

## REPORT OF THE EXECUTIVE DIRECTOR: OPERATIONS AND FINANCE

THROUGH ITS CONTINUED STRATEGIC ENDEAVOURS, THE UNIVERSITY WISHES TO PROVIDE ADEQUATE ANSWERS TO THE CHALLENGES ARISING FROM ITS STRATEGIC FRAMEWORK, VISION 2012 AND HOPE PROJECT. THE TASK OF THE CENTRE OF RESPONSIBILITY FOR OPERATIONS AND FINANCE IS TO SUPPORT THE ACCOMPLISHMENT OF THESE ENDEAVOURS WITH SERVICES THAT TIE IN SEAMLESSLY THROUGHOUT THE UNIVERSITY. FOR THIS TASK OF SUPPORT, THE SPECIALISED EXPERTISE AND VARIOUS FOCUSES OF THE SIX DIVISIONS THAT REPORT TO THE EXECUTIVE DIRECTOR: OPERATIONS AND FINANCE – FACILITIES MANAGEMENT, FINANCE, INFORMATION TECHNOLOGY, INNOVUS, INTERACTIVE TELEMATIC SERVICES AND PROJEKTUS – ARE SYNERGISTICALLY CO-ORDINATED. IT WAS PRECISELY WITH A VIEW TO FURTHER IMPROVING THE QUALITY OF OUR SERVICES THAT THE DIVISIONS REFINED THEIR POSITIONING – IN RELATION BOTH TO EACH OTHER AND TO THE CHANGING NEEDS OF THE CORE BUSINESS – IN YET ANOTHER CYCLE OF IMPROVEMENT LAST YEAR.

The fifth theme of the HOPE Project is the promotion of a sustainable environment and a competitive industry. The task of Operations and Finance, namely University-wide support services, ties in with this directly. Sustainability is fundamental to the functioning of all its divisions. Accordingly, sustainability is integrated with divergent functions, including the management of campus grounds, gardens, sites and buildings; the implementation of advanced information and communication technology; the management and commercialisation of intellectual property; and strategic financial management. This year, all six of our divisions have reported success with their own sustainability actions and with their support for sustainability actions elsewhere.

At Operations and Finance, various facets of the work depend on orderly systems and processes, which are the key to the development and establishment of integrated sustainability.

Important support services are brought together here in a multidimensional management environment to the University's benefit. A few examples: systematic extension and preventative maintenance of physical facilities; risk management and protection services; removal of chemical, biological and hazardous waste products; recycling of electronic and computer waste; operation of institutional information systems; provision of technology-supported alternative access routes for postgraduate students; formal management of projects; strategic purchases; and financial planning and management. This bringing together is one of the SU's means to ensure that, institution-wide, its commitment to sustainability is anchored in its core business and that, institution-wide, this commitment is shared by its staff, students and business partners and by the public.

### FACILITIES MANAGEMENT

The activities of Facilities Management tie in directly with the above theme of the HOPE Project. Indeed, facilities are enabling for all facets of sustainability. The highlight of 2010 most definitely was the successful development of a Campus Master Plan that will direct compliance with the University's capacity requirements in the long term (20 years plus). The Plan covers everything to do with facilities: learning and teaching, research, community interaction, accommodation, administration, sport, commuter students, and mobility. The plan also visualises a footprint for the University that looks significantly different from the old one. The new footprint moves

away from Stellenbosch, with corridors to the surrounding communities and other towns. A further highlight concerns the Tygerberg Campus, where the Faculty of Health Sciences is situated. The upgrading project gained full momentum in 2010; sufficient funding was unlocked significantly to gear up the Faculty's activities in all respects, and to manage unacceptably large risks.

The new capital projects run by Facilities Management on behalf of SU in 2010 amounted to more than R250 million.

The various actions in 2010 link up with the respective sustainability risks as follows:

