



VICE-CHANCELLOR'S REPORT 2002

CONTENTS

INTRODUCTION	2
GOVERNANCE	2
EXECUTIVE MANAGEMENT	3
ACADEMIC AND RESEARCH ACTIVITIES	5
UCT'S STUDENT BODY	10
PROPERTIES AND SERVICES	12
HUMAN RESOURCES MANAGEMENT	13
DEVELOPMENT AND FUNDRAISING	13
FINANCING UCT	15



*Vice-Chancellor
Professor Njabulo N. Ndebele*

INTRODUCTION

A review of activities on our campus during 2002 confirms the significant advances being made in teaching and learning, and our excellent progress in all our research activities. While there have also been many challenges during 2002, I am confident that we often met and in some instances exceeded many of our objectives in these areas. It is therefore not surprising that the year under review showed that UCT was once again the university of choice for many of our country's brightest students, and the contents of this report illustrate some of the reasons why the University of Cape Town continues to be held in high regard internationally.

On the administrative front, one of our most outstanding successes in 2002 was the progress made in bringing UCT nearer to having the financial means it requires to take advantage of opportunities and to meet important needs. Our improving financial health is a direct result of adhering to the parameters of a medium-term budget framework that has guided our planning and will continue to guide university planning up until 2007. A report to Council from the University's Finance Committee indicated that we should be able to balance our budget a lot sooner than originally planned. Further information on UCT's financial status can be found later in this report on page 15.

GOVERNANCE

The year saw several highlights in the work of the UCT Council. The Statute of the University, which replaced the now-repealed University of Cape Town Private Act of 1999, was approved by the Minister and published on 20 September 2002. The Council subsequently adopted a set of institutional rules dealing with matters not provided for in the Statute. 2002 also witnessed the election of a new 37-member UCT Council for a three-year period. The new Council, which is the University's highest decision-making body, held its inaugural meeting on July 3 and re-elected its two senior office-bearers, Tony Farr as the Chair and Mary Burton as Deputy Chair.

The UCT Council's membership, prescribed by legislation, includes members drawn from the City Council, those appointed by central government, and those elected by the Senate, by convocation, by donors and the Students' Representative Council. There are 16 new names featured among the various constituencies of the new Council.

EXECUTIVE MANAGEMENT

The year under review saw key changes in the composition of the University's executive team. Of particular significance was the retirement of the Senior Deputy Vice-Chancellor, Professor Wieland Gevers. Professor Gevers served UCT's leadership team with distinction, initially as Deputy Vice-Chancellor under the Vice-Chancellorship of Dr Stuart Saunders and then as Senior Deputy Vice-Chancellor during the term of my predecessor, Dr Mamphela Ramphele. While Professor Gevers' wise counsel will be sorely missed by his immediate colleagues, we are pleased that his exceptional energy and drive will not be lost to the University as he takes on the mantle of Interim Director of UCT's Institute of Infectious Disease and Molecular Medicine in 2003.

As you may recall from my previous report, Professor Dan Ncayiyana left UCT to take up the position of Vice-Chancellor of the new Durban Institute of Technology, while Dr Sibusiso Sibisi left to become President of the CSIR. During 2002 we embarked on the process of recruiting three new Deputy Vice-Chancellors and by December this selection procedure had been successfully completed, with the appointment during the year of three new Deputy Vice-Chancellors: Associate Professor Cheryl de la Rey, Professor Martin Hall and Dr Benito Khotseng, who joined Professor Martin West and me on the new leadership team.

Associate Professor Cheryl de la Rey was an Associate Professor in UCT's Department of Psychology who had been seconded to the National Research Foundation (NRF) as Executive Director: Research. She will take responsibility for UCT's research and innovation enterprise and I am convinced that she will add a very important blend of skills and talent.

Professor Martin Hall, former Dean of the Centre for Higher Education Development, will be Deputy Vice-Chancellor responsible for, among other areas, higher education policy development and quality assurance. He will bring his exceptional talents as well as knowledge of UCT to this position and he will also assist me in the critical areas of development and fundraising.

DEPUTY VICE-CHANCELLORS OF THE UNIVERSITY

(Left to right): Associate Professor Cheryl de la Rey; Professor Martin Hall; Dr Benito Khotseng; Professor Martin West



DEANS OF THE UNIVERSITY

*(Top left to right): Professor Robin Cohen (Humanities); Professor Hugh Corder (Law); Dr Loveness Kaunda (Student Development); Professor Cyril O'Connor (Engineering & the Built Environment)
(Bottom left to right): Professor Nicky Padayachee (Health Sciences); Professor Doug Pitt (Commerce); Professor Daya Reddy (Science); Professor Nan Yeld (Centre for Higher Education Development)*



Professor Khotseng takes up the position of Deputy Vice-Chancellor responsible for the Student Affairs portfolio from February 2003. He joins UCT from the University of the Free State, where he was Vice-Rector: Student Services. He brings extensive experience to UCT and his appointment will strengthen the University's core leadership team.

Another new face on the Executive is that of Mr John Critien, former Director of Administration at the University of Natal, who joined UCT as the Executive Director of Properties and Services.

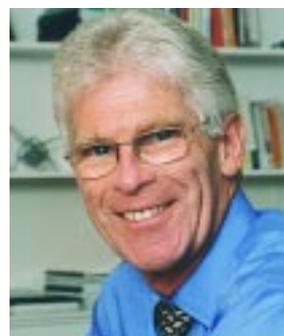
As previously mentioned, the restructuring of the Departments of Development and Communication & Marketing saw these strategically important departments merge into one department of Communication and Development, under the Executive Directorship of Ms Gerda Kruger. The newly configured department will connect the functions of communication, marketing, relationship management and fundraising, in order to achieve alignment with UCT's key objectives and improve the overall efficiency and effectiveness of these functions. A review of international trends reveals that our new model represents emergent best practice.

