

WHAT WE ARE, WHAT WE CAN BE:

The President's **2** Second-Year Report

by

John D. McLaughlin
17th President & Vice-Chancellor

21 October 2004

Our history and development, spanning more than two centuries, parallel the history and development of New Brunswick and Canada. We have a long tradition as a public institution that contributes to the education of our people and to most of the research conducted in this Province. As New Brunswick's flagship university we have proudly assumed a leadership role in teaching, scholarship, community service, and the intellectual life of this Province.

— *President John D. McLaughlin,*
The State of Our University: The President's First-Year Report, October 2003

What We Are, What We Can Be: The President's Second-Year Report

These words have continued to serve for almost two centuries as the quintessential mission statement for what ultimately became the University of New Brunswick. The re-enactment we staged on New Year's Day was a highlight of my second year in office, marking one of our most significant anniversaries.

One hundred and seventy-five years to the day, on 1 January 2004, the inspirational proclamation of Sir Howard Douglas once again rang out in the Great Hall of King's College (also known as the Old Arts Building and Sir Howard Douglas Hall) in Fredericton:

Firm may this Institution ever stand and flourish — firm in the liberal constitution and Royal foundation on which I have this day instituted it — enlarging and extending its material form, and all its capacities to do good, to meet the increasing demands of a rising, prosperous and intellectual people; and soon may it acquire and ever maintain, a high and distinguished reputation, as a place of general learning and useful knowledge.

First spoken at the much-heralded opening of our predecessor institution, King's College, these words have continued to serve for almost two centuries as the quintessential mission statement for what ultimately became the University of New Brunswick.

The re-enactment we staged on New Year's Day was a highlight of my second year in office, marking one of our most significant anniversaries. For Sir Howard Douglas, Lieutenant-Governor of New Brunswick from 1823 to 1831, imparted a vision of what a great public university could be a full 30 years before the Morrill Act created the major land grant colleges in the United States. And Sir Howard Douglas imbued this institution with a direction and a purpose that it has followed steadfastly, supporting the development of this Province, this region and this country.

My vision as President of UNB, first articulated in the 2002 document *Our University: The Next Five Years*, takes the words of Sir Howard Douglas as its foundation, with the aim of realizing even more fully our public obligation to the advancement of our people. The three “pillars” of my vision are:

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- Sustaining and furthering UNB's role as a national university.
 - Advancing UNB's role as a learning institution.
 - Promoting UNB's fundamental role in the economic, social and cultural well-being of the Province and Atlantic Canada.

I am reminded daily of the great responsibility these goals represent. I am also intensely aware of their urgency. Because of the immense demographic and economic challenges facing New Brunswick, I believe we may have a very short time — just three-to-five years — in which to make any substantial progress toward them. But the accomplishments of 2003-04, set out on the following pages, are both cause for optimism and a spur to greater efforts.

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Sustaining and furthering UNB's role as a national university

UNB is one of North America's oldest public universities. As such, both our history and our mandate require that we set the standard in post-secondary education. It is therefore incumbent upon us to lead the way in quality, accessibility, innovation and service to the community. And we have done so.

Faculty Accomplishments

In the past academic year alone, our faculty won three of the most prestigious teaching and research awards in Canada. Pierre Zundel, dean of *Renaissance College* and a professor of Forestry and Environmental Management, was accorded a 2003 3M Teaching Fellowship, one of only eight presented in the country for exceptional contributions to university teaching. Wiktor Askanas, acting dean of the Faculty of Administration, received one of only four *National Post* Leaders in Management Education Awards, the second UNB administration professor to be so recognized in the past two years. (Dr. Askanas's work in management education internationally was further celebrated with the Order of Poland, equivalent to the Order of Canada, in December.) And biologist Gary Saunders, who holds one of UNB's 14 Canada Research Chairs, received a Steacie Fellowship from the Natural Sciences and Engineering Research Council (NSERC), one of only six awards that annually recog-

Since offering the first engineering course in British North America 150 years ago, UNB has set the benchmark for engineering education in Canada.

nize outstanding researchers early in their careers. This is the second Steacie Fellowship a UNB researcher has received in the past three years.

What's more, Nancy Mathis, who holds a PhD in Chemical Engineering from UNB and is the president of Mathis Instruments, a high-tech company successfully spun off from UNB's incubation centre, received the Ernest C. Manning Foundation's Principal Award for Innovation in 2003.

Renowned for her research into women's role in the economy, distinguished UNB historian Beverly Lemire was this year inducted into the Royal Society of Canada. Canadian literary historian Gwen Davies, who also serves as Dean of Graduate Studies and Associate Vice-President Research, will join her in the ranks of the RSC in November. Two other UNB historians, Atlantic Canadian specialist Margaret Conrad and Thomas J. Condon, Vice-President Emeritus of the Saint John campus, were named to the Order of Canada.

Since offering the first engineering course in British North America 150 years ago, UNB has set the benchmark for engineering education in Canada. So it's little wonder that Geodesy and Geomatics Engineering professor Richard Langley was this year elected a Fellow of the Institute of Navigation for his international contributions to the technology, management, practice and teaching of navigation, or that the American Society of Civil Engineers awarded Forest Engineer Ian Smith one of its highest honours, the J.J.R. Croes Gold Medal, for his work in timber engineering.

