study.

The Division of Humanities is introducing a new structure with its existing 16 departments replaced by seven overarching academic units. This has been designed to promote greater connectedness and collaboration across the division.

A new Section of Rural Health was established within the Department of General Practice and Rural Health to bring together the existing rural postgraduate programme, rural medical immersion programme and rural research to form a "virtual" campus, demonstrating the University's commitment to rural health, providing support for staff and students in rural areas and helping to build rural health academic capacity.

In collaboration with a group of leading universities in New Zealand, Australia and the UK, Otago plans to introduce (in 2019) a new admission test for students wanting to study medicine, dentistry and identified clinical science courses. The internationally respected UCAT (Universal Clinical Aptitude Test) will replace UMAT (Undergraduate Medical and Health Sciences Admissions Test). The University also announced plans to develop a new \$1.5 million education and research centre at its Southland Campus in Invercargill, in partnership with the Southern District Health Board, to support staff and students in their learning, teaching and research activities.

The University of Otago Library is an essential source of information to enhance research, teaching and learning across the University community. In 2018 the physical collection contained 1,669,456 books and serial items, 163,586 electronic serials, and there was an increase in accessible e-books of over 12% to 953,812.

In the most recent student and graduate opinion surveys 85.9% of respondents reported a positive assessment of the quality of teaching. The University libraries, and information technology and teaching facilities received positive assessments of 98.7% and 95.6% respectively. 92.5% of research degree respondents reported overall satisfaction with the quality of supervision.

Outstanding Student Experiences

The University of Otago offers a holistic student experience, encompassing academic excellence, as well as social, cultural and sporting activities that help make Otago students independent, work-ready graduates and committed citizens.

4,435

registered student volunteers

696,073

visits to the University's
recreation facilities

15 residential colleges
accommodated **3,482**
students

98.7%

of students gave a positive
assessments of campus safety

More than **3,635** students
attended student learning workshops

14.2% drop in reported
misbehaviour incidents



Outstanding Student Experiences

With more than 85% of students coming from outside Dunedin, Otago takes seriously its commitment to pastoral care and to providing outstanding student experiences.

In February 2018 this began with the Prime Minister, the Rt Hon. Jacinda Ardern, welcoming more than 4,000 first-year students at the University's annual Convocation Ceremony, challenging them to have courage and confidence to achieve to their full potential.

The 15 residential colleges located on or around the University campus are where most students begin their Otago experience. In 2018, these were filled to capacity with a total of 3,482 students, with a further 740 students accommodated in University-owned flats. Around 460 students and parents attended parents' orientation sessions at the University-owned colleges prior to the academic year starting. These included mini-lectures, campus and faculty tours, and an opportunity for parents to see where their children would be living for the rest of the year.

Pastoral care and academic support are provided through the residential colleges, with the Locals programme offering support, social activities and a sense of community for first-year students living at home, flatting or boarding. From small beginnings in 2013, the Locals programme is now well embedded with more than 450 students joining in 2018.

The University's academic orientation programme continues to develop. In 2018 the UNIO101 University Transition and Success programme was delivered to more than 2,200 students, an increase of 600 from 2017. The online version, UNIO101 Getting Started at Otago, is available to all undergraduates, providing a wide range of information in one location to help students navigate university life, with topics ranging from academic assistance to information technology and exam preparation.

Building on the success of these, the University has established an Office of Student Success. This office will investigate opportunities and trial initiatives to improve student success across all years of study. Supported by a University-wide team of student-success research leaders, the office will help students to get the most from their time at Otago, both academically and in their personal development. A range of interventions will be developed to support and engage students in collaboration with the Planning and Funding Office, Quality Advancement Unit, residential colleges, academic divisions, Student and Academic Services, the Shared Services Division and the Otago University Students' Association.

Other support services offered for Otago students include 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 65-66). In 2018 47,048 appointments were made for Student Health services and there were 696,073 visits to the University's recreation facilities (primarily Unipol gym).

The University's Higher Education Development Centre (HEDC) provides free and confidential academic development services to students. In 2018 more than 3,635 students attended student learning workshops and a further 619 students accessed one-to-one consultations to support them in their studies. HEDC's Peer Assisted Study Sessions (PASS) are correlated with higher mean grades, lower failure and withdrawal rates, and higher retention and graduation rates. In 2018, 1,553 weekly PASS sessions were offered in 33 papers with 15,520 student contact hours.

The Career Development Centre offers a comprehensive career planning service and in 2018 was voted the best among New Zealand's eight universities by the New Zealand Association for Graduate Employers (NZAGE). The award was based on results from a survey of graduate recruitment employers and graduates who had secured jobs during the year. In 2018 the centre provided 2,458 one-on-one appointments and hosted 64 employer presentations, four careers fairs, and 313 in-house careers workshops and seminars. The centre piloted an OtagoExtra employability award programme, which received positive feedback and will be launched to the wider University in 2019.

In recent years the University has introduced a number of initiatives to reduce anti-social behaviour within the student community and to help keep students safe, such as the 24/7 Campus Watch service, the Code of Student Conduct and the introduction of CCTV in streets around campus. These initiatives seem to have had a positive impact. In 2018 there was a 14.2% drop in reported incidents and, for the first time in many years, no discipline cases were reported to the Vice-Chancellor.

In May, the University opened a new drop-in centre for students seeking support and guidance related to sexual violence or harassment – Te Whare Tāwharau; a place of shelter. The centre is the first of its kind in New Zealand and is available to provide support and guidance to all members of the University community.

Diversity is celebrated within Otago's student community. The third annual Cultural Carnival was held in July and OUSA held its annual Diversity Week in August, focusing on educating people about queer identities and issues, and different cultures and abilities. Student groups AAPES (Animals, Aquatic, Plants, Ecological Society), Veganism and Animal Rights Society, Otago Campus Greens and Otago Students for Environmental Action hosted an inaugural Enviro-Week in September with activities focused on sustainability.

The culture of volunteerism also continues to thrive. In the latest graduate opinion survey, 52.5% of respondents indicated they had undertaken volunteer work while studying at Otago. In 2018 the University Volunteer Centre (now Social Impact Studio) worked with 229 community partner organisations and reported 1,243 new student volunteer registrations (the highest since the centre was established in 2014) bringing the total number to 4,435.

Highlights for the year included the Student Volunteer Fair in April attended by 30 student-led and community organisations; A Do Good Day(te), a new initiative in which 800 trees were planted on Signal Hill; VolunTinder in which 713 students "swiped right" for volunteer activities; and a pilot Asia Pacific Inspire programme in which student volunteers delivered a cultural workshop to 75 year-7 and year-8 students. The Aspire mentoring programme completed its fifth year of operation with three schools, 48 children, 55 student volunteers and eight host University departments taking part. More than 400 people attended the Silverline Festival in September, a student-led mental health and well-being event.

Otago students succeeded at the highest levels across a spectrum of activities.

Gabrielle Budd (Medicine) and Stephanie McGimpsey (Biochemistry) were awarded Woolf Fisher Scholarships to study at Cambridge University; PhD student Rachael Baxter received a three-year Cambridge Rutherford Memorial PhD Scholarship from the Royal Society of New Zealand; Geology students Michael Bollen and Sheng Fan gained national scholarships from Antarctic New Zealand; and Anna Clark, Finau Taungapeau and Jade Christiansen received Ministry of Pacific Peoples' Toloa Tertiary Scholarships.

Arts student Rachel Mitchell received a Prime Minister's Scholarship for Asia; and Freemasons University Scholarships were presented to Zoe Williams (Microbiology and Immunology), Benedict Fleming (Applied Science), Malcolm Jones (Science) and Bridget Watson (Physiotherapy). Erin Scott and Monique Nees-Kairua (Education) received TeachNZ Kupe Scholarships.

Law students Carolyn Ding, Rebecca Good and Nick White won the World's Challenge Challenge with their proposal for an innovative electric car charging network app. Commerce student Claudia Grave was a member of a New Zealand Universities team which attended the Heavener Business Case Competition at the University of Florida; law and music student Ihlara McIndoe was chosen by the Aotearoa Youth Leadership Institute to lead a New Zealand youth delegation to the United Nations in March; surveying student Craig MacDonell won an Asia Pacific Spatial Excellence Award for his work mapping Quarantine Island in Otago Harbour; and eight sciences students were awarded Ambassador roles by the Sir Peter Blake Trust – Skye Anderson, Aidan Braid, Adam Currie, Erin Greenwood, Emily Gordon, Sarah Manktelow, Millie Mannering and Lana Young.

Postgraduate student Yasmin Nouri won the New Zealand Three Minute Thesis (3MT) competition and Otago debating students won the Officers Cup for the first time in 20 years at the annual "Easters" debating tournament.

The Otago University Rowing Club continued to excel, with the senior men's eight winning all three events in its annual series against St Petersburg State University in early September 2018. The Otago University Rugby Football Club won the Ainge Trophy for the seventh straight year. The trophy is awarded to the best club in Dunedin, based on the performance of all its competitive teams, recognising efforts by players and coaches. The University A team was joint winner of the Dunedin Premier Competition Shield (finishing top on points), and the premier colts and women's team also won their competitions.

In the annual student opinion survey 95.4% of respondents gave a positive assessment of sport and recreation facilities; 98.5% a positive assessment of administrative and support services; 98.7% a positive assessment of personal safety on campus; and 97.9% of residential college respondents gave a positive assessment of their college.

Outstanding Campus Environments

The University of Otago is committed to providing world-class campus environments for staff, students and visitors. Every campus project reflects a vision for excellence with sustainability embedded as a principle against which all aspects of campus design and operations are measured.

\$500 million

construction investment in progress, recently completed or soon to be started

\$150 million

new building for the Christchurch campus

\$28.2 million

dental facility for South Auckland

2018

 Sustainable Campus winner,
Australasian Green Gown Awards

98.2%

 of students happy
with the campus environment

Outstanding Campus Environments

With one of the most significant building programmes in its history well underway, in 2018 the University had almost \$500 million of construction investment either in progress, recently completed or soon to be started.

Two significant new projects were confirmed during the year. In September the University announced plans to construct a state-of-the-art building to expand its Christchurch campus. Located on Oxford Terrace, the building will enable growth and provide new opportunities for collaboration with partners in the Christchurch Health Precinct. It has an estimated cost of \$150 million and will be the biggest construction project the University has undertaken. Scheduled for completion by 2022, the six-storey building will house much of the health campus' research and clinical facilities, some teaching facilities, and open up the possibility of other University of Otago health-related courses being taught in Christchurch. When it is completed, the University will refurbish the existing building next to Christchurch Hospital to be used primarily for teaching and clinical research projects.

Plans were also announced for a new dental teaching facility and patient treatment clinic in South Auckland to help meet local health needs, while providing students with wide-ranging learning opportunities. The \$28.2 million, two-storey, 32-chair building will be built on land owned by the Counties Manukau District Health Board at its Manukau Super Clinic on Great South Road. A \$10 million gift from New Zealand businessman and philanthropist Mr Graeme Hart and his family was announced to help develop this facility (see page 38).

Work began on the University's \$26 million music recording studios project. This 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 that will provide opportunities for academic, commercial and community collaborations.

Construction also began on a new \$1.5 million health sciences education and research centre at the University's Southland campus, which is being developed in partnership with the Southern District Health Board (see page 27).

The \$130 million redevelopment of Faculty of Dentistry facilities continued. A new 8,000m² Clinical Services Building will house operating theatres, specialty and teaching clinics, the primary care unit, and radiography and surgical suites. When this is completed and commissioned in the first quarter of 2019, 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 mid 2020.

Construction of the \$49.8 million four-storey research support facility in Great King Street is well underway and is expected to be finished by the end of 2019.

The refurbished Otago Business School building, formally opened in March, won a National Excellence Award in the Education Facilities category of the Property Council New Zealand Awards. The judges were impressed with the high-quality vision for the \$18.5 million redevelopment that has transformed the building, providing much improved functionality. The award reflects the excellent partnership between the Campus Development Division and the Otago Business School, and collaboration with the wider University community.

The \$9.1 million redevelopment of the St David II building was completed to house the University's new Shared Services Division. The building now offers a modern, flexible office environment, with 16 areas designed specifically to accommodate open-plan work space.

Efforts to integrate the University's Sustainability Framework 2017-2021 across all University activities continued, with priority goals including reducing greenhouse gas emissions by 33% by 2020; improving energy efficiency by 20% by 2025; achieving 100% renewable energy status by 2030; and reducing waste going to landfill by 50% by 2021 (measured against a 2012 baseline).

The University won the 2018 Sustainable Campus category at the Australasian Green Gown Awards, recognising the work done with energy supplier Pioneer Energy to phase out the use of coal to fuel the University's main heating boiler, replacing this with locally-sourced wood chips by 2020. The Green Gown award scheme is dedicated to recognising excellence in sustainability within the Australasian tertiary education sector, aiming to inspire, promote and support change in operations, curriculum and research.

In another demonstration of the University's commitment to sustainability, the second rapid charger for electric vehicles in Dunedin was formally opened at the University in October. Located at the corner of St David and Cumberland Streets, the pay-for-use facility is a collaborative effort between ChargeNet, Aurora Energy and the University.

The e-Waste and e-Cycle Centre received 3,055 items in 2018. The centre successfully recycled 1,665 items internally and/or donated them to school and community groups. A total of 1,586 items were disposed of responsibly.

In the latest Student Opinion Survey 98.2% of students reported satisfaction with the general campus environment.



Two significant new capital projects were announced in 2018: a substantial new building for the University of Otago, Christchurch campus (right), and a new dental teaching facility and patient treatment clinic in South Auckland (above).



The refurbished Otago Business School building won a National Excellence Award in the Education Facilities category of the Property Council New Zealand Awards.

Commitment as a Local, National and Global Citizen

The University of Otago is steadfast in its commitment to local, national and international betterment, making a purposeful response to many of the challenges presented by a rapidly changing world through its research, its focus on groups under-represented in University study, its economic impact and community service activities.

88.4%

staff undertook community service activities

17,000 people took part in New Zealand Marine Studies Centre programmes

3 Science Wānanga delivered

The University's national economic impact is estimated at **\$1.91 billion**

Record number of Māori health graduates: **76**



Commitment as a Local, National and Global Citizen

As highlighted on pages 22-23, the work of Otago researchers focuses on making a positive difference to our local, national and international communities, particularly in areas such as health and well-being, society and the environment. Further demonstrating this strategic commitment to health and well-being, in August 2018 the University announced plans for a new dental teaching facility and patient treatment clinic in South Auckland (see page 34). The \$28.2 million facility will help meet the high dental health needs of the local community, while also providing students with wide-ranging learning opportunities. It will follow the long-standing social contract model operated successfully at the Dunedin Dental School, where patients receive treatment provided by students under supervision at a highly accessible cost.

A new dental clinic was also opened alongside a medical clinic at Te Kāika in South Dunedin. Te Kāika is a collaborative venture to provide high-quality, affordable health and social services to Dunedin's Māori, Pacific and low-income communities, with partners including the University of Otago, Te Putahitanga o Te Wāipounamu (the South Island Whanau Ora commissioning agency), Ngāi Tahu, Arai Te Uru Whare Hauora and the Pacific community. Te Kāika also enables staff and students from the University's professional schools to teach and learn in a community-based clinical environment. For its significant contributions to Whanau Ora and whanau-centred practice, Te Kāika won the Dame Tariana Turia Award presented at the Toitū Hauora Leadership Summit in September.

The University and Volunteer Service Abroad renewed a memorandum of understanding (MOU), continuing an arrangement through the UniVol programme in which senior students undertake 10-month placements working with communities in developing Pacific nations. The new MOU also provides for collaboration on research projects and for Otago staff to participate as volunteers.

Otago staff and students are actively engaged in community service and volunteering activities (for student volunteering, see page 31). In a survey of academic staff, 88.4% of responders had dedicated time to community service and, on average, this comprised 6.2% of their time. The types of service undertaken included serving on government advisory boards and committees (27.4%); providing services to the public sector (70.5%); giving lectures, talks or presentations to non-university groups (88.4%); holding a post in an organisation or association relevant to their area of expertise (70.5%); editing or serving on the editorial boards of publications (61.1%); and contributing to community projects (65.3%). The value of this service was estimated at \$23.5 million.