I believe UCT has a superb team of Deputy Vice-Chancellors, Faculty Deans and Executive Directors who head the professional and support departments, and their contribution to the management of UCT will help us achieve its goals and realise its vision.

EXECUTIVE DIRECTORS

(Top left to right): Mr Hugh Amoore (Registrar); Mr John Critien (Properties and Services); Ms Gerda Kruger (Communication and Development); Mr Prags Naicker (ICTS)

(Bottom left to right): Ms Joan Rapp (Libraries); Mr Enrico Uliana (Finance); Mr Dave van Eeden (Human Resources Management); Professor Nick Segal (Graduate School of Business)





UCT'S ACADEMIC AND RESEARCH ACTIVITIES

The University's Senior Leadership Group consisting of myself, the Deputy Vice-Chancellors, the Deans and the University's Executive Directors developed action guides for executive strategic management. These guides were crystallised from my *Vision for 2001 and Beyond* document detailed in my 2001 report. Briefly, they articulate a way forward for us to be a medium-sized and contact institution that is research-led and has a broad academic profile with selected focus areas. The final guide calls for us to strengthen our local and regional role and to maintain our credibility as a global niche player.

While 2002 was not without its own particular set of challenges, there were also many indicators that UCT continues to make progress towards its vision of being a world-class African institution. One of the indicators that signalled we are on the right path in terms of our vision was the result of a survey of Vice-Chancellors from around the globe. According to the results that appeared in the United Kingdom's *Financial Times* in May, UCT featured among the world's top 23 universities. The universities were chosen by a panel of Vice-Chancellors according to a list of 10 benchmarks, including: the ability to recruit world-class faculty and students; a throughput of world-class visiting academics; alumni in positions of power and influence; leading-edge pure research; and a long history of quality. Whilst the survey can obviously not be thought to be the definitive word on the matter, it was gratifying to note that UCT appeared alongside institutions such as Cambridge, Harvard, MIT, Oxford, Princeton, Stanford, Witwatersrand and Yale.

That our international credibility is acknowledged means that we are some way towards meeting the first tenet of my *Vision 2001 and Beyond* working document, namely building the University's global profile. This ongoing process requires us to selectively build alliances in developed countries as well as in the developing world, particularly in Africa. We need to exploit our first-world credibility within the context of being located in a region characterised by the imperatives of socio-political transformation and economic development.

UCT's desire to be globally competitive goes hand in hand with the second tenet of our vision which is to be a research-led institution. 2002 saw the compilation of specific steps that will promote research-oriented, high-quality scholarship and teaching, and provide appropriate resources for this purpose.

As a medium-sized, contact institution that is research-led and wishes to participate on a global level, UCT must ensure that it has a broad academic profile with selected focus areas. Aside from spanning the basic disciplines that represent the principal modes of contemporary scholarly enquiry, we must focus on select areas that provide the best opportunities for rigorous scholarship and high-level professional practice. This is necessary for UCT to operate effectively at an internationally significant level with respect to teaching, learning and research in an environment constrained by limited resources. This approach is also aligned to our response to the national Research and Development Strategy. UCT will position itself through the development of a number of strategic initiatives which will draw on its research strengths in relation to these new national imperatives.

The commercialisation of cutting-edge research is actively being promoted through the newly-established UCT Innovation (Pty) Ltd company. The focus of UCT Innovation is on managing the contract research activities and implementing our vision to forge profitable partnerships between researchers and the University through appropriate commercialisation activities.

We have also focused attention on our postgraduate profile in recognition of the important role these students play in our research endeavours. We have developed several new initiatives during 2002 to attract and retain graduate research students and postdoctoral fellows.

UCT is not impervious to national and international pressures. 2002 saw a range of internal and external events that our University had to take cognisance of while navigating a way forward that would ensure our continued productiveness and stability. Of particular interest to the UCT community were the report of the National Working Group (NWG) on the restructuring of the higher education system; the worsening crisis in Zimbabwe; and the continued controversy around HIV/AIDS. On the local front the NWG recommendations proposed that UCT, the University of Stellenbosch and Cape Technikon should remain "separate and independent institutions", while the

University of the Western Cape and Peninsula Technikon be merged. The reaction to the recommended mergers beyond the Western Cape has been varied. Among those who are unhappy with the recommendations, there is a strong view that the mergers involve a large number of historically disadvantaged institutions, while strong historically advantaged institutions are perceived to have been 'untouched'. In the light of the strident outcry against the report in some quarters, we can either celebrate this or we can go into the throes of guilt. The latter is not an option. We need to show greater conviction in our position in the nation through a purposeful pursuit of our strategic objectives. We need to find ways of enhancing collaborations with whatever institutions will emerge out of the current restructuring. In this we need to make a special effort to strengthen ties across the current regional focus being driven by the National Plan. It would be a pity not to work towards a sense of community in the Higher Education sector that cuts across regional boundaries. The sector needs to find its soul beyond the restructuring and the functional paradigms of service delivery.

As discussed in previous Vice-Chancellor's reports, the University undertook an extensive review of its systems, procedure and controls with the Audit of Integrated Management Systems (AIMS) initiative. AIMS took place during 1999 – 2001 and by the end of 2002 most of the AIMS recommendations had been implemented and/or integrated into the management systems of the relevant departments. Most notably we made headway in implementing the recommendations regarding the appointment of our executive directors. We have to remain vigilant that the procedures to ensure the continuous improvement of systems, service and internal controls envisaged by AIMS will be sustained into the future. My objective will be to ensure that the various initiatives launched under the auspices of the AIMS project are sustainable, and to this end they must be embedded within the institution.

Our greatest challenge remains in the area of transformation. While our student body is now almost 50% black, and while black student success rates have improved significantly, our challenge remains to retain black staff, and transform the race and gender profiles of our academic and senior administrative staff. We have thus put transformation issues at the top of UCT's agenda; in particular the issue of setting targets for changes in the staff profile.