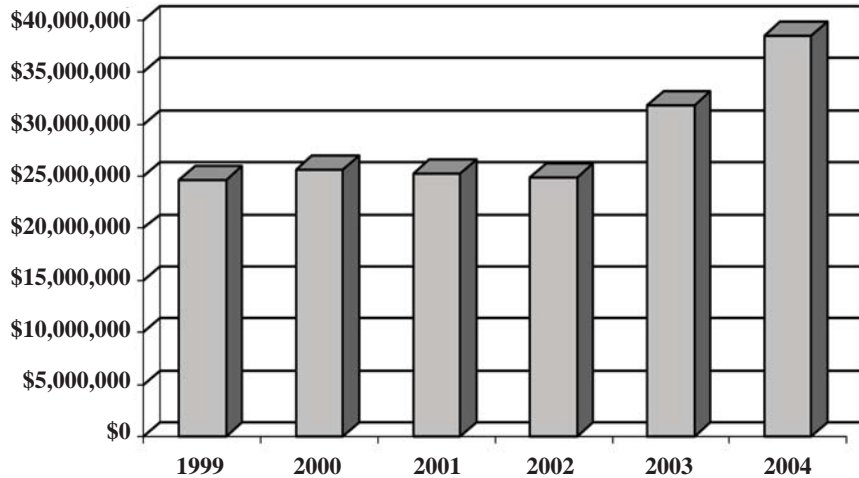
This unprecedented constellation of awards demonstrates the tremendous quality and breadth of UNB's teaching and research.

Research Results

This is also reflected in the continued climb in UNB's annual research revenues, which grew in the past year by \$6.6 million, or 21 per cent, to \$38.5 million. The largest increases were in the funding from federal granting councils; funding from the Canadian Institutes of Health Research more than doubled to close to \$2 million.

Our record of commercialization of research is also growing, with four start-up companies created around UNB technologies in the past five years.

Total Research Revenue - UNB (All Sources, Grants and Contracts)



Source: Vice-President (Research)

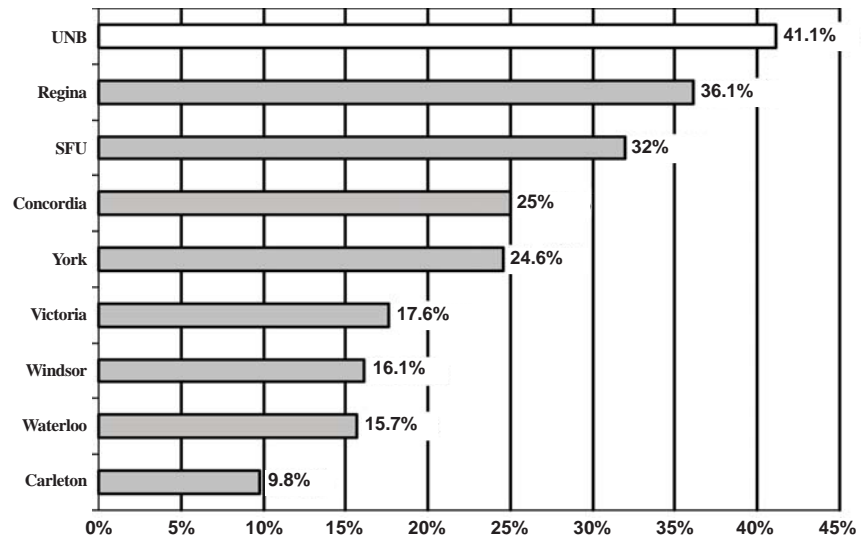
On both our campuses, researchers received record-breaking grants for breakthrough research. Doug Willms, director of the Canadian Research Institute for Social Policy at UNB Fredericton, received a grant of \$3 million from the Social Sciences and Humanities Research Council — the largest ever awarded to UNB — to assess how children can overcome disadvantages to learning caused by poverty and difficult family and community environments. A \$1-million grant from the Community-University Research Alliance to a consortium in Saint John, headed by Robert MacKinnon, dean of arts on the Saint John campus, will study the “Industrial City in Transition” to better understand the social and economic changes currently underway in Greater Saint John.

Our record of commercialization of research is also growing, with four start-up companies created around UNB technologies in the past five years. Our revenue from knowledge transfers grew tenfold between 2002 and 2004, and led the Atlantic region last year. Success stories at Enterprise UNB, a facility that provides incubation and mentoring to new companies, include Interactive Visualization Systems’ industry-leading, 3D ocean mapping software and Indosoft’s call centre automation and voice conferencing management programs. We’ve put our experience

Overall, UNB students continue to far outpace the national averages in winning Canada's high-calibre post-graduate Master's and Doctoral awards.

Peer Group Research Funding

Percentage Growth 1999-2003: NSERC, SSHRC, CIHR, NCE



Source: Canada Research Chair Allocation

to work, leading the creation of both the provincial and the Atlantic Canadian technology transfer networks.

Student Achievements

Our students, too, have shown an extraordinary level of achievement this year. Geology doctoral candidate Erin Walton was identified by *Maclean's* magazine as one of Canada's 25 brightest academic stars. Ms. Walton's work on Martian meteorites at the UNB Planetary and Space Science Centre has also earned her major scholarships from both the Canadian Space Agency and NSERC. Also cited as a star in the same issue was Adrian Chan, an international award-winning doctoral graduate of UNB's world-class program in biomedical engineering.

Overall, UNB graduate students continue to far outpace the national averages in winning Canada's high-calibre post-graduate Master's and Doctoral awards. UNB graduate students' 88-per-cent success rate for scholarships from the Natural Sciences and Engineering Research Council exceeds the national success rate by 17 per cent. Our combined Master's and Doctoral Fellowship success rate from the Social Sciences and Humanities Research

Council was an equally outstanding 84 per cent.

For the second year in a row, the Student Investment Fund from UNB Fredericton's Faculty of Administration placed first in the RISE international investment competition in Dayton, Ohio. The group invests a portion of the Province's pension fund and has grown its \$1 million share by 50 per cent over the past six years. For the third consecutive year, a team of UNB Fredericton history students won first place as the outstanding delegation at Carleton University's Model NATO Conference. For two years' running, 100 per cent of the Nursing graduates from the Saint John campus have passed the demanding Canadian Nursing Regulatory Exam that allows them to join the profession.