Through these activities many staff receive national and international recognition. In 2018 these included:

- Professor Phil Bishop (Zoology) who won the top University of Otago Lifetime Achievement Award at the *Otago Daily Times* Regional Science Awards, recognising his dedication and achievement at the forefront of amphibian conservation
- Associate Professor Rhiannon Braund (Pharmacy) who was made a Fellow of the Pharmaceutical Society of New Zealand for the significant impact she has made on her profession through teaching, research, publishing and governance roles
- Professor Peter Crampton (Health Sciences) who was appointed to a national panel conducting a review of New Zealand's health and disability system

- Tourism lecturer Dr Susan Houge Mackenzie who was appointed to the inaugural Tourism Central Otago Advisory Board
- Helen Morrin (Mackenzie Cancer Research Group, UOC) who received a special service award from the International Society for the Biological and Environmental Repositories
- Professor David Murdoch (Dean, University of Otago, Christchurch) who was appointed to the International Council on Adult Immunisation
- Professor Etienne Nel (Geography) who received an award for Service to the Geographical Society recognising his contribution to the editorial board of the society's journal
- Professor Michelle Thompson-Fawcett (Geography) who received the New Zealand Geographical Society's highest honour, the 2018 Distinguished New Zealand Geographer Award and Medal, in recognition of her work in Māori and indigenous geography, iwi resource management and development and planning
- Associate Professor Ros Whiting (Accountancy and Finance) was awarded a 2018 Chartered Accountants Australia and New Zealand (CA ANZ) Fellowship for her contribution to the profession of accountancy
- Professor Gary Wilson (Marine Science) who was appointed to a four-year term as Vice-President of the Scientific Committee of Antarctic Research.

The University has a well-established outreach programme. The New Zealand Marine Studies Centre (NZMSC) fosters understanding and conservation of New Zealand's marine environment through education and community engagement. In 2018 more than 17,000 people took part in the NZMSC programmes. They included 8,167 school students and teachers from the lower South Island who attended curriculum-linked programmes through the centre; 3,160 schools, teachers and community groups who took part in the Aquavan programme; 2,633 interest groups and families who participated in marine experiences; and a further 3,052 school students and teachers who attended outreach programmes in the Nelson/Marlborough/Tasman region.

Sixty-six students from 44 rural/provincial, small and/or lower decile schools from across New Zealand took part in the 2018 Science Academy, attending two one-week camps. Sixteen students identified as Māori and one as Pacific. Eighteen teachers from participating schools took part in two four-day teacher professional development workshops. Three Science Wānanga were delivered in Dunedin, Hastings and Wairoa.

The annual Hands-On at Otago was attended by 389 students from 170 schools from throughout New Zealand: 22% of the attendees were Māori and 9% were Pacific. The students attended 36 different projects hosted by departments and a variety of workshops demonstrating the diversity of classes and activities available at the University of Otago. Around 120 children aged from seven to 11 from around Dunedin took part in a new initiative run by the School of Physical Education, Sport and Exercise Sciences teaching water safety and survival skills in real-world, open-water environments.

The University of Otago is committed to encouraging groups under-represented in University study, particularly Māori and Pacific students. The number of Māori students enrolled in 2018 was 2,097, representing a record 9.9% of total enrolments (head count) and a record 11.8% of total domestic EFTS. Pacific enrolments were also at an all-time high, with 994 students, representing 4.7% of total enrolments and 5.2% of total domestic EFTS.

A significant milestone was achieved in December when the largest ever cohort of Māori health students (76) graduated.

As doctors, physiotherapists, pharmacists, dentists and oral health professionals, these graduates will have a wide-spread positive impact on New Zealand's health workforce and communities.

Otago launched a new student exchange initiative, Tūrangawaewae, Pōkai Whenua, providing opportunities for Māori students to study overseas and be hosted by and welcomed within indigenous communities. The initiative involves seven partner universities from Australia, Canada and the United States. The University also signed an MOU with Dunedin's Innov8 HQ co-working and event space to provide new opportunities for enterprising young Māori entrepreneurs.

A new sciences scholarship was established for aspiring Māori and Pacific scientists, supporting students to take part in the Summer Research Experience or a Summer Research Internship. This provides a significant opportunity for Māori and Pacific students who are curious about science to learn more about scientific disciplines and their methods.

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 2018, estimated that the University directly injected around \$967.4 million into the Dunedin economy, with the downstream effects totalling \$1.68 billion and supporting around 15,112 jobs. There were also economic impacts of around \$122.1 million, \$103.8 million and \$4.1 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 \$1.91 billion.

The University also contributes to the national good, through its library collections, documentary heritage and commitment to the arts. The 2018 arts fellows were: Matthew Smith (Caroline Plummer Fellow in Community Dance); Rhian Gallagher (Robert Burns Fellow); Raymond Huber (University of Otago College of Education/Creative New Zealand Children's Writer in Residence); Louise Menzies (Frances Hodgkins Fellow); and Dylan Lardelli (Mozart Fellow). The Robert Burns Fellowship marked its 60th anniversary in September, an occasion celebrated with a series of literary events and exhibitions.

Support continued for the University of Otago Sheilah Winn Shakespeare Festival which was held in conjunction with the Shakespeare Globe Centre New Zealand. The annual festival attracted 48 students from secondary schools around the country.

The Hocken Collections is one of the foremost research libraries in New Zealand, its collections comprising 1,137,522 pictures and photographs and 10,415 linear metres of archives. Six exhibitions were held in the Hocken Gallery during 2018; of particular note were "toot floor" by Frances Hodgkins Fellow Campbell Patterson, "Sisters Communing" celebrating the 125th anniversary of women's suffrage, and "Hand in Hand: Photographers and Painters Alike" which was a tribute to Frances Hodgkins, marking the centenary of her birth. The James Herries Beattie papers – a comprehensive collection of papers detailing Ngāi Tahu practices, from food gathering to childbirth – were inscribed on the UNESCO Memory of the World New Zealand Register.

Four exhibitions were mounted in the Library's Special Collections, including a celebratory 60th anniversary display "Auld Acquaintances: Celebrating the Robert Burns Fellowship at the University of Otago". The University of Otago Central Library was ranked 13th on a list of the best libraries in the world – "25 Libraries Every Voracious Reader Must Visit" – compiled by internet news site BuzzFeed.

Strong External Engagement

The University continued to engage widely during 2018, building on existing relationships and establishing new links with academic, business, professional and alumni groups, nationally and internationally.

742

continuing education events were hosted on Otago's campuses

Regular contact was maintained with **112,000** alumni

The University now has more than **200** international partnership agreements

Activities within the Matariki Network of Universities continued to increase

A number of new memoranda of understanding were signed, including with the National University of Timor-Leste



Strong External Engagement

A number of new alliances were formed during 2018. The University signed an agreement with Shanghai University establishing a Shanghai Sister-Cities High Level Universities League. The consortium of 10 universities from Shanghai's sister cities will encourage co-operation in the fields of teaching, research and cultural exchange. The University also signed an agreement with Jiangnan University, China, establishing the "Belt and Road" University Alliance for Food Science and Education (BRUA-FSE). The alliance agreement, signed by 49 institutions and universities worldwide, is a response to significant changes in the global food industry and provides a platform for international collaboration on food science and education.

An MOU was signed with the national university of Timor-Leste, Universidade Nacional Timor Lorosa'e (UNTL), formalising a long history of collaboration and a developing partnership to support research and capacity-building between UNTL and Otago's Global Health Institute. A further 20 MOUs, Student Exchange and Study Abroad Agreements were signed with international universities in countries including China, Japan, Malaysia, USA, Canada, Italy, Spain and Australia. This brings the number of international partnership agreements to more than 200.

Locally the University signed the Dunedin City Council Dunedin Waterfront Development Memorandum of Understanding. Otago is also working with Enterprise Dunedin, Otago Polytechnic, Ngāi Tahu, the Ministry of Business, Innovation and Employment and gaming and technology industry leaders to establish a new Centre of Digital Excellence in Dunedin (CODE), to be funded from the Government's Provincial Growth Fund. A steering group has been formed to progress a business case for the centre.

Activities are growing within the Matariki Network of Universities (MNU), of which Otago is a founding partner. These included the MNU Global Citizenship Forum which was hosted by Otago in July and attended by delegates from all seven member universities; Otago staff and students attended a Matariki Indigenous Student Mobility programme hosted by Dartmouth College; network discussions are being facilitated in the areas of mental health and the prevention of sexual violence; and Otago researchers continue to engage and collaborate with Matariki colleagues.

Across the wider university, 742 continuing education events were held, including 138 lectures, 414 seminars, 16 inaugural professorial lectures, 75 short courses, 22 symposia and nine conferences. Highlights included the annual Winter Symposium which was expanded to take in five New Zealand centres – Wellington, Invercargill, Queenstown, Christchurch and Auckland. Topics covered were New Zealand and the world: past, present and future; the sustainability of tourism; the future of regional health care; mental health; and the changing face of advertising. In addition to its usual symposia and courses, the 22nd Public Health Summer School (UOW) also offered public health evening lectures on important topical issues: the ongoing relevance of the 1918 influenza pandemic; the future burden of cancer worldwide; and indigenous suicide prevention.

The 53rd Otago Foreign Policy School, "Asia-Pacific Diplomacy in Transition: Ideas, Issues and Institutions", brought together an international team of scholars, policy practitioners and observers, and was opened by the Deputy Prime Minister and Minister of Foreign Affairs, the Rt Hon. Winston Peters.

Delegates from across the Pacific region attended a two-day Pacific International Health Symposium hosted by the University of Otago in November. The theme was "Strengthening Partnerships for Pacific Health" with the aim of enhancing networks, fostering collaboration and building capacity in the areas of Pacific health education, service and research, locally and across the region. Also held in November, a "Making Rural History" symposium brought together scholars from around New Zealand and Canada to discuss the intersections between economics, politics and the environment.

The Division of Humanities MindJam event in Queenstown attracted an audience of more than 350. Four staff and visiting William Evans Fellow Professor Susan Lederer (Wisconsin) gave presentations on topics as diverse as artificial intelligence and the future of work, the meaning of whakapapa, and the politics of farming. The biennial New Zealand International Science Festival, themed "Go Beyond", was held in July with the University as one of the event's principal sponsors. More than 300 people of many different nationalities also attended the annual Hanami festival organised in conjunction with the Dunedin-Otago Sister City Society, and the Centre for Science Communication hosted a successful Public Communication of Science and Technology Conference, with over 400 delegates attending. The keynote speaker was NASA and Hubble Scientist Dr Jennifer Wiseman.

Other distinguished guests hosted on the University campuses included the Prime Minister of Samoa Hon. Tuilaepa Sailele Malielegaoi; Nobel Prize winner Dr Alasdair McDowell, of the Howard Hughes Medical Institute at the California Institute of Technology; Swedish Ambassador Pär Ahlberger; and UK Secretary of State for Scotland, the Rt Hon. David Mundell MP. Belgian researcher and inaugural Harraway's 1867 Visiting Professor Marc Hendrickx (Katholieke Universiteit Leuven) shared his knowledge in food science and technology during his two month visit. The 2018 Ratu Sir Kamisese Mara Fellow, Professor Sudesh Mishra, from the University of the South Pacific, was welcomed to Te Tumu: School of Māori, Pacific and Indigenous Studies, during August and September. Delegations from many international institutions including the University of Hawaii at Mānoa, Warsaw School of Economics and Kyoto University were also received on campus.

The University is committed to nurturing long-lasting mutually beneficial relationships with alumni and friends, maintaining regular contact with more than 112,000 people, living here in New Zealand and around the world, via electronic and print communications, including the *Otago Magazine* and the eConnect alumni electronic newsletter.

Targeted emails – "What's On for Alumni" – were sent monthly to alumni living in Dunedin, Christchurch, Wellington, Auckland and Central Otago, as well as to 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. During 2018 University of Otago Alumni Facebook page followers grew by 630 followers from 4,681 to 5,311, an annual growth of 13.5%.

The Development and Alumni Relations Office organised 42 alumni events including successful functions in Queenstown, Wanaka, London, Berlin, New York and Toronto. The Development and Alumni Relations Office also assisted with the organisation of 26 alumni reunions in Dunedin and around New Zealand. More than 1,600 alumni attended these reunions and reconnected with their Otago experience. New alumni networks were established in Samoa and Fiji, supporting the goal to increase engagement with our Pacific alumni.

The Development and Alumni Relations Office provided entrance scholarship to 53 recipients in 2018. In most cases the funding supported students' residential college fees. Donor support also contributed to fellowship and research positions in departments as well as prizes and awards to recognise diligence and tenacity in learning.

Sustaining Capability

Mindful of the need to evolve to meet the challenges of a changing world, the University of Otago is taking a long-term approach to sustaining its capabilities, seeking new avenues of funding and scrutinising activities and processes to ensure resources are being used effectively.

\$27 million surplus

34 commercial opportunities
presented to Otago Innovation Ltd

2,782
participants in
HR workshops

\$10 million gift to develop new
dental facility in South Auckland

Otago signs the **SDG Accord**
to pursue the United Nations'
Sustainable Development 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 those resources effectively. As outlined in further detail in the Financial Review on page 72 the University Group surplus of \$27 million was slightly higher than budgeted.

The tertiary sector continues to operate in a constrained funding environment where funding increases set by Government are lower than cost increases faced by the university sector. While the University will start 2019 in a strong financial position the challenges posed by this environment will require careful fiscal management if the high quality of teaching, research and community service is to be maintained and adequate funds are to be provided for future significant capital projects.

The University has continued to seek diverse areas of funding, particularly through entrepreneurial activities and development opportunities. One of the most significant single gifts in the University's history was announced in 2018. Internationally recognised businessman and philanthropist Mr Graeme Hart and his wife Robyn made a \$10 million donation to help develop the new \$28.2 million dental teaching facility in South Auckland. This will allow the University to proceed with certainty in the development of a project that will make a positive difference to the well-being of the local communities and provide diverse teaching opportunities for Otago's dental students.

Thirty four commercial opportunities were presented to Otago Innovation Ltd, the University's commercialisation company, in 2018 (2017: 49). A new spin-out company, Insitugen Limited, was formed early in the year, enabling the development of brand awareness around commercial applications of androgen assays. A number of existing spin-out companies were successful in raising capital, including Quitta Pty Limited, Techion Holdings, Photonic Innovations, Ubiquitome and Upstream Medical Technologies.

The United States remained a focus for many of these activities. Chitogel, which produces a wound-healing biological gel, secured its first sales into the United States; Ubiquitome Ltd formalised a US distribution agreement for its hand-held diagnostic devices; Quitta is selling smoking-cessation product there; and Photonic Innovations recently secured US investment for its devices which detect ammonia in industrial cold store settings. A number of licences were also agreed with pharmaceutical and other companies worldwide.

Otago Innovation also encourages new ideas from staff. The annual Otago Innovation Ltd Proof of Concept competition attracted 17 entries and was won by Associate Professor Niels Kjærgaard and Dr Amita Deb (Physics) for a proposal that would enable photos and videos to be taken through solid objects. There were two winners in the 2018 Health Sciences Translational Research Group competition: a UOC team's proposal for a laboratory test to detect inflammation and infection in patients; and a Dunedin-based team's technique for assessing if medications might be suitable for treating bipolar affective disorder.

To sustain capability the University must respond to the challenges of a changing world and is integrating its Sustainability Framework 2017–2021 across all activities (see page 34). Otago became the first New Zealand university to sign the international SDG Accord to pursue the United Nations' Sustainable Development Goals, which includes agreeing to involve students and staff in efforts to achieve the accord's 17 transformational goals by 2030, alongside communities and other external stakeholders.

Scrutinising activities for efficiency and effectiveness is also essential to ensuring Otago's long-term sustainability. The institution-wide Support Services Review (SSR) is introducing changes that will enable the University to adapt to the complex environment in which it operates. The management of change process that started in October 2017 was largely completed by the end of 2018. As expected, there were a small number of imposed redundancies with the remaining staffing changes achieved via voluntary redundancy and natural attrition. Some long-serving and experienced staff have committed to remaining in positions until their retirement, ensuring institutional knowledge is retained and can be utilised during implementation. Many staff have been appointed to more senior roles and roles in different disciplines, and they are making the most of the opportunity to develop their professional skills and knowledge.

The University recognises the importance of staff engaging in their academic and professional roles. During 2018 Human Resources held a total of 275 workshops, attended by 2,782 participants. The Te Reo language courses continued to be popular with staff: four workshops were held in 2018, attended by 73 participants. The Women in Leadership at Otago programme was attended by 19 participants from three campuses. The three-day Essential Management programme was held five times in 2018, attended by 81 managers, and the Supervisory Skills programme had another successful year with 19 participants. Both of these programmes were supported by bite-sized training opportunities throughout the year.

The formation of AskOtago required the development of a series of workshops that were adapted into the Workplace Fundamentals programme, a series of nine workshops designed for new professional staff. Another new development was Management Fundamentals, a programme of seven workshops designed for new managers and to complement the Essential Management programme. Induction courses were also offered for new academic departmental heads and other nominated leaders (see page 67).