On the international front, the global economic downturn points to the potential cut of donations from the United States and other supporters of the University. This is indeed cause for concern and UCT will have to look towards other sources of funding, most notably in the form of individual giving, if we are to achieve a sustainable development drive. The merger of the Department of Development with the Department of Communication and Marketing at the end of the year into a new, integrated Department of Communication and Development will play a crucial role in achieving these new development objectives.

In the years ahead we must renew the focus on the transformation of our institutional culture, as well as the transformation of our curriculum. We must strive to consolidate our status as a research-led university of international standing and ultimately achieve long-term financial viability. I believe we should face the future with self-critical confidence and be secure that we represent an institution that has accepted the challenge of change, recognised the associated constraints, and have critically engaged in finding innovative ways of overcoming these challenges.

2002 proved a turbulent year for UCT's private academic hospital. Launched at the beginning of 2002 as the UCT Medical Centre (UCTMC), the new state-of-the-art facility was first established as a partnership between UCT and Rhön-Klinikum AG, with the objective of offering private healthcare, while also serving as a teaching platform for UCT medical students. The status of this fledgling facility changed midway in the year when Rhön-Klinikum withdrew from the partnership. A new majority shareholder was found in the form of Westcare Hospitals, a hospital owner and management company with interests in Swaziland and South Africa.

The new agreement saw Westcare become the majority (50%) shareholder in the UCTMC, with UCT holding 26%, and the remaining shares (24%) held by a group of practitioners. Renamed the UCT Private Academic Hospital, the facility will continue its outstanding work of providing affordable world-class healthcare and in the longer term will become an integral part of the training facilities within UCT's Health Sciences Faculty.

I had the opportunity to visit this excellent facility shortly after it opened its doors and to meet its first heart transplant patient, Mr Loganathan Naidu, a brief 12 hours after the procedure. My experiences at this hospital confirm for me its crucial role in providing world-class, cost-effective medical treatment to patients in a state-of-the-art facility, and in providing our medical students with a cutting-edge medical environment in which to advance their training.

UCT's academic hospital demonstrates that a strong public-private partnership can allow individual medical staff members and Divisions within UCT's Faculty of Health Sciences to provide a significantly improved service to all patients. This is vital to strengthening one of the three pillars of academic medicine – service to patients – while maintaining the other pillars of research and teaching, for which our Health Sciences Faculty enjoys an outstanding reputation.

In the middle of the year the Health Science Faculty renewed its commitment to transformation and articulated its vision for a new institutional culture when it adopted a new charter at an historic Special Faculty Assembly held at the Baxter Theatre Centre. The new Charter includes the Faculty's acknowledgement of its past and presents a vision for the future. This moving occasion also gave the Faculty an opportunity to present the new Declaration for Healthcare Professionals. The seven-point Declaration will be recited by healthcare graduands at their graduation ceremonies and replaces the Hippocratic Oath and other declarations at UCT.

Before adopting the Charter, the Health Sciences Faculty had embarked on a ten-month process of self-introspection, examining discriminatory acts towards black students and staff as well as acts of resistance to legalised discrimination during its long history. Through this process of introspection the Faculty genuinely acknowledged its history, both in allowing acts of discrimination and oppression, as well as in its active opposition to apartheid and the abuse of human rights. This special assembly marked the culmination of this process of self-examination and self-discovery. However, much work remains to be done, not only in the Health Sciences Faculty, but within the entire University. The process is a critical one for UCT to reflect on in its quest for a transformed institutional culture. No faculty or department should remain aloof from the implications of truth and reconciliation.

Ultimately, I believe that events like this will help facilitate a change in the ethos of our business at UCT, sensitising staff and students to issues of human rights, diversity and discrimination, and ensuring that these concerns are integrated into our future teaching and research. To ensure sustainable impact in the decades ahead, this will require everybody's involvement and support. The challenge is to perpetuate a culture where everyone who chooses to study or work in it will find a place in which they can realise their full potential and become active participants in the academic life of our institution.

UCT FELLOWS

UCT also paid tribute to two of its most distinguished academics during 2002. Professors Les Underhill and John Higgins were named UCT Fellows and officially awarded their fellowships at graduation ceremonies in December. Professor Higgins of the Department of English Language and Literature was honoured for his outstanding contribution to English studies, while Professor Underhill, Director of the Avian Demography Unit, was honoured for his contribution to several diverse aspects of statistics, ornithology and marine science.



Professor John Higgins



Professor Les Underhill

RESEARCH

There have been significant changes in the national research landscape during 2002. As touched on earlier in this report, UCT has responded to the National Research and Development Strategy, to the promise of new funding opportunities via an agreement with the European Union (EU FP6) and the proposals for national centres of excellence. We further responded to the extension of the National Research Foundation rating system for researchers in the social sciences and humanities, and were gratified with the results we received later in the year. As a benchmark of excellence, the total number of UCT researchers rated by the NRF now stands at 197. Comparisons with other South African universities show that UCT has the highest number of A-rated researchers. In total UCT has 14 A-rated researchers (considered world leaders in their field) and three P-rated researchers (considered likely to become future leaders in their field). There are 180 researchers who have a B, C, L or Y-rating.

At an internal level, we have substantially revised our research administration function in an attempt to increase research capacity and output, and to develop the commercialisation potential of our research activities. These revisions are reflected in the name change from the Department of Research Development to the Department of Research and Innovation, a change that is in line with international trends and our strategic objectives. The three offices making up the Department of Research and Innovation work closely with each other to contribute to our overall goal of taking UCT's research forward.

The building of research capacity has been identified as crucial to our goal of being a research-led university. Innovative programmes designed to channel the expertise of experienced researchers into providing guidance to a group of young emerging researchers were approved. During 2002 plans were also laid for the development of a postgraduate centre to promote the interests of postgraduate students and postdoctoral fellows. Concurrently, additional funding was sourced for postgraduate students and postdoctoral fellows, to stimulate this area of research.