- **Academic sustainability, with the focus on teaching and learning**  
*Various projects were carried out in 2010, for example the upgrading of lecture halls, seminar venues and computer user areas. Greater capacity was created at several academic buildings through both densification and building extensions.*
- **Research sustainability**  
*Various new laboratory facilities were created, or existing ones were improved or renovated, and an Information Centre was created in the JS Gerike Library.*
- **Social sustainability (interaction with the community)**  
*The Lentelus Soccer complex and the Worcester Ukwanda Centre stand out among the various projects that all promote community interaction.*
- **Financial sustainability**  
*The principles of full-cost leasing were developed in 2010 and accepted by management. This approach will be phased in for all existing SU buildings over a number of years; new buildings, however, are to be funded on a full-cost basis with immediate effect. The full-cost rent will enable the University to build up sufficient reserves for the sustainable maintenance of its facilities.*
- **Environmental sustainability / Ecological sustainability**  
*Facilities Management exercises a strong influence on environmental sustainability. Various initiatives were carried out in 2010, for example:*
  - *the effective management and conservation of the mountainside terrain;*
  - *the eradication of invasive plants along the Eerste River;*
  - *the installation of special showerheads in the residences to save water and energy; and*
  - *the deployment of the Energy Project and a number of associated initiatives for energy saving. Among the aims of the Energy Project is the decentralisation of the Uni-*

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iversity's energy account in 2013 as an incentive to savings in each faculty.

### • **Retention and development of expertise**

Facilities are the indispensable enablers in the workplace, study place, recreation place and place of residence of the SU staff and students. Only through the experience of them as environments by the staff and students do these places acquire their characteristic quality. Facilities Management expresses this "experience" as follows in its vision – "South Africa's leading campus environment".

## INFORMATION TECHNOLOGY (IT)

Information and communication technology (ICT) is indispensable, not only to support the University's administrative processes effectively and sustainably and to allow them to function accordingly, but also to extend the expertise base for research, learning and teaching and community interaction in a sustainable manner.

It's actions over the past few years in support of the restructuring of infrastructure can be summarised as follows:

- *The Division expanded its focus from the provision of information systems to the support of key processes at SU, and organised its structure accordingly.*
- *The skills of the available peoplepower in the Division were honed for better understanding of and support for the institutional processes and for continuous promotion of new technology via process analysis with a view to transformative projects for productivity enhancement.*
- *As in previous years, various manual processes were replaced by electronic workflow processes. The result was better service provision, greater personal productivity and quicker access to information.*

Over the past year, the Division extended the information systems. Included in this was the renewal of various systems, for example a student and a donor (client) relationship management system, and a portal for postgraduate students on the University's web site.

The academic offering information system (the 'e-Calendar') crowns three years' hard work and analysis of needs. The specially developed database enables the e-Calendar to provide prospective students with the information on study programmes and their module contents which they need when choosing a career and field of study.

The administrative information systems were adapted to make provision for more self-help services for prospective students, students, staff, and outside bodies:

- *The majority of telephone enquiries are now effectively handled centrally by the Client Service Centre, with a much better service to the client, in that all the relevant student information is available on a single web page to the Centre's agents.*
- *Prospective students can carry out the following actions electronically – that is, without being present in person:*
  - *applying for admission to the University; and*
  - *applying for a place on the SU accommodation waiting list and checking their position on the waiting list, which is continually recalculated.*

- *With the aid of the online information, students can carry out the following actions electronically:*
  - *registering as a student for a new term;*
  - *registering as a member of a student society;*
  - *obtaining examination results via Facebook or Mxit; and*
  - *submitting theses to the library electronically.*
- *Staff can easily view and manage information on their current and prospective postgraduate students.*
- *Bursary sponsors can enquire online about the academic progress of their bursary holders through an internet-based application system for postgraduate bursaries.*

The telecommunication systems project, which is aimed at replacing all telephones by internet telephones, is already contributing to big savings. About two thousand Telkom telephones have already been cancelled. The project is expected to be completed by the middle of 2011, after which further telecommunication applications will be exploited in order to make more cost-effective international video and audio connections possible.

Access to the internet was improved dramatically in 2010 thanks to of the University's long-term investment in the Seacom undersea cable. This helped to make possible the upgrading of the international bandwidth from 40 Megabits per second to 600 Megabits per second without any increase in cost.

The incessant increase in information processing at SU puts tremendous pressure on the data infrastructure. The data storage capacity was therefore upgraded to enable continuous backup and archiving of the information from the learning, teaching and research processes. Planning was under-taken to make greater storage capacity available to students at outside institutions, such as Google and Microsoft Live@Edu, alongside the linked data storage spaces of the strictly formal learning and teaching processes.

Technology was also harnessed in measures to promote students' on-campus safety, including, especially, strict access control at student residences. Security cameras were placed at key positions on campus in 2010, and the campus's protection services monitor these cameras via the network.

The increasing need for student access to computers and networks for effective learning and teaching means that students are increasingly using their own laptops in the classroom. Since 2010, IT has been preparing to give lecturers and students the needed assistance in regard to purchases, effective configuration and continuous support. To counteract the rapid increase in the printing and copying of textbooks, pilot projects in association with some of the faculties have been started to make textbooks available in electronic format, preferably on mobile computers.