Just as awards for research and teaching excellence are presented each year, the University also recognises the outstanding contributions of its professional staff. The 2018 Award for Exceptional Performance by Professional Staff was presented to Ms Claire Gallop, senior manager client services (based in the Faculty of Dentistry). Three new Health and Safety awards were presented for the first time in 2018: the Excellence Award in Health and Safety (individual) went to Dr Pascal Sirguy, senior lecturer, School of Surveying; Recreation Services won the Excellence Award in Health and Safety (team); and the Excellence Award in Health and Safety (member of the wider health and safety team) went to Anne Vernall, administrator client services (based in the Department of Medicine, Christchurch).



A Do Good Day(te): this University Volunteer Centre tree-planting excursion to Signal Hill involved 68 volunteers and 800 new trees.



Vice-Chancellor Professor Harlene Hayne with students at the 2018 toga party.
Photo: Sharron Bennett



Faumuina Associate Professor Fa'afetai Sopoaga receives New Zealand's top tertiary teaching award from the Minister of Education, Hon. Chris Hipkins.

Photo: Ako Aotearoa



New Zealand Prime Minister the Rt Hon. Jacinda Ardern speaks at the University's 2018 Convocation ceremony at Forsyth Barr Stadium.

Photo: Sharron Bennett



Reporting by Outputs

	Commerce			Health Sciences			Humanities	
	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s	Last Year \$000s	Actual \$000s	Budget \$000s
Teaching and learning output								
Campus-based teaching and learning	26,911	27,593	26,763	92,645	106,045	99,218	53,613	54,866
Total cost of outputs	26,911	27,593	26,763	92,645	106,045	99,218	53,613	54,866
Research output								
Postgraduate thesis supervision	5,984	6,225	5,770	21,820	23,645	20,136	9,315	9,003
Teaching-related research	2,157	2,261	2,256	10,185	12,464	6,624	8,763	8,425
Project-based research								
- University funded	5,775	4,361	4,516	79,080	61,631	67,187	5,233	4,747
- Externally funded	1,448	1,609	1,204	112,367	104,475	105,227	13,194	11,767
Total cost of outputs	15,364	14,456	13,746	223,452	202,215	199,174	36,505	33,942
Community service	2,265	2,318	2,634	9,940	9,393	11,497	5,656	5,569

Last Year \$000s	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
51,714	40,986	42,661	33,974	2,700	3,034	2,971	216,855	234,199	214,640
51,714	40,986	42,661	33,974	2,700	3,034	2,971	216,855	234,199	214,640
7,340	12,083	11,742	8,097	20,555	19,893	19,673	69,757	70,508	61,016
10,452	7,146	7,264	4,682	0	0	0	28,251	30,414	24,014
4,447	32,338	29,383	43,718	187	108	371	122,613	100,230	120,239
12,165	35,862	31,006	32,094	8	0	0	162,879	148,857	150,690
34,404	87,429	79,395	88,591	20,750	20,001	20,044	383,500	350,009	355,959
6,141	5,597	5,677	5,244	0	0	0	23,458	22,957	25,516

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 from non-output-related activities (such as provision of accommodation services).







Statement of Service Performance

STRATEGIC OBJECTIVE ONE: EXCELLENCE IN RESEARCH

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 Actual
1.1	Increasing the number of quality-assured research outputs as measured by a three-year rolling average. ¹	3-year average 4,712	3-year average 4,859	> previous year	3-year average 5,086
1.2	Increasing research funding from outside sources as measured by a three-year rolling average.	3-year average \$97.8 million	3-year average \$112.3 million	> previous year	3-year average \$122.5 million
1.3	Increasing the proportion of postgraduate research EFTS within University EFTS. ²	8.6%	8.9%	> previous year	9.0%
1.4	Increasing the number of research degree completions as measured by a three-year rolling average.	3-year average 554	3-year average 550	> previous year	3-year average 553
1.5	At least 90% of research degree respondents to the Graduate Opinion Survey reporting overall satisfaction with the quality of supervision.	96.2%	92.0%	≥ 90.0%	92.5%
1.6	Rank as one of the top two universities in the annual Marsden and Health Research Council (HRC) funding rounds, as measured by the value of grants awarded.	First in HRC and third in Marsden	First in Marsden and second in HRC	Top two in both funding rounds	First in HRC and second in Marsden
1.7	Rank as one of New Zealand's top two universities in the WFC component of the Nature Publishing Index. ³	Ranked first	Ranked first	Ranked in the top two	Ranked first

The University achieved all performance targets relating to this strategic objective.

The increase in the three-year average of quality-assured research outputs reflects the intensification of research activity in the lead up to the 2018 Quality Evaluation PBRF round.

The University had another successful year for securing external research income in 2018 and this is reflected in the \$10.2 million (9.1%) increase in the three-year rolling average.

Satisfaction with the quality of research degree supervision again exceeded its performance target in 2018.

The University retained its first place ranking in the Nature Index fractional count component, which measures collaboration in the production of excellent research, and its rank in the top two for value of grants awarded by both the Health Research Council and Marsden Funds.

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 2018 are those published in 2017, etc.). The definition of research outputs for this measure is consistent with that used for PBRF purposes.

2. University EFTS, as referred to for this indicator and elsewhere in the Statement of Objectives, exclude those associated with the University's Foundation Studies subsidiary except where specifically stated.

3. The Nature Publishing Index WFC (weighted fractional count) measures intensiveness in the production of excellent research.

STRATEGIC OBJECTIVE TWO: EXCELLENCE IN TEACHING

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 Actual
2.1	Increasing the proportion of postgraduate EFTS within University EFTS.	17.1%	18.0%	> previous year	18.3%
2.2	Increasing the paper pass rate for first year undergraduate students.	85.0%	85.8%	> previous year	85.5%
2.3	Maintaining an average pass rate for papers within 2% of the average for the previous three years.	90.8% (3-year average 90.2%)	91.2% (3-year average 90.2%)	+/- 2.0% of rolling average	91.5% (3-year average 90.8%)
2.4	Increasing the number of students successfully completing qualifications at both undergraduate and postgraduate levels.	3,410 (UG) 1,936 (PG)	3,235 (UG) 2,007 (PG)	> previous year	3,330 (UG) 1,975 (PG)
2.5	At least 90% of respondents to the Student and Graduate Opinion Surveys ⁴ providing a positive assessment of the quality of teaching.	86.2%	84.9%	≥ 90.0%	85.9%
2.6	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	96.6%	96.2%	≥ 90.0%	96.2%
	Teamwork skills	86.1%	85.4%	≥ 90.0%	85.5%
	Communication skills	92.3%	92.5%	≥ 90.0%	92.4%
	The skills to plan my own work	94.6%	95.1%	≥ 90.0%	95.0%
	The ability to solve problems	94.4%	94.7%	≥ 90.0%	96.0%
	Independent judgement	95.7%	96.0%	≥ 90.0%	95.3%
	Academic rigour	94.5%	94.4%	≥ 90.0%	94.6%
	A multidisciplinary perspective	91.2%	89.9%	≥ 90.0%	90.7%
	Analytical skills	96.1%	96.6%	≥ 90.0%	96.3%
	Flexibility and adaptability	93.8%	93.5%	≥ 90.0%	92.5%
	An awareness of ethical issues	91.1%	91.6%	≥ 90.0%	91.1%
	A global perspective	88.6%	87.2%	≥ 90.0%	86.1%
	Cultural understanding	85.2%	83.5%	≥ 90.0%	84.1%
	Environmental literacy	79.5%	78.7%	≥ 90.0%	79.2%
	Research skills	94.5%	95.5%	≥ 90.0%	94.4%
	Information literacy.	95.6%	96.7%	≥ 90.0%	95.3%
2.7	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.	94.2%	94.7%	≥ 90.0%	94.8%

4. Please refer to footnotes 5 and 7 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 2018, 5,241 students were invited to complete the survey and there were 2,658 respondents (a 51.3% response rate). (2017: 5,116 surveyed; 2,522 respondents; 49.3% response rate.)

Statement of Service Performance continued

Sixteen of the 22 performance targets relating to this strategic objective were achieved. Of those not achieved, one was within 0.4% of its target.

Undergraduate qualification completions increased, up 2.9% from 2017, while there was a slight decrease of 1.6% in postgraduate completions from 2017.

The percentage of respondents positively assessing the quality of teaching at the University improved slightly from 2017, though again remained below target. Improved performance against this measure remains a priority and is supported by the move to online evaluations.

Employment and further study outcomes remain strong, surpassing 2016 and 2017 levels.

STRATEGIC OBJECTIVE THREE: OUTSTANDING STUDENT EXPERIENCES

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 Actual
3.1	At least 90% of undergraduate degree-level commencing students admitted with NCEA Level 3 or an equivalent qualification.	94.9%	95.3%	≥ 90.0%	95.5%
3.2	At least 90% of residential college respondents to the annual College Resident Survey ⁶ providing a positive assessment of their colleges.	97.3%	97.7%	≥ 90.0%	97.9%
3.3	At least 90% of respondents to the annual Student Opinion Survey ⁷ providing a positive assessment of:				
	Administrative services and support services	97.2%	98.1%	≥ 90.0%	98.5%
	The Student Learning Centre	98.0%	98.5%	≥ 90.0%	99.2%
	The helpfulness of staff	92.5%	91.8%	≥ 90.0%	97.1%
	Student health and counselling services	90.4%	85.6%	≥ 90.0%	91.6%
	The University's careers advisory service	94.9%	92.2%	≥ 90.0%	91.5%
	Support from the Otago University Students' Association.	96.9%	95.7%	≥ 90.0%	97.4%
3.4	Enrolling a diversified international student population ⁸ constituting up to:				
	15% of total University EFTS	11.6%	12.1%	≤ 15.0%	12.5%
	25% of the international cohort from one country.	20.7%	21.1%	≤ 25.0%	20.4%

The University achieved all 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 Otago's focus in this area.

The proportional increase in international EFTS was due primarily to growth from Malaysia (an increase of 60 students or 24.9% from 2017) along with strong proportional growth from Vietnam (an increase of 13 students or 52.0% from 2017).

6 The annual College Resident Survey elicits comprehensive feedback from students on their college residential and Uniflats experience. Each year, all college and Uniflats residents are invited to participate. In 2018 3,910 residents were invited to participate in the survey and 2,364 responded (a 60.5% response rate) (2017: 3,901 surveyed; 2,380 respondents; 61.0% response rate). In previous years, Key Performance Indicator 3.2 and the last item of KPI 4.1 were based on a similar item included in the Support Services component of the Student Opinion Survey (see footnote 7 for response rates).

7 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 2018, 5,422 students were invited to complete the Academic Experience component of the survey and there were 2,889 respondents (a 53.3% response rate). (2017: 6,714 surveyed; 3,767 respondents; 56.1% response rate. 2016: 4,078 surveyed; 2,137 respondents; 52.4% response rate.) 4,000 students were invited to complete the Support Services component of the survey. There were 1,879 respondents (a 47.0% response rate). (2017: 4,000 surveyed; 1,901 respondents; 47.5% 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 a result some of the items used to calculate the key performance indicators are worded or structured differently from previous years.

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	2016 Actual	2017 Actual	2018 Target	2018 Actual
4.1	At least 90% of respondents to the annual Student Opinion Survey providing a positive assessment of:				
	The general campus environment	94.9%	96.8%	≥ 90.0%	98.2%
	Personal safety on campus	98.2%	98.2%	≥ 90.0%	98.7%
	University libraries	99.0%	98.6%	≥ 90.0%	98.7%
	University information technology and teaching facilities	92.5%	92.3%	≥ 90.0%	95.6%
	The quality of sport and recreational facilities	97.6%	97.0%	≥ 90.0%	95.4%
	University Union, including food and beverage service	91.7%	83.0%	≥ 90.0%	77.9%
	Living accommodation provided by the University. ⁹	96.6%	97.8%	≥ 90.0%	98.0%
4.2	Providing learning assistance and/or access to special equipment for at least 500 students with a disability affecting study.	656	731	≥ 500	883
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	Funding ≥ depreciation + adjusted surplus	Funding ≥ depreciation + adjusted surplus	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 accommodation.

The University's Disability Information and Support team continued its broad programme of support for a rapidly increasing number of students with a disability affecting study.

⁹ For 2018, this feedback was obtained from the University's College Resident Survey.

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

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 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	1,844 students, 10.4% of EFTS	1,933 students, 11.0% of EFTS	> previous year	2,097 students, 11.8% of EFTS
	Increasing the paper pass rate for first year undergraduate Māori students	78.9%	81.5%	> previous year	77.5%
	Increasing the number of Māori students completing qualifications at both undergraduate and postgraduate levels	276 (UG) 122 (PG)	256 (UG) 125 (PG)	> previous year	310 (UG) 141 (PG)
	Increasing the proportion of Māori postgraduate EFTS within postgraduate domestic University EFTS.	7.6%	7.9%	> previous year	9.0%
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	874 students, 4.6% of EFTS	931 students, 4.9% of EFTS	> previous year	994 students, 5.2% of EFTS
	Increasing the paper pass rate for first year undergraduate Pacific students	68.8%	68.5%	> previous year	67.1%
	Increasing the number of Pacific students completing qualifications at both undergraduate and postgraduate levels	94 (UG) 52 (UG)	115 (PG) 67 (PG)	> previous year	129 (UG) 59 (PG)
	Increasing the proportion of Pacific postgraduate EFTS within postgraduate domestic University EFTS.	2.8%	3.0%	> previous year	3.6%
5.3	Maintaining or increasing the number of research projects being undertaken in consultation with Māori as measured by a three-year rolling average. ¹⁰	3-year average 666	3-year average 658	≥ previous year	3-year average 682
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. ¹¹	3-year average 2,331	3-year average 2,480	> previous year	N/A
5.5	At least 80% of University academic staff involved in community service activities.	91.5%	79.5%	≥ 80.0%	88.4%
5.6	Holding at least 500 open lectures, public seminars, and adult and community education courses per annum.	633	747	≥ 500	742
5.7	Providing at least 100 performing arts activities open to the public per annum.	110	112	≥ 100	102
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 indicating that they have undertaken volunteer work while studying at the University.	51.8%	50.6%	> previous year	52.5%

¹⁰ This KPI captures the number of research projects appropriately engaging with consultation procedures outlined in the University's Research Consultation with Māori Policy.

¹¹ The University changed to a new service provider in mid-2018 for counting media appearances which uses a different definition that is not compatible with the definition used in previous years. This metric will be reinstated once benchmark data is available from the new provider.

Statement of Service Performance continued

The University achieved 12 of the 15 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 undergraduate and 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 2017, reflecting some of the challenges faced when seeking to increase participation and achievement simultaneously. Pacific undergraduate qualification completions (up from 2017) were at an all-time high, but Pacific postgraduate qualification completions dipped slightly from 2017.

The University remained committed to robust, appropriate research consultation with Māori, and this was managed through the University's Research Consultation with Māori Policy. 682 (3-year rolling average) research projects were reviewed through this process in 2018, an increase of 3.6% on 2017.

The University has worked hard to encourage civic engagement and leadership among its staff and students. Academic staff involvement in community service activities increased 11.2% from 2017 to 88.4% and the proportion of students undertaking volunteer work again exceeded 50%, up from 2017.

STRATEGIC OBJECTIVE SIX: STRONG EXTERNAL ENGAGEMENT

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 Actual
6.1	Hosting at least 650 academic visitors to the University per annum.	975	889	≥ 650	685
6.2	At least 25% of academic staff serving on government advisory boards and committees.	33.8%	19.2%	≥ 25.0%	27.4%
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.	74.6%	68.5%	≥ 50.0%	70.5%
6.4	At least 50% of academic staff holding posts in an organisation or association relevant to their area of professional expertise.	73.2%	72.6%	≥ 50.0%	70.5%
6.5	Increasing the number of students studying abroad on outbound student exchange.	210	193	> previous year	194

The University achieved all performance targets against this strategic objective.

Underpinning this were high levels of academic staff service on public and private sector boards, committees and other organisational structures. All three targets for external engagement by academic staff were achieved in 2018, following a dip in 2017.

The University achieved its performance target for academic visitors, despite a decline from 2017. Factors underpinning this decline are understood to include a focus on the PBRF quality evaluation round and a number of structural changes during 2018.

The number of students studying abroad on outbound student exchange remained steady.