Our activities continue to be focused on building a relevant and vibrant research system within the University, and 2002 witnessed excellent progress towards strengthening our vision of being "research-led".

The accompanying pie-charts reflect research income and research output. Figure 1 gives a breakdown of research income by source for 2002. Contract income constitutes 71% of our total research income, followed by government-related grant funding which comprises 16% of research income.

FIGURE 1 – RESEARCH INCOME BY SOURCE

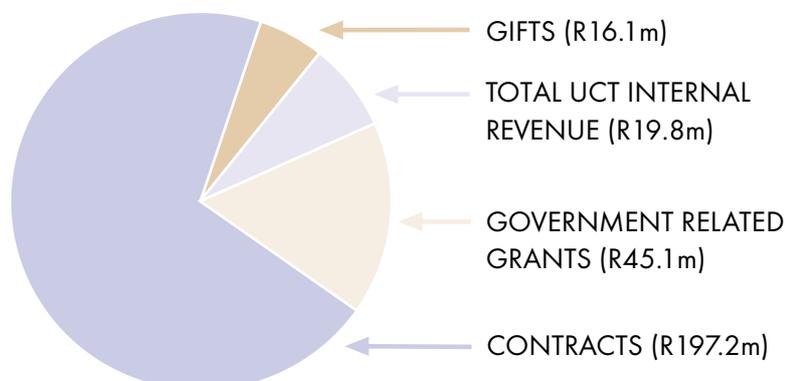
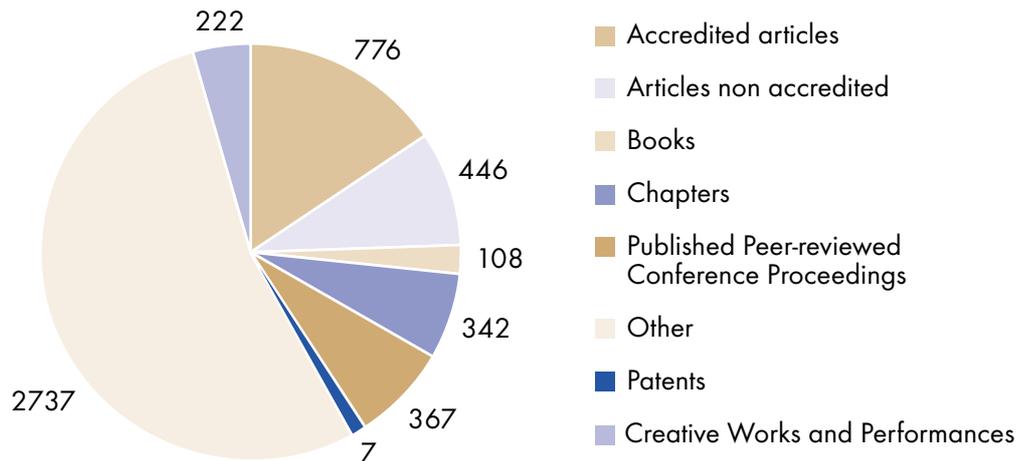




Figure 2 reflects research output by type and it is gratifying to note the large number of publications produced by our researchers. It is also worth acknowledging the Institute of Scientific Information (ISI) data which shows UCT publications in ISI-accredited journals to be substantial – particularly in the natural and health science fields – and of high relative impact in relation to other South African universities.

FIGURE 2 – RESEARCH OUTPUT BY TYPE



UCT'S LATEST RATED RESEARCHERS

Three UCT researchers received P-ratings during the year under review (pictured in top row), while four researchers received A-ratings.

A-rated researchers are considered world leaders in their field, while P-rated researchers are considered likely to become future leaders in their field.



Associate Professor Anton Fagan



Dr Justin O'Riain



Dr Maano Ramutsindela



Professor Igor Barashenkov



Professor John de Gruchy,



Professor John Higgins



Distinguished Professor Philippe-Joseph Salazar

UCT'S STUDENT BODY

Since taking the helm at UCT in 2000, I have made a great effort to meet and engage with as many members of the staff and student body as possible and I have made considerable headway in visiting all corners of our large campus. During 2002 I had the privilege of lunching with the Student Representative Council, visiting all the faculties and some departments as well as residences such as Smuts Hall, Tugwell Hall, Leo Marquard Hall, Varietas, College House, Kilindini, Liesbeck Gardens, University House, Baxter Hall, Kopano, Clarendon and Clarinus. I also presented my half-yearly review to students at a lunchtime presentation on Upper Campus.

I have been profoundly moved by our young people's critical intelligence, their enthusiasm and their energy in applying themselves to our country's unique set of challenges. Most remarkable are the qualities of leadership many students have displayed in the Students' Representative Council, House Committees and other clubs and societies. In particular I have been impressed and uplifted by those students on campus who are striving to make positive changes to our society, including those involved in RAG, SHAWCO, the Habitat Club (which builds houses in disadvantaged communities) and SHARP (whose participants endeavour to increase HIV/AIDS education and awareness). These and other outstanding members of the growing pool of student leaders show a genuine concern for South Africa's future and a real commitment towards making our country a better society for all. Our students' active participation as agents of change will stand them in good stead in any sphere of professional and community life in which they find themselves after graduating.

2002 : STUDENT ENROLMENT BY FACULTY

Faculty	Student Enrolment	Prop of UCT Enrolment	Prop of Black Students in 1st year	Overall Prop of faculty students		
				Black	Women	Postgrad
Commerce	5432	27.2%	51%	43%	41%	22%
Engineering & the Built Environment	2730	13.8%	61%	58%	25%	28%
Law	959	4.9%	65%	56%	49%	86%
Health Sciences	2665	13.3%	52%	48%	63%	42%
Humanities	5720	28.8%	59%	49%	63%	24%
Science	2408	12.0%	60%	48%	43%	34%
TOTAL	19914	100%	57%	48%	49%	31%

STUDENT ENROLMENT

In 2002 student enrolment reached its highest mark ever with 19 914 undergraduate and postgraduate students signing up to study at UCT. Of the 2002 total, 69% were undergraduates and 31% were postgraduates.

