



VICE-CHANCELLOR'S REPORT 2010



MISSION

UCT aspires to become a premier academic meeting point between South Africa, the rest of Africa and the world. Taking advantage of expanding global networks and our distinct vantage point in Africa, we are committed, through innovative research and scholarship, to grapple with the key issues of our natural and social worlds. We aim to produce graduates whose qualifications are internationally recognised and locally applicable, underpinned by values of engaged citizenship and social justice. UCT will promote diversity and transformation within our institution and beyond, including growing the next generation of academics.



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VICE-CHANCELLOR'S FOREWORD

The year under review was an eventful one. Looking back, the university community had many achievements to celebrate and we can take great pride in the many and varied successes of both staff and students.

High levels of achievement are reflected in the interrelated domains of teaching, learning and research, as well as in social engagement.

Against all significant benchmarks, excellent research continued to flourish, while a myriad of staff and student social initiatives – spanning all spheres of university life – once again demonstrated our willingness to engage in socially responsive work.

UCT continues to improve its international rankings and moved into position 107 of the new Times Higher Education (THE) 2010 rankings. This is up from 146th position when the THE and Quacquarelli Symonds (QS) rankings were still combined. The new QS system continues to rank UCT as the only university in Africa in the top 200, although the university dropped from 146 to 161. In addition, UCT retained its place in the 200-300 category of the Shanghai World University Rankings.

Aside from being the top-ranked African university on various research-weighted ranking systems, UCT's Graduate School of Business was placed 49th in the world for customised programmes on the *Financial Times'* executive education custom ranking for 2010, while the Times Higher Education Life Sciences Universities 2010 listing placed UCT 45th out of the top 50 life sciences universities.

These rankings are by no means the definitive word on academic excellence, but do demonstrate that our university is on the right path and that there is international recognition of the excellent work being undertaken at our institution.

Although important gains were made in the area of teaching, considerable challenges lie ahead. The throughput rates of UCT undergraduates are relatively good, but those of black UCT students remain below those of white UCT students. We have to renew our efforts to ensure that all students we admit have adequate opportunities to succeed, and to do everything in our power to help these students overcome prior educational disadvantage.

2010 was a watershed year in South African history and will be remembered as the year in which our nation invited the rest of the world, both literally and metaphorically, to our shores to witness the excitement and dynamism of the FIFA World Cup soccer tournament.

The World Cup had an impact at UCT, from rearranging term timetables and early graduations, to revamping 3 500 residence bedrooms to cater to tourists, to the public viewing sites and UCT-based park-and-ride facilities, which brought many new visitors onto the campus.



Vice-chancellor Dr Max Price.



Over 25 000 students enrolled in 2010, a record for UCT.



Members of the Student Sport and Recreation team get into the FIFA World Cup spirit.

These significant events at UCT further focused our efforts in nation-building and in preparing new generations of scholars able to engage in issues affecting both our country and continent.

The annual statements featured further on in this report illustrate a robust and financially sound institution. We remain mindful that an institution such as ours needs continually to balance needs and

resources, and must do this with an eye on long-term sustainability.

I would like to pay tribute to the inspired leadership seen at many levels throughout UCT, and to all the staff, students and stakeholders who have grappled with the challenges we face as a university with an Afropolitan vision.

Dr Max Price

VOORWOORD

Hierdie oorsigjaar was inderdaad gebeurtenisvol. Terugskouend is dit duidelik dat die universiteitsgemeenskap baie prestasies kon vier en ons is dan ook tereg trots op die talle en uiteenlopende prestasies van sowel ons personeellede as ons studente.

Hoë prestasievlakke is gehandhaaf in die onderling verwante domeine van onderrig, studie en navorsing, asook wat maatskaplike betrokkenheid betref.

Puik navorsing word gedoen, gemeet aan die hoogste internasionale standaard, terwyl 'n groot verskeidenheid maatskaplike inisiatiewe – wat alle sferes van universiteitslewe insluit – weer eens ons gewilligheid getoon het om by maatskaplik verantwoordelike werk betrokke te raak.

Die UK gaan voort om sy posisie op internasionale ranglyste te verbeter en beklee nou posisie 107 op die nuwe Times Higher Education (THE) se 2010-ranglys. Dit is 'n uitstekende verbetering op die vorige uitgawe se 146ste plek, toe die ranglyste van THE en Quacquarelli Symonds (QS) nog gekombineerd was. Die nuwe QS-stelsel gaan voort om die UK as die enigste universiteit in Afrika onder die top 200 te lys, alhoewel die Universiteit van posisie 146 na 161 gedaal het. Hierbenewens het die UK sy plek in die 200-300-kategorie van die Shanghai World University Rankings behou.

Bo en behalwe ons posisie as die top-universiteit in Afrika, volgens verskillende navorsing-gebaseerde ranglyste, beklee die UK se Nagraadse Bestuurskool die 49ste plek ter wêreld vir pasgemaakte programme op die Financial Times se ranglys genaamd Executive Education – Customized – 2010, terwyl die Times Higher Education Life Sciences Universities se 2010-ranglys die UK in die 45ste plek uit 'n moontlike 50 lys vir universiteite wat lewenswetenskappe aanbied.

Hierdie rangordes is geensins die finale evaluering van akademiese prestasie nie, maar dien tog as bewys dat ons universiteit op die regte spoor is en dat daar internasionale erkenning is vir die puik werk wat by ons inrigting verrig word.

Alhoewel belangrike vooruitgang op die gebied van onderrig gemaak is, lê daar nog aansienlike uitdagings vir ons voor. Die deurvoerkoers van voorgraadse studente aan die

UK is redelik goed, maar dié van swart studente bly laer as dié van wit studente. Ons moet hernieude pogings aanwend om te verseker dat alle studente wat ons toelaat genoegsame geleenthede het om sukses te behaal, asook alles in ons vermoë doen om hierdie studente te help om opvoedkundige agterstande te oorbrug.

2010 was 'n keerpuntjaar in die Suid-Afrikaanse geskiedenis en sal onthou word as die jaar waarin Suid-Afrika die res van die wêreld – sowel letterlik as figuurlik – na ons land genooi het om getuies te kom wees van die opwinding en dinamiek van die FIFA Sokker-Wêreldbekertoernooi.

Die Wêreldbeker het 'n impak op die UK gehad. Van die aanpassing van kwartaalroosters en vroeë graduering, tot die inrig van 3 500 koshuiskamers om as toeristeverblyf te dien, van plekke vir openbare besigtiging tot kampus-gebaseerde parkeer-en-ry-geriewe. Al hierdie bedrywighede het baie nuwe besoekers na die kampus gebring.

Boonop het hierdie kampusbedrywighede die UK se nasiebou-pogings 'n verdere hupstoot verleen en 'n bydrae gelewer tot ons strewe om nuwe geslagte geleerdes voor te berei om betrokke te word by sake wat sowel ons land as ons vasteland raak.

Die finansiële jaarstate wat verder aan in hierdie verslag verskyn, lewer bewys van 'n instansie wat finansiële kerngesond is. Ons is terdeë daarvan bewus dat 'n instansie soos ons s'n behoeftes en hulpbronne voltyds moet balanseer en dat dit met die grootste noukeurigheid gedoen moet word.

Ek wil ook graag hulde bring aan die besielde leierskap wat op soveel vlakke van ons universiteit waargeneem kan word, en aan al ons personeellede, studente en belanghebbendes wat daagliks te doen het met die uitdagings was ons as universiteit met 'n Afropolitane visie in die gesig staar. Almal van julle het 'n onskatbare bydrae tot die welsyn van ons universiteit gelewer.

Dr Max Price

INTSHAYELELO

Lo nyaka siwuhlola njengonyaka obe nezehlo ezigqamileyo. Xa sijonga ngasemva, uluntu lwale dyunivesiti luye lwabhiyozela izinto ezininzi oluziphumeleleyo, kunjalo nje, singazingca ngokungathethekiyo ngempumelelo eninzi neyahlukileyo yabasebenzi neyabafundi bethu.

Amanqanaba aphezulu empumelelo avele kakuhle kuthungelwano lwemimandla yethu yomsebenzi equka ukufundisa, ukufunda nophando, ndawonye nentsebenziswano nentlalo.

Ngaphandle kwayo yonke ke imigaqo yokwenza imilinganiselo, uphando olugqwesileyo luqhubekile lusenzeka ngempumelelo, ngeli lixa intlaninge yemisebenzi yentlalo esungulwe ngabasebenzi nabafundi – iqhubekela ibandakanya zonke iinkalo zobomi bedyunivesithi – kuphindile kwakhona kwagqama umdla wethu ekuzibandakanyeni kwimisebenzi yophuhliso lwentlalo.