Statement of Service Performance continued

STRATEGIC OBJECTIVE SEVEN: SUSTAINING CAPABILITY

#	KEY PERFORMANCE INDICATORS	2016 Actual	2017 Actual	2018 Target	2018 Actual
7.1	Achieving or exceeding the following University and University Group EFTS enrolment targets. ¹²	18,287 & 18,547	18,198 & 18,457	18,312 & 18,582	18,572 & 18,840
7.2	Achieving a University Group operating surplus of at least 3% of revenue (excluding extraordinary items).	4.1%	4.8%	≥ 3.0% of revenue	3.9%
7.3	Maintaining a liquid ratio of no worse than 1:1.	2.6:1	2:1:1	≥ 1:1	1.7:1
7.4	Ensuring that net interest paid is no greater than one-third of the operating surplus.	1.1%	0.6%	≤ 33.3%	0.0%
7.5	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.	\$80.1 million (102.7%)	\$78.3 million (97.8%)	≥ 105.0% of 2017	\$78.7 million (100.5%)
7.6	Reducing energy use per m ² of floor space as measured by a three-year rolling average. ¹³	3-year average 220.1 kWh/m ²	3-year average 221.4 kWh/m ²	< previous year	3-year average 223.4 kWh/m ²
7.7	Reducing the amount of waste sent to landfill per capita.	36.9 kg per person (EFTS and FTE)	113.8 kg per person (EFTS and FTE)	< previous year	121.1 kg per person (EFTS and FTE)
7.8	Reducing greenhouse gas emissions generated from University activities. ¹⁴	22,809 t CO ₂ -e	24,404 t CO ₂ -e	< previous year	21,175 t CO ₂ -e

The University achieved five of the eight performance targets against its capability imperative.

The 0.5% increase in consulting, commercial and intellectual property income fell short of the 5.0% growth target, due largely to the impact of declines in consulting and commercial income for 2016 and 2017 on the three-year rolling average figure.

Energy use per m² has increased slightly from 2017. This was influenced by the addition of Caroline Freeman College and other occupied buildings that require significant heating, and the removal of low energy use storage areas.

There was a slight increase in the amount of waste sent to landfill per capita from 2017 to 2018, due to the indicator scope expanding to include waste generated via monthly clean-up days in the wider tertiary precinct. 2016 figures are not comparable due to reporting errors from the supplier.

The University has a contract with a new waste management provider in place from March 2019 with improved reporting capability.

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

¹² University Group EFTS include those generated by the Foundation Year Programme operated by the University's wholly-owned Foundation Studies subsidiary.

¹³ Floor space measured by gross area (Dunedin campus only, excluding non-University-owned Residential Colleges). Performance is measured in *kilowatt hours per square metre*, which is a standard unit for measuring energy use.

¹⁴ Building energy emissions for all campuses, excluding non-University-owned colleges, are measured in tonnes of CO₂-e, or carbon dioxide equivalent, which is a standard unit for measuring carbon footprints.



East Lane Entrance

Statement of Resources 2018

4,080 FTE staff

Health and safety systems continue to develop

2,500

'flu vaccines administered

Off-campus computer and telecommunications network traffic:

7,819,583 gigabytes

1,669,456

items in the Library's printed collection

22,457

Hocken collection items issued

Health and Safety

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

In 2018 the national Workers Participation Framework Operational Health and Safety Committee changes were implemented at Otago, increasing employee participation in health and safety management and improvements.

Health and safety systems continue to develop. In 2018 the online health and safety management system, Vault, had 652 users across all campuses. On-site health and safety team inductions were provided to over 1,600 contractors from 276 registered contracting companies.

The University achieved secondary level ACC Accredited Employers Programme status and related health and safety audits were successful with minor corrective actions. Use of the Employee Assistance Programme increased during the implementation of the Support Services Review.

The Occupational Mental Health and Well-being Advisor provided on-site assistance, including mental health training, for all staff. Influenza vaccinations were offered free to all staff, with approximately 2,500 vaccines administered in 2018.

Human Resources

The number of staff employed by the University increased slightly in 2018 to total 4,080 in full-time equivalent (FTE) terms (2017: 4,029).

Within the academic ranks, the number of professors decreased by 1 FTE from 221 to 220, and the number of associate professors increased by 14 FTE from 193 to 207 (7.2%).

The number of senior lecturers decreased by 12 FTE from 359 to 347 (-3.3%), while the number of lecturers decreased by 8 FTE from 151 to 143 (-5.3%).

The number of research-only staff on academic contracts increased by 32 FTE from 357 to 389 (9.1%).

Information Technology

The volume of off-campus computer and telecommunications network traffic increased from 7,371,800 gigabytes in 2017 to 7,819,583 gigabytes in 2018, primarily due to growth in research data transfers and online media content streaming services.

The number of seating places in student computer laboratories decreased to 850 (2017: 972) due to the closure of a number of computer rooms during building refurbishment. Future state networking services and wireless expansion were delivered to a number of new and existing sites, including a number of residential colleges.

By the end of 2018, a total of 4,221 wireless access points were operating across all campuses, representing a 16% increase on 2017. Peak wireless access increased 46% to 23,062 concurrent connections, and up to 500 concurrent connections to the self-service Guest Wi-Fi were observed on a number of occasions during term time.

Use of the University's two central data centres (in terms of physical and virtual server counts) increased slightly in 2018. High Capacity Storage volume consumption for 2018 was 7.385 petabyte (2017: 5.679 PB).

Use of Zoom (the University's online meeting and desktop videoconferencing system) totalled 6,183,477 minutes in 2018, an increase of 22% from 2017 (4,967,987 minutes).

The popularity of Syncplicity Sync & Share (mobile access technology allowing access to files on multiple client devices) continued to climb, with 3,704 users in 2018 (2017: 3,150 users). The total file storage consumed by Syncplicity users was 56 TB in 2018 (2017: 47.5 TB).

In 2018 the University continued to benefit from its investment in the NeSI (New Zealand eScience Infrastructure) high performance computing infrastructure and support system. Researcher use of NeSI's resources increased by approximately 35% compared to 2017.

The ITS High Speed Data Transfer system, developed in collaboration with NeSI and REANNZ (Research and Education Advanced Network New Zealand) continued to provide significant support for data intensive research, with over 1.3 petabyte (624 million files) transferred, 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 increased by 8,489m² during the year, mostly through the purchase of Otago Polytechnic's interest in Caroline Freeman College (formerly City College). The University's net assignable floor space increased by 846m² (0.4%) through refurbishing and reopening the St David II building, which was partially offset by a reduction in leased space.

The refurbishments of the Science 1 building (now Mellor Laboratories) and St David II were completed, and substantial progress was made in constructing a new Clinical Services Building for the Faculty of Dentistry and the new Research Support Facility building (for more information, see page 34).

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 2018, the Library's printed collection contained 1,669,456 books and serial items (2017: 1,680,316). Electronic resources included 163,586 serials (2017: 169,530) and 953,812 accessible ebooks (2017: 850,783 – an increase of 12.1%). There were 4,584 seating places across the library system (2017: 4,500).

The Hocken Collections is one of the foremost research and heritage collections in New Zealand. The Pictures and Photographs Collection alone includes 1,137,522 items. In 2018, 7,034 researchers visited Hocken in person or made enquiries at a distance and 22,457 collection items were issued. Over 1,090 image reproductions were provided. For further information on the Library's resources see page 39.

Summary staff profile

	2018	2017	2016	2015	2014
Full-time Equivalent (FTE) teaching and research staff					
Females	567	545	535	522	512
Males	640	651	662	668	676
Total	1,207	1,196	1,196	1,190	1,188
Full-time Equivalent (FTE) research-only staff (excludes general research-only staff)					
Females	225	198	181	246	240
Males	164	159	155	182	183
Total	389	357	336	429	423
Full-time Equivalent (FTE) professional staff					
Females	1,612	1,604	1,489	1,403	1,407
Males	872	872	841	781	770
Total	2,484	2,476	2,330	2,184	2,177
Total Staff	4,080	4,029	3,862	3,803	3,788

Equal Opportunities Report 2018

Equity in educational opportunity and employment are core values of the University, supported by the Māori and Pacific Strategic Frameworks.

Strong relationships with iwi and Māori providers are integral to the success of Māori at Otago, and 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 goals and strategies that seek to increase Māori student and staff participation and success.

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

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

Iwi to which students affiliated

Affiliation	2018		2017		2016		2015		2014	
	first	all	first	all	first	all	first	all	first	all
Ngāi Tahu / Kāi Tahu	426	494	391	462	397	466	382	442	396	455
Ngāpuhi	264	375	237	336	217	297	211	280	216	285
Ngāti Porou	143	257	142	245	143	225	139	218	147	226
Tainui	95	177	80	141	84	145	69	124	84	137
Ngāti Maniapoto	63	117	52	99	54	100	50	84	44	74
Ngāti Tūwharetoa	54	114	51	103	51	106	50	90	52	90
Te Arawa	49	88	42	77	28	55	31	44	29	44
Ngāti Kahungunu ki Te Wairoa	48	90	54	93	44	76	45	76	47	81
Ngāti Kahungunu, region unspecified	40	71	39	61	36	55	35	52	32	52
Ngāti Kahungunu ki Heretaunga	40	52	43	54	30	38	31	44	29	44
Ngāti Raukawa	39	60	30	45	24	35	22	33	17	28
Te Atiawa (Taranaki)	37	57	32	48	32	59	34	59	31	58
Ngāti Awa	37	56	38	61	36	52	35	52	28	51
Tūhoe	36	90	31	83	28	72	28	64	26	62
Ngāti Kahungunu ki Wairarapa	34	49	31	48	30	48	27	38	23	38
Te Rarawa	31	65	32	61	30	54	27	55	24	61
Ngāti Whātua	31	57	26	47	23	38	20	37	23	38
Te Ati Haunui-a-Pāpārangī	30	53	28	43	26	37	18	26	18	29
Taranaki	30	39	27	39	21	36	22	34	20	31
Whakatōhea	28	47	18	32	18	28	21	33	15	32
Waikato	23	41	19	32	20	32	15	27	17	32
Te Atiawa	20	26	21	26	20	27	20	30	11	18
Ngāiterangi	19	38	26	39	20	33	17	29	21	40
Ngāti Raukawa (Horowhenua/Manawatū)	19	32	20	30	24	39	25	38	32	46
Other	416	978	388	911	360	852	332	810	338	829
Don't know	45	51	35	42	48	55	53	58	56	62
Total	2,097	n/a	1,933	n/a	1,844	n/a	1,759	n/a	1,776	n/a

The University is also strongly committed to broad ongoing engagement with Pacific communities. The Pacific Strategic Framework 2013-2020 formalises this commitment and articulates the University's goals to improve academic and development outcomes for Pacific students and staff. This work is co-ordinated by the Director of Pacific Development and supported by Associate Deans Pacific and other University staff. The Director of Pacific Development also oversees the allocation of the Tertiary Education Commission's Pacific Equity Funding for initiatives supporting Pacific student success.

Two members of the Pacific Staff Academic Caucus were honoured in 2018, with Associate Professor Faumuina Tai Sopoaga (Department of Preventive and Social Medicine) receiving the Prime Minister's Supreme Tertiary Teaching Excellence Award and College of Education Professional Practice Fellow Pauline Smith the Best First Book Award for her debut novel *Dawn Raid* at the 2018 New Zealand Book Awards for Children and Young Adults. Dr Dianne Sika-Paotonu was also appointed to support the implementation of the Pacific Strategic Framework in the University of Otago Wellington campus and Aiono Professor Alec Ekeroma was the first Pacific person in Australasia to be appointed as a head of a clinical academic department, in Obstetrics, Gynaecology and Women's Health at the University of Otago, Wellington.

In 2018 Otago's Pacific researchers secured 36% of dedicated Health Research Council Pacific funding and led or co-led 56% of New Zealand Institute of Pacific Research current projects. Three Pacific students received Ministry for Pacific Peoples Toloa Tertiary Scholarships.

The Pacific Island Students' Association and additional Pacific alumni chapters in the Cook Islands and Tonga were established. The University also hosted the Prime Minister of Samoa, Hon. Tuilaepa Sailele Malielegaoi, and established a new Memorandum of Understanding between the University and Samoan Government.

Equal Educational Opportunities

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

The University's package of targeted scholarships and awards continued in 2018, with 201 students commencing study on Māori and Pacific Island Entrance Scholarships (2017: 188) and many more Māori and Pacific students securing other Otago entrance scholarships.

The University also concluded its long-standing push to enable "gender diverse" to be recognised as a valid gender option in New Zealand's tertiary education statistics. This change will take effect from 2019.

Māori

As noted elsewhere in this Annual Report, the number of equivalent fulltime Māori students enrolled at Otago increased from 1,933 in 2017 to 2,097 in 2018. As a proportion of the University's total domestic student EFTS, Māori student EFTS increased to an all-time high of 11.8% (2017: 11.0%).

There were 169 Māori students in Health Sciences First Year, 351 studying in undergraduate health professional degrees and 120 in Health Sciences postgraduate study. Māori students now comprise 11.8% of students in health professional programmes, up from 5.1% in 2014.

In 2018, the course pass rate for Māori across the University was 87.7% (2017: 87.5%), the highest since systematic pass rate data by ethnicity has been compiled. Undergraduate qualification completions increased by 21.1% to 310 from 256 in 2017, and postgraduate qualification completions increased 12.8% to 141 from 125 in 2017.

Te Huka Mātauraka, the Māori Centre, experienced an increase in the number of 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; Kaituitui Mātauraka, the centre's academic tutorial programme; the SeeTheSolutions online tutorial programme; and the Kā Rikarika ā Tāne programme, with senior student 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 2018.

Te Kura Pakihi (Otago Business School) initiatives included a Māori student entrepreneurship pilot with Māori-owned and -operated business hub Innov8 HQ. Commerce students also won the inaugural Māori Business Case competition in Auckland, were awarded internships with Ministry of Foreign Affairs and Trade and received Ngāi Tahu Matakahi scholarships.

Te Wāhanga Matua Mātau Hauora (Division of Health Sciences) programmes included the Te Ara Hauora programme focused on pathways for Māori secondary students into Health Sciences; Tū Kahika, a culturally responsive foundation studies programme; the Te Whakapuāwai Māori Health Sciences First Year programme; and the Tū Taura Hauora programme for health professional and health sciences undergraduates. Retention and completion rates for Māori students in the Tū Taura Hauora programme were over 95%. The Bachelor of Health Science was also established in 2018, providing an opportunity for new Māori health papers and a major in Māori health.

Te Kete Aronui (Division of Humanities) student support included the Taura Māori Transition Programme for first-year Māori students and hui and workshops for students facilitated by divisional and departmental kaiāwhina Māori. Bridging scholarships and summer student bursaries were awarded to Māori students transitioning from undergraduate to postgraduate study.

Te Rohe a Ahikaroa (Division of Sciences) held three hui in 2018 with their network of departmental kaiāwhina, focusing on implementation of the Māori Strategic Framework, student retention and success, and pastoral care, including a new initiative Te Pae Kōtuku to support excellent students through leadership skills, cultural engagement and service. Te Koronga, an initiative to support Māori student research in the sciences, hosted a symposium profiling graduate research excellence and indigenous science research themes and the Outreach team delivered three Science Wānanga to marae in Dunedin, Hastings and Wairoa.

Pacific Peoples

Another strong intake of first-year Pacific enrolments pushed total Pacific enrolments at Otago to an all-time high of 994 students (2017: 931). Proportionally, Pacific students increased to another all-time high, at 5.2% of total domestic student EFTS (2017: 4.9%).

There were 111 Pacific students in Health Sciences First Year, 161 students in undergraduate health professional degrees and 63 in Health Sciences postgraduate study. Pacific students now comprise 5.4% of students in health professional programmes, up from 2.5% in 2014.

188 Pacific students from across the University successfully completed qualifications in 2018, a small increase on 2017 (182). Undergraduate completions increased slightly while postgraduate completions decreased slightly.

In 2018, the course pass rate for Pacific students was 79.5% (2017: 79.7%). 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 in 2018, increasing its provision of support across most activities. Key initiatives in 2018 included the Taimane and Dare to Succeed mentoring programmes; the collaborative work of the Le Moana Action Group and Pacific Postgraduate Reference Group; the Pacific Voices Symposium; and supervised study nights. The Fofoa accommodation scheme was offered again in 2018, providing supported flatting accommodation for Pacific students near the Dunedin campus.

The POPO (Pacific Orientation Programme at Otago) Foundation Programme, which operates through the University's Foundation Studies subsidiary, ran for its seventh 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 2018.

The Division of Commerce transformed its Early Intervention Programme for first-year Pacific students to formally include the Pasifika Numeracy Programme, piloted in 2017. "At risk" students, identified through a TEC online numeracy diagnostic assessment, achieved pronounced progress in 2018. Postgraduate students also established a Pacific Commerce Students' Association.

The Division of Health Sciences appointed Associate Deans (Pacific) in Dentistry and the School of Biomedical Sciences to bring the total to six within the division, as well as a Pacific advisor in Pharmacy. In 2018 these and other Health Sciences Pacific leaders formed the Takiala Pacific Leadership Network, providing strategic leadership, guidance, oversight and support for Pacific and Pacific-related developments, aspirations and activities. The Pacific Islands Research and Student Support Unit provided a suite of comprehensive programmes to support students undertaking Health Sciences First Year, as well as senior students in health professional and allied health programmes.

The Division of Humanities welcomed Inano Walter to the role of Pacific Islands Student Support in 2018. This role supports Pathways to the Humanities, an equity funded mentoring initiative for Dunedin-based Pacific high school students. The division also collaborated with Associate Deans (Pacific) in Commerce and Sciences to develop a programme that strengthens the role of Pacific academic student liaison.