Growth in UCT's undergraduate sector has, to a large extent, resulted from a steady increase in the take-up on new undergraduate offers in recent years. Despite the growth in the new undergraduate intake, the apparent quality of these intakes (as measured by prior matric performance profiles) has remained strong, and has appeared to improve markedly in the Faculties of Commerce and Engineering & the Built Environment.

Humanities maintained its position as the largest faculty with 5 720 students, followed by Commerce with 5 432, Engineering & the Built Environment with 2 730, Health Sciences with 2 665, Science with 2 408, and Law with 959 students.

UCT continues to attract a diverse student body. Black students (Coloured, Indian and African) comprised 48% of UCT's student body, while women constituted 49% of the 2002 intake. African students stand at 9%. This falls short of the benchmark of 44% proposed by the National Plan on Higher Education. I acknowledge that meeting this benchmark represents a major challenge. It requires us to find new feeder schools in addition to keeping our



current ones, and by contributing to enhancing the quality of the schools' system.

It is interesting to highlight several discernable trends among the figures:

- The Science and Commerce faculties are growing the most rapidly (at 8.4% pa and 6.9% pa respectively).
- The growth in undergraduate enrolments between 1998 and 2002 has exceeded growth in postgraduate enrolments (4.7% versus 4.1% a year) and the growth in undergraduate enrolments between 2001 and 2002 was 6%. There has been particularly rapid growth in undergraduate enrolments in Science and in Commerce in recent years.
- Science and Health Sciences exceeded the target of 5% postgraduate growth a year (both faculties had an average annual growth rate of 6.7% a year between 1998 and 2002).
- Masters and Doctoral enrolments grew by 175 (6%) between 2001 and 2002.

A total of 4431 students qualified for the award of a degree or diploma in 2002.

In 2002, 87% of all undergraduates either completed their studies, or satisfied standard re-admission requirements. Although the graduate proportion of all undergraduates has dropped somewhat in recent years (from 21% in 1998 to 18% in 2002), this phenomenon relates directly to the concurrent significant growth in undergraduate enrolments as previously mentioned.

Success rates in undergraduate courses have improved steadily between 1998 and 2002. In 2002, the success rates in first-level, second-level and third-level courses were all in excess of 80%, whilst the success rate in fourth-level courses had climbed to 93%.

UCT remains committed to improving performance in its educational function, a commitment that is strongly underpinned by the recognition of the need for continuing transformation within the student body, and of the need for greater efficiency without sacrificing either quality or equity.

In addition to the ongoing work of the Centre for Higher Education Development (incorporating the Academic Development Programme) and the Student Development and Services Department, the University has identified four key strategies which will aim to improve overall through-put and graduation rates (with particular attention being paid to equity of outcomes), and to diminishing the phenomenon of students of good academic standing dropping out. These inter-linked strategies are as follows:

- Moving to an output-focused approach to academic planning and resource allocation
- Carrying out a detailed analysis of through-put patterns and establishing the factors affecting through-put
- Strengthening foundation/extended curriculum programmes
- Investigating the UCT student experience by means of a survey that will identify environmental obstacles to success amongst different groups of students

DEGREES AWARDED IN 2002							
Faculty	B	B (Hons)	MASTERS	PhD	DIPLOMAS	CERTIFICATES	TOTALS
Commerce	753	171	24	4	288	–	1240
Engineering & the Built Environment	404	3	89	12	6	–	514
Health Sciences	272	61	58	26	33	–	450
Humanities	632	224	141	28	145	162	1332
Law	73	–	79	–	62	–	214
Science	264	143	84	40	–	–	531
GSB	–	–	136	–	–	114	250
Total	2398	602	611	110	534	276	4531

HONORARY DEGREES

We were proud to bestow honorary degrees on seven exceptional individuals during 2002. Our mid-year graduation ceremony saw degree given to Chief Land Claims Commissioner, Advocate Wallace Mgoqi; HIV/AIDS activist, Zackie Achmat; historian, Vincent Kolbe; and civil rights campaigner, Dorothy "Dot" Cleminshaw. The University honoured internationally-acclaimed Nigerian author, Professor Chinua Achebe, at a special graduation ceremony that took place in conjunction with the third Steve Biko Memorial Lecture in September. Our December graduation ceremony saw UCT alumnus and "Afronaut" Mark Shuttleworth receive his honorary degree, while a special honorary graduation ceremony held in New York honoured Secretary-General of the United Nations Kofi Annan. We are proud to have role models like these for our students and welcome our honorary graduates into the UCT fold.



Chinua Achebe



Zackie Achmat



Kofi Annan



Dorothy Cleminshaw



Vincent Kolbe



Wallace Mgoqi



Mark Shuttleworth

PROPERTIES AND SERVICES

Two large "brick and mortar" projects got under way during the year with the construction of a new Chemical Engineering Building on North Lane, as well as the new Institute of Infectious Diseases and Molecular Medicine (IIDMM) facilities at the Medical School.

The Chemical Engineering Department has grown significantly over the past three decades and has outgrown its current accommodation. The new building, which will house state-of-the-art research laboratories, has been made possible by a lead donation of R15-million from Anglo Platinum through the Anglo Educational Trust. Construction began in September and should be completed in time for the beginning of the 2004 academic year.

Building operations for the IIDMM began in November. The project includes the extensive renovation and re-modelling of the two Wernher-Beit buildings on the Faculty of Health Sciences' Campus, as well as the construction of a pavilion, or link building, to connect the buildings into a single complex. In constructing this complex, UCT confirms its commitment to addressing Africa's most pressing health problems through medical research.

The IIDMM was formally established on November 19, 2001, with a mission to create a modern, consolidated and vibrant environment of shared laboratories, research facilities and expertise. Its multi-disciplinary research environment will ensure the IIDMM has high-level co-operation agreements with other South African research institutes that are committed to the same or similar goals.