I-UCT iyaqhubekela iphuhlisa indawo yayo kuluhlu lweedyunivesiti zamazwe ngamazwe, kwaye inyukele kwindawo ye-107 kuluhlu lomnyaka ka-2010 olutsha lwe-Times Higher Education (THE ngamafutshane). Oku kubonisa ukunyukela phezulu ukusuka kwindawo ye-146 ukususela kwilixa ebekusadityaniswe ngalo inkcazo yendawo yedyunivesithi kuluhlu obelusenziwa ngabakwa-THE kunye nabakwa-Quacquarelli Symonds (QS ngamafutshane). Le ndlela intsha ye-QS iyaqhubekela ngokubeka iUCT njengedyunivesiti ekuphela kwayo kwizwekazi le-Afrika ebalelwa kwezo zingama-200 zikuluhlu oluphezulu kwihlabathi, nangona idyunivesiti ihlile ukusuka kwindawo ye-146 ukuya kwindawo ye-161. Ukongeza, iUCT isayigcinile indawo yayo ekudidi lwama-200-300 lwe-Shanghai World University Rankings.

Ngaphandle kokuba yeyona dyunivesiti ikwindawo ephezulu eAfrika ngokweendlela zokwenziwa komlinganiselo woluhlu olujolise kwiindlela ezahlukileyo zophando, iGraduate School of Business yaseUCT iye yabekwa kwindawo yama-49 kwihlabathi ngenxa yeenkqubo zayo ezisesikweni kuluhlu olusesikweni luka-2010 lwemfundo engundoqo ngokweFinancial Times, ngeli lixa uluhlu luka-2010 lweTimes Higher Education Life Sciences Universities lubeka iUCT kwindawo yama-45 kuluhlu lweedyunivesiti zenzululwazi ngobomi eziphezulu ezingama-50.

Oku kubekwa kolu luhlu ke akunanto yakwenza kwaphela nenkcazo ebhekiselele ekugqweseni kwimfundo, kodwa ke kuyabonisa ukuba idyunivesiti yethu isendleleni eyiyo kwaye oku kukwabonakalisa nokuba umsebenzi ogqwesileyo oqhubekayo kwiziko lethu uyathakazelelwa kwaye uyaziwa kwiqonga lamazwe ngamazwe.

Nangona sizuze izinto ezibalulekileyo kummandla wokufundisa, mininzi imingeni esisajongene nayo. Amanqanaba empumelelo abo bafundi bangekathweswa zidanga eUCT akhangeleka emahle, kodwa nangona kunjalo, impumelelo yabafundi abamnyama baseUCT isekwinqanaba eliphantsi xa ithelekiswa nempumelelo yabo bafundi bamhlophe baseUCT. Kufuneka sihlaziye imizamo nemigudu yethu ukuze siqinisekise ukuba bonke abafundi esibamkelayo bawafumana ngokwaneleyo amathuba okuphumelela, kwaye senze konke okusemandleni ekuncedeni aba bafundi ukuze bakwazi ukuzoyisa izithintelo zemfundo abathe bajongana nazo kwilixa elingaphambili.

Unyaka ka-2010 ibingunyaka wezehlo ezigqamileyo kwimbali yoMzantsi Afrika kwaye uza kuhlala ukhunjulwa njengonyaka apho ilizwe lethu liye lamema khona ihlabathi liphela, ngokwenene okanye ngokukwekwayo, ukuba lube kunye nathi kwilizwe lethu ukuze luze kuzibonela ngawalo amehlo uvuyo noncuthu lokuqhubekela komnyhadala webhola ekhatywayo weNdebe yeHlabathi kaFIFA.

INdebe yeHlabathi ibe nefuthe eUCT, ukusukela kuhlengahlengiso lwamaxesha eekota zokufunda nokuthweswa kwezidanga phambi kwexesha ebelimiselwe, ukuya ekulungisweni kwamagumbi okuhlala angama-3 500 kusenzelwa abakhenkethi, abo bebesiya kwiindawo zikawonke-wonke zokubukela imidlalo kunye noncedo lweendawo zokushiya nokukhwela izithuthi ebezilapha eUCT, zinto zonke ke eziye zasiphathela iindwendwe ezininzi ezintsha kumhlaba wedyunivesiti yethu.

Ezi zehlo zibalaseleyo eUCT ziye zenza ukuba sinike ngakumbi ingqwalasela kwiinzame zethu zokwakha isizwe nasekuqeqesheni isizukulwana esitsha sabafundi esiza kukwazi ukuzibandakanya kwimiba echaphazela ilizwe lethu kwanezwekazi lethu.

Iingxelo zonyaka ezivezwe njengamanqaku aphambili kule ngxelo, zicacisa elubala ngeziko lethu eliphilileyo nelime kakuhle ngokwasezimalini. Ihlala isezingcingeni zethu into yokuba iziko elifana neli lethu kufuneka lisoloko liqhubekela nokuthelekisa oko kuyimfuneko nobutyebi, kwaye oku kufuneka kweziwe ngocoselelo.

Ngembeko enkulu, ndingathanda ukothulela umnqwazi ubunkokheli obuneempembelelo ezizizo kumanqanaba amaninzi kwiUCT yonke, kuquka bonke abasebenzi, abafundi kunye nabaxhasi bethu abathe abadinwa kukuzama-zamana neningeni esijongene nayo njengedyunivesiti enombono wokuvuselelwa kwezwekazi leAfrika. Nonke nidlale indima engenamlinganiselo netshatsheleyo kubungangamsha benkqubo yeziko lethu.

Ngu-Gq Max Price

OVERVIEW OF 2010

In order to fully appreciate the progress we made as an institution during 2010 we need to revisit the closing months of 2009 when, after much institutional discussion and debate, six goals were set for UCT for the years 2010 to 2014.

The six goals include:

- Internationalising UCT via an Afropolitan niche;
- Transforming UCT towards non-racialism – redress, diversity, inclusiveness and the recognition of African voices;
- Working towards a desired size and shape for UCT;
- Developing research at UCT to ensure greater impact and greater engagement;
- Enhancing the quality and profile of our graduates; and

- Enhancing and expanding UCT's contribution to South African development challenges.

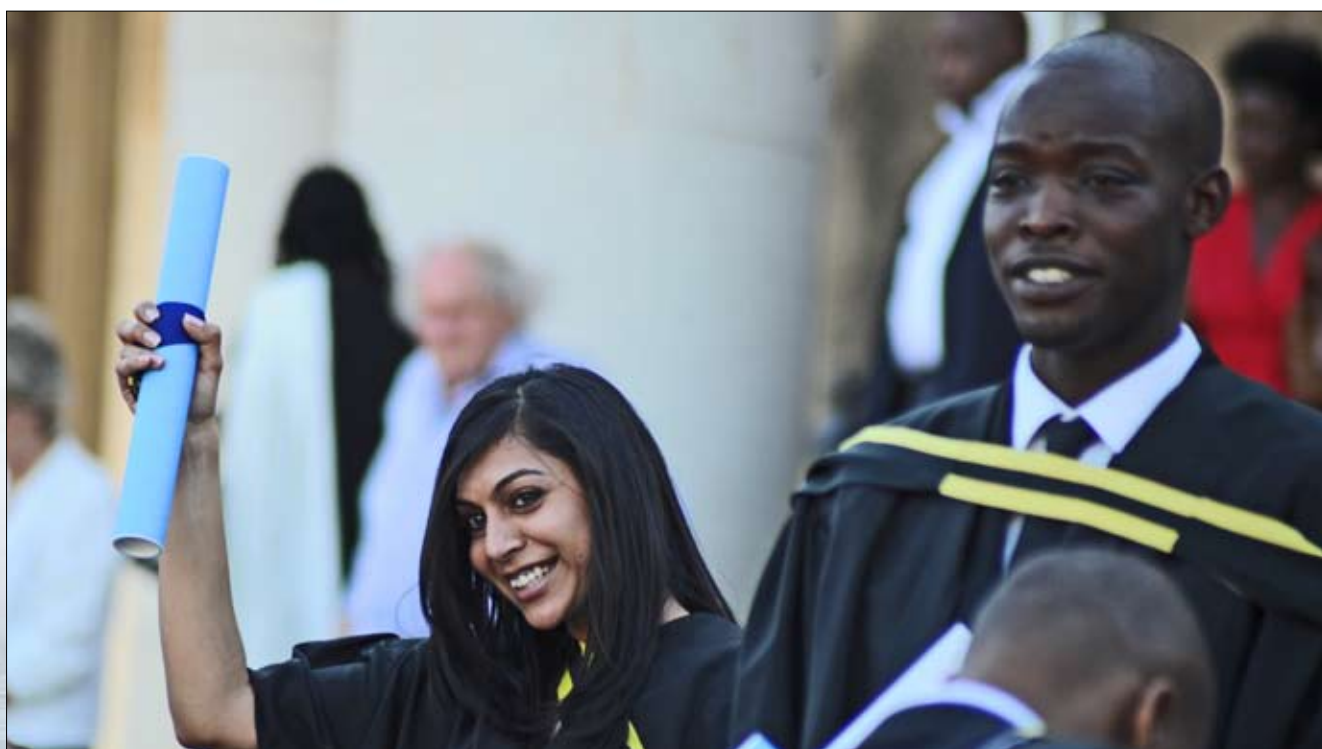
These goals are based on the precepts that high-quality teaching, learning and research are UCT's core business and that in order for this to happen we have to remain financially strong.