The Division of Sciences increased engagement with Pacific communities in 2018 through its new Pacific Outreach Programme co-ordinator. This role helps youth and their communities to engage with science opportunities and supports those with science aspirations. In 2018 the division collaborated with the Pacific Islands Centre and the School of Biomedical Sciences in pilot programmes targeted at 11-17 year old Pacific youth.

Services provided by the Pacific Islands Centre

	2018	2017	2016	2015	2014
Registered with the centre	906	870	859	792	742
Extra tutorials	130	101	82	88	79
Career advisory services seminar	25	16	17	9	11
Students receiving course advice	1,425	1,320	1,240	4,100	3,084
Pacific postgraduate seminars	9	8	9	11	12
Student gatherings	121	120	165	181	177
Community meetings/consultation	245	185	245	148	124
Community functions attended	45	24	45	83	76
Student consultations	1,680	2,800	2,502	1,094	983

Links with the Kingdom of Tonga were strengthened with the launch of the Tongan Alumni Network. A delegation travelled to Tonga for the launch and met with public servants, visited the University of the South Pacific Tonga Campus and engaged with local schools.

Disabilities Support

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

In 2018, the University enrolled 1,600 students who identified as having a disability affecting study (2017: 1,364). Support in the form of learning assistance and/or specialised equipment requiring a specific financial commitment was provided to 883 students with disabilities in 2018 (2017: 731). 1,753 instances of support were provided in the form of note-taking, assistance with examinations, tutoring, and transcription or typing (2017: 1,855), along with many hours of individual consultations provided by a team of trained advisors. The number of student contacts totalled 34,501 in 2018; an increase of 21.4% (2017: 28,414).

Disability Information and Support staff attended various conferences and hosted workshops in 2018 (including New Zealand Sign Language courses), 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 received positive feedback from the 2017 Student Opinion Survey, indicating that more than 90% of respondents were either "extremely satisfied" or "satisfied" with the service. The team strives to provide an outstanding experience for students and are proud to be leaders in the field of disability support in tertiary education.

Equity and Diversity in Employment

In 2018 the University was awarded the Rainbow Tick, a continual improvement certification designed to help an organisation ensure it is a safe and welcoming workplace for LGBTTIQ employees.

The Equity Practitioners at Otago Network was established and held its first hui in 2018. The network offers opportunities for equity practitioners across divisions and campuses to share knowledge and best practice, and allows for better collaboration between staff.

The Equity Advisory Committee continued to provide leadership and oversight of the implementation of the Equity and Diversity Strategic Framework.

The third Staff Equity Demographics Report was released to assist with evidence-based decision making. This report was made available to all University staff.

Professional Development

Diversity topics were included in the two main programmes aimed at supervisors and managers in 2018 (the Essential Management Programme and Supervisory Skills) and in the Academic Leadership Development Programme.

The topic of diversity and inclusivity was promoted through a range of workshops, including: Equity at Otago; Creating an Inclusive Environment: Disability Awareness; Customer Diversity; Rainbow Tick Diversity and Inclusivity Training, 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.

Women in Leadership at Otago provided the opportunity to develop leadership skills for both academic and professional staff women.

Otago University Childcare Association

Support for child care 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, the five centres provide education and care for approximately 190 children, of which 90% are children of University staff or students.

Learning assistance support for students with disabilities

	2018	2017	2016	2015	2014
Note-taking	745	622	550	506	497
Tutoring	405	354	274	341	310
Transcription/typing	0	0	1	3	3
Reader	0	0	1	1	1
Assistant	0	1	2	3	3
Examination arrangements	603	878	606	486	524
Scanning	0	0	0	0	0
Other	286	214	274	238	292





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

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 the University and academic priorities.

The Trust is an umbrella trust consisting of 400 (2017: 391) individual trust funds and one small value trust (controlled by a third party) where the University is the beneficiary. Each fund has specific terms and conditions which outline the purpose for which the funds can be distributed to the University.

The investments are managed by the Board of Trustees, which is appointed by Council. 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.

As at 31 December 2018 total investments were \$208.8 million. Over the last 10 years the trusts have delivered an average return on investment of 7.64% per annum.

2018 Achievements

The Trusts reported a net deficit of \$4.9 million for the year to 31 December 2018. This compares with a budgeted surplus of \$6.8 million, and 2017 actual surplus of \$17.5 million. The unfavourable variance was primarily driven by unrealised losses on share investments due to market conditions.

The net return on investment for the year was 0.3% compared with a budgeted return of 7.6% and a return of 13.0% in 2017. Distributions to the University were \$10.6 million compared with a budget of \$10.5 million and actual of \$10.4 million in 2017.

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 to students from overseas 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.

2018 Achievements

In 2018, the Foundation Year provided academic tuition to 298 individual domestic and international students, generating 268.2 EFTS enrolments. This reflects a slight decline in student numbers (down 2.3%), but an increase in EFTS (up 3.3%) on the previous year. In 2018, the Language Centre provided English language tuition to 117 EFTS. This was a decrease of 21 EFTS (down 15.2%) on the previous year.

FSL generated an overall operating surplus of \$754K in 2018, which was lower than the operating surplus of \$874K in 2017, as a result of decreased student numbers.

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.

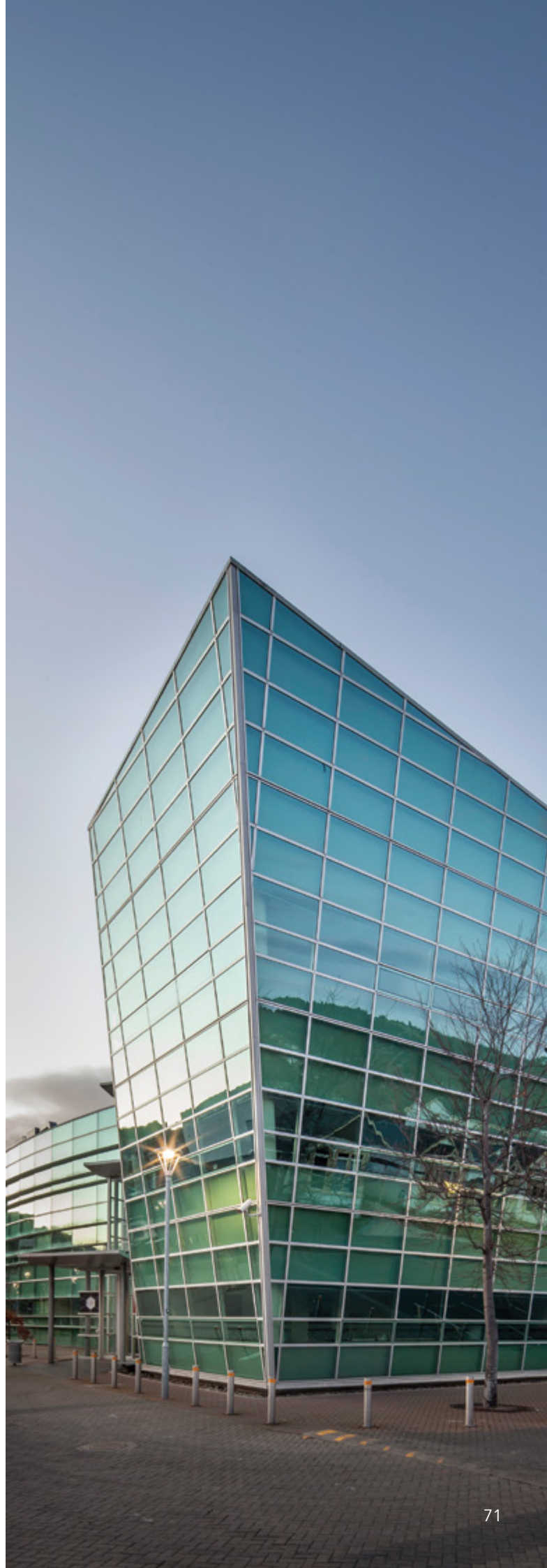
Otago Innovation provides business partners, industry and investors with information about current University of Otago projects, their practical applications, their patent status and market potential. Otago Innovation's commercialisation managers assist with the preparation and implementation of business 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 – the Translational Research Grant (\$50,000) – is open to Division of Health Sciences staff and achieves a similar purpose.

2018 Achievements

Thirty-four commercial opportunities were presented to Otago Innovation in 2018 (2017: 49). Spin-out companies successful in raising capital during the year included Photonic Innovations Limited, Ubiquitome Limited, Quitta Pty Limited, Techion Holdings Limited, and Upstream Medical Technologies Limited. A new spin-out company, Insitugen Limited was formed early in the year, to enable the development of brand awareness around commercial applications of androgen assays. A number of licences were agreed with pharmaceutical and other companies worldwide, though often under conditions of confidentiality.

The Otago Innovation Group operating result was a deficit of \$923K, mainly due to the revaluation of OIL group entities and lower MBIE pre-seed funding.



Financial Review 2018



The University Group, which includes the University of Otago, University of Otago Holdings Limited and the University of Otago Foundation Trust, achieved an operating surplus of \$27.0 million for the year, \$1.7 million (7%) higher than the budget. This surplus was \$7.3 million lower than last year's Group surplus of \$34.2 million largely due to lower returns within the University of Otago Foundation Trust. Returns were down as a result of the poor performance of the financial markets worldwide.

This surplus still represented a return of 3.7% on revenue of \$727.1 million and 1.3% on equity of \$2.0 billion. These results were above the Tertiary Education Commission's minimum guidelines of 3.0% and 1.2% respectively.

The University's operating surplus for the year was \$40.9 million which was \$22.8 million (126%) higher than budget. The primary contributor to the positive variance against budget was a \$15.2 million one-off accounting adjustment as a result of the equity distribution from the Dunedin City Tertiary Accommodation Trust (DCTAT) following the University's purchase of the City College assets. The DCTAT was two-thirds owned by the University; the Otago Polytechnic owned the remaining one-third interest so the equity distribution was largely consolidated out within the University Group result. The remaining University parent positive result against budget was due to higher student enrolments than anticipated.

Capital expenditure was significantly higher than 2017 reflecting the ramp up of construction on major building projects.

The University of Otago Foundation Trust recorded an operating deficit of \$5.1 million for the year, against a budgeted surplus of \$6.8 million, due to the market downturn noted above. The net return on investment for the year was 0.4% and the average net return over the last 10 years was 7.5%. The University maintains income reserves, so distribution of funds to support University activities was unaffected for 2018.

Other Group entities produced a surplus of \$1.1 million for the year. This was \$0.7 million higher than budget, mainly due to the revaluation of materials held within the Hocken Collections.

Operating cash flow for the Group for the year was a net inflow of \$103.9 million which was 20% higher than the budgeted inflow of \$86.2 million. This was largely due to higher student enrolments and an increase in research income received in advance.

The Group continued to invest heavily in fixed assets (mainly buildings). Capital expenditure of \$144.7 million was \$27.9 million higher than 2017 as several capital projects move through the intensive construction phase, though still \$47.2 million lower than budget.

The University continues to fund capital expenditure from operating cashflow, surplus and cash reserves, but is forecasting to commence borrowing for the first time in 2020.

Total assets for the Group were \$2.3 billion for the year, an increase of \$46.2 million over 2017 mainly due to an increase in fixed assets.

The strong financial performance by the University was underpinned by a welcome increase in student enrolments and strong externally-funded research activity along with a focus on efficient and effective use of University resources.

The University faces the challenge of funding a significant capital expenditure plan covering the next 10 years. Care will be needed to ensure operating cashflows are safeguarded to protect this important component of capital funding.

Sharon van Turnhout
Chief Financial Officer



Statement of Responsibility

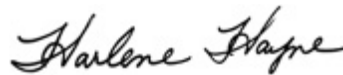
For the year ended 31 December 2018

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 2018 fairly reflect the financial position and operations of the University of Otago and Group.



Dr R. J. Somerville QC
Chancellor

16 April 2019



Professor H. Hayne
Vice-Chancellor

16 April 2019

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Note	Actual 2018 \$000	Consolidated Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	University Budget 2018 \$000	Actual 2017 \$000
REVENUE							
Government grants	4,5	243,554	241,732	237,585	242,261	240,438	236,300
Tuition fees	4	165,352	162,792	157,600	159,993	157,210	152,188
Trust donations	4	6,242	2,977	4,406	-	-	-
Investment revenue	4,7	7,323	17,294	33,960	5,998	2,014	6,514
Externally funded research	4	133,985	123,555	122,741	133,655	122,789	122,265
Performance-based research funding	4	63,410	63,573	60,201	63,410	63,573	60,201
Distributions from trust funds		-	-	-	10,615	10,522	10,366
Consulting and commercial revenue	4	77,870	76,865	75,588	80,080	77,967	76,767
Sale of intellectual property		660	715	444	161	190	196
Other revenue		28,742	22,822	23,234	38,990	22,044	22,832
Total revenue	4	727,138	712,325	715,759	735,163	696,747	687,629
EXPENDITURE							
Salaries - academic		219,025	215,179	210,772	216,842	213,111	208,820
Salaries - professional		165,959	161,439	162,699	162,844	158,222	159,041
Staff-related costs		25,156	25,192	29,730	24,976	24,963	29,510
Consumables and general		135,380	132,819	131,645	135,058	130,896	127,663
Depreciation and amortisation expense	6,12,13	66,162	63,978	61,785	65,980	63,771	61,583
Occupancy costs		42,276	42,543	40,103	42,252	41,786	40,084
Scholarships		45,616	44,864	43,999	45,616	44,864	43,999
Finance costs	7	(8)	482	213	211	482	310
Other expenses	6	607	551	573	454	551	408
Total operating expenditure		700,173	687,047	681,519	694,233	678,646	671,418
Surplus/(deficit)		26,965	25,278	34,240	40,930	18,101	16,211
Share of Associate OCI		1,465	-	-	-	-	-
Gain on revaluation of land and buildings		-	-	211,565	-	-	211,565
Total Comprehensive Revenue & Expense		28,430	25,278	245,805	40,930	18,101	227,776
University of Otago Group		28,430	25,278	245,805	40,930	18,101	227,776
Non-controlling interest		-	-	-	-	-	-
		28,430	25,278	245,805	40,930	18,101	227,776

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Note	Actual 2018 \$000	Consolidated Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	University Budget 2018 \$000	Actual 2017 \$000
ASSETS							
Current assets							
Cash and cash equivalents	8	47,336	13,013	25,388	34,987	4,092	16,114
Trade and other receivables and prepayments	9	45,622	31,915	39,304	45,103	34,172	38,958
Other financial assets	10	66,366	1	128,446	49,951	1	106,864
Inventories		1,174	973	1,114	1,172	973	1,117
Total current assets		160,498	45,902	194,252	131,213	39,238	163,053
Non-current assets							
Investments in associates and joint ventures	23	4,338	-	2,965	-	-	-
Investments in subsidiaries	11	-	-	-	7,786	7,786	7,786
Other financial assets	11	191,007	213,625	200,460	30,673	35,306	35,187
Property, plant and equipment	12	1,882,960	1,721,480	1,796,945	1,765,438	1,594,327	1,671,103
Intangible assets	13	26,247	24,179	24,200	26,184	24,179	24,113
Total non-current assets		2,104,552	1,959,284	2,024,570	1,830,081	1,661,598	1,738,189
Total assets		2,265,050	2,005,186	2,218,822	1,961,294	1,700,836	1,901,242
LIABILITIES							
Current liabilities							
Trade and other payables and accruals	14	64,053	46,598	57,925	66,430	53,730	58,877
Employee entitlements	15	56,542	51,595	53,318	56,143	51,385	53,104
Deferred revenue	16	58,763	52,595	50,273	56,758	51,451	47,955
Total current liabilities		179,357	150,788	161,516	179,331	156,566	159,936
Non-current liabilities							
Employee entitlements	17	44,891	41,048	43,941	44,891	41,048	43,941
Loans	18	973	1,253	773	-	-	-
Total non-current liabilities		45,864	42,301	44,714	44,891	41,048	43,941
Total liabilities		225,221	193,089	206,230	224,222	197,614	203,877
Net assets		2,039,829	1,812,097	2,012,592	1,737,072	1,503,222	1,697,365
EQUITY							
Accumulated funds	19	1,055,613	1,038,248	1,027,178	752,882	729,373	711,951
Other reserves	19	984,190	773,849	985,414	984,190	773,849	985,414
Total equity attributable to the University		2,039,803	1,812,097	2,012,592	1,737,072	1,503,222	1,697,365
Minority interest		26	-	-	-	-	-
Total equity		2,039,829	1,812,097	2,012,592	1,737,072	1,503,222	1,697,365

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Note	Actual 2018 \$000	Consolidated Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	University Budget 2018 \$000	Actual 2017 \$000
Balance at 1 January		2,012,597	1,786,819	1,765,972	1,697,365	1,485,121	1,469,594
Total comprehensive revenue and expenses previously reported		28,430	25,278	245,805	40,930	18,101	227,776
Capital injection from non-controlling interest		26	-	-	-	-	-
Non-controlling interest derecognised		-	-	815	-	-	-
Revaluation adjustment		(1,224)	-	-	(1,223)	-	-
Balance at 31 December	19	2,039,829	1,812,097	2,012,592	1,737,072	1,503,222	1,697,365
University of Otago Group		28,430	25,278	245,805	40,930	18,101	227,776
Total comprehensive revenue & expenses		28,430	25,278	245,805	40,930	18,101	227,776

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

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.