The year under review also saw exciting new plans get under way to improve the quality of postgraduate accommodation on campus. Once again this is in line with our vision and action plan to increase our postgraduate cohort and generally to contribute to a learning environment that will foster excellent postgraduate research.

While these plans are in motion, a solution for the immediate future was to refurbish Wolmunster residence during 2002 to bring it into line as a quality residence for postgraduate and international students in 2003. In the longer term the planned Avenue Road housing project remains crucial to support the faculties in their postgraduate recruitment targets.

UCT also invested a great deal of resources in upgrading safety and security features on campus. This included the installation of more CCTV equipment and the upgrading of on-campus and perimeter patrols by the Campus Protection Services.

Statistics show that the perimeter fencing of residences, increased access control and CCTV surveillance have resulted in a reduction in crime. Given the open nature of our campus we have to be more vigilant than ever to ensure our students and staff operate in a safe environment. We will not stop in our efforts to combine technology and human resources to keep our campus safe.

HUMAN RESOURCES MANAGEMENT

2002 saw restructuring take place in the Human Resources Management Department (HRM) with the aim of improving HR administration and service to customers. The senior HRM team, headed by Executive Director Mr Dave van Eeden, includes six portfolio heads, each of whom has a specific area of accountability in the following sectors: Academic; Professional and Administrative Services; Administration and Information; Remuneration and Human Resources Policy; Recruitment and Development; and Employee Relations.

The HRM Department completed its second phase of restructuring during 2002, marking the culmination of AIMS recommendations concerning the structure of the Department. The new structure has reduced the staff number in the Department from 70 to 60 with 5 contract posts not being renewed. As with all change this period of transition could not have been easy for HR staff and I extend my gratitude for their engagement with the process and their concerted effort in maintaining their customer service levels while the restructuring took place.

The HRM Department also saw through the time-consuming process of the University changing its medical aid provider after the UCT Council approved a recommendation made by the Healthcare Consultative Forum (HCCF) that UCT move to Discovery Health Medical Scheme as sole healthcare provider with effect from 1 January 2003. The Discovery Health philosophy in the design and provision of healthcare benefits also complements the vision of a longer-term integrated approach in terms of organisational health at UCT.

DEVELOPMENT AND FUNDRAISING

The year under review was one both of challenge and change for the Development Office.

However, the recurring funding needs of the University through special projects and ongoing initiatives meant that this challenge was not a new one and the Development Office receipted donations in the amount of some R120-million, an annual target it has maintained for some years.

This target was met primarily through our ongoing relationships with national and international foundations and corporations (90 percent of all donations receipted), as well as our international fundraising drives represented by the UCT Trust (UK) under Consultant Director Sibylla Tindale and UCT Fund Inc (USA) under the chairmanship of Vincent Mai.

However, the contribution made by every one of the thousands of donors who hold UCT as the focus of their generosity cannot be discounted. The University particularly owes a debt of gratitude to those who give in their individual capacity – friends, alumni and staff, through pledges or bequests - and we believe that this is an area in which a greater investment of time and recognition must be made to nurture and grow these relationships.

Individual donations and bequests jointly accounted for about six percent of donations receipted in 2002 and we have as our focus an undertaking to increase the level of individual contributions.

The year of change for the Development Office came with an alignment of the marketing and development functions under the common umbrella of the Department of Communication and Development towards the end of 2002. This approach will serve to focus the activities of the department on the critical communication and development strategies needed to nurture and sustain relationships with appropriate funding partners in a bid to meet the funding objectives of the University.

In addition, the fundraising objectives of the University have been prioritised in consultation with the deans of the respective faculties to focus capacity and resources on nurturing relationships with appropriate strategic funding partners.

Major campaigns such as new buildings for the Institute for Infectious Disease and Molecular Medicine (IIDMM) and Chemical Engineering will remain fundraising priorities until their completion late in 2003.

Our thanks is extended to all donors who have supported UCT during this year, irrespective of their level of contribution, as well as to those friends of the University who hold its interests close to their hearts and endeavour to establish and facilitate new relationships on our behalf. Their assistance is vital if we are to achieve our vision of being a world-class African university.

The University of Cape Town Trust in the UK

This UK Charitable Trust raises funds and support in the UK and Europe. The Trustees are eminent UCT alumni, chaired by Sir Aaron Klug OM FRS. The Consultant Director is Mrs Sibylla Tindale.

In its 11th year of operation the Trust received donations of £712 817, with a further £157 300 donated directly in South Africa.

About 61% of the gifts are aimed at capacity-building at UCT to ensure that the quality of facilities, teaching and research aligns with its mission for excellence. A particular focus of the UCT Trust's fundraising has been the new Institute for Infectious Diseases and Molecular Medicine (IIDMM).

The balance of 39% of donations provides undergraduate bursaries and senior postgraduate fellowships for students from financially and educationally disadvantaged backgrounds.

The highlights of the donations are:

- The IIDMM has been supported by The Wolfson Foundation, which has very generously provided the lead gift, pledging a significant £400,000 towards the new link building. The Parthenon Trust, Welton Foundation and the Sigmund Warburg Charitable Settlement have also donated or pledged significant support for the Institute.
- The new medical curriculum programme in the Faculty of Health Sciences has received major support from the PF Charitable Trust, CHK Charities, the Peacock Trust and the Rayne Foundation.
- The Reuters Foundation has given great support for the innovative Knowledge Commons.
- Five groups (a total of 21) of John Sainsbury Scholars are being generously supported by the Linbury Trust. Their postgraduate doctoral studies at UCT include one year of their study at Oxford University.
- The Haniel Stiftung and Daimler Chrysler Fonds (both in Germany) have supported undergraduate and postgraduate bursaries in business studies.
- Other notable support for bursaries for disadvantaged black students have come from various UK foundations, corporates and banks: notably, Misys and Johnson Matthey, (both of whom have extended their involvement for a further 3 years), Stevenson Family Trust, NM Rothschild, Warburgs, CHK Charities, Butterworths-Tolley, Pearsons, Cadbury Trusts and other UK trusts and individuals.
- UK alumni have contributed over £16 000 over the past year.