This report illustrates our progress with regard to our core business as it relates to our six goals, as well as UCT's financial health. Regardless of our progress in many of these areas, we continue to face important challenges, which will be discussed in body of this report.

Highlights of the year under review

The following are some highlights of 2010:

- Record enrolments were achieved as over 25 000 students registered at UCT in 2010.
- Increased diversity was achieved in the student body as over 50% of enrolments were women; 18.6% were international students, over 60% of whom were from the rest of Africa, emphasising our continental reach. Of the 20 169 South African students, more than 50% were black, coloured or Indian.
- Increased throughput – with the overall undergraduate course success rate being 84.5%.
- Real progress was made in delivering academic development support to students in need.
- Increased research productivity was evident, as measured by publication count, peer recognition of our researchers' standings, and the fact that in a tough economic climate we won over R550 million of research contracts.
- A review of our strategy of outsourcing key services was concluded. This led to the adoption of some revisions to the code of conduct, which attempts to ensure appropriate wage levels and conditions of service for the employees of contractors who provide services to the university. The revisions provided for several additional worker benefits, which approximate the benefits enjoyed by staff that are employed by UCT.
- The adoption of a comprehensive policy on the performance management of academic staff.
- The adoption of a far-reaching policy on fixed-term employment contracts.
- The continued support from our major and minor donors, in particular foundations, that provide such important support for new initiatives, resulted in donor income for 2010 exceeding R177 million.



More than 50% of the enrolled students in 2010 were women.

CORPORATE GOVERNANCE

Council

2010 proved an interesting and challenging year for Council, with Council members tackling a range of issues during the year and ensuring that the wheels of governance ran smoothly.

In this respect the Council was supported by specialist committees and working groups, including the Council Appointments Committee, the University Audit Committee, the University Finance Committee, the Council Remuneration Committee, the University Student Affairs Committee, the University Human Resources Committee, the University Building and Development Committee and the University Strategy Forum.

The relationships between Council, the Senate, the Institutional Forum, the Students' Representative Council (SRC) and the University Student Affairs Committee (the structure that advises the Council on student matters, as required by the Higher Education Act) all impinge on governance.

Changes to the way Council operated were introduced in 2010 with the objective of allowing Council to focus more fully on matters of a strategic nature. The changes to the statute were approved and gazetted and the consensus is that these changes are providing the university with more effective governance.

The Council paid particular attention to financial matters during 2010 and a revised financial policy was adopted in October 2010 in the context of an overview of financial governance structures. The new policy provides a framework for ensuring that the university is financially sound, that the appropriate governance is in place with regard to financial decisions, that we are able to provide for access, and that we have the resources to cover both operations and necessary capital expenditure.

Transformation remains a key objective and considerable time was devoted this past year to examining Council's role in transformation, prompted in part by the report of the Ministerial Committee on racism in South African public higher education institutions, chaired by UCT's Professor Crain Soudien. It is notable that most of UCT's strategic goals address different aspects of the transformation challenges we face.

Under the umbrella of transformation, Council agreed to establish an ombud position and institute an alternative dispute resolution (ADR) process. It is believed that by promoting a restorative justice approach we can positively affect the institutional climate. At the end of 2010 Ms Zetu Makamandela-Mguqulwa was appointed and we hope that this office will contribute to the effective resolution of disputes and the improvement of the institutional climate. At the same time we have strengthened and regrouped several services in a Transformation Services Office under the directorship of Ms Glenda Wildschut.

The Council saw several changes in membership and vacancies were all filled during the year. The university also records with great sadness the passing of Council member Emeritus Professor Ralph Kirsch who died early in the year. He will be sorely missed by Council and the university community.

Institutional Forum

The Institutional Forum (IF) has achieved greater coherence in 2010. Three key issues occupied the IF in 2010. The first was defining and playing an active and relevant role in relation to transformation in general at UCT. The second concerned problems experienced by workers that emerged from outsourcing. These were reported on and discussed at all but one of the meetings of the IF. Lastly the IF's relationship with Council generated a great deal of debate and discussion. A proposal for the IF to have direct representation on Council was not accepted. However it is a notion that will continue to receive Council's attention as the relationship and communication channels are further strengthened between the IF and Council.



UCT's new ombud, Ms Zetu Makamandela-Mguqulwa.



Ms Glenda Wildschut, director of the Transformation Services Office.

MAJOR MILESTONES DURING 2010

The Higher Education Summit

In April 2010 I attended the Stakeholder Summit on Higher Education Transformation called by the Minister. I was accompanied by a Council representative, while another member of Council attended in a different capacity.

Issues of access and success were high on the agenda at this significant summit. There was recognition not only that the system of public higher education is differentiated, but that it needs to be, and the debate continues on what this implies for policy, including funding policy. Changes in funding policy have been envisaged in the Minister's latest statement on funding, and the decisions of the Government on the recommendations of the Committee that reviewed the National Student Financial Aid Scheme are awaited. These could have major implications for the university.

Planning for the future

In the 2006/2007 enrolment planning exercise this university was given a target 2010 enrolment of 24 000 students. At the time we saw this as an aspirational target, with widespread doubts about whether we would reach this number. In fact our 2010 enrolment was above 25 000. This has forced a re-think and a major shape-and-size exercise is underway with a focus on what we should look like in 2020. With the current campus configuration and the current modes of delivery (such as contact teaching for a largely full-time student body) we cannot increase enrolment without compromising the experience of staff and students.

Recognising that we have already grown beyond our capacity, a major new lecture theatre is to be built on upper campus to cater for existing numbers. However, this on its own will not eliminate the existing backlog of classroom places. We hope to conclude the debate on size and shape in 2011. The decisions we take will be far-reaching.

The capital programme planned for the years 2009 to 2013 is proceeding. During 2010 we occupied the new Student Administration Building and a newly-acquired building for our ICT services. Both of these released much-needed space for academic departments. The School of Economics' relocation to its new middle campus building at the end of the first quarter of 2011, also released much-needed space on upper campus for other academic departments. Student housing is at a premium and work on the 887-bed residence complex in Observatory, due for completion at the end of 2011, is ahead of schedule. Planning continued for a new engineering complex to cater for expansion in chemical and civil engineering.

Challenges

Our key challenges are about student access and success. We need to ensure that we have a fair and defensible admissions policy that makes provision for redress and identifies the applicants who have the potential not only to succeed but to do well. Our fee policies, financial aid policies and budgets, and student housing provision (both university-provided and that which we mediate and is provided by others) must meet our needs and the needs of our students. Most importantly, we must ensure that our students get the support that they need to succeed, both inside and outside the lecture theatres and laboratories. While our success and throughput rates are good by South African standards, they should be, and must be, even better. If over 70% of the 2005 entering cohort have qualified and 7% are still registered as students, nearly a quarter did not qualify. We need to address the needs of this group. The success and throughput rates of black disadvantaged students – despite substantial academic development efforts – remain lower than those from advantaged schools.



An artist's drawing of Obz Square, UCT's newest residence, due for completion in 2012.

KEY UCT DEVELOPMENTS DURING 2010

This section of the report contains highlights of our achievements during 2010, specifically as they relate to the high-level goals set out in my 2008 inaugural address.

A Vice-Chancellor's Strategic Fund of R100 million was created to fund, over five years, new initiatives that promote the newly approved strategic goals. The first year's allocation was awarded in 2010. R13 million was actually spent and the progress report on the mission-related projects was submitted to Council. R7 million was rolled over to 2011 and in late 2010 new projects for 2011 were solicited and a further R20 million awarded.

We conducted a widely consultative review of our student admissions policy in 2009 with a particular focus on the use of 'race'. The task team continued in 2010; significant further changes were made for 2012 admissions and this is discussed in length later in this report.