Statement of Cash Flows continued

For the year ended 31 December 2018

	Note	Actual 2018 \$000	Consolidated Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	University Budget 2018 \$000	Actual 2017 \$000
Cash flows from operating activities							
Subsidies and grants received		304,994	305,305	297,786	303,701	304,014	295,138
Fees and charges received		177,858	175,054	169,923	172,455	169,143	164,427
Interest received		15,912	11,380	18,337	6,562	3,013	8,189
Receipts from other revenue		232,213	216,748	212,587	235,856	223,951	220,807
		730,977	708,487	698,633	718,574	700,121	688,561
Payments to suppliers and employees		627,089	622,322	599,165	615,386	614,719	586,902
Net cash flow from operating activities	26	103,888	86,165	99,468	103,188	85,402	101,659
Cash flows from investing activities							
Receipts from sale of property, plant and equipment		624	28	191	618	18	168
Receipts from sale of investments		95,440	1,752	51,459	59,543	1,357	22,418
		96,064	1,780	51,650	60,161	1,375	22,586
Purchase of property, plant and equipment		144,677	191,895	116,823	144,476	191,156	115,618
Acquisition of investments		33,327	-	23,238	-	-	-
Net cash flow from investing activities		(81,940)	(190,115)	(88,411)	(84,315)	(189,781)	(93,032)
Cash flows from financing activities							
Repayment of borrowings		-	-	(9)	-	-	-
Net cash flow from financing activities		-	-	(9)	-	-	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		21,948	(103,950)	11,048	18,873	(104,379)	8,627
Cash, cash equivalents and bank overdrafts at the beginning of the year		25,388	116,963	14,340	16,114	108,471	7,487
Cash, cash equivalents and bank overdrafts at the end of the year	8	47,336	13,013	25,388	34,987	4,092	16,114

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of accounting policies for the year ended 31 December 2018

1.1 Reporting entity

The financial statements of University of Otago Group and its subsidiaries for the year ended 31 December 2018 were authorised for issue by Council on 16 April 2019. 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 and controlled trusts.

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. The company ceased trading in 2017, and is in the process of being wound up. 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.
- 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.
- 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 primary objective of the University and Group is to provide goods and services for the community for social benefit rather than make a financial return. Accordingly, the University has designated itself and the Group as public benefit entities for the purposes of 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 2018

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 2018, 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 14 November 2017.

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 12 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings and infrastructure.

Retirement gratuities

Note 17 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 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 2018 is included in trade payables.

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
FINANCIAL ASSETS				
Fair value through surplus or deficit – held for trading				
Listed shares	139,413	155,103	386	443
Unlisted shares	4,241	4,424	-	-
Total fair value through surplus or deficit – held for trading	143,654	159,527	386	443
Loans and receivables				
Cash and cash equivalents	47,337	25,388	34,988	16,114
Receivables	35,309	29,125	34,892	28,890
Other financial assets:				
- Term deposits	66,516	121,870	49,500	105,500
- Loans	5,739	11,107	5,739	11,107
- Corporate bonds	41,465	36,401	-	-
- Shares in subsidiaries	-	-	7,786	7,786
- Investment in in-substance subsidiary	-	-	25,000	25,000
- Investments in associates and joint ventures	4,338	2,965	-	-
Total loans and receivables	200,704	226,856	157,905	194,397
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Payables	64,053	57,925	66,430	58,877
Loans and leases	973	773	-	-
Total financial liabilities at amortised cost	65,026	58,698	66,430	58,877

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

(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 manage 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:

	2018				2017			
	USD \$000	AUD \$000	EUR \$000	GBP \$000	USD \$000	AUD \$000	EUR \$000	GBP \$000
Cash and cash equivalents foreign bank accounts	2,033	21	232	217	181	87	109	29
Equities	5,879	1,078			7,068	58,748		

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 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
ASX 200	2,685	3,231	2,685	3,231
NZX50	3,848	4,025	3,848	4,025
NYSE International 100	438	499	438	499

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)	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
0.5% (50 basis points) higher for the year				
Interest received	417	472	417	472

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 Poor's credit rating of at least AA-, is 33% of the value of deposits. This reduces to 5% where the bank has a Standard and Poor's 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and term deposits	113,852	147,258	84,488	121,614
Receivables	35,308	29,125	34,892	28,890
Loans	5,739	11,107	5,739	11,107
Corporate bonds	41,465	36,401	-	-
Total credit risk	196,364	223,891	125,119	161,611

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Counter-parties with credit ratings				
Cash at bank and term bank deposits				
AA-	91,596	132,155	73,488	109,614
A	14,103	7,000	11,000	7,000
BBB	8,051	8,103	-	5,000
Total cash at bank and term deposits	113,750	147,258	84,488	121,614

Notes to the Financial Statements continued

For the year ended 31 December 2018

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Stock and government bonds				
AA+	1,055	-	-	-
AA	1,760	1,732	-	-
AA-	6,599	11,543	-	-
A+	1,023	1,014	-	-
A	1,520	1,529	-	-
A-	6,499	4,429	-	-
BBB+	13,573	6,719	-	-
BBB	2,945	1,011	-	-
BB-	-	870	-	-
Not rated	6,489	7,554	-	-
Total corporate bonds	41,463	36,401	-	-
Counter-parties without credit ratings				
Debtors and other receivables	35,308	29,125	34,892	28,890
Existing counter-party with no defaults in the past	5,739	11,107	5,739	11,107
Total community and related-party loans	41,047	40,232	40,631	39,997

(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 manage 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 \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying amount (assets)/ liabilities \$000
CONSOLIDATED 2018						
Financial assets						
Cash and cash equivalents	47,337	-	-	-	47,337	47,337
Bank term deposits	66,516	-	-	-	66,516	66,516
Receivables	35,309	-	-	-	35,309	35,309
Corporate bonds	41,465	-	-	-	41,465	41,465
Loans	5,738	-	-	-	5,738	5,738
Total financial assets	196,365	-	-	-	196,365	196,365

	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	\$000
Financial liabilities						
Payables and accruals	64,053	-	-	-	64,053	64,053
Loans	-	-	-	973	973	973
Total financial liabilities	64,053	-	-	973	65,026	65,026
CONSOLIDATED 2017						
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
Financial liabilities						
Payables and accruals	57,925	-	-	-	57,925	57,925
Loans	-	-	-	773	773	773
Total financial liabilities	57,925	-	-	773	58,698	58,698
UNIVERSITY 2018						
Financial assets						
Cash and cash equivalents	34,988	-	-	-	34,988	34,988
Bank term deposits	49,500	-	-	-	49,500	49,500
Receivables	34,892	-	-	-	34,892	34,892
Loans	451	444	1,190	3,654	5,739	5,739
Total financial assets	119,831	444	1,190	3,654	125,119	125,119
Financial liabilities						
Payables and accruals	66,430	-	-	-	66,430	66,430
Total financial liabilities	66,430	-	-	-	66,430	66,430
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	58,877	-	-	-	58,877	58,877
Total financial liabilities	58,877	-	-	-	58,877	58,877

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

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 2018						
Forward foreign exchange contracts	1,499	327	-	-	1,826	1,826
	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
UNIVERSITY - ACTUAL 2018						
Forward foreign exchange contracts	1,499	327	-	-	1,826	1,826
	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

(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 2018 - CONSOLIDATED				
Financial assets				
Cash and cash equivalents	47,337	47,337	-	-
Bank term deposits	66,516	66,516	-	-
Corporate bonds	41,465	41,465	-	-
Listed shares	139,413	-	139,413	-
Investments in associates and joint ventures	4,338	-	4,338	-
Shares in unlisted companies	4,241	-	4,241	-
Loans	5,739	-	5,739	-
Total financial assets	309,049	155,318	153,731	-
	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

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
31 DECEMBER 2018 - UNIVERSITY				
Financial assets				
Cash and cash equivalents	34,988	34,988	-	-
Bank term deposits	49,500	49,500	-	-
Listed shares	386	386	-	-
Shares in subsidiaries	7,786	-	7,786	-
Investment in in-substance subsidiary	25,000	-	25,000	-
Loans	5,739	-	5,739	-
Total financial assets	123,399	84,874	38,525	-

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
31 DECEMBER 2017 - UNIVERSITY				
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	-

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.

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.

Fees free

The University considers fees free revenue is non-exchange and recognises revenue when the course withdrawal date has been passed by an eligible student. The University has presented funding received for fees free as part of student fees. This is on the basis that receipts from TEC are for payment on behalf of the student as specified by the relevant funding mechanism. The amount received in 2018 was \$24.475 million.

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.

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

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.

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.

5. Government grants

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Vote Education	241,906	235,116	240,613	233,831
Vote Health	1,648	2,469	1,648	2,469
Total government grants	243,554	237,585	242,261	236,300

6. Specific expenses

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Surplus includes the following specific expenses:				
Depreciation	63,050	58,815	62,897	58,646
Amortisation of intangible assets	3,112	2,970	3,083	2,937
Total depreciation and amortisation	66,162	61,785	65,980	61,583

Fees to Principal Auditor (Audit New Zealand):

Audit fees for financial statements audit	250	237	231	218
Audit fees for the PBRF audit	9	9	9	9

Total	259	246	240	227
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Directors'/Councillors'/Trustees' fees	348	327	214	181
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Directors'/Councillors'/Trustees' fees includes the following fees paid to Council members:

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
C F Barlow-Groome	8	-	8	-
H J Baird	-	6	-	6
F B Barton	20	13	20	13
M R Dippie	15	13	15	13
S J Higgs	25	13	25	13
L C Hobson	15	9	15	9
S J McLauchlan	-	16	-	16
C J Marshall	8	6	8	6
D C Matahaere-Atariki	15	13	15	13
S A Montague-Gallagher	8	6	8	6
P A Oakley	11	-	11	-
R J Somerville QC	40	25	40	25
M A Wong	16	-	16	-
J F Ward	-	40	-	40
Total earned	181	160	181	160

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Director and Trustee remuneration				
S J Higgs	18	18	-	-
L C Hobson	3	-	-	-
S J McLauchlan	23	23	-	-
P A Oakley	10	-	-	-
R J Somerville QC	3	3	-	-
J F Ward	24	24	-	-
	81	68	-	-
No Council members received compensation or benefits in relation to cessation (2017 Nil)	-	-	-	-
	262	228	181	160
Rental expense relating to operating leases				
Minimum lease payments	9,228	9,014	9,213	9,029
Total rental expense relating to operating leases	9,228	9,014	9,213	9,029

7. Finance revenue and finance costs

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Finance revenue				
Interest received	8,447	9,590	5,848	6,741
Realised gain/(loss) on sale of investments	3,701	1,710	-	-
Dividends received	4,846	5,518	-	-
Gain/(loss) forex unrealised	(1,286)	2,316	207	-
Unrealised gain/(loss) on revaluations of investments	(8,385)	14,826	(57)	(227)
Total finance revenue	7,323	33,960	5,998	6,514
Finance costs				
Interest paid	(8)	213	211	310
Total finance costs	(8)	213	211	310

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	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Cash at bank and on hand	19,862	19,389	7,487	11,114
Short-term deposits maturing three months or less from date of acquisitions	27,474	5,999	27,500	5,000
Total cash and cash equivalents	47,336	25,388	34,987	16,114

9. Trade and other receivables and prepayments

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Trade debtors	13,453	13,982	13,018	13,807
Other receivables	21,855	15,142	21,874	15,083
Prepayments	10,314	10,180	10,211	10,068
Total trade and other receivables and prepayments	45,622	39,304	45,103	38,958
The ageing profile of trade receivables is as follows:				
At Actual				
Current	6,644	7,509	6,568	7,475
2 to 3 months	6,105	6,083	5,787	6,028
> 3 months	704	390	663	304
Total gross trade receivables	13,453	13,982	13,018	13,807

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 invoiced 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 20 days 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.

10. 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.

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.

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion				
Other loans	451	1,364	451	1,364
Short-term deposits	58,249	119,214	49,500	105,500
Corporate bonds	7,666	7,868	-	-
Total current portion	66,366	128,446	49,951	106,864

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

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Less than 1 year				
Other loans	451	1,364	451	1,364
Short-term deposits with maturities of greater than 3 months from acquisition	58,249	119,214	49,500	105,500
Corporate bonds	7,666	7,868	-	-
Total current portion	66,366	128,446	49,951	106,864

11. Non-current assets - Other financial assets and investments in subsidiaries

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Non-current portion				
<i>Investment in subsidiaries</i>				
Shares in University of Otago Holdings Ltd 100% owned subsidiary, domiciled in New Zealand 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	8,267	2,657	-	-
Loans and receivables	5,287	9,744	5,287	9,744
Corporate bonds	33,799	28,532	-	-
	47,353	40,933	5,287	9,744
<i>Other listed securities</i>				
Shares in other companies	139,413	155,103	386	443
	139,413	155,103	386	443
<i>Other unlisted securities</i>				
Equity securities	4,241	4,424	-	-
	4,241	4,424	-	-
<i>Investment in in-substance subsidiary</i>				
University of Otago Foundation Trust: 100% controlled trust, domiciled in New Zealand	-	-	25,000	25,000
	-	-	25,000	25,000
Total investment in other entities	191,007	200,460	30,673	35,187

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

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
1 to 5 years				
Other loans	1,634	2,249	1,634	2,249
Short-term deposits with maturities of 1-5 years	8,267	2,657	-	-
Corporate bonds	22,139	22,080	-	-
More than 5 years				
Other loans	3,653	7,495	3,653	7,495
Corporate bonds	11,660	6,452	-	-
Shares in listed companies	139,413	155,103	386	443
Shares in unlisted companies	4,241	4,424	-	-
Shares in subsidiary	-	-	7,786	7,786
Investment in in-substance subsidiary	-	-	25,000	25,000
Total term portion	191,007	200,460	38,459	42,973

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

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 \$7.772 million (2017 \$11.107 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 \$7.337 million (2017 \$8.484 million). The net present value of these loans at a discount rate of 4.00% is \$5.304 million (2017 \$6.258 million).

Movements in the carrying value of loans are as follows:

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
At 1 January	11,107	12,031	11,107	12,031
Amount of new loans granted during the year	9	1	9	1
Fair value adjustment on initial recognition	(2,033)	-	(2,033)	-
Loans repaid during the year (principal and interest)	(3,344)	(925)	(3,344)	(925)
At 31 December	5,739	11,107	5,739	11,107

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.

12. 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.

No revaluation was deemed necessary in 2018.

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.