We thank our UK alumni and generous UK benefactors for their continued commitment to UCT. We also thank the UCT Trust Trustees for their advice and commitment.



FINANCING UCT

The financial management activities of the University are focused on supporting the key strategic thrusts identified by the University's leadership and endorsed by Council, while ensuring appropriate levels of controls and discipline in the various financial processes. To this end, the University Finance Committee will continue its focus on the following key issues:

- To continue to build awareness within the University community of the importance and relevance of effective financial management, via broad involvement in the budgeting process, the provision of effective management information and ensuring proper reporting of results.
- Enhancing the University's ability to attract and retain the quality of staff needed to grow the teaching and research capability and to provide a suitable infrastructure.
- Creating the capacity for proper planned renewal and maintenance of campus facilities, and, in particular, the ongoing development of the residence infrastructure.
- Identify future needs at an early enough stage to enable cohesive financial planning.

Acceptance of a rigorous four-year medium-term budget framework, and the support this received from the University executive and the broader University community, continued to improve the financial position. A recurrent operating breakeven was achieved ahead of expectations. As a result, a new framework was adopted by Council which makes provision for continuous improvements to create capacity for strategic spending and provides an integrated approach to financial planning whereby the operating budgets are coordinated with investment income, capital expenditure, free cash, and financing policies. Such continued discipline and an integrated approach is necessary as the University has built up a backlog of demands for spending and development. Care will need to be taken that the new demands do not swamp existing reserves.

The annual financial statements cover all the activities of the University, including non-recurrent income and expenditure, investment activities and financing transactions; they thus provide a comprehensive overview of the financial position of the University and its progress over the past year. There have been no major changes in the operations during the year.

Key features of the financial results were:

1. Recurrent operating income continued to grow at a faster rate than recurrent operating expenditure after the effects of one-off accounting adjustments had been eliminated.
2. The significant increases generated by the major revenue streams in 2001 were extended by increases from tuition and other fee income of 10,5%, from research contracts of 10,4% and from state subsidies and grants of 8,7%.
3. The increase in total expenditure of 9,9% was exaggerated by the redefinition of assets and the subsequent write-off of small capital items and the accelerated depreciation. The recurrent operating expenditure increase was below the rate of inflation both in total and for the Council-controlled unrestricted segment.
4. An improvement in the University's net cash position from R112,0 million to R236 million, after investing a further R56,8 million in fixed assets. Much of this is due to the increase in restricted funds designated for specific activities. The University's long-term borrowings increased by R12,6 million, being capitalisation of interest. These borrowings are matched by investments designated for their settlement on due date.
5. The University's overall operating surplus has remained constant at R150 million, most of which is attributable to restricted funds designated for specific activities. Although the surplus attributable to Council controlled unrestricted funds has decreased to R5,3 million, much of this movement arises from non-recurrent items.
6. Designated and endowed investments fell from R689,9 million to R615,9 million, as a result of weak equity markets and foreign exchange losses. New inflows amounted to R7,3 million. Growing the free endowment continues to be a focus incorporated in the principles of the new medium-term budget framework.

7. Unrestricted Council controlled funds have risen from R224,2 million to R239,7 million; it should be noted, however, that much of this is not supported by readily realisable assets.

8. The results for the core recurrent unrestricted operations are shown in the table below. They reflect the improvement in the University's sustainable activities, but nevertheless emphasise the need for continued financial discipline.

RECURRENT UNRESTRICTED COUNCIL CONTROLLED OPERATIONS

	2002 R'm	2001 R'm	2000 R'm
RECURRENT INCOME	772	696	602
State appropriations-subsidies & grants	427	395	352
Tuition and other fee income	241	213	185
Sales of goods & services	88	75	61
Private gifts & grants	16	13	4
RECURRENT EXPENDITURE	760	691	681
Personnel	452	430	397
Other operating expenses	240	206	210
Bursaries	33	30	24
Minor capital items expensed	20	5	19
Depreciation	15	20	31
RECURRENT OPERATING SURPLUS / (DEFICIT)	12	6	(78)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002

	2002 R'000	2001 R'000
ASSETS	1 643 207	1 558 964
Non-Current Assets	1 302 043	1 352 218
Property, plant and equipment	382 551	392 043
Investments	898 620	938 266
Investments in associates	2 411	1 211
Non-current receivables	18 461	20 698
Current Assets	341 164	206 746
Inventories	425	383
Accounts receivable and prepayments	77 120	60 195
Loans to employees	6 039	7 535
Student fees receivable	21 631	26 646
Cash at bank & cash equivalents	235 949	111 987
ACCUMULATED FUNDS AND LIABILITIES	1 643 207	1 558 964
Accumulated Funds	1 178 109	1 136 943
Non-distributable funds	615 939	689 881
Endowed funds	544 539	503 681
Revaluation reserve	71 400	186 200
Restricted funds designated for specific activities	322 486	222 843
Education and general	280 230	196 278
Student and staff accommodation	42 256	26 565
Unrestricted Council controlled funds	239 684	224 219
Non-Current Liabilities	396 251	358 246
Borrowings	211 101	190 413
Provisions and accruals	185 150	167 833
Current Liabilities	68 847	63 775
Accounts payable and accrued liabilities	43 210	34 570
Student deposits	11 472	6 969
Current portion of borrowings	7 865	15 936
Current portion of provisions and accruals	6 300	6 300

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

EDUCATION AND GENERAL

(All amounts in R'000)

