

The Council have to report that the medical school is now in operation; the classes consist of,—

I. Anatomy	...	...	...	...	...	Professor Scott.
II. Chemistry	...	...	...	...	...	„ Black.
III. Natural history	...	...	...	...	...	„ Hutton.

—all of whose lectures will be recognized—as qualifying for graduation in medicine—by the University Court of the University of Edinburgh. In addition to the above, the Council will immediately appoint a lecturer on surgery, who will also be required to obtain recognition of his lectures by the University of Edinburgh. By attendance on these lectures, together with instruction in the wards of the Dunedin Hospital, under its honorary medical and surgical staff, the Council believe they can assure to their students recognition of two *anni medici* in the University of Edinburgh, and they entertain the hope that recognition by all other British schools of medicine will follow.

In the report of last year an intimation was given that a communication had been received from the Hon. the Secretary of Crown Lands, recommending the organization of a School of Mines, and that the Council were conducting inquiries as to the best method of establishing such a School: those inquiries being completed, were embodied in a report and forwarded to the Minister. The Council at the same time signified their earnest desire to see such an institution established, and undertook to proceed with it on receiving an assurance from the Government that a subsidy of £500 per annum would be given as a grant in aid of its maintenance. This assurance being given conditionally that the services of the Director of the School of Mines should, during some portion of the recess, be placed at the disposal of the Government for the inspection of mines throughout the colony, the Chancellor, under direction of the Council, placed himself in communication with Mr. G. H. F. Ulrich, who was an officer of the Geological Survey of Victoria, and subsequently Lecturer in Mining at the University, and Lecturer in Mineralogy and Curator of the mineral section of the Technological Museum, Melbourne, to whom he subsequently offered the office of Professor of Mineralogy and Metallurgy and Director of the School of Mines.

Mr. Ulrich accepted the appointment, and on his arrival the Council, taking all the circumstances into consideration, found it necessary to defer the inauguration of the School of Mines till next year. Professor Ulrich is, in the meantime, doing good service in the mining districts, and making himself acquainted with mining matters in different parts of the country. The Council are taking steps to procure the necessary appliances and teaching material, the order for which will be transmitted to England in time to insure their arrival before the commencement of the next session, and will in due course appoint the lecturers requisite to complete the staff.

By “The Otago Museum Act, 1877,” the Museum was vested in and transferred to the University, and with it, for its maintenance, 11,000 acres of pastoral land. The Council took formal possession of the Museum on the 18th December, and it is with regret I have to report that liabilities to a considerable amount were found to exist.

In the last report your Excellency was informed of the desire of the Council to dispose of the old University building in Princess Street, to enable them to commence the erection of more suitable buildings on the new site granted them, known as the “Old Botanical Gardens.” In due time they succeeded in effecting a sale of the building to the directors of the Colonial Bank of New Zealand for the sum of £27,000.

After procuring designs, the Council entered into the following contracts:—

	£	s.	d.
Temporary offices and library	724	16	0
Chemical and anatomical division, including metallurgical laboratory	5,674	0	0
Main University building	13,887	3	6
Four professors' houses	5,040	0	0
	<u>£25,325</u>	<u>19</u>	<u>6</u>

The chemical and anatomical division of the building is completed, and will, it is believed, answer the expectations formed of it. The main building, now in progress, will be ready for occupation in March, 1879, completing one half of the design.

The deficiency already referred to—the engagements in connection with the Medical School, absolutely necessary to enable the Council to keep faith with its medical students,—the appointments which they have undertaken to make for the completion of the School of Mines, together with the inevitable contingencies, will for the present necessitate an increase in the expenditure of the University considerably beyond its revenue. The difficulty is, however, anticipated to be of a temporary nature only, the Council being advised that, on the termination of the leases of runs, which expire between the years 1880 and 1884, a very considerable increase in the rents may be relied on. The Council, therefore, contemplate making a formal application to your Excellency for authority to raise, on the security of one of its runs, such sum or sums as may be found necessary.

Mr. Frederick Chapman, Law Lecturer, whose services were highly valued by the Council, tendered his resignation, which was with reluctance accepted. After much consideration Mr. Allan Holmes, B.A. Oxon., barrister-at-law, was elected to the vacant office.

The Council report that the Synod of the Otago Presbyterian Church has resolved to proceed without delay to establish another Chair in the University.

The scholarship founded by the Hon. Sir John Richardson was awarded by competition to Mr. W. D. Milne, of the High School of Otago. This scholarship is of the annual value of £40, and is tenable for three years.

An abstract of the accounts, showing the income and expenditure of the University for the year ending 31st March, 1878, is appended to this report.

I have, &c.,
H. S. CHAPMAN,
Chancellor.

The Most Hon. the Marquis of Normanby,
Governor and Commander-in-Chief of New Zealand,
2—H, 1B,