Under the banner of the IT sustainability initiative, IT's own energy and asset footprint is under investigation, as is ICT's contribution to sustainability elsewhere on the campus. A printer project has effected large savings in the purchase of paper.



## TELEMATIC SERVICES BRINGS THE UNIVERSITY TO THE STUDENTS

In 2010, the Division for Telematic Services aligned its spectrum of services more closely with the University's overarching endeavours by further renewal of its telematic platform. As a respected knowledge partner, the University takes advantage of its telematic platform to open up new alternative access routes to advanced study. In this way it is contributing significantly to the establishment of an effective strategy for increasing the rate of participation in South African higher education.

By resourceful utilisation of cutting-edge applications from the knowledge media (satellite, the web, cell phones, video conferencing), the telematic platform enables the University to set up an advanced and flexible postgraduate learning environment that meets the learning needs of alumni in particular. As a result of the integration of the virtual and residential learning environments, SU's advanced academic offering has become less dependent on fixed time schedules and conventional types of communication; this offering is therefore all the more accessible to all prospective postgraduate students. People who wish to combine further postgraduate study with their professional career are increasingly turning to this option. As a 21st-century higher education institution, Stellenbosch University has to meet students' growing need for access to postgraduate study at 'any time, any place'.

The Division for Telematic Services undertakes its initiatives from a research-based point of departure: successful participation in higher education creates welfare. The telematic platform offers higher education opportunities for potential students who otherwise would have been excluded in all likelihood from the University's academic offering. In 2010, more than 2 200 people gained access to SU's postgraduate programmes thanks to this virtual mobility. Nearly 45% were enrolled for master's and honours programmes.

Via the telematic platform, the University makes its expertise available to all South African communities to develop specialised skills in areas crucial to sustainable development: health services, governance, education, the management of HIV/Aids in the workplace, etc. (See page 50.)

The virtual study spaces that arise as a result of the telematic platform are increasingly compensating for the limited infrastructure for housing postgraduate students on campus.

Over the past five years (2005–2009), 3 501 students have obtained postgraduate qualifications on the telematic platform. The growth in the number of postgraduate students on this platform agrees well with the University's Vision of fulfilling a strong capacity development role in Africa.

With reference to the University's role as a builder of community capacity, the telematic platform is made available to outside clients, for instance for upgrading internal communications and for informal training for professional people. Over the past year, organisations presented short

courses on financial and health services, labour relations, skills development and consciousness raising in regard to the needs of people with disabilities.

The African Institute for Mathematical Sciences and the Institute for Mathematics and Science Teaching use the telematic platform to support the partner schools and to present both short courses and formal programmes that focus on the needs of practising teachers. In this way, teachers from across the country are offered an opportunity to study at Stellenbosch University.

The Western Cape Education Department has utilised the telematic platform to provide additional learning support in six subjects to 14 000 grade 12 learners. A virtual learning environment was specially devised that involves satellite broadcasts to the schools with learner interaction via a web interface, on the one hand, and, on the other, a web-based discussion forum for interaction in-between broadcasts. DVDs of the broadcasts were distributed at the schools as an additional learning resource.

The Division's strategic role in the effective integration of physical and virtual study opportunities received acknowledgement by the University when the latter assigned it one of the HOPE Project initiatives, namely Virtual Postgraduate Learning Support.

## FINANCE DIRECTS FINANCIAL SUSTAINABILITY

The finance function at SU comprises the following: financial planning and budgeting; financial reporting; development and implementation of accepted internal control mechanisms and procedures; development and maintenance of appropriate financial systems; financial training; determination and administration of student fees; administration of student loans; administration of funds, investments and banking; capture, control and management of staff remuneration payments, debtors, creditors and other assets and liabilities; administration of purchases; facilitation of tenders for product purchases and services; and commercial services.

The University's financial planning and management depend on a set of financial management principles that was adopted by the University Council. It is within this framework that a comprehensive set of financial policies was developed and is being implemented. Any additions to or amendments of these policies are examined and reported to the Audit and Risk Committee of Council by the internal auditors.

Strategic financial planning for the central theme of the HOPE Project (or, equally, the Overarching Strategic Plan) is guided by the Strategic Framework and the five themes of the Project. The related business plans of the respective centres of responsibility, including six-year rolling plans, serve as a framework for the annual budget. Since 2007, all centres of responsibility have had at their disposal a detailed method for the annual budget allocations. To ensure that the application of resources keeps in line with the University's strategic priorities, this budgeting method was further refined in 2010.