	Council Controlled Unrestricted	Specifically Designated Activities Restricted	Sub Total	Student & Staff Housing Restricted	2002 TOTAL	2001 TOTAL	Change %
TOTAL INCOME	819 745	450 039	1 269 784	80 325	1 350 109	1 249 953	8.0
Recurrent Income	819 375	410 176	1 229 551	80 325	1 309 876	1 185 753	10.5
State appropriations-subsidies & grants	427 363	64 377	491 740	–	491 740	452 390	8.7
Tuition & other fee income	241 307	–	241 307	72 351	313 658	283 891	10.5
Income from contracts	233	159 899	160 132	–	160 132	145 055	10.4
Sales of goods & services	87 590	39 358	126 948	7 869	134 817	130 033	3.7
Private gifts & grants	15 883	107 909	123 792	–	123 792	93 129	32.9
Sub Total	772 376	371 543	1 143 919	80 220	1 224 139	1 104 498	10.8
Interest and dividends	46 999	38 633	85 632	105	85 737	81 255	5.5
Non-Recurrent Income	370	39 863	40 233	–	40 233	64 200	(37.3)
Profit on disposal of fixed assets	318	–	318	–	318	919	(65.4)
Profit on sale of investments	–	39 863	39 863	–	39 863	56 374	(29.3)
Other non-recurrent income	52	–	52	–	52	6 907	(99.2)
TOTAL EXPENDITURE	814 460	320 375	1 134 835	64 601	1 199 436	1 091 566	9.9
Recurrent Expenditure	790 698	309 233	1 099 931	64 601	1 164 532	1 091 566	6.7
Personnel	452 392	102 651	555 043	12 758	567 801	535 893	6.0
Academic professional	267 448	38 439	305 887	–	305 887	273 751	11.7
Other personnel	184 944	64 212	249 156	12 758	261 914	262 142	(0.1)
Other operating expenses	239 938	141 707	381 645	48 212	429 857	386 760	11.1
Bursaries and financial aid	32 589	40 962	73 551	–	73 551	80 723	(8.9)
Minor capital items expensed	19 609	9 670	29 279	1 615	30 894	8 974	244.3
Depreciation	15 463	11 945	27 408	1 590	28 998	45 263	(35.9)
Sub Total	759 991	306 935	1 066 926	64 175	1 131 101	1 057 613	6.9
Finance costs	30 707	2 298	33 005	426	33 431	33 953	(1.5)
Non-Recurrent Expenditure	23 762	11 142	34 904	–	34 904	–	100.0
Accelerated depreciation	23 762	11 142	34 904	–	34 904	–	100.0
NET SURPLUS	5 285	129 664	134 949	15 724	150 673	158 387	(4.9)

**CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2002**

(All amounts in R'000)	<u>Non-Distributable</u>		<u>Funds Restricted for Specific Activities</u>		<u>Unrestricted Funds</u>	TOTAL
	Endowed Funds	Revaluation Reserve	Education and General	Student and Staff Housing	Council Controlled	
FUND BALANCES AS AT 1 JANUARY 2001	449 748	104 040	209 560	10 980	116 066	890 394
Net surplus 2001	–	–	108 208	15 459	34 720	158 387
Transfers between funds	47 931	–	(48 392)	126	335	–
Realised gains on investments	–	(56 374)	–	–	–	(56 374)
Adjustment to market value of investments	–	138 534	–	–	–	138 534
Donations	6 002	–	–	–	–	6 002
FUND BALANCES AS AT 31 DECEMBER 2001	503 681	186 200	269 376	26 565	151 121	1 136 943
Reclassification of funds	–	–	(73 098)	–	73 098	–
Restated fund balances	503 681	186 200	196 278	26 565	224 219	1 136 943
Net surplus 2002	–	–	129 664	15 724	5 285	150 673
Transfers between funds	35 565	–	(45 712)	(33)	10 180	–
Realised gains on investments	–	(39 863)	–	–	–	(39 863)
Adjustment to market value of investments	–	(74 937)	–	–	–	(74 937)
Donations	5 293	–	–	–	–	5 293
FUND BALANCES AS AT 31 DECEMBER 2002	544 539	71 400	280 230	42 256	239 684	1 178 109

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
	R'000	R'000
Cash flows from operating activities		
Cash receipts from students, government and private sources	1 142 463	1 022 790
Cash paid to employees and suppliers	(999 304)	(912 177)
Cash generated from operations	<u>143 159</u>	<u>110 613</u>
Investment income	85 737	81 255
Interest paid	<u>(33 431)</u>	<u>(33 953)</u>
	195 465	157 915
Endowed funds donation income	<u>5 293</u>	<u>6 002</u>
Net cash inflows from operating activities	<u>200 758</u>	<u>163 917</u>
Cash flows from investing activities		
Additions to fixed assets	(56 776)	(61 697)
Proceeds on disposal of fixed assets	2 654	1 792
Net additions to investments	<u>(35 291)</u>	<u>(11 472)</u>
Net cash outflows from investing activities	<u>(89 413)</u>	<u>(71 377)</u>
Cash flows from financing activities		
Increase/(decrease) in long term borrowings	<u>12 617</u>	<u>(27 942)</u>
Net cash inflows/(outflows) from financing activities	<u>12 617</u>	<u>(27 942)</u>
Net movement in cash and cash equivalents	123 962	64 598
Cash and cash equivalents at beginning of period	(111 987)	(47 389)
Cash and cash equivalents at end of period	235 949	111 987
RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Surplus	150 673	158 387
Adjustments for:		
Depreciation	28 998	45 263
Accelerated depreciation	34 904	–
Net movement in leave and medical aid benefit provisions	(17 317)	15 592
Profit on sale of property, plant and equipment	(318)	(919)
Investment income	(85 737)	(81 255)
Interest expense	33 431	33 953
Profit on sale of investments	(39 863)	(56 374)
Changes in working capital		
• trade and other receivables	(8 177)	(7 892)
• inventories	(45)	182
• payables	<u>11 976</u>	<u>3 676</u>
Cash generated from operations	<u>143 159</u>	<u>110 613</u>