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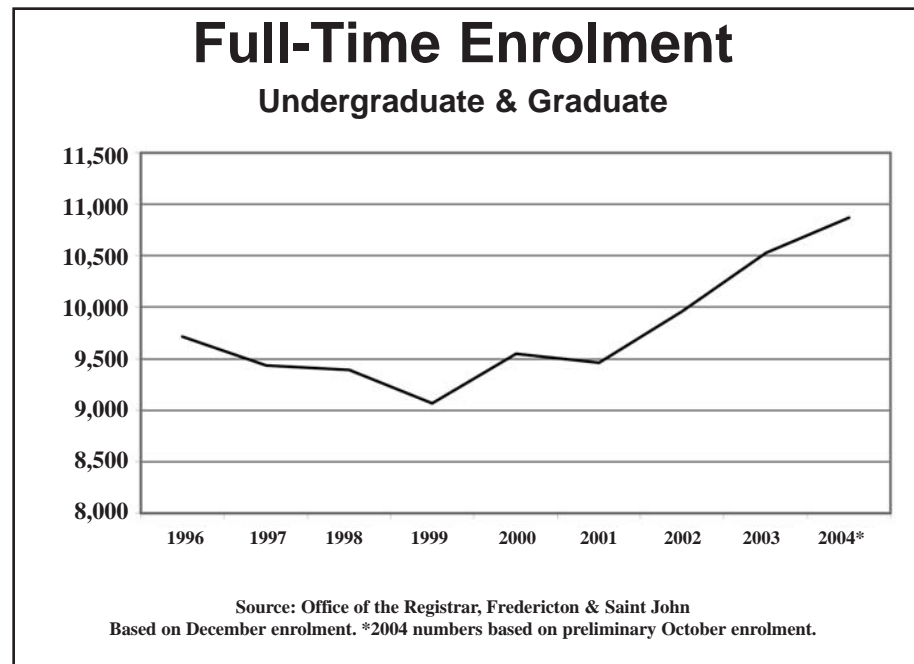
Five of our students swept the first-ever Entrepreneurship Prizes offered by the New Brunswick Innovation Foundation. David Chen, computer science and MBA graduate, and Wei Ding, engineering doctoral student, both of UNB Fredericton, won first prize for their water contaminant monitoring and forecasting system. A surprise second place was awarded to Saint John MBA students Kevin Murphy and Michael Caines for their Time to Take Medication Assist; and to Fredericton Mechanical Engineering graduate student Paul Arsenault for his Single-Side Imaging of Dense Objects. All received cash support, free rent in an incubation facility, and an equipment grant to help them establish their businesses. Saint John BA student David Shipley, who is editor of *The Baron*, was appointed chair of Canadian University Press, the oldest national student organization in North America and the oldest student news service in the world. And three Masters of Science students from UNB Saint John — Terralyn Lander, Kelly Barrington and Susan Bastarache — won prizes for their work on integrated aquaculture at the third annual meeting of AquaNet, the Canadian Network of Centres of Excellence for Aquaculture.

Forty-two members of the Varsity Reds athletic teams in Fredericton maintained an average of 3.5, earning them the designation Academic All-Canadians from Canadian Interuniversity Sport — recognizing the students' abilities both on the team and in the classroom, and maintaining UNB's per capita average well above national standards. The versatile UNB Saint John Seawolf, Melissa

Drolet, a soccer player and graduate student in chemistry, won similar recognition from the Canadian Colleges Athletic Association.

Even in club sports our athletes excelled, with the CARIS Cougars baseball team capturing the 2003 Canadian Intercollegiate Baseball Association national championship on a late autumn evening in Montreal. This was UNB's sixth appearance at the nationals, having won six straight Atlantic championships since 1998.

Undergraduate enrolment increased by 11.9 per cent — more than 1,000 students — the largest gain in the Atlantic region.



Enhancing UNB's role as a learning institution

Enrolment Climbs

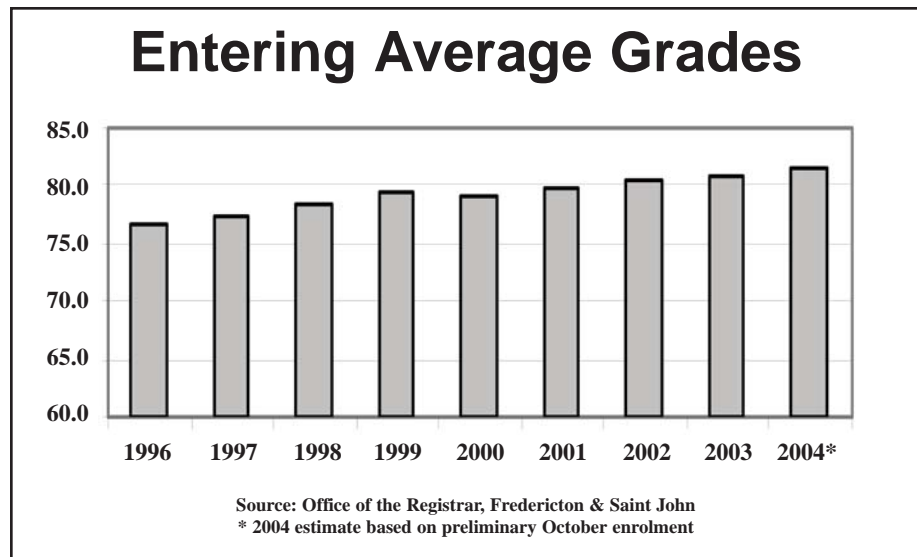
Enrolment at UNB exceeded all expectations last year. Undergraduate enrolment increased by 11.9 per cent — more than 1,000 students — the largest gain in the Atlantic region. The five-year undergraduate enrolment targets we set in 2002 were thereby achieved this year — two years ahead of schedule. With an enrolment of just over 12,000 full- and part-time undergraduate students across the institution, we are now at capacity.

Graduate student enrolment in New Brunswick grew by 15 per cent, the largest increase in the country. Our enrolment now stands at 1,346, well on the way to our target of 1,500 by 2007.

This rate of graduate student increase exceeds the recommended five-per-cent-per-year set out in the Federal Innovation Agenda, which is aimed at meeting the impending shortage of new professors.

We continue to attract a significant proportion — 12 per cent — of our student body from outside Canada. About 1,500 students from 70 countries attend UNB, enriching our campuses' culture and opening a window on the world for our Canadian students, about 65 per cent of whom are from New Brunswick.