Over three budget cycles (2008-10) we have doubled the allocation from our core budget to financial aid in order to increase access. During 2010 I intervened to ensure that everyone eligible would be able to access financial aid.

A number of critical social issues were identified where I believed UCT's expertise might make a national contribution. In addressing these we have:

- established and filled a Chair in Constitutional Governance.
- established an African Climate Change and Development Initiative.
- concluded an investigation into how UCT might intervene more effectively in the local school system and established the EDULAB project for which funding is being sought.
- established a working group of researchers focusing on violent crime and security.

The African Climate and Development Initiative (ACDI)

During 2010 a 'collective' grant was awarded from the Vice-Chancellor's Strategic Fund to support six research proposals related to climate change and development. Research has begun in the Department of Botany, the Climate Systems Analysis Group, the Graduate School of Business, the Environmental Policy Research Unit and the Environmental Evaluation Unit in this regard.

The work includes studying matters relating to:

- changing atmospheric CO₂ as a driver of land-cover change in Africa;
- strategic change in organisations and governance systems in response to complex socio-ecological problems;
- the characterisation of the mechanisms of desiccation tolerance in plants;
- climate change, climate justice and behavioural responses to climate risk;
- environmental governance for social justice; and
- developing a new 'climate smart' capacity for climate services.

Edulab

An advisor was appointed during 2009 to assist the vice-chancellor develop a proposal for a UCT response to the schools crisis. Consultations initiated by the advisor led to the establishment of Edulab, a university-wide initiative that includes various departments, units and individuals that work in the field. Edulab committed itself in 2010 to focus the university's school improvement work in the township of Khayelitsha, Cape Town. A process was begun in the closing months of 2010 to find a co-ordinator for the schools crisis work and to steer the Edulab initiative.

Safety and Violence Initiative (SaVI)

A multidisciplinary initiative around violence and crime was formed in 2010. Work has begun on a paper to address the question of why there is so much violence in South Africa. A selection process has been established for the appointment of a Pro Vice-Chancellor to lead this initiative and activities for 2011 include a UCT colloquium in April and a national conference in September.

Strengthening regional and international networks

UCT's position internationally and within the continent has been strengthened through building relationships and networks at the executive level, and funding research partnerships at departmental levels.

In 2010 DVC Professor Thandabantu Nhlapo and I undertook visits to the Universities of Dar es Salaam, Makerere, Nairobi and the Jomo Kenyatta University of Agriculture and Technology. We also established alumni structures following meetings in these three cities.

DVC delegations attended meetings on the continent dealing with climate change and the World Economic Forum – Africa, while at UCT we co-hosted the Association of Commonwealth Universities annual meeting of VCs and presidents.

Development and fundraising

Fundraising targets have been restored to previous record levels (in an increasingly difficult climate for fundraising) and alumni relations have been strengthened with many chapters visited in South Africa and abroad. A bequest programme and a student-run telephone donations campaign were initiated. I undertook two trips to the US and two to the UK. We also secured several large foundation grants for developing the next generation of academics – mostly for black candidates and women.

HIV prevalence survey

A new study commissioned by the Higher Education HIV and AIDS programme showed that UCT has a relatively low HIV prevalence, but it also identified trends that constitute serious risk factors for contracting HIV. For UCT, the prevalence rates for the sample of students and staff was low at 0.2%. The national student HIV prevalence rate was reported as 3.4%. The survey established a useful baseline, and suggested

that the UCT strategy for fighting HIV/AIDS is on track and achieving the desired results.

The Transformation Management Advisory Committee and the Joint Consultative Forum on Employment Equity were merged into the Vice-Chancellor's Transformation Advisory Committee, chaired by the vice-chancellor.

Streamlining policies

Several policies were streamlined to improve operations. These included the new Integrated Financial Policy; the new policies on retaining retired staff; improving conditions of employment for contract staff; a review of the criteria for ad hominem promotion and performance evaluation of academics, creating more consistency and flexibility across faculties, and introducing merit awards.

Outsourcing

The Outsourcing Review, which began in late 2009, was completed. The independent external review recommended that two of the service providers be 're-insourced'. However, it was subsequently decided that the university would continue to outsource all seven services on campus and that UCT would tighten up implementation of its code of good practice and provide further benefits to outsourced workers.

Online developments

UCT Admissions Office launched an online application system, which was implemented for the 2011 admissions cycle. Half of all applications were subsequently made on-line – well above what was expected for the first year. A task group is working on the development of an on-line registration system. An OpenContent Directory was also launched, which allows for easy, free online access to a selection of UCT teaching and learning resources.

Safety and security

UCT continued to invest millions on campus security to safeguard staff and students against crime. As a result, crime has decreased. UCT students and staff however, still become victims of crime in the areas around campus where they live. The university's commitment to forge a new social contract with local businesses, property owners and residents bore fruit with the establishment in September of the Groote Schuur Community Improvement District.

Building and development

Significant infrastructural developments were made which meant a particularly busy year for the University Building & Development Committee (UB&DC). UCT acquired new and additional spaces for teaching, learning and research during 2010. UCT committed to spending more than R900 million over the next three years on infrastructure development. The Department of Higher Education funded about one third of this capital expenditure programme through an infrastructure development grant, with the remainder funded through the university's multi-year budget process from interest earnings, reserves and loans.

During the year ICTS relocated to new premises on Main Road. The Archives were relocated from middle campus to Mill Court. UCT refurbished, reconfigured and relocated Student Housing from Grotto Mews to Avenue Road. The new Student Administration Building was completed (December 2010) and the School of Economics on the Middle Campus, is due to be completed in mid-2011. A new engineering building is in the pipeline. UCT has made excellent progress in the building of Obz Square student residence, for handover in 2012. UCT refurbished the Breakwater Lodge and completed phase II of the Capital Asset Management Plan.



UCT's Edulab project works to identify and mentor talented learners from Khayelitsha.



A national study showed UCT has a relatively low HIV prevalence but identified trends that constitute serious risk factors.

TEACHING AND LEARNING

Admissions Policy

The Admissions Policy Review Task Team continued working this year to further develop the criteria to minimise or eliminate the use of race as proxy for disadvantage. UCT hosted a debate on campus on its admissions policy and there was extensive public engagement through television, radio and newspapers.

The Higher Education Act requires the Council, in concert with the Senate, to determine the university's admissions policy. It also requires that the admissions policy must provide for redress. Our admissions policy is published (as the Act requires) and continues to be the subject of rigorous debate in national and international media, as well as inside the university.

This debate is far from over, but as the situation currently stands we have an admissions policy for 2012 applicants that is designed to ensure that we have a diverse student body (where the South African component of our student body increasingly reflects the demographic diversity of the South African population, as well as a significant number of international students) because we believe that everyone gains from a diverse student body.

UCT acknowledges that the effects of pre-1994 discrimination remain in our society. The admissions policy is therefore designed for redress, fairness and diversity. The legacy of decades of inequality, and in particular structural educational inequality in South Africa and the continuing (and in many cases increasing) disparities in public education provision, is a reality that our admissions policy must take into account.

We do this on the basis of the self-declared population group category of each applicant. International applicants are a separate category. We ask South African applicants, should they so wish, to indicate whether or not they belong to one of the previously-disadvantaged categories and we will apply our redress measures to those who do so. We use an applicant's indication as a member of a previously disadvantaged category for effecting redress because it remains the best initial, broad-brush measure of past structural inequality. However, we continue to test alternative measures for identifying disadvantage.

Graduate attributes

We have made a strategic commitment to produce graduates whose qualifications are internationally recognised and locally applicable, underpinned by values of engaged citizenship and social justice. This commits the university to providing a superior-quality educational experience for undergraduate and postgraduate students through, among other things:

- Stimulating the love of life-long learning;
- The cultivation of competencies for global citizenship;
- Supporting programmes that stimulate the social consciousness of students;
- Exposure to the excitement of creating new knowledge;

- Offering access to courses outside the conventional curricula; and
- Guaranteeing internationally competitive qualifications.

During 2010, progress in this regard included developing the Global Citizenship, Leadership and Social Justice Project, aimed at providing students with an opportunity to engage critically with contemporary global debates and to reflect on issues of citizenship and social justice through meaningful community service. Some 115 students registered for the programme with 17 students registering for both modules. The 2010 Teaching and Learning Symposium and the 2009 *Teaching and Learning Report*, published in 2010, focused debate on how faculties are engaging with the graduate attributes.