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

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

Capital work in progress is valued at cost 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 2018

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	Hocken collection \$000	Rare books \$000	Equipment \$000	Total \$000
CONSOLIDATED 2017										
Gross carrying amount										
Cost	20,252	226,123	58,611	17,670	10,577	150,931	-	9,872	263,187	757,223
Valuation	238,613	853,854	-	-	-	-	-	-	-	1,092,467
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
Year ended 31 December 2017										
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
CONSOLIDATED 2018										
Balance as at 1 January 2018	268,597	1,280,088	61,600	17,389	10,896	145,191	-	9,929	272,446	2,066,136
Additions	5,956	120,540	6,674	2,007	288	2,738	1,361	73	20,373	160,010
Disposals	(3,303)	(6,903)	(2,722)	(1,844)	-	(6,534)	-	-	(9,426)	(30,732)
Hocken now listed separately	-	-	-	-	-	(113,535)	113,535	-	-	-
Transfers / adjustments	-	(204)	(13)	172	6	-	-	-	(142)	(181)
Balance as at 31 December 2018	271,250	1,393,521	65,539	17,724	11,190	27,860	114,896	10,002	283,251	2,195,233

Notes to the Financial Statements continued

For the year ended 31 December 2018

	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Hocken collection \$000	Rare books \$000	Equipment \$000	Total \$000
CONSOLIDATED 2017										
Accumulated depreciation Cost	-	(60,343)	(43,301)	(10,010)	-	(25,377)	-	-	(179,614)	(318,645)
Balance as at 1 January 2017	-	(60,343)	(43,301)	(10,010)	-	(25,377)	-	-	(179,614)	(318,645)
Year ended 31 December 2017										
Revaluation	-	90,029	-	-	-	-	-	-	-	90,029
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)
CONSOLIDATED 2018										
Balance as at 1 January 2018	-	(101)	(46,851)	(9,834)	-	(19,191)	-	-	(193,214)	(269,191)
Disposals	-	-	2,682	1,778	-	6,534	-	-	8,793	19,787
Depreciation charge (Note 6)	-	(35,288)	(5,987)	(1,757)	-	(2,747)	-	-	(17,271)	(63,050)
Transfers / adjustments	-	102	(5)	-	-	-	-	-	84	181
Balance as at 31 December 2018	-	(35,287)	(50,161)	(9,813)	-	(15,404)	-	-	(201,608)	(312,273)
Net book value										
As at 1 January 2017	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
As at 31 December 2018	271,250	1,358,234	15,378	7,911	11,190	12,456	114,896	10,002	81,643	1,882,960

	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Hocken collection \$000	Rare books \$000	Equipment \$000	Total \$000
UNIVERSITY 2017										
Gross carrying amount	17,190	219,438	58,143	17,253	10,577	38,384	-	9,872	262,289	633,146
Cost	238,613	853,854	-	-	-	-	-	-	-	1,092,467
Valuation	255,803	1,073,292	58,143	17,253	10,577	38,384	-	9,872	262,289	1,725,613
Year ended 31 December 2017										
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 2018										
Balance as at 1 January 2018	265,401	1,271,504	61,154	17,023	10,896	31,656	-	9,929	271,622	1,939,185
Revaluation	-	-	-	-	-	-	-	-	-	-
Additions	5,955	120,540	6,629	2,005	288	2,738	-	72	20,224	158,451
Disposals	(320)	(468)	(2,722)	(1,782)	-	(6,534)	-	-	(9,199)	(21,025)
Transfers / adjustments	-	(203)	(11)	173	6	-	-	-	(127)	(162)
Balance as at 31 December 2018	271,036	1,391,373	65,050	17,419	11,190	27,860	-	10,001	282,520	2,076,449
UNIVERSITY 2017										
Accumulated depreciation	-	(60,286)	(42,927)	(9,738)	-	(25,377)	-	-	(179,212)	(317,540)
Cost	-	(60,286)	(42,927)	(9,738)	-	(25,377)	-	-	(179,212)	(317,540)
Balance as at 1 January 2017	-	(60,286)	(42,927)	(9,738)	-	(25,377)	-	-	(179,212)	(317,540)

Notes to the Financial Statements continued

For the year ended 31 December 2018

Year ended 31 December 2017	Land \$000	Buildings \$000	Computers \$000	Furniture \$000	Artworks \$000	Library books \$000	Hocken collection \$000	Rare books \$000	Equipment \$000	Total \$000
Revaluation	-	90,030	-	-	-	-	-	-	-	90,030
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)
UNIVERSITY 2018										
Balance as at 1 January 2018	-	-	(46,489)	(9,570)	-	(19,191)	-	-	(192,832)	(268,082)
Revaluation	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	2,682	1,778	-	6,534	-	-	8,793	19,787
Depreciation charge (note 6)	-	(35,146)	(5,947)	(1,745)	-	(2,747)	-	-	(17,437)	(63,022)
Transfers / adjustments	-	-	(5)	-	-	-	-	-	311	306
Balance as at 31 December 2018	-	(35,146)	(49,759)	(9,537)	-	(15,404)	-	-	(201,165)	(311,011)
Net book value										
As at 1 January 2017	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
As at 31 December 2018	271,036	1,356,227	15,291	7,882	11,190	12,456	-	10,002	81,354	1,765,438

Work in progress as at 31 December 2018 (parent and Group):

Buildings \$170.747 million (2017 \$127.805 million)

Equipment \$963k (2017 \$190k).

13. 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
CONSOLIDATED 2017		
Gross carrying amount		
Cost		49,351
Balance as at 1 January 2017		49,351
Year ended 31 December 2017		
Additions		3,210
Adjustments		(117)
Impairment charge		-
Disposals		(2,011)
Balance as at 31 December 2017		50,433
CONSOLIDATED 2018		
Balance as at 1 January 2018		50,433
Additions		4,967
Adjustments		199
Disposals		(43)
Balance as at 31 December 2018		55,556

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

	Computer software \$000
CONSOLIDATED 2017	
Accumulated amortisation and impairment Cost	(23,796)
Balance as at 1 January 2017	(23,796)
Year ended 31 December 2017	
Amortisation charge	(2,969)
Disposals	532
Balance as at 31 December 2017	(26,233)
CONSOLIDATED 2018	
Balance as at 1 January 2018	(26,233)
Amortisation charge	(3,112)
Disposals	36
Balance as at 31 December 2018	(29,309)
Net book value	
As at 1 January 2017	25,555
As at 31 December 2017	24,200
As at 31 December 2018	26,247
UNIVERSITY 2017	
Gross carrying amount Cost	48,767
Balance as at 1 January 2017	48,767
Additions	2,023
Adjustments	(117)
Transferred to patents	-
Impairment charge	-
Disposals	(539)
Balance as at 31 December 2017	50,134

	Computer software \$000
UNIVERSITY 2018	
Balance as at 1 January 2018	50,134
Year ended 31 December 2018	
Additions	4,961
Adjustments	200
Impairment charge	-
Disposals	(43)
Balance as at 31 December 2018	55,252
UNIVERSITY 2017	
Accumulated amortisation and impairment Cost	(23,591)
Balance as at 1 January 2017	(23,591)
Disposals	507
Amortisation charge	(2,937)
Balance as at 31 December 2017	(26,021)
UNIVERSITY 2018	
Balance as at 1 January 2018	(26,021)
Year ended 31 December 2018	
Disposals	36
Amortisation charge	(3,083)
Balance as at 31 December 2018	(29,068)
Net book value	
As at 1 January 2017	25,176
As at 31 December 2017	24,113
As at 31 December 2018	26,184

Work in progress as at 31 December 2018 (University and Group) was \$3.429 million (2017 \$1.321 million).

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

14. 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current				
Trade payables	13,930	11,651	13,706	11,439
Accruals	26,962	22,843	26,849	20,526
Other payables	23,161	23,431	25,875	26,912
Total creditors and other payables	64,053	57,925	66,430	58,877

15. 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 \$2.095 million (2017 \$2.209 million), Parent \$2.095 million (2017 \$2.209 million).

Employer contributions to defined contribution schemes: Consolidated \$16.865 million, (2017 \$15.652 million), Parent \$16.865 million, (2017 \$15.652 million).

	Consolidated		University	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Current portion				
Annual leave	30,555	30,795	30,199	30,609
Long service leave	1,014	1,020	1,014	1,020
Retirement gratuities	17,359	17,275	17,359	17,275
Accrued wages	7,614	4,228	7,571	4,200
Total current portion	56,542	53,318	56,143	53,104

16. Current liabilities - deferred revenue

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Research funding in advance	42,023	37,523	42,023	37,523
Student fees in advance	13,710	9,739	11,892	7,616
Other income in advance	3,030	3,011	2,843	2,816
Total current liabilities - deferred income	58,763	50,273	56,758	47,955

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.

17. 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 .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 2018.

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Retirement gratuities	41,925	40,783	41,925	40,783
Long service leave	1,925	2,075	1,925	2,075
Sick Leave	1,041	1,083	1,041	1,083
Total non-current portion	44,891	43,941	44,891	43,941

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

18. Non-current liabilities - loans

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Loans - external trusts	763	773	-	-
Callaghan innovation loan	210	-	-	-
Total non-current liabilities - loans	973	773	-	-

The maturity profile for non-current liabilities is as follows:

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
0-1 years	-	-	-	-
1-5 years	-	-	-	-
More than 5 years	973	773	-	-
Total non-current liabilities	973	773	-	-

External trust loans

Non-current loans represent funds held on behalf of an external trust (the Canterbury Health Care of the Elderly Education Trust) where the University of Otago is not the sole beneficiary on cessation of the trust. The funds from this trust have been invested in the University of Otago Foundation Trust and investment income is allocated to this fund monthly.

Callaghan innovation loan

The unsecured pre-incubation loan from Callaghan Innovation to Upstream Medical Technologies Ltd bears interest of 3% per annum. The loan becomes repayable only once Upstream Medical Technologies begins generating commercial revenue.

19. Equity

Accounting policy

Equity is the community's interest in the University and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- General funds
- Property revaluation reserves.

Property revaluation reserve: This reserve relates to the revaluation of land and buildings to fair value.

The breakdown of accumulated funds and reserves are disclosed as follows:

	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Accumulated funds				
Balance at 1 January	1,027,183	991,699	711,952	695,740
Share of Associate OCI	1,465	-	-	-
Adjustment	-	1,244	-	-
Surplus/(deficit) for the year	26,965	34,240	40,930	16,211
Balance at 31 December	1,055,613	1,027,183	752,882	711,951
	Consolidated		University	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Reserves includes				
Revaluation reserves	985,655	985,414	984,190	985,414
Total reserves	985,655	985,414	984,190	985,414
Revaluation Reserves				
Balance at 1 January	985,414	773,849	985,414	773,849
Net revaluation adjustment	(1,224)	211,565	(1,224)	211,565
Balance at 31 December	984,190	985,414	984,190	985,414

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

20. Contingencies

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$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.	20	40	20	40
Legal proceedings against the University	-	-	-	-
Total contingent liabilities	70	90	70	90

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

There are no contingent assets at balance date (2017:Nil)

Pledged donations

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

Total pledged donations outstanding as at 31 December 2018 at face value are \$11.343 million (2017 \$3.371 million).

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Pledged donations at fair value	2,795	2,754	-	-
Total quantifiable contingent assets	2,795	2,754	-	-

21. 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Capital commitments				
Buildings	105,470	139,266	105,470	139,266
Equipment and other	3,427	4,123	3,427	4,123
Total capital commitments	108,897	143,389	108,897	143,389

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

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Operating leases as lessee				
Not later than one year	6,936	5,835	6,882	5,665
Later than one year and not later than five years	4,153	3,950	4,132	3,950
Later than five years	2,396	2,699	2,396	2,699
Total non-cancellable operating leases	13,485	12,484	13,410	12,314

Operating leases "Not later than 1 year" includes accommodation head leases, \$3.106 million (2017 \$3.087 million).

22. 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	
	2018 \$000	2017 \$000
Intra-Group		
University of Otago Holdings Limited (UOHL)		
Dividends received from Foundation Studies Ltd	524	276
Equity advanced to Otago Innovation Limited	-	700
Accounting & secretarial services paid to the University of Otago	28	28
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	63	66
The balance of the current account at year end was	2,392	1,830
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	2,153	2,005
At year end the amount owing to the University was	-	140
During the year FSL provided goods & services to the University to the value of	2,440	1,693
At the end of the year the amount owing by the University was	-	-
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	160	115
The balance at year end was	5,066	4,630
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	950	901
At year end the amount owing to the University was	1,031	418
During the year OIL supplied services to the University to the value of	686	711
At year end the amount owing by the University was	10	5

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

	Consolidated 2018	2017
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
At year end the amount owing to the University was	37	13
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	25	27
At year end the amount owing to the University was	310	161
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
At year end the amount owing to the University was	-	33
NZGL provided goods and services to the University of Otago to the value of	-	534
At year end the amount owing by the University was	-	-
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	10,616	10,366
The University of Otago Foundation Trust holds a current account with the University.	3,452	2,432
The University of Otago Foundation Trust received \$196k of donations via the University of Otago, for the year ended 31 December 2018 (2017: \$35k).		
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	294	342
UUL paid the University of Otago ground rent of	147	115

Transactions with key management personnel

Key management personnel compensation

	Consolidated	
	2018	2017
	\$000	\$000
Senior Management Team, including the Vice-Chancellor:		
Remuneration	3,960	4,125
Full-time equivalent	14	16

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 \$180k (2017 \$160k), parent \$180k (2017 \$160k).

Directors fees: consolidated \$78k (2017 \$68k), parent (nil) (2017 nil).

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties (2017 \$nil).

Transactions with members of Council

Member of Council	Organisation	Purchased by the University		Purchased from the University	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Mr H J Baird <i>(term completed 31 Dec 2017)</i>	University Union Limited (D)	-	393	-	871
	University Bookshop (Otago) Limited (D)	-	134	-	4
	Otago University Students' Association (P)	-	3,702	-	199
Ms C F Barlow-Groome <i>(term 1 Jan 2018 to 31 Dec 2018)</i>	Otago University Students' Association (P)	3,633	-	135	-
	University Bookshop (Otago) Limited (D)	164	-	5	-
Mr F B Barton <i>(term 1 Jan 2016 to 31 Dec 2019)</i>	Anderson Lloyd (D) (P)	316	173	-	4
	New Zealand Law Society (Branch President)	-	3	-	-
	Presbyterian Support Otago (Trustee)	16	12	-	2
Mr M R Dippie <i>(term 1 Jan 2016 to 31 Dec 2019)</i>	Mitre 10 (New Zealand) Limited (D)	68	29	-	-
	University of Otago Holdings Limited (D) <i>(See intragroup note)</i>	-	-	-	-
Professor H Hayne	NZ Vice Chancellors' Committee Universities NZ (Committee Member)	-	-	161	168
	Otago Innovation Limited (D) <i>(See intragroup note)</i>	-	-	-	-
	University of Otago Foundation Trust (Ex-officio Trustee) <i>(See intragroup note)</i>	-	-	-	-
	University of Otago Holdings Limited (D) <i>(See intragroup note)</i>	-	-	-	-
	International Festival of Environment Science & Technology	102	-	-	-
Mr S J Higgs <i>(term 1 Jan 2016 to 31 Dec 2019)</i>	Disease Research Limited (D) <i>(See intragroup note)</i>	-	104	-	-
	Farmlands Co-Operative Society Ltd (Secretary)	1	2	-	-
	Immune Solutions Ltd (C) <i>(See intragroup note)</i>	-	-	-	-
	Mitern Limited (D) (S)	46	-	-	-
	Otago Innovation Ltd (D) <i>(See intragroup note)</i>	-	-	-	-
	University of Otago Foundation Trust (Trustee) <i>(See intragroup note)</i>	-	-	-	-
	University of Otago Holdings Limited (D) <i>(See intragroup note)</i>	-	-	-	-
Ms L C Hobson <i>(term 14 Mar 2017 to 31 Dec 2018)</i>	University of Otago Foundation Trust (Trustee)- <i>(See intergroup note)</i>	-	-	-	-

Notes to the Financial Statements *continued*

For the year ended 31 December 2018

Transactions with members of Council

Member of Council	Organisation	Purchased by the University		Purchased from the University	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Associate Professor C J Marshall <i>(term 1 Jan 2016 to 31 Dec 2018)</i>	Tertiary Education Union Otago (Rep on Ethical Behaviour Committee)	-	-	-	28
Ms D C Matahaere-Atariki <i>(term 1 Jan 2016 to 31 Dec 2018)</i>	Ministry of Health - NGO Council (C)	-	30	-	4,797
	Te Whare Pounamu Dunedin Womens Refuge (Trustee)	-	-	1	1
	Te Runanga o Otakou Inc (C)	-	39	-	-
	Arai Te Uru Whare Hauora (D)	16	-	3	-
	Otakou Health Limited (D)	3	593	11	1
	Te Runanga o Ngai Tahu (Alternate Rep) <i>(see intragroup note)</i>	-	1	-	-
Mr S A Montague-Gallagher <i>(term 1 Jan 2016 to 31 Dec 2019)</i>		-	-	-	-
Ms P A Oakley <i>(term 1 Mar 2018 to 31 Dec 2019)</i>	Dunedin International Airport Limited (D)	26	22	-	-
	Forsyth Barr Limited (Employee) (S)	43	15	-	-
	Institute of Directors in New Zealand (Branch Committee)	7	23	-	-
	University of Otago Foundation Studies Limited (D) (ceased as Director 26 June 2018) <i>(See intragroup note)</i>	-	-	-	-
Dr R J Somerville QC <i>(term 1 Jan 2016 to 31 Dec 2019)</i>	University of Otago Foundation Trust (Ex-officio Trustee) <i>(See intragroup note)</i>	-	-	-	-
	University of Otago Foundation for Malaysia (Ex officio Trustee)	-	-	3	-
	University of Otago Holdings Limited (D) <i>(See intragroup note)</i>	-	-	-	-
Mr M A Wong <i>(term 1 Jan 2018 to 31 Dec 2021)</i>	Cook North & Wong Limited (D) (S)	20	-	-	-

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

23. 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 of the associate 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.