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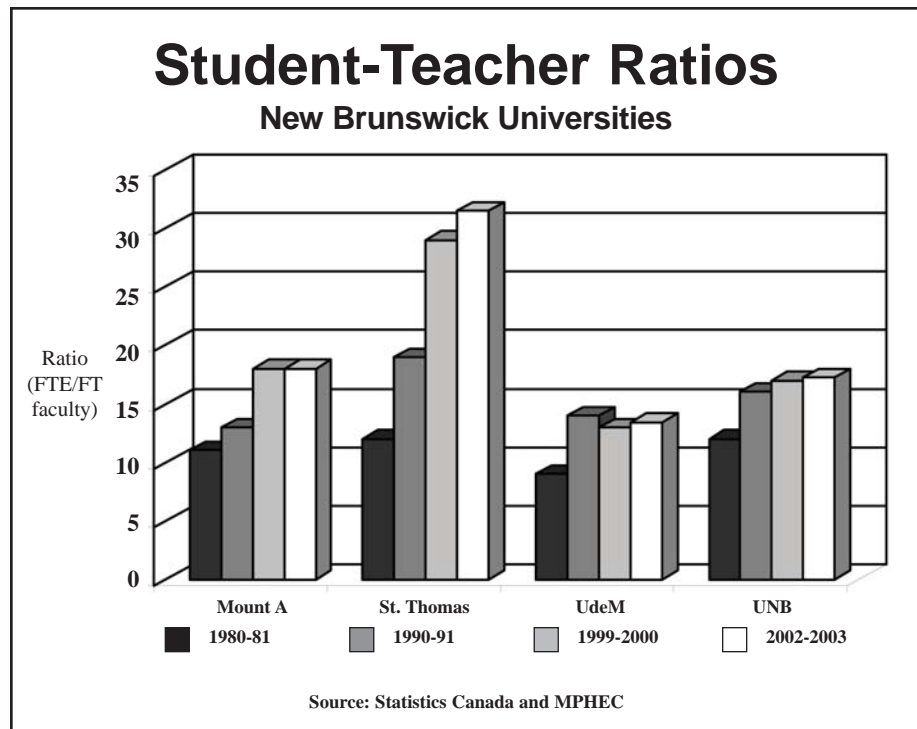


But as encouraging as these statistics are, the story is not just about numbers. Clearly, the upswing in enrolments indicates that UNB has something special to offer our students. Larger-than-ever numbers of transfer students tell us UNB compares very favourably with institutions across the country, particularly in our responsiveness to individual students. And the students who are choosing us are increasingly capable — average entering grades rose for the fifth consecutive year to 81.5 per cent for all programs. More than 90 per cent of all graduating students this year told us they were satisfied with the overall quality of their UNB education.

As the number of students graduating from high school in New Brunswick declines, our recruitment efforts, which have been so effective in recent years, will need to intensify outside the

Province. We currently consider our enrolment to be at optimal levels for an institution of our scope, but to maintain a student body of about 12,000, we must be better known and respected in other parts of Canada and around the world. We must also work hard to attract a larger proportion of New Brunswick high school graduates to enrol at UNB.

Expenditures on student services, though still below the Canadian average for comprehensive universities, have been increasing steadily over the past five years and will grow by \$2.8 million for 2004-05.



Serving Our Students

As the Province's major centre for post-secondary education, we feel a special responsibility to meet the diverse needs of our learners by providing an advantageous faculty:student ratio of 1:15; ensuring we have adequate counselling, health, mentoring and disabilities support available to our students; enabling students to access our libraries 24 hours a day via the internet; supporting a broad range of extra-curricular activities; and developing strong and nurturing residence communities on both our campuses. Expenditures on student services, though still below the Canadian average for comprehensive universities, have been increasing steadily over the past five years and will grow by \$2.8 million for 2004-05.

The appointment of Jane Fritz as Associate Vice-President

Capital renewal at the nation's universities will require billions of dollars, and we are working with our counterparts in the Province and across Canada to partner with governments to find creative solutions to this situation.

(Learning Environment) for the Fredericton campus signals a new focus on those aspects of student life that ensure learning is optimized. The untimely death in March of Richard Papenhausen, a tireless champion of services for students on the Saint John campus, has served to heighten the awareness of students' needs. On that campus, the recently appointed Registrar, Tom Buckley; Director of Student Life and Support Services, Kevin Bonner; and the first full-time Director of Athletics, Monique Allain, now form a strong triumvirate dedicated to developing a richer campus experience for all students.

Indeed, the efforts of a great many faculty and staff have contributed to these improvements in enrolment, academic quality and student support. More time and energy than ever before has been invested in our learning environment, tangibly demonstrating the University community's exemplary response to the challenge of providing our students with the best possible educational experience.

The Campus Environments

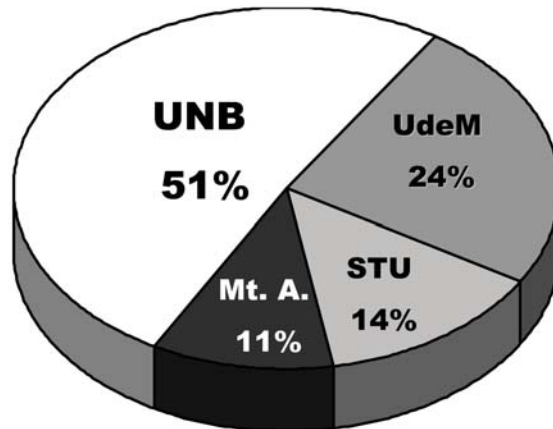
For both Fredericton and Saint John, comprehensive campus plans that reinforce the important connection between the quality of the built environment and the intellectual development, social attitudes and appreciation of the aesthetic of our faculty, staff and students will start to be implemented this year. The resources to do this will be challenging to find. In addition to the transformational new facilities we want to construct on each of our campuses — a health and wellness centre for Fredericton, a University Commons for Saint John — we have a very serious need, totalling some \$100 million, for the capital renewal of our existing buildings. We began to address this need last year with a four-year \$20 million capital renewal plan, which this coming year will see \$5.6 million added to the \$6.5 million allocated last year. While much of this must be directed to critical infrastructure, we are focusing as much as we possibly can on the improvement of classrooms and laboratories.