Student numbers

The 2010 unduplicated student headcount enrolment total at the end of 2010 was 25 014. This is the highest in UCT's history and is 4.2% higher than that in 2009. The 2010 postgraduate enrolment (7 617) represented an increase of 7.5% over 2009. Enrolments in professional first bachelor's degrees made up 44% of the overall 2010 undergraduate total. We admitted and enrolled 3 681 first-time entering full degree undergraduate students in 2010. The majority of these students had written the NSC examinations at the end of 2009 (the second year of the NSC). Of the first-time entering cohort, 68% had achieved A or B aggregates in either the SC or the NSC examinations, suggesting that we had maintained the high-quality intake achieved in recent years. Enrolments at the master's and doctoral levels both peaked in 2010 (at 3 629 and 1 110 respectively). The 4 739 master's and doctoral enrolments together made up 19% of the 2010 enrolment.

Enrolment trends

Student numbers grew by 16.6% between 2006 and 2010, or at a rate of 3.9% per annum. Enrolments over the 2006 – 2010 period grew at 3.2% per annum among undergraduates and at 5.7% per annum at the postgraduate level. Honours enrolments grew steadily between 2006 and 2010 at a rate of 3.9% per annum, to a total of 1 125 in 2010.



UCT's admissions policy is designed to ensure that the institution attracts a wide diversity of students, and the institution hosts numerous schools outreach projects.

Demographic statistics

Headcount student enrolments by population group 2006 to 2010 showing percentage growth on baseline.

	2006	2007	2008	2009	2010	% change
SA African	3 843	3 924	4 354	5 068	5 323	39
SA Coloured	2 767	2 869	3 252	3 623	3 654	32
SA Indian	1 470	1 455	1 522	1 630	1 681	14
SA White	8 833	8 590	8 768	8 983	9 183	4
International	4 130	4 088	4 320	4 307	4 644	12
Other	411	493	392	401	529	29
Total	21 454	21 419	22 608	24 012	25 014	17

Headcount student enrolment by population group 2006 to 2010 showing percentage of total.

	2006	2007	2008	2009	2010
SA African	3 843	3 924	4 354	5 068	5 323
% of total (incl int)	17.9	18.3	19.2	21.1	21.3
% of total (ex int)	22.1	22.6	23.8	25.7	26.1
SA Coloured	2 767	2 869	3 252	3 623	3 654
% of total (incl int)	12.8	13.3	14.3	15	14.6
% of total (ex int)	15.9	16.5	17.7	18.3	17.9
SA Indian	1 470	1 455	1 522	1 630	1 681
% of total (incl int)	6.8	6.7	6.7	6.7	6.7
% of total (ex int)	8.4	8.3	8.3	8.2	8.3
SA White	8 833	8 590	8 768	8 983	9 183
% of total (incl int)	41.1	40.1	38.7	37.4	36.7
% of total (ex int)	51	49.5	47.9	45.5	45.1
International	4 143	4 088	4 320	4 307	4 644
% of total (incl int)	19.3	19	19.1	17.9	18.6
Other	453	493	392	401	529
% of total (incl int)	2.1	2.3	1.7	1.6	2.1
% of total (ex int)	2.6	2.8	2.1	2	2.6
Total	21 454	21 419	22 608	24 012	25 014

*this row is % of total (including international students)

*this row is % of total (excluding international students)

International students

	2001	2005	2009	2010
Total UCT students enrolled	18 119	21 356	24 012	25 014
Total UCT students (excl. SSA*)	17 837	20 666	23 168	24 002
Total international students (excl. SSA)	2 254	3 727	3 464	3 633
% international students (excl. SSA)	13%	18%	14%	15%
Number of countries represented	74	96	97	107
Number of African countries represented	-	31	31	37
Total SADC students	1 603	2 546	1 987	2 230
% SADC students at UCT	9%	12%	8%	9%
Total Non-SADC International students (excl. SSA)	651	1 181	1 478	1 370
Total Non-SADC International students from Africa	-	442	567	729
Total Study Abroad Students	282	690	843	1 012
Total International Students incl SSA/non-degree seekers	2 536	4 374	4 307	4 644
% All International student registrations at UCT	14%	20%	18%	19%
Total international undergraduates	1 291	2 033	1 760	2 951
Total international postgraduates	963	1 467	1 631	1 693

* Semester Study Abroad

Completion rates

A total of 6 281 students qualified for the award of a degree or diploma in 2010. This included 1 914 students in Commerce (444 of these completing BBusSc degrees), 772 in Engineering & the Built Environment, 630 in Health Sciences, 1 946 in Humanities, 253 in Law and 656 in Science.

The proportion of all undergraduates excluded from the university on academic grounds appears to have stabilised at approximately 5% of the total undergraduate enrolment. In 2010 an overall undergraduate course success rate of 84.5% was achieved, and the success rates in 100-, 200-, 300-and 400-levels were all above 80%.

Examination of the longitudinal performance of the 2005 first-time entering undergraduate (FU) entry cohorts shows the following:

- 69% of the 2005 FU entry cohort (in comparison with 67% of the equivalent 2001 FU cohort) had successfully

completed undergraduate qualifications within five years of entering UCT (ie by end 2009);

- 15% of both the 2005 and 2001 FU entry cohorts had been excluded from UCT on academic grounds during the five-year period of the analysis;
- the rate of drop-out in good academic standing among 2005 FU entrants (a term which applies to all students who leave UCT without completing an undergraduate qualification, but who were not excluded on academic grounds) was 11%, down from 15% among the equivalent 2001 cohort; and
- 5% of the 2004 entry cohort was still registered at the undergraduate level. This proportion was slightly higher than that among the 2001 FU cohort (3%).

The improved completion rates among recent cohorts suggest that UCT's persistent focus on throughput and retention is yielding positive results. In particular, the marked decrease of dropouts in good academic standing is noteworthy, and may be attributable to our expanded financial aid policy.



Prof Kelly Chibale heads UCT's Drug Discovery & Development initiative, one of five Signature Themes in research at UCT.



Prof Jill Farrant won the Distinguished Woman Scientist (Life Sciences) award in the DST Women in Science Awards.



Prof Erwin de Blok (middle) holds the Square Kilometre Array SARChI Chair in Multi-wavelength Extragalactic Astronomy.



Prof Edgar Pieterse, director of UCT's African Centre for Cities, one of five research Signature Themes.

RESEARCH

International rankings

Two Research Indabas were held in 2010 focused on each faculty's plan to enhance international research competitiveness in their areas. Benchmarking with competitive peers of choice continues to inform the faculty strategies, an approach sanctioned by evidence from an externally-commissioned report on trends in UCT's publication profile.

Engagement with international ranking systems continues to raise awareness about key indicators in the research environment and serves as a catalyst to focus our research efforts.

Department of Science and Technology/National Research Foundation (DST/NRF) SARChI Chairs at UCT

Launched in 2006, the DST/NRF South African Research Chairs Initiative (SARChI) is a brain-gain initiative to develop research capacity in the country. In 2010 UCT was awarded a Strategic Chair in nano-science, and recruiting will begin for this Chair in 2011. Furthermore, the university successfully recruited a world-renowned researcher to take up the SKA SARChI Chair in Multi-wavelength Extragalactic Astronomy in 2011. This Chair was awarded to UCT in 2009. Professor Chuma Himonga was awarded the DST/NRF Chair in Customary Law.

Research income, grants and contracts

Total research income from external sources decreased by 2% or R13.8 million, from R726.7 million in 2009 to R712.9 million in 2010. This decrease is partly attributable to a decrease in contract income over the same period (R519 million vs R450.2 million). Government-related grants on the other hand grew by 34%, from R157.7 million to R201 million. (These figures represent income received or accrued, but exclude amounts awarded but not yet paid.) The number of research contracts approved in 2010 increased by 20% year-on-year (compared to the 9.7% increase in 2009 over 2008), with a marginal increase in the value of the contracts (R550 million vs R543.9 million).

Postgraduate studies

Financial support to postgraduate students grew from R97 million in 2009 to R120 million in 2010, while postdoctoral fellowships to the value of R38 million were awarded to 223 Postdoctoral Research Fellows.

The performance of our researchers through the internationally benchmarked process of peer-evaluation and rating is carried out by the NRF and is based primarily on the quality of their recent research outputs. The number of NRF-rated researchers at UCT grew from 320 in 2009 to 336 in 2010. This growth was partly attributed to the anticipated funding from the NRF in the form of incentive awards. However, due to budgetary constraints the NRF's research incentive funding was topped up by an allocation from the VC's Strategic Fund – a measure which was very well received by the research community, since it gave considerable relief to a wide range of researchers in a greatly restricted funding environment.