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In pursuit of the financial sustainability aimed at in its long-term planning, the University performs the following activities, among other things:

- *Compilation of realistic income and expenditure projections, including student fee increases, which, with a few exceptions, amounted to 8% for 2010.*
- *Linking of multi-year student enrolment planning to income, expenditure and capital planning. In the medium to long term, the University is planning for moderate growth in the number of undergraduate students, with greater growth in the faculties of Engineering, Health Sciences and Education and stronger growth in the number of postgraduate students.*
- *Provision within the 2011 budget for the phasing in of selected elements from the Master Campus Plan for the University's properties and facilities, a mobility plan (parking, commuter service and access control), a student accommodation plan, a catch-up maintenance plan and a keep-up maintenance plan.*
- *Adjustment of the spatial and furniture norms. The accepted new norms are already being implemented at places in the University and may save up to 30% in office space.*
- *Implementation of the Policy for Costing and Pricing of Research and Research-related Contracts. This new policy, which in time will increase the third-stream income, was approved by Council earlier in 2010. In November, Council approved an amended Policy in respect of the Commercial Exploitation of Intellectual Property that, as one of the strong drivers of the Full-cost Policy, will ensure that the University's intellectual property is exploited to the maximum financial benefit of the University, the researchers and the country.*
- *Creation of additional space in the main budget (2010: R56 million and 2011: R75 million), which is being applied particularly successfully as an enabling budget for further third-stream income.*
- *Management of the student accommodation budget, which is now based on a very good student accommodation plan, so that it can become self-financing in the long term and, over a period of five years, can move R1,8 million per annum to the main budget to eliminate cross-subsidisation from the main budget for maintenance and repair costs.*
- *Identification of actions for creating sustainable space in the future budgets, such as increased net income from the HOPE Project, better commercialisation of third-stream income opportunities and utilisation of dormant assets.*
- *Sufficient provision to implement the Language Policy in accordance with the latest resolutions, with an additional allocation of R7 million for 2010 and a further additional allocation of R8 million for 2011, the intention being to provide by 2013 the full cost of the current plans.*
- *The allocation of an amount equal to 0,6% of the budgeted annual income to a contingency reserve for the financing of unforeseen expenditure. Balance funds within the faculties and support service environments are also used for strategic and unforeseen expenditure in the environments concerned.*
- *The allocation of an amount equal to 2% of the budgeted annual income to a strategic fund. This enables the University management to finance strategic initiatives for the realisation of the University's strategic objectives and of the associated business plans of environments within*

*the University. Deans and other environment heads have also indicated that they will use the balance funds of their environments as leverage for additional claims and external funds. Projects and activities are financed from the strategic fund for a limited time only, after which they have to be financed from the regular budget.*

The University's financial management principles emphasise the central role of the budget in the realisation of strategic priorities. The principles also acknowledge the importance of responsibility in financial management, since a duty of care is imposed by the use of taxpayers' money and the money of students (and of their parents and other supporters), business enterprises and sponsors. At the same time, decentralised financial management is necessary for efficiency and for the promotion of entrepreneurial behaviour. Managers have the decentralised power to use their discretion in the allocation of funds and the utilisation of fixed assets. They are committed to proper reporting and are accountable for the use of money and fixed assets in achieving the University's strategic objectives.

The execution of managerial responsibilities is supported by the maintenance and continuous development of effective accounting and management information systems that produce credible and evaluated data in good time.

The Stellenbosch University financial statements for 2010 comply with the requirements of international financial reporting standards (IFRS) and with the Regulations for Annual Reporting by Public Higher Education Institutions in terms of the Higher Education Act (Section 41 of Act 101 of 1997).

### PROJEKTUS ESTABLISHES PARTNERSHIPS ACROSS THE UNIVERSITY

The aim of this function is to ensure that the support services of the centre of responsibility for Operations and Finance are functioning optimally and integrate seamlessly with the University as a whole, particularly in the case of large institution-wide projects. In fact, one such project, the Sustainability Project, kicked off in 2010.

In 2010, PROJEKTUS focused on the elaboration of a Policy for the Integrated Management of Sustainability, the establishment of certain partnerships and the development of an integrated Communication Plan. The policy was approved by the University Council in November.