We are not alone in facing this crisis. Capital renewal at the nation's universities will require billions of dollars, and we are working with our counterparts in the Province and across

Our 2004-05 undergraduate tuition fee increase of 5.75 per cent was the lowest in the Province and kept faith with the promise we made to our students to stabilize increases and keep them under six per cent per year.

UNB's Share of Enrolment

2002-2003



Source: MPHEC, 2004

Canada to partner with governments to find creative solutions to this situation.

Outstanding Faculty

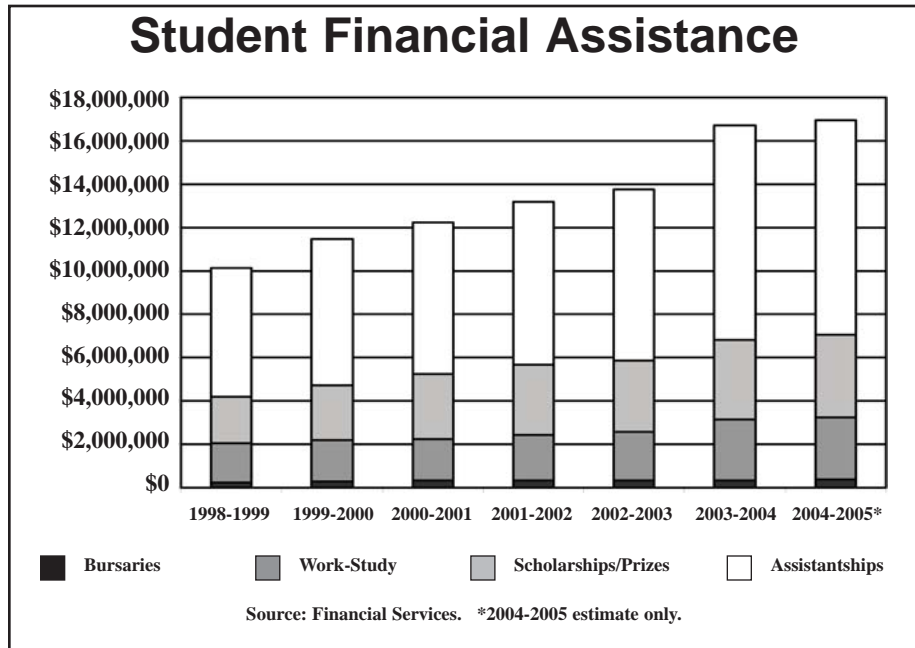
Whatever the limitation of our facilities, the quality of our faculty has never been better. Two early retirement programs in the early 1990s reduced our ranks but gave us the opportunity to get into the market earlier than other institutions. With a major faculty shortage looming in the next decade, we have been out recruiting highly qualified young faculty who have come to our campuses with energy and ideas that inspire our students and increase our reputation. Fewer than 25 per cent of our faculty are over the age of 55 — below average for the region — and our teaching complement is five per cent larger than it was in 1997-98. Still, with accelerating competition in the years ahead, we know retention of these top-notch faculty will be critical.

Paying the Piper

It is an irony that the highest tuition fees in the country are in the Maritimes, where, arguably, there is the least ability to pay. In 2003-04 our fees ranked 12th among the 16 Maritime institutions, the only comprehensive university to fall below the group average. Our 2004-05 undergraduate tuition fee increase of 5.75

If, in the second year of my presidency, I had to choose one person who personifies the UNB spirit, it would be Colin B. Mackay. President of UNB from 1953 to 1969, Colin both recognized and realized the extraordinary potential of the post-war boom over which he presided.

per cent was the lowest in the Province and kept faith with the promise we made to our students to stabilize increases and keep them under six per cent per year. To accomplish this requires very clear prioritization of expenditures and strong fiscal discipline.



As we focus increasingly on quality — of our faculty, of our students, of our facilities — we also recognize that accessibility for all qualified students regardless of financial means remains a central part of our mandate. As a result, we have increased our undergraduate scholarship and bursary support by 62 per cent over the past five years to a total of \$2.8 million in 2003-04. The number of students receiving awards has increased over the same period from 859 to nearly 2,000. The value of our assistantships for graduate students increased by 15 per cent over the past year and I have just committed \$250,000 per year for four years to support a Doctoral Tuition Award that will make us competitive with other major research institutions.

Promoting UNB’s fundamental role in the economic, social and cultural well-being of the Province and Atlantic Canada

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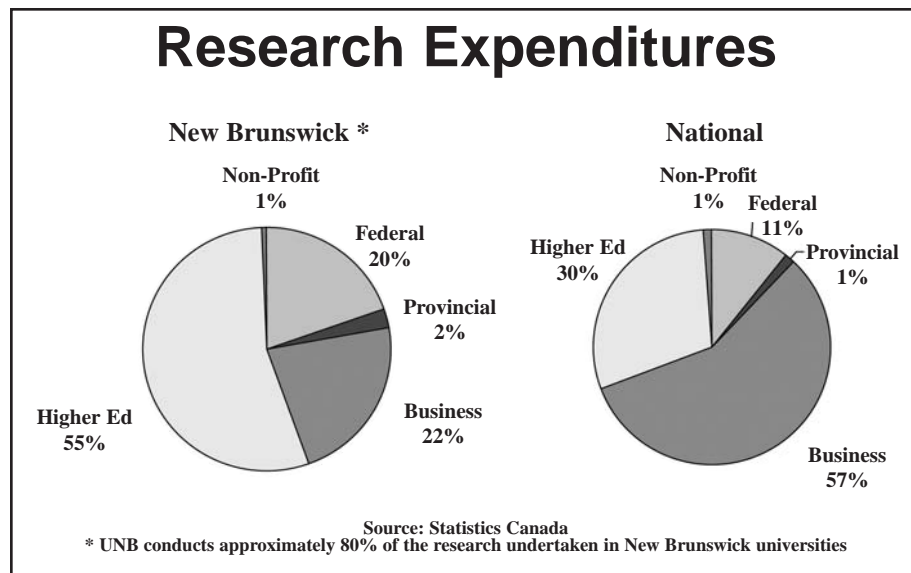
Mackay. President of UNB from 1953 to 1969, Colin both recognized and realized the extraordinary potential of the post-war boom over which he presided. With the help of a remarkable benefactor, Lord Beaverbrook, he transformed UNB into a modern university, one that was particularly attuned to the history, character and opportunities of this Province. As President Emeritus, he was an advisor to his successors, a patriarch at our ceremonies and celebrations, and a UNB partisan to the end. Upon his death in November 2003, he left his estate of some \$6 million to be divided equally between the Gerard La Forest Library in the Faculty of Law and scholarships and bursaries for the Saint John campus.