However, an important challenge is to engage with the NRF about the concentration of funding in targeted areas which leaves

little funding available outside these areas. The Research Office has embarked on a project to track changes in the NRF funding pipeline over the past 10 years, which will be used to inform this engagement.

Publication count

UCT was awarded 1 188 units for its 2009 publication count submission to the National Department of Higher Education and Training, representing a 9% growth over its 2008 subsidised output. From 2005 to 2009, we increased our publication output by an average annual growth rate of 5% (this includes output published in journals, conference proceedings and books).

Developing research

The University's Research Office offers a number of activities designed to ensure the transfer of research skills and the development of research capacity.

The Emerging Researcher Programme, which started in 2003 with 44 participants, had 432 active participants in 2010, while the Programme for the Enhancement of Research Capacity (PERC) offered seven 'mid-career' workshops and seminars attended by a total of 161 academics.

In 2010, 93 research development grants, amounting to over R3.4 million, were awarded, of which 80 (totaling more than R2.9 million) were from Carnegie Corporation funds and the remainder (R476 715) from UCT funds. PERC aims to strengthen collaborative, multi-disciplinary research in – and on issues related to – Africa and the global South.

Four PERC grants were awarded to research teams for collaborative, interdisciplinary projects, and a further two pilot grants were awarded to develop proposals. While the Mellon Visiting and Retired Scholars Mentorship Project came to an end in December 2009, the AW Mellon Foundation granted permission for the continued roll-out of mentorship activities into 2010. Ten mentors were appointed during the course of 2010 and due to the project's success, funding has been extended until 2013.

Accredited research groupings

At the end of 2010, the number of UCT-accredited research groupings stood at 67. This number includes nine MRC/UCT groupings, as well as five new research groupings which received UCT accreditation in the course of the year.

Signature Themes

Five Signature Themes were established at UCT three years ago to provide a framework for inter-departmental and inter-faculty research. The Signature Themes are grounded in existing areas of internationally-recognised excellence at UCT while being aligned to institutional, regional and national priorities. The five themes are:

- the African Centre for Cities
- Brain and Behaviour Initiative
- Drug Discovery
- Marine Research Institute, and
- Minerals to Metals.



UCT's publication count has grown by an average of 5% annually since 2005. This includes output published in journals, books and conference proceedings.



Prof Chuma Himonga was awarded the DST/NRF Chair in Customary Law, part of the South African Research Chairs Initiative (SARChI). UCT has 27 of the country's 71 SARChI chairs.



With 44 patents, Prof Ed Rybicki is UCT's top inventor.

Four of the themes are recognised as Research Niche Areas (RNAs) by the National Research Foundation. During 2010 we reviewed the progress made under each theme and approved a further three-year funding cycle.

Intellectual property

2010 was a year of significant change in the South African Intellectual Property (IP) and innovation landscape. The promulgation of the IP Rights from Publicly Funded Research and Development Act (IPR Act) came into effect on 2 August 2011, while an interim National Intellectual Property Office (NIPO) was established and the Technology Innovation Agency (TIA) was officially launched. We took a number of actions in response. Three publications (*Inventors Handbook*, *UCT Laboratory Notebook*, and *Innovation at UCT 2010*) were launched at an innovation evening which paid tribute to UCT's most prolific inventors. The latter report ran alongside the activities of a Working Group chaired by Professor Francis Petersen, which investigated the 'state of innovation' at UCT as the basis for developing an innovation strategy that will dovetail with our research strategy.

Patents

Thirty-six international patents were granted in 2010. Unfortunately, a number of invention disclosures received by Research Contracts & Intellectual Property Services did not result in provisional patent applications, as prior public disclosure prevented this. Regular, ongoing departmental seminars and information sessions about the need to patent before publishing should create increased awareness around patenting issues.

Research portal

Pleasing progress was made with the development of a sophisticated research portal integrated into the Enterprise Content Management project. Professor Ed Rybicki was commissioned to co-ordinate the efforts of ICTS, the Research Office and Faculties to ensure that the Research Portal meets the requirements of researchers. It is hoped that a prototype version will be up and running in November 2011.

Postgraduate support

The support for postgraduate students was increased through the greater availability of funds. An *A-Z Guide for Postgraduate Students* and an *A-Z Guide for Postdoctoral Research Fellows*, as well as the creation of the 'Blue Desk' in the Postgraduate Centre and Funding Office provided increased support to postgraduates and postdoctoral research fellows.

Office of Research Integrity

A pilot project for the establishment of an Office of Research Integrity made good progress during 2010.

Laboratory standards

A working group under Professor Cyril O'Connor completed a review of the state of all the laboratories at UCT during 2010, and its recommendations will be implemented by a Laboratory Audit Working Group chaired by Professor O'Connor. This will happen in a phased way, starting in 2011.

SOCIAL RESPONSIVENESS

UCT has set a strategic goal to expand and enhance our contribution to South Africa's development challenges. We are committed to engaged, policy-relevant research and teaching, as well as to expanding opportunities for students to become directly involved in socially-responsive learning. Our aim is to ensure that our research contributes to the public good through sharing knowledge for the benefit of society and through fostering in our students the acquisition of the civic literacy, knowledge and skills necessary to build a more just, equitable and unified South African society.

During 2010 work in this regard continued across campus, reflecting innovative partnerships between UCT academics and external stakeholders, including government at all levels, local communities, national and international social movements, continent-wide organisations, institutions from the global South and various international organisations.

Our social responsiveness engagements take varied forms including research activities, engagement with policy development, public commentary on development issues and strategies, social outreach activities by students, programmes to empower external constituencies, the improvement of the relevance of the curriculum and providing opportunities for lifelong learning. As an institution UCT was involved in several social initiatives during 2010. UCT's involvement in the UCT Knowledge Co-op and in the Cape Higher Education Consortium illustrates just two of the many ways in which our institution remains socially engaged.

UCT Knowledge Co-op

This project aims to help external constituencies (including NGOs and civil society groups) access the knowledge, skills, resources and professional expertise held within the university. A project manager was appointed and the work in 2010 focused on promoting the project to UCT staff and the external community. During the last quarter of 2010 the emphasis was on identifying possible pilot sites that could be used to generate guidelines for implementation. A list of 10 projects was drawn up, based on discussions with 22 UCT academics. Eight community groups were introduced to the UCT Knowledge Partnership. Funding from the National Research Foundation has been obtained to evaluate the impact of the project.

CHEC activities

During 2010 UCT continued its participation as one of the four member universities of the Cape Higher Education Consortium (CHEC). CHEC activities included seminars on student performance, and best practices in bursary provision, a study on the role of universities in driving innovation in the Western Cape, engagement with the Department of Economic Development and Tourism around the establishment of a Regional Innovation Forum and a Regional Innovation Strategy.

One example of a response from UCT to provincial priorities is the development of a new postgraduate diploma in addiction

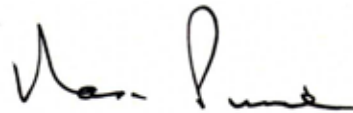
care, and a specialised honours degree in clinical social work focusing on substance abuse. UCT also participated in the discussions between CHEC and the Department of Economic Development in the City of Cape Town about possible partnerships. The partnership project plans to include seminars, staff training, a graduate placement programme, and research.

Public intellectuals

I personally, and UCT more generally, have championed a more activist profile for UCT, encouraging academics in their role as public intellectuals. Political and social issues have been taken up in public protest, op-ed articles, letters to editors, speeches, a programme of public lectures and private meetings.

CONCLUSION

I am satisfied that we made good progress towards our strategic goals during the year under review. Financially, we are well managed. Morale is generally positive. We are attracting high-quality staff and students, including many from abroad. Research output has continued to grow. There is a sense of vibrancy and growth in most areas of activity at UCT.



Dr Max Price
Vice-Chancellor



Vice-chancellor Dr Max Price gets to know future UCT students at the Clanwilliam Arts Project. The project is supported by UCT's School of Drama and Michaelis School of Fine Art.



The Michaelis School of Fine Art has introduced their disciplines to a broader community through initiatives such as the Masiphumelele Art Project.

FINANCING UCT

Securing financial stability for UCT

UCT plans within a multi-year framework. The financial policy is realised by integrating the following areas:

- We target a surplus from Council-controlled recurrent operations to fund new initiatives and provide a hedge against unforeseen circumstances.
- Capital expenditure is undertaken in terms of the strategic framework, and is constrained by affordability as evidenced by available cash resources and borrowing capacity.
- Debt finance is used conservatively if required and further constrained by the ability to service the debt, in terms of both the interest and capital repayments.
- Investment income after deducting all financing costs, being volatile in nature, is only used to seed new initiatives and other strategic choices.