	Consolidated	
	2018	2017
	\$000	\$000
University of Otago Holdings Limited		
University Union Limited	4,338	2,815
Otakou Health Limited	-	150
Total investments in associates and joint ventures	4,338	2,965

	Consolidated	
	2018	2017
	\$000	\$000
University of Otago Holdings Limited's Associates:		
Name of entity: Unihealth Limited		
Principal activity: Not operating		
Ownership: 0% (31 December 2017 - 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 2017 - 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)	823	764
Share of increase (decrease) in the net assets of the associate (current year)	1,523	59
Total Investment	4,338	2,815

Name of entity: Otakou Health Limited		
Principal activity: Owner of community health facility		
Ownership: 0% (31 December 2017 - 33%)		
In December 2018 the UOHL Board resolved to transfer 33% shareholding in Otakou Helath Limited to the other shareholders	-	-
Balance date 31 March	-	150
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 2017 33%)		

Notes to the Financial Statements continued

For the year ended 31 December 2018

24. 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.

25. Events occurring after the balance date

There were no significant events after balance date.

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

	Consolidated		University	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Surplus/(deficit)	26,965	34,240	40,930	16,211
Add/(less) non-cash items				
Non-cash donations	(1,361)	(2,847)	-	-
Non-cash dividends	(1,622)	(2,033)	-	-
Share of associate's surplus	154	(60)	-	-
Adjustments to staff entitlements	950	6,310	950	6,310
Depreciation and amortisation expense	66,162	61,785	65,980	61,583
Property, plant and equipment impairment	97	410	100	325
Dunedin City Tertiary Accommodation Trust	(5,890)	(180)	(15,610)	-
Increase / (decrease) in loans from external trust funds	(10)	85	-	-
(Gains)/losses in fair value of investments	11,222	(14,826)	2,033	227
Total non-cash items	69,702	48,644	53,453	68,445
Add/(less) movements in working capital items				
(Increase)/decrease in receivables	(4,267)	2,539	(5,409)	(646)
(Increase)/decrease in prepayments	(1,370)	(578)	(1,379)	732
(Increase)/decrease in inventory	(54)	(168)	(204)	(187)
Increase /(decrease) in payables	838	8,035	4,468	9,284
Increase/(decrease) in funds received in advance	9,434	1,302	9,748	2,337
Increase /(decrease) in employee entitlements	2,640	5,454	1,581	5,483
Net movement in working capital items	7,221	16,584	8,805	17,003
Net cash inflow/(outflow) from operating activities	103,888	99,468	103,188	101,659

27. Remuneration

Entity employees

As required by the Companies Act 1993 sec 211 (1) (g), the total annual remuneration, by band, for employees in the group companies, as at 31 December 2018 was:

	Number of employees	
	2018	2017
\$100k - \$109k	5	4
\$110k - \$119k	1	2
\$120k - 129k	-	1
\$130k - \$139k	1	1
\$140k - \$149k	2	1
\$150k - \$159k	1	1
\$160k - \$169k	1	2
\$180k - \$189k	-	1
\$220k - \$229k	1	-
Total employees	12	13

Total remuneration includes non-financial benefits provided to employees.

28. Hocken Collections

	Consolidated		University	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Opening balance	118,300	117,087	4,765	4,540
Hocken additions	1,967	1,213	606	225
	120,267	118,300	5,371	4,765
being:				
Assets held in trust	114,896	113,535	-	-
Assets owned by the University	5,371	4,765	5,371	4,765
	120,267	118,300	5,371	4,765

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 \$27.197 million (2017 \$26.141 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 \$10.002 million (2017 \$9.929 million). Additions at cost in 2018 were \$73k (2017 \$57k) (see Note 12).



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 2018

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 117, that comprise the statement of financial position as at 31 December 2018, 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 117:
 - ~ present fairly, in all material respects:
 - the financial position as at 31 December 2018; 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 2018.

Our audit was completed on 16 April 2019. 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 1 to 51, 61 to 73 and 122 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 again carried out in 2018 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

Career information, advice and guidance, employment information

Financial support and advice
Health services

Sports, recreation and cultural activities

- Careers advice, guidance, planning, workshops and providing employment information to assist students transitioning from University to the workplace
- Opportunities for volunteering
- Student Emergency Fund
- Sexual safety, sexual assault support and prevention
- Subsidised general practice health care
- Specialist mental health support and counselling
- Outdoor trips and activities
- Social sport
- UNIPOL gym
- Unlimited internet use on campus for students' personal use (internet use for academic purposes is covered by tuition fees).

Student Services delivered by OUSA

Advocacy and legal advice; counselling services; careers (OUSA Support Centre)

Sport, recreation and cultural activities

- Advocacy
- Careers guidance through volunteering in conjunction with the University
- Education Quality Support Network (through the co-ordination of the system of senate, division, department and class representatives)
- Financial support and advice
- Pastoral care
- Student Job Search
- Student Support Centre programmes
- Support for Te Roopu (Māori Students' Association).
- Art week
- Battle of the Bands
- Blues and Golds sports and cultural awards
- Capping Week and Capping Show
- DJ
- Healthy Lifestyles programme
- International food festival
- Market days
- Music gigs
- Orientation
- Postgrad coffee hour
- Re-Orientation.

Sport, recreation and cultural activities
(continued)

- Te Roopu (Māori Students' Association)
- USNZ level sports and games tournaments
- Volunteers.

Student communication activities

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

Student services provided by the Otago Tertiary Chaplaincy Trust Board

Counselling services; advocacy

- Interfaith chaplaincy services and pastoral care.

Student Services delivered by the Otago University Childcare Association

Childcare services

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

	Compulsory student services fee revenue \$000s	Expenses \$000s	Surplus (deficit) \$000s
Advocacy & legal advice	1,290	1,299	(9)
Careers information advice and guidance	679	643	36
Childcare	52	52	-
Counselling	90	87	3
Media	326	326	-
Sports and Recreation Facilities	4,596	4,859	(263)
Health	4,293	5,110	(817)
Total	11,326	12,376	(1,050)

Income and expenditure associated with the provision of these services are separately accounted for in our accounting system. The compulsory student services fee levy charged per Equivalent Full-Time Student is shown below. The amounts include GST.

Dunedin	\$798.00
Christchurch	\$153.00
Wellington	\$124.00
Invercargill	\$134.00

Summary Facts and Figures

	2018	2017	2016	2015	2014
STUDENT ENROLMENTS					
Equivalent Full-time Students (EFTS)					
Commerce	2,829	2,885	2,954	2,928	3,074
Health Sciences	6,483	6,267	6,089	5,871	5,857
Humanities	4,825	4,712	4,807	4,944	5,180
Sciences	4,435	4,334	4,437	4,413	4,458
Subtotal	18,572	18,198	18,287	18,156	18,570
Other Group EFTS*	268	260	259	265	261
Total	18,840	18,457	18,547	18,421	18,830

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

Enrolment By Qualification Type					
PhD	1,399	1,383	1,325	1,307	1,317
Professional doctorates	142	118	86	80	71
Masters	1,360	1,261	1,287	1,224	1,214
Postgraduate diplomas	1,063	1,072	1,016	946	841
Postgraduate certificates	628	690	638	596	547
Graduate diplomas	215	243	294	314	388
Bachelor honours	404	366	385	451	434
Bachelors	14,677	14,448	14,598	14,559	15,136
Undergraduate diplomas	17	20	29	39	60
Undergraduate certificates	0	0	0	0	5
Certificate of proficiency	1,455	1,492	1,493	1,442	1,284
Interest only	5	11	1	4	10
Foundation Studies	298	305	292	316	300
Other	0	0	0	4	6
Total Students	21,108	20,838	20,814	20,601	20,942

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

	2018	2017	2016	2015	2014
Gender of Students					
Female	12,588	12,272	12,147	11,879	12,004
Male	8,519	8,565	8,665	8,720	8,936
Gender diverse	1	1	2	2	2
Total	21,108	20,838	20,814	20,601	20,942

First-year and Returning Students					
First-year	4,023	3,770	4,002	3,738	4,057
Returning	17,085	17,068	16,812	16,863	16,885
Total	21,108	20,838	20,814	20,601	20,942

Ethnicity of Students					
European/Pākehā	71.4%	72.4%	73.1%	73.4%	74.3%
Māori	9.9%	9.3%	8.9%	8.5%	8.5%
Asian	20.5%	19.8%	19.2%	18.8%	18.3%
Pacific	4.7%	4.5%	4.2%	3.9%	3.6%
Middle Eastern/Latin American/African	3.6%	3.4%	3.4%	3.6%	3.5%
Other / unknown	3.7%	3.9%	3.7%	3.6%	3.2%

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

Home Area of Students					
Dunedin	2,999	3,043	3,127	3,182	3,407
Otago/Southland	1,858	1,860	1,969	2,033	2,213
Remainder of South Island	3,796	3,813	3,903	3,828	3,895
North Island	8,946	8,737	8,570	8,482	8,425
Overseas (including NZ citizens overseas)	3,482	3,348	3,191	3,014	2,938
Unknown	27	37	54	62	64
Total	21,108	20,838	20,814	20,601	20,942

Note: The majority of NZ citizens overseas listed their home area as Australia (184 in 2018). Conversely, 187 of the 321 Australian citizens who enrolled in 2018 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

Summary Facts and Figures continued

	2018	2017	2016	2015	2014
International Students					
Undergraduate	1,819	1,807	1,810	1,768	1,749
Postgraduate	1,096	1,030	913	824	828
Total	2,915	2,837	2,723	2,592	2,577

International Students by Home Country

United States of America	772	798	721	656	581
China	507	500	490	460	454
Malaysia	301	241	241	255	287
India	133	130	119	103	99
United Kingdom	85	89	87	100	100
Canada	71	67	54	54	66
Singapore	70	68	52	45	45
Germany	59	69	72	62	80
Iran, Islamic Republic of	52	55	53	61	59
Indonesia	43	39	32	20	19
Viet Nam	40	27	25	26	27
Brunei Darussalam	38	41	52	56	61
France	35	46	52	40	39
Japan	35	37	44	51	55
Pakistan	34	27	21	21	11
Thailand	34	31	30	32	32
Norway	34	30	34	25	31
Oman	33	27	30	30	30
Korea, Republic of	29	30	31	32	38
Sri Lanka	29	23	14	10	12
Bangladesh	26	23	16	12	10
Other	455	439	457	444	443
Total	2,915	2,837	2,727	2,595	2,579

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.

Home Area of First-Year Students

Dunedin	573	578	616	554	593
Otago/Southland	462	428	432	416	474
Remainder of South Island	745	714	831	768	876
North Island	1,950	1,794	1,826	1,722	1,882
Overseas (including NZ Citizens Overseas)	293	255	277	263	230
Unknown	0	1	20	15	2
Total	4,023	3,770	4,002	3,738	4,057

Note: The majority of NZ citizens overseas listed their home area as Australia (33 in 2018). Conversely, 32 of the 43 Australian citizens who enrolled in 2018 were normally resident in New Zealand prior to commencing University study, and so listed a New Zealand home area.

2018 2017 2016 2015 2014

ACADEMIC ATTAINMENT

Number of Programme Completions

Undergraduate diplomas and certificates	130	143	183	168	260
Undergraduate degrees	3,395	3,368	3,467	3,566	3,525
Postgraduate diplomas and certificates	940	969	995	841	732
Postgraduate degrees	1,054	1,056	969	989	912

Total University	5,519	5,536	5,614	5,564	5,429
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Commerce graduates	724	700	671	745	724
Health Sciences graduates	1,768	1,674	1,790	1,576	1,464
Humanities graduates	1,099	1,275	1,290	1,419	1,452
Sciences graduates	1,541	1,494	1,475	1,455	1,444
Interdivisional graduates	387	393	388	369	345

Total University	5,519	5,536	5,614	5,564	5,429
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Degrees, Diplomas and Certificates Completed per 100 EFTS Enrolled

Commerce	25.6	24.3	22.7	25.4	23.9
Health Sciences	27.3	26.7	29.4	26.8	25.4
Humanities	22.8	27.1	26.8	28.7	34.3
Sciences	34.7	34.5	33.2	33.0	32.8

Total	29.7	30.4	30.7	30.6	29.4
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Examination Pass Rates

Commerce	89.6%	88.6%	87.8%	87.7%	85.9%
Health Sciences	95.0%	94.9%	94.2%	93.7%	93.5%
Humanities	92.5%	92.4%	92.1%	91.4%	91.1%
Sciences	87.2%	87.1%	87.7%	87.1%	86.0%
Other (Foundation Studies)	77.2%	76.0%	74.8%	79.3%	81.0%

Total pass rate	91.5%	91.2%	90.8%	90.3%	89.6%
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Summary Facts and Figures continued

2018 2017 2016 2015 2014

STAFF PROFILE

Full-Time Equivalent (FTE) Teaching and Research Staff

Female

Vice-Chancellor/senior academic managers	2	2	2	2	2
Professors	53	52	50	42	37
Readers/associate professors	78	74	72	71	61
Senior lecturers	164	168	162	166	176
Lecturers	88	89	87	82	83
Other teaching and teaching/research staff	182	160	161	159	154
Research-only staff	225	198	181	246	240

Total females	792	743	715	769	752
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Male

Vice-Chancellor/senior academic managers	6	6	6	6	6
Professors	167	170	178	166	166
Readers/associate professors	129	120	117	108	107
Senior lecturers	183	191	186	191	200
Lecturers	55	62	69	82	85
Other teaching and teaching/research staff	100	104	106	116	112
Research-only staff	164	159	155	182	183

Total males	804	810	817	851	859
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Total academic and research-only staff	1,596	1,552	1,532	1,619	1,611
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Full-Time Equivalent (FTE) Professional Staff

Female

Senior managers	9	9	9	12	13
Professional services, student and community staff	1,197	1,177	1,153	1,053	1,036
Librarians and library assistants	88	93	93	101	110
Research support staff and technicians	318	325	235	236	247

Total females	1,612	1,604	1,489	1,403	1,407
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Male

Senior managers	18	18	18	16	17
Professional services, student and community staff	651	651	640	602	587
Librarians and library assistants	24	22	21	24	23
Research support staff and technicians	179	181	162	139	144

Total males	872	872	841	781	770
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Total professional staff	2,484	2,476	2,330	2,184	2,177
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Total staff	4,080	4,029	3,862	3,803	3,788
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2018 2017 2016 2015 2014

RESEARCH ACTIVITIES (revised for previous years)

Research Outputs Produced

Total publications	5,814	4,917	4,527	5,132	4,477
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Note: Publications are shown in the year they are reported in the University's Research Outputs Report. Actual date of publication or dissemination may differ. Figures for the current year are provisional, subject to final vetting. Figures for previous years are updated as appropriate to account for the impact of vetting.

LAND & BUILDINGS

Land (hectares)

Land owned by the University (other than endowment land)	33.9474	33.0985	32.1435	31.7155	33
Land in Crown title for the University	10.7405	10.7405	11.6657	11.6297	12
Endowment land	22,243	22,243	22,244	22,243	22,243
Total freehold land	22,288	22,287	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 two properties, partially offset by the sale of one property.

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

Total	220,495	219,784	220,408	224,713	222,589
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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*

	2018	2017	2016	2015	2014
LIBRARY					
Library collection					
Books (volumes)	1,231,268	1,224,672	1,217,737	1,216,154	1,212,901
Serials (items)	438,188	455,644	459,541	467,117	493,941
Print serials subscriptions	2,776	2,855	2,915	3,247	3,791
Hocken pictures and photographs	1,137,522	1,136,251	1,131,932	1,131,458	1,130,574
Hocken linear metres of archives	10,415	10,272	10,178	10,034	9,950
Electronic serials available	163,586	169,530	152,490	171,199	164,304
Electronic books available	953,812	850,783	779,443	744,321	672,789
Space					
Seating places available	4,584	4,500	4,392	4,388	4,388
INFORMATION TECHNOLOGY					
Volume of computer and telecommunication					
Off-campus network traffic (Gigabytes)	7,819,583	7,371,800	5,078,486	692,958	419,554
KEY FINANCIAL INDICATORS					
Value of output per EFTS					
Teaching, learning and assessment	\$11,676	\$11,795	\$10,623	\$11,101	\$10,725
Research and postgraduate teaching	\$20,649	\$19,561	\$18,451	\$16,654	\$15,626
Community service	\$1,263	\$1,402	\$1,694	\$1,711	\$1,622
	2018	2017	2016	2015	2014
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
Financial indicators					
Current ratio (<i>current assets: current liabilities</i>)	0.9	1.2	1.4	1.3	1.2
Liquid ratio (<i>current assets which will result in cashflow: current liabilities which will result in cashflow</i>)	1.7	2.5	3.1	2.7	2.3
Level of debt (<i>debt to equity</i>)	2.2%	2.2%	2.2%	2.1%	2.1%
Increase in net assets	2.4%	14.0%	1.8%	2.2%	14.5%
Return on total assets	1.2%	1.5%	1.6%	1.7%	1.8%
Return on revenue	3.9%	4.8%	4.6%	5.0%	5.2%





ANNUAL REPORT 2018