If . . . I had to choose one place that embodies the UNB spirit, it would be the Saint John campus.

If, in the second year of my presidency, I had to choose one event that exemplifies the UNB spirit, it would be the CIS national men's hockey championships. Hosted by UNB Fredericton, the series in late March rallied the community, drew record audiences and unprecedented TSN viewership. Eliminated in the Atlantic University championships, the feisty UNB Varsity Reds came back in the nationals against all odds to beat number-one ranked Alberta 6-5, snapping their 44-game winning streak, and to force St. Francis Xavier into double overtime in the final game before settling for the silver medal.

If, in the second year of my presidency, I had to choose one place that embodies the UNB spirit, it would be the Saint John campus. Some fifty years ago, it was but a gleam in the eye of a committed group of Saint John citizens. Today, 40 years after its founding in the barn behind Beaverbrook House, our Saint John campus is a full, active and thriving partner in the University of New Brunswick. UNB Saint John has collaborated with businesses, industries, and civic leaders to increase the national prominence of UNB, and to strengthen the Saint John community. As our programs have gained scope and momentum, our student population has continued to grow at an exponential rate. With the move to Tucker Park in 1969, enrolment was a little over 500. We now host 3,000 students from more than 70 countries, support a growing Study Abroad Program and have a substantial presence in Beijing in partnership with the Concord College of Sino-Canada.

The UNB spirit I've tried to illustrate is deeply connected to the community. It has at its root the impulse to share the beneficent influence of the University with every home in the Province.



Renewing Our Commitment to the Community

The UNB spirit I've tried to illustrate is deeply connected to the community. It has at its root the impulse to share the beneficent influence of the University with every home in the Province. It represents the best to which we New Brunswickers can aspire. It has the power to play an integral role in the future not only of New Brunswick but, indeed, the rest of Canada.

Much of our research, teaching and service extends into the community, directly addressing issues of importance to society. The Community Health Clinic, operated by the Faculty of Nursing in Fredericton, provides care to the homeless and disenfranchised while studying the special needs of this population. The bi-campus Canadian Rivers Institute monitors our waterways, fish populations and the related ecosystems, prescribing solutions for pollution control, species survival and preventative conservation. The Canadian Research Institute for Social Policy in Fredericton conducts nation-wide studies that help to evaluate the effectiveness of our educational systems and suggest remedies for low levels of literacy and numeracy.

In Saint John the Centre for Coastal Studies and Aquaculture works with industry to improve fish farming techniques, cultivate new species, fight disease and develop integrated and sustainable approaches that can co-exist with the natural environment.

Faculty and staff have been front and centre in the development of the far-reaching Saint John Growth Strategy, unveiled in October 2003, which maps out new economic directions for the Port City and surrounding area.

Kinesiology faculty in Fredericton are tackling the epidemic of childhood obesity by providing evaluation, counselling, and diet and exercise regimens to youngsters and their families. The results of a comprehensive province-wide survey, constructed and analyzed by a team UNB political scientists in 2003, are definitively dispelling common stereotypes of defeatism by revealing, for example, that a majority of New Brunswickers agree that hard work rather than luck is what it takes to get ahead, believe that ‘everyone must look out for themselves’, and would consider starting their own business if they lost their job. And faculty and staff have been front and centre in the development of the far-reaching Saint John Growth Strategy, unveiled in October 2003, which maps out new economic directions for the Port City and surrounding area.

Our influence in the arts is also strongly felt. *The Globe and Mail*, in a recent eulogy to the great professor, poet and publisher Fred Cogswell, described the English department at UNB Fredericton as a “nationally and internationally known...hotbed of Canadian writing.” The December 2003 celebration of painter Bruno Bobak’s 80th birthday underscored that it was his appointment as artist-in-residence at UNB Fredericton that brought him to New Brunswick 40 years before. And a popular summer festival organized by our Centre for Musical Arts brings the CBC Radio 2 to Fredericton every year to record performances of internationally known musicians that warm up winter broadcasts.