The establishment of partnerships is an ongoing process, but of key importance to a project in which a real change in behaviour counts as one of the most important outcomes and signs of success. With a view to this, key role players were identified among the staff and students and regular meetings held with them. The aims of these discussions were information exchange, identification of areas where the role players could complement one another and the coordination of planning.

Integrated and coordinated communication is an aim that closely ties in with the creation of partnerships. The Communication Plan is aimed both at message uniformity by means of focused communication and at an integrated



picture, among the respective role players, of all sustainability initiatives and actions on campus. Communications in terms of the Plan may focus on different themes. The Communication Project and its first theme, sustainability initiatives by Facilities Management, have already featured in the campus newspaper, *Kampusnuus 18#7*.

The importance of sustainable development was further emphasised at a reception held by the University in November 2010 for the International Panel for Sustainable Resource Management of the United Nations Environment Programme (UNEP). South Africa is represented on the panel by Prof Mark Swilling, of our School of Public Leadership and Director of the Sustainability Institute.

## INNOVUS GROWS AND CONTRIBUTES TO FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY

InnovUS has changed the image of technology transfer on the campus, making it a viable means to commercialise intellectual property (IP) and generate income for the University and for researchers. A record-breaking amount in terms of licence income was invoiced during the year, and we received a healthy dividend income.

A total of 32 new priority patent applications were registered, compared with 23 for 2009. Three plant breeder's rights were also registered.

A more selective approach to the acceptance of new disclosures was adopted. The result has been a lower number of disclosures (45) than in 2009 (62), but the high quality of these disclosures is undisputed.

Three new licence agreements were concluded. The first licence agreement was for the LBI (Leadership Behaviour Inventory) questionnaire. This multi-rater questionnaire generates a comprehensive report that identifies areas in which leaders or potential leaders need development. The second licence agreement was with Anchor Yeast and involves a wine yeast that enhances exotic flavours in a number of white wine varieties. The third agreement was signed with AquaQure for the tea bag filter technology that removes organic and inorganic compounds and microorganisms from water, making it safe for human consumption.

Our portfolio of seven spinout companies is performing well. These companies employed 188 people in 2010 and had a combined turnover of R90 million. InnovUS also appointed two business developers to deal with the growth in demand.

The Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008, finally came into effect when the associated regulations were published in August 2010. This legislation required a drastic revision of the University's IP policy.

The commercialisation of our portfolio of nanofibre patents in cooperation with Isis Enterprise, a division of the technology transfer company of Oxford University in the UK, received a

special mention in the Oxford 2010 annual report. A visit to Japan to introduce our nanofibre technology to several large companies met with great interest.

InnovUS has played a leading role in setting up and incubating Tektique, an interuniversity technology transfer office (TTO). This so-called technology boutique not only serves as a platform for industry to gain access to technology from all the major South African universities and the Medical Research Council (MRC), but also enables TTOs to raise their chances of successfully commercialising research output. The project has become a formal NIPMO (National Intellectual Property Management Office) initiative. The Department of Science and Technology will manage the new Tektique office in Pretoria from 2011.

InnovUS launched a publication, *The InnovUS Guide*, that provides valuable information on key aspects of innovation, from patents, business plans and company formation, to bridging the gap between research and the market, and legal and tax issues. The information contained in it will assist any researcher or entrepreneur considering the commercialisation of an idea.

InnovUS featured in various publications, including the main article of a recent edition of the *Financial Mail*. An article about InnovUS and our recent repositioning featured in the biannual *STEM Newsletter* of the Indian Society for Technology Management.

Our first Maverick Entrepreneur event was held for students in electrical and electronic engineering at the end of 2010. Speakers from industry and the University made it a very interesting and successful event.

The Short Courses Division experienced yet another successful year, with 340 short courses approved and registered. Copyright is a form of intellectual property and at the University the protection, risk management and administration thereof reside in InnovUS. The University has a Blanket Licence Agreement with DALRO (Dramatic Arts and Literature Rights Organisation). This licence authorises reproduction in advance with retrospective reporting, and allows the University to supply course materials to students in accordance with the regulations of the Copyright Act 98 of 1978. The right to copy course materials for extracurricular courses, e.g. short courses, has also been negotiated under SU's Blanket Licence Agreement.

In line with the University's sustainability goals, the InnovUS office became the first administrative building on the Stellenbosch campus to install photovoltaic (PV) solar panels to generate electricity, thereby reducing the amount of electricity purchased from the Municipality. The project was a collaborative effort between InnovUS, SU's Centre for Renewable and Sustainable Energy Studies (CRSES) and Setsolar, a renewable energy company.