Financial management

UCT pays particular attention to financial management, seeking to ensure a combination of good practice, stewardship and forward projection that provides the university with the financial resources needed to meet its objectives. The comprehensive university financial plan consists of seven distinct yet interrelated components: continuing educational operations; research and other operations similarly dependent on specific funding; staff and student housing operations; investment income and financing expenditure; capital expenditure; capital structure and financing; and cash flow planning.

Finance highlights

The university financial policy was revised during 2010 after

extensive consultation. The fundamental principles remained, but details were amended to reflect current circumstances and to sharpen the integration of the various components of the policy with other university processes.

Continuing Educational Operations encompasses the main recurrent operating activities that provide and support teaching and learning.

Total recurrent operating income increased by R208 million (13.8%) to R1 719 million, mainly from increases in:

- State subsidy of R127 million (16.4%) to R903 million. This includes the first release of infrastructure subsidies received in previous years, which are now reflected under income to match expenditures (R7 million) as required in terms of IFRS reporting requirements.
- Tuition and other fee income of R77 million (13.3%) to R654 million. The increase in tuition fees comprised a general increase of 9.75%; differentiated increases in the faculties of Health Science, Engineering and the Built Environment and Commerce (R77 million); increased enrolments generated a further R15 million, mainly in the Faculty of Humanities and the Semester Study Abroad programme.

Expenditure grew by R199 million (13.4%) to R1 686 million, mainly due to an increase in personnel costs of R126 million (13.7%) to R1 046 million.

Our undergraduate students received R355 million in total financial support, up from R312 million in 2009 and R232 million in 2008. This support comes from various sources;



The Graduate School of Business was placed 49th in the world for customised programmes on the Financial Times' executive education custom ranking for 2010.

corporate and other external bursaries support students to the value of R157 million, and NSFAS provided loans amounting to R72 million. UCT added R24 million to bursaries and scholarships, bringing the total to R110 million, increased from R40 million in 2007. The financial aid portion amounted to R93 million. In addition, income from endowments and other funds available to the university contributed a further R33 million.

The net result of the recurrent operations was a modest surplus of R33 million (2009 R24 million), being 1.9% of total operating revenues, emphasising the tight margins within which we function. The subsidy framework is currently under review by the Department of Higher Education and Training, and we are aware that the consequences for UCT could be destabilising, particularly in light of the pressures on fee levels.

Research and other Specifically Funded Activities are usually outside the decision rights of university management (who nevertheless usually retain governance and monitoring rights, and often approval rights). While these activities are of important academic and social value they add considerably to the financial risk of the university, particularly in respect of cash flows and accounts receivable management.

After several years of high growth, tripling the level of activity, revenues have stabilised at about R1.1 billion. Hidden by this flattening of revenues is the fact that there has been a decrease in inflows from the private sector offset by an increase in Government-related grants, which is described in more detail in the financial section of the Vice-Chancellor's Report. The growth over an extended period has placed

significant demands on our operations as the impact of the tripling of activities has manifested itself in the Research Office, Contracts Office, Human Resources, Finance Department and a host of others. Donations and gifts of R178.8 million were marginally above the amount raised in 2009 (R177.1 million), probably reflecting the difficult economic conditions.

Staff and Student Housing is required to cover its costs and provide enough resources for long-term maintenance and to contribute towards increased residence capacity. Revenues increased by 12.7% to R210 million, generating a surplus of R5 million. This surplus is applied to extending the housing stock, thereby providing greater access to UCT. The increased fee revenue in the student housing area resulted from increased fees of 10.5% on accommodation and 10% on food, and an increase in available beds. Increases in operating costs were mainly due to the increased student numbers, the cost of utilities and the setting up of the new Pinelands Grove residence. UCT participated in the 2010 FIFA World Cup, providing a unique experience for students who were involved in the initiatives. While accommodation did not reach the hoped-for levels, we were more successful than other universities. Other UCT involvement generated considerable profile for UCT and on balance we believe it was worth the effort and the marginal net cost.

Capital structure and financing is informed by the relationship between reserves and borrowings, the extent to which these are underpinned by assets, limitations on their alienability and their liquidity. This defines our borrowing capacity which is constrained by our ability to service debt.



The new Student Administration Building on middle campus.

In approving the capital projects outlined (see page 9), Council indicated that the free cash reserves should not fall below R200 million during the currency of their implementation. Due to the delays in the commencement of some of these projects it may be possible to fund these from cash flow, with limited, if any, use of external funding. It is thus unlikely that we will need to borrow in respect of these projects. This situation provides us with the leverage to undertake further projects if necessary, subject to a revised financial assessment at such time.

The cash flow cycle at UCT has a low point at the end of the financial year and peaks in July/August after the bulk of the fees and most subsidies have been received. Careful planning and management of our cash is crucial in generating interest income and in providing the capacity to undertake major projects such as those described above.

UCT's financial sustainability is a function of recurrent operations and free cash reserves. Council-controlled unrestricted operations generated a surplus of R33 million in 2010. While these margins are extremely low, the risk is somewhat mitigated as we know the bulk of our income (subsidy and fees) early in the operating cycle, and if these were significantly different from plan we would be able to react and adjust our operations accordingly.

The University Finance Committee (UFC) has assessed the free cash balance, future commitments and plans and is satisfied that the free cash holding is substantially in line with the financial policy.

Of the overall operating surplus of R339.8 million reflected in the consolidated income statement, R139.3 million arises from non-recurrent items primarily relating to profits on the sale of investments, with R80.6 million being in respect of specifically funded restricted activities. While these activities contribute greatly to the mission of the university, they do not often provide for sustainability and draw on infrastructure support.

The recurrent surplus attributable to Council controlled unrestricted funds has remained static at R114.9 million, compared to R115 million in 2009, investment income being the major contributor in both years.



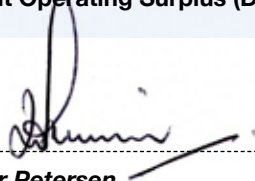
A capital expenditure programme of approximately R1 billion will underpin the development of new buildings, particularly on the upper and middle campuses.



A new School of Economics has been built on middle campus. Nearly 20% of UCT students take courses in economics.

Recurrent Unrestricted Council Controlled Operations 5-year Review (R millions)

	2010	2009	2008	2007	2006
Recurrent income	1,719	1,511	1,306	1,207	1,082
State appropriations-subsidies & grants	903	776	684	640	570
Tuition and other fee income	654	577	483	425	401
Sales of goods & services	146	151	134	134	106
Private gifts & grants	16	7	5	8	5
Recurrent expenditure	1,686	1,487	1,319	1,185	1,078
Personnel	1,046	920	801	721	681
Other operating expenses	505	461	443	405	342
Bursaries	110	86	56	40	40
Depreciation and minor capital items expensed	25	20	19	19	15
Recurrent Operating Surplus (Deficit)	33	24	-13	22	4



Mr Trevor Petersen
 Chair: Finance Committee
 15 June 2011



Professor Enrico Uliana
 Executive Director: Finance
 15 June 2011



Chair of Council, Archbishop Njongonkulu Ndungane (left), and chancellor Mrs Graça Machel enjoy graduation in Jameson Hall. Twice-yearly graduation ceremonies are highlights on the UCT calendar.

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Council is responsible for the preparation, integrity and fair presentation of the annual financial statements of the University of Cape Town.

The Consolidated Statements following, being the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Fund Balances and Statement of Cash Flows have been extracted from the consolidated annual financial statements of the university for the year ended 31 December 2010.

These consolidated annual financial statements have been presented on pages 25 to 28 of this university's annual report for the calendar year 2010 (refer: <http://www.uct.ac.za/usr/finance/afs/afs2010.pdf>). They have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Minister of Higher Education and Training, as contained in the manual on annual reporting issued by the Department of Higher Education and Training, and

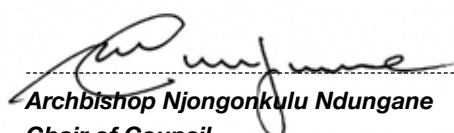
include amounts based on judgments and estimates made by management as more fully laid out in the notes to the financial statements. Council also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the annual financial statements.

The going concern basis has been adopted in the preparation of the annual financial statements. Council has no reason to believe that the University of Cape Town is not a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements confirm the viability of the institution.