Next NB/Avenir NB

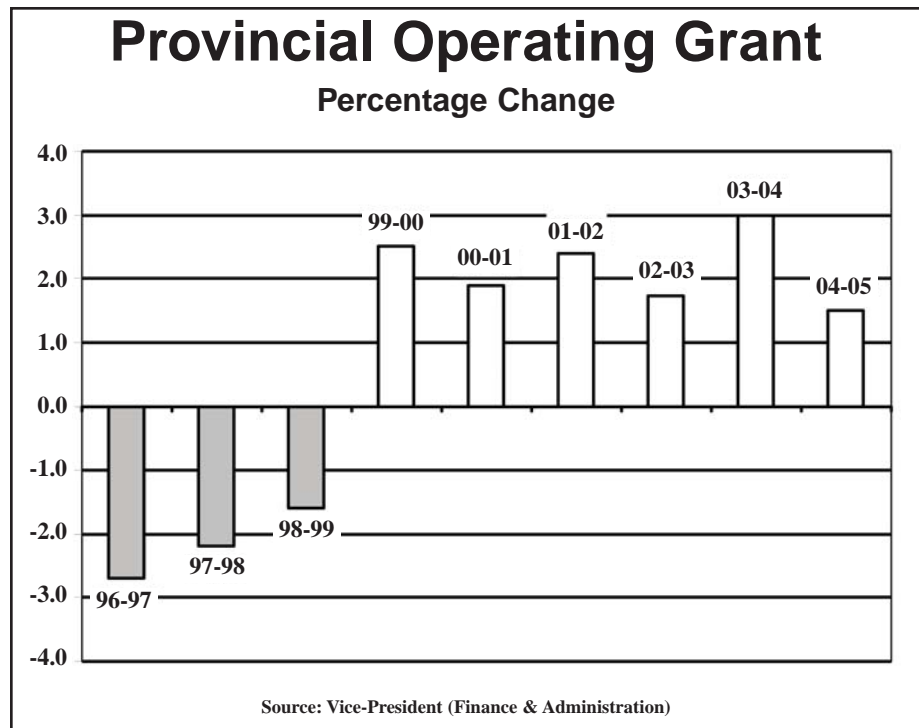
It is because of this deep connection to the community through our academic agenda that we have launched Next New Brunswick/Avenir New Brunswick. This bilingual project, which began in February, seeks to raise awareness of New Brunswick’s many challenges and to inspire a cadre of the Province’s citizens to step forward and lead the next New Brunswick.

At its core is a series of 10 discussion papers and 16 public forums, already under way, that aim to engage New Brunswickers in a conversation about the state of their province. The response has been unequivocally positive. The Lieutenant-Governor, political and community leaders, ethnic and aboriginal groups, young

people, seniors — a veritable cross-section of our population — have come forward to speak out and to become involved. Networks of social and business groups are being formed, the next generation of leaders between the ages of 20 and 35 is being identified through a province-wide search, and a major culminating conference, *Transforming Citizens into Leaders*, is being planned for June 2005.

Ultimately, we want to see New Brunswickers take responsibility for their own destiny. Supported by a new public policy institute at UNB that will emerge from this initiative, our citizens can begin to fashion a future of innovation, self-sufficiency and opportunity. We believe this will be a model for the rest of the country and a tangible demonstration of the great potential inherent in Atlantic Canada.

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Toward Greater Self-Sufficiency

For UNB to preserve and strengthen its value to the community, we too must achieve greater self-sufficiency. Provincial government support now constitutes just 37 per cent of our \$220-million budget, and we recognize this is likely to continue to

decrease as a proportion of our income. In fact, without a major change in fortune, it is a real question whether New Brunswick will be able to create the wealth necessary to sustain a national, research-intensive university like UNB.

Students are now paying close to 35 per cent of the cost of their education, twice the 17 per cent paid by my generation of the late 1960s and up from 27.5 per cent just a decade ago. We know we have just about reached the upper limit of tuition fee increases; our future growth must come from the diversification of our revenues. This includes using our considerable land holdings more strategically, expanding the offerings of the College of Extended Learning to non-traditional markets, developing more partnerships for international and unique programs, bolstering our research infrastructure to support patenting and commercialization, and encouraging more private sector philanthropy.

Over the past year, I have spent a substantial amount of time asking alumni and friends, corporations and foundations to support the *Forging Our Futures* Campaign. With an initial goal of \$60 million from the private sector, this is the most ambitious fund raising effort in our history.

An outstanding group of more than 50 alumni and friends have committed to serve on our Campaign Cabinet, led by Allison D. McCain, UNB alumnus and chair of McCain Foods Ltd. Our Chancellor, Richard J. Currie, C.M., is lending his considerable influence to our cause, as is the Chair of our Board of Governors, David A. Ganong.

The response to our Campaign has been uniformly enthusiastic and generous. I have been heartened by the high regard in which UNB is held by our graduates and other supporters. The importance of this University is well understood by those who know it. Its role in the Province, the region and the country is recognized, sometimes most acutely by those who are the farthest from it.

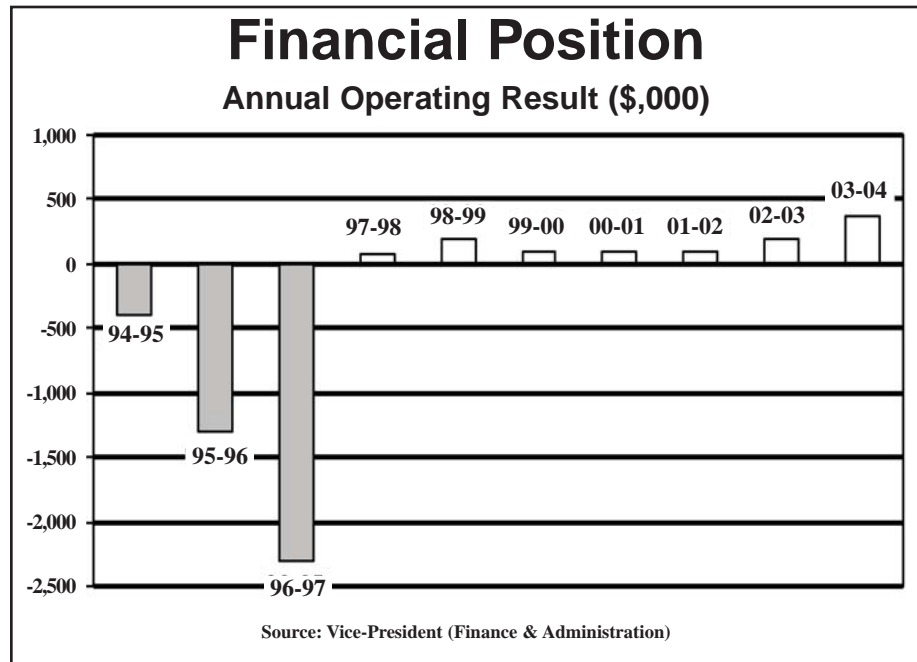
Still, those closest to the need have come through brilliantly. Faculty and staff have pledged more than \$2 million on the “family” goal of \$3 million and participation across our two campuses so far exceeds 50 per cent.