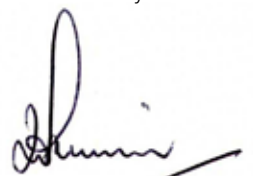
The financial statements have been audited by Ernst & Young Inc. who have been given unrestricted access to all financial records and related data, including minutes of the meetings of Council and all its committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

Approval by Council of the Annual Financial Statements

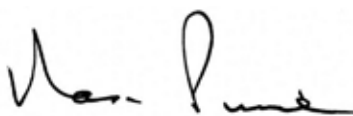
The annual financial statements set out on pages 25 to 28 were approved by the University Council on 15 June 2011 and are signed on its behalf by:



Archbishop Njongonkulu Ndungane
Chair of Council
15 June 2011



Mr Trevor Petersen
Chair of Finance Committee
15 June 2011



Dr Max Price
Vice-Chancellor
15 June 2011



Professor Enrico Uliana
Executive Director: Finance
15 June 2011



The South African College of Music celebrated its centenary in 2010.



The Percy FitzPatrick Institute of African Ornithology celebrated its 50th anniversary in 2010.



In 2010 the Ikey Tigers reached the finals of the Varsity Cup once again.

UNIVERSITY OF CAPE TOWN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
ASSETS		4,964,799	4,415,286
Non-current assets		3,861,866	3,234,918
Property, plant and equipment	5	1,478,736	1,041,618
Investments	6	2,364,892	2,173,352
Investments in associates	7	-	-
Non-current receivables and prepayments	8	18,238	19,948
Current assets		1,102,933	1,180,368
Inventories	9	648	685
Accounts receivable and prepayments	10	269,441	292,550
Loans to employees	10	1,508	266
Student fees receivable	10	33,504	38,615
Cash at bank and cash equivalents	11	797,832	848,252
ACCUMULATED FUNDS AND LIABILITIES		4,964,799	4,415,286
Accumulated funds		4,260,736	3,875,760
Non-distributable funds		1,766,756	1,592,674
Endowed funds		1,383,671	1,254,740
Revaluation reserve		383,085	337,934
Restricted funds designated for specific activities		1,439,214	1,353,549
Education and general		1,300,124	1,219,376
Student and staff accommodation		139,090	134,173
Unrestricted council controlled funds		1,054,766	929,537
Non-current liabilities		437,422	325,306
Interest bearing borrowings	12	317	976
Deferred revenue – government grants	13	227,075	140,000
Provisions – employee benefits	14	210,030	184,330
Current liabilities		266,641	214,220
Accounts payable and accrued liabilities	15	143,801	116,501
Deferred revenue – government grants and project income	16	9,412	7,115
Student deposits		34,535	29,616
Provisions – employee benefits	14	78,234	59,779
Current portion of interest bearing borrowings	12	659	1,208

UNIVERSITY OF CAPE TOWN
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2010

(All amounts in R'000)

		Education and General						
		Council Controlled Unrestricted	Specifically Funded Restricted	Sub-Total	Student and Staff Housing Restricted	2010 TOTAL	Change %	
Note								
	Recurrent revenue	1,784,331	1,087,472	2,871,803	210,394	3,082,197	6.1	
	State appropriations-subsidies and grants	17	902,911	230,340	1,133,251	-	1,133,251	12.4
	Tuition and other fee revenue		654,404	-	654,404	183,391	837,795	13.3
	Income from contracts		1,114	458,358	459,472	-	459,472	(6.5)
	Rendering of services		144,194	116,279	260,473	24,011	284,484	0.3
	Donations and gifts		16,007	162,806	178,813	-	178,813	1.0
	Sub-total		1,718,630	967,783	2,686,413	207,402	2,893,815	7.2
	Interest and dividends	18	65,701	119,689	185,390	2,992	188,382	(8.8)
	Recurrent expenditure		1,669,464	1,006,886	2,676,350	205,332	2,881,682	13.1
	Personnel	19	1,045,988	405,602	1,451,590	27,388	1,478,978	14.4
	Other operating expenses	20	504,959	401,385	906,344	159,202	1,065,546	8.0
	Financial aid and scholarships		109,849	179,362	289,211	-	289,211	26.6
	Depreciation	5	25,166	20,535	45,701	2,051	47,752	21.3
	Sub-total		1,685,962	1,006,884	2,692,846	188,641	2,881,487	13.1
	Net finance costs		(16,498)	2	(16,496)	16,691	195	(44.6)
	Finance costs	21	135	2	137	58	195	(44.6)
	Interest on internal borrowings		(16,633)	-	(16,633)	16,633	-	-
	RECURRENT SURPLUS		114,867	80,586	195,453	5,062	200,515	(44.0)
	NON-RECURRENT ITEMS		5,592	133,798	139,390	(80)	139,310	90.1
	Loss on disposal of property, plant & equipment		(3,354)	(5,037)	(8,391)	(209)	(8,600)	981.8
	Realised profit on sale of investments		9,043	150,444	159,487	130	159,617	105.9
	Impairment of available-for-sale investments		(97)	(11,609)	(11,706)	(1)	(11,707)	238.2
	NET OPERATING SURPLUS		120,459	214,384	334,843	4,982	339,825	(21.2)
	Transfer between funds		(4,865)	4,930	65	(65)	-	-
	NET SURPLUS *		115,594	219,314	334,908	4,917	339,825	(21.2)

* This surplus should be read in conjunction with the Annual Financial Review with particular reference to sustainability and designated activities.

UNIVERSITY OF CAPE TOWN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(All amounts in R'000)

	Council Controlled Unrestricted	Specifically Funded Activities Restricted	Revaluation Reserve	Student and Staff Housing Restricted	2010 TOTAL
Surplus for the period	115,594	219,314	-	4,917	339,825
Other comprehensive income:					
Available for sale – changes in fair value	-	-	45,151	-	45,151
Unrealised movement in market value	-	-	193,061	-	193,061
Reclassification adjustment for items included in income statement	-	-	(147,910)	-	(147,910)
TOTAL COMPREHENSIVE INCOME	115,594	219,314	45,151	4,917	384,976

UNIVERSITY OF CAPE TOWN CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31 DECEMBER 2010

(All amounts in R'000)

	Non-Distributable		Funds Restricted for Specific Activities		Unrestricted Funds	TOTAL
	Endowed Funds	Revaluation Reserve	Education and General	Student and Staff Housing	Council Controlled	
FUND BALANCES AS AT 1 JANUARY 2010	1,254,740	337,934	1,219,376	134,173	929,537	3,875,760
Total comprehensive income	-	45,151	219,314	4,917	115,594	384,976
Net surplus for 2010	-	-	219,314	4,917	115,594	339,825
Other comprehensive income	-	45,151	-	-	-	45,151
Transfers between funds	128,931	-	(138,566)	-	9,635	-
FUND BALANCES AS AT 31 DECEMBER 2010	1,383,671	383,085	1,300,124	139,090	1,054,766	4,260,736

UNIVERSITY OF CAPE TOWN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 R'000	2009 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from students, government and private sources		2,619,710	2,353,670
Cash paid to employees and suppliers		(2,466,486)	(2,283,577)
Cash generated from operations		153,224	70,093
Investment income – interest	18	162,353	178,115
Investment income – dividends	18	26,029	28,489
Finance costs	21	(195)	(352)
Net cash inflows from operating activities		341,411	276,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to maintain property, plant and equipment	5	(493,840)	(157,421)
Proceeds on disposal of property, plant and equipment		370	191
Purchase of available-for-sale investments		(242,935)	(217,694)
Proceeds from sale of available-for-sale investments		248,854	136,001
Ukukhula Trust loan		(272)	(343)
Net cash used in investing activities		(487,823)	(239,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in long term interest bearing borrowings	12	(1,208)	(1,603)
Increase in deferred revenue – government grants	13	97,200	80,000
Net cash inflows from financing activities		95,992	78,397
Net (decrease)/ increase in cash and cash equivalents		(50,420)	115,476
Cash and cash equivalents at beginning of period		848,252	732,776
Cash and cash equivalents at end of period	11	797,832	848,252
CASH GENERATED FROM OPERATIONS			
Reconciliation of net surplus to cash generated from operations:			
NET SURPLUS		339,825	431,439
Adjustments for:			
Depreciation	5	47,752	39,378
Release of deferred revenue	13	(7,525)	-
Increase in employee benefit provisions		44,156	22,676
Utilisation of TENET prepayment		1,931	-
Loss on sale of property, plant and equipment		8,600	795
Investment income – interest	18	(162,353)	(178,115)
Investment income – dividends	18	(26,029)	(28,489)
Finance costs	21	195	352
Profit on sale of investments		(159,617)	(77,531)
Impairment of available-for-sale investments		11,707	3,462
Changes in working capital			
Accounts receivable, prepayments and loans		22,630	(117,688)
Inventories		37	(247)
Accounts payable, accrued liabilities and deposits		31,915	(25,939)
Cash generated from operations		153,224	70,093





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