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Though we are some months from a public launch of the Campaign, in February we celebrated the magnificent contribution of \$2.5 million made by alumnus William S. Lewis to create a prestigious program of doctoral fellowships. His commitment represents the largest gift ever made to UNB by a living alumnus.

Another inspiring donation came from Chris Gruenwald, a member of the class of 2004, who, upon his graduation in May, established the Foresters' Excellence Award, a \$1,000 annual scholarship for students following in his footsteps. A native of British Columbia who was drawn to UNB because of the reputation of our Forestry program, Chris told me his education here had been outstanding and he wanted "to give back" to the institution.

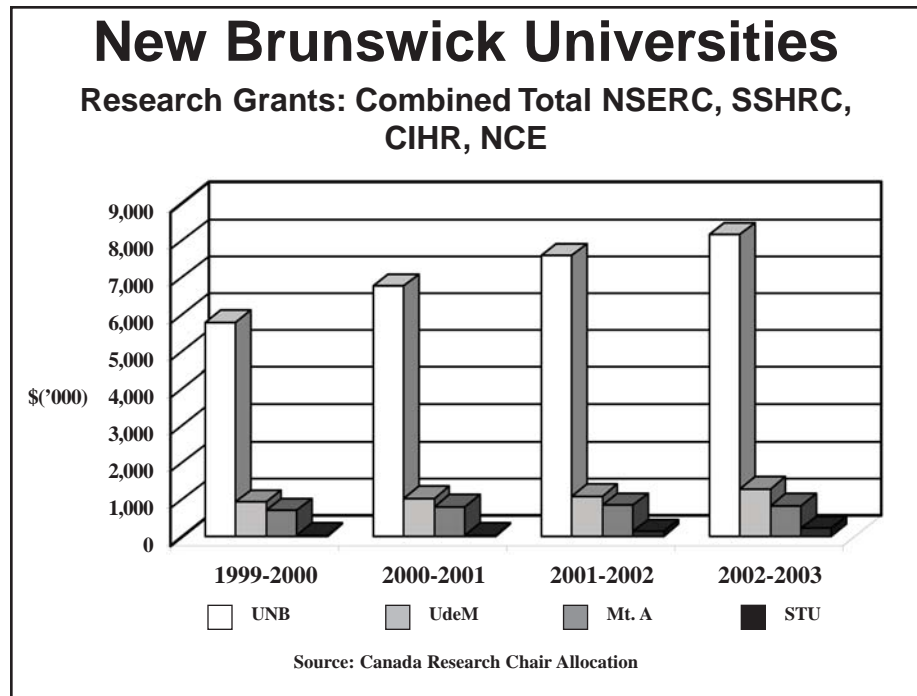
For the seventh consecutive year UNB achieved a balanced operating budget.



Fiscal Responsibility and Governance

For the seventh consecutive year UNB achieved a balanced operating budget. Additional revenues from our dramatic enrolment growth were reinvested in improving our learning environment through capital renewal of our classrooms, laboratories and buildings on both campuses. Recognizing that enrolment gains like these are not sustainable — or desirable — in the years ahead, we have not incorporated this better-than-projected tuition fee income into our long-term financial forecasts. Our 2004-05 and

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future budgets are predicated on what we believe is the realistic enrolment outlook.

We have brought a new level of discipline to our budgeting process, tying resource allocations to approved academic plans and clearly established, highly strategic priorities. We have defined the proportion of our budget or “piece of the pie” that will be assigned to faculties and departments, academic and student support, administration, and maintenance and utilities. We have worked hard to build more flexibility into the budget to allow funds to be reallocated as needed to emerging priorities, especially those related to teaching and research.

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As of 30 April 2004, the end of our fiscal year, the value of our investment portfolio was approaching \$111 million. The return for the 12-month period was 19.23 per cent, compared to our benchmark of 18.21 per cent. Over the past five years, annualized returns amount to 5.45 per cent, compared to the benchmark of

This story of ingenuity, perseverance and the overcoming of adversity, of strength and excellence, quality and character, defines not only what we are, but what we can be.

4.85 per cent. This success, reinforced by the Board of Governors Spending Policy, currently set at five per cent, has ensured we have adequate resources from our endowment for scholarships, professorships, lectureships and a multitude of other activities, while preserving and growing the capital in our endowment.

I would like to acknowledge the contributions of David O'Brien, who for many years has contributed immeasurably to the results reported above through his service on our Board of Governors Finance and Investments committees and, who, this past year, ably chaired the Board.

Our Board of Governors has never been stronger. Its members bring to the table an extraordinary array of business, financial, academic and management expertise. More and more we seek to engage them in the substantive issues facing the university, to maximize their involvement through an efficient committee structure, and to increase their effectiveness through a more streamlined meeting agenda.

Conclusion

I am deeply grateful to the countless faculty, staff, students, alumni and friends, (only a handful of whom are individually recognized in this report), who over the past two years have helped me to begin to tell a new story about UNB. This story of ingenuity, perseverance and the overcoming of adversity, of strength and excellence, quality and character, defines not only what we are, but what we can be.

The next three-to-five years must be more than inspiring. In the next few years, we at UNB must begin to demonstrate even more tangibly the power of education to engender confidence, create knowledge and achieve prosperity. We must enlarge our impact as a national university through the excellence of our teaching programs and the relevance of our research. We must give real substance to a learning environment that is stimulating, supportive, responsive and uplifting. And we must deploy across our Province and our country every available intellectual resource, all technological and scientific expertise, and every innovative solution we can muster for the betterment of our society and our world. Our future as a great public institution depends on it.

We have the tools, the power and the know-how to transform lives — our lives. Let us not shrink from the precious, all-too-brief opportunity to use them productively, constructively and unequivocally toward a better future for ourselves and our children.

— *President John D. McLaughlin,*
The State of Our University: The President's First-Year Report, October 2003

**Published by the Office of the President
University of New Brunswick**

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