



REPORT OF THE RECTOR AND VICE-CHANCELLOR

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"UNIVERSITIES USUALLY CONCERN THEMSELVES WITH THE SCIENTIFIC ANALYSIS OF FACTS, SYSTEMATISING THEM AND PUBLISHING THE RESULTS. BUT FACTS ARE BY DEFINITION IN THE PAST.

"WHAT YOU ARE DOING WITH THE HOPE PROJECT IS TO LOOK AT THE FUTURE – TO IMPROVE IT FOR THE PEOPLE OF YOUR COUNTRY AND THE WORLD. YOUR METHODOLOGY IS DIFFERENT, ALTOGETHER RISKIER, BUT I COMMEND YOU FOR IT. I THINK MORE INSTITUTIONS NEED TO FOLLOW THIS APPROACH, WHICH COMBINES GOOD SCIENCE WITH OFFERING SOCIETY HOPE." — PROF ERNST VON WEIZSÄCKER, CO-CHAIR OF THE UNITED NATIONS ENVIRONMENT PROGRAMME'S (UNEP) INTERNATIONAL PANEL FOR SUSTAINABLE RESOURCE MANAGEMENT, NOVEMBER 2010, CAPE TOWN.

In many respects, 2010 was a watershed year for Stellenbosch University. The platform was established for positioning the University as a research leader among higher education institutions in Africa. At the same time, Vision 2012 was finalised and consolidated with the development of hope as the guiding motive that distinguishes the University as a leading and relevant role player in 21st-century higher education. SU, in short, is committed to creating hope in and from Africa by means of excellence in scientific practice and knowledge transfer.

This view of the University's nature, place and role in society is rooted in a significant document, *A Strategic Framework for the turn of the century and beyond* (2000: paragraph 3.2), which characterises the University's *raison d'être* in the following terms: "to create and sustain, in commitment to the universal ideal of excellent scholarly and scientific practice, an environment in which knowledge can be discovered; can be shared; and can be applied to the benefit of the community".

In 2010, this emphasis on academic excellence and service to the community was confirmed by the academic leadership of the University yet again to be at the heart of SU's new positioning. The *leitmotif* of hope is a new embodiment, therefore, of the aims of the Strategic Framework, namely to understand problems scientifically and to use science to make a difference in the context of 21st-century challenges.

In terms of its content, the HOPE Project is aligned to five themes from the international agenda for development of the United Nations:

- eradicating poverty and related conditions;
- promoting human dignity and health;
- promoting democracy and human rights;
- promoting peace and security; and

- promoting a sustainable environment and a competitive industry.

By implementing the academic and research initiatives of its HOPE Project, Stellenbosch University has laid a foundation for the alignment of its academic priorities, for sustainably unlocking resources and for the use of science to serve society.

The following three features lie at the heart of the University's strategy for positioning itself for the next decade:

- A growing set of integrated academic initiatives; aimed at building on from the established research successes of the University to strengthen its academic and research excellence.
- Practising science for hope in and from Africa; aimed at keeping and recruiting some of the best staff and students to address the demands and challenges of our time and to facilitate community development.
- A focused international fund-raising campaign; aimed at setting up and sustaining programmes, facilities and technology for a fully-fledged 21st-century university.

It stands to reason that this strategy for positioning itself, and, by definition, all the initiatives of the HOPE Project, are anchored in and driven by the core activities of academia, namely teaching and learning, research, and community interaction.



PROGRESS WITH THE OBJECTIVES FOR TRANSFORMATION

In 2009, Council approved a set of objectives and priorities for the transformation of the institution for the period 2010 to 2012. These relate to multilingualism, the size and shape of the University, building a diversified research team for the future, further expansion of throughput rates and the improvement of the diversity profile of our students and academic and support service staff. The objectives are briefly discussed below.

MULTILINGUALISM AS THE KEY TO PROMOTING DIVERSITY

In order to meet the challenges of accessibility, diversity and student success in a sustainable manner, the University Council, after extensive talks and consultation, adopted a multilingual teaching model. In accordance with this model, parallel-medium instruction was, inter alia, instituted for the first year of study by three faculties (Economic and Management Sciences, Science and Agrisciences), with the necessary initial financial support. This means that four faculties (the three mentioned above and Engineering) in 2010 offered the first academic year through parallel-medium instruction.

This model for the choice of the language of teaching is aimed at:

- broadening accessibility in order to attract non-white students who had Afrikaans as their home language, as a school language or as a school subject;
- creating accessibility for black students who did not have

Afrikaans as a school language;

- giving Afrikaans-speaking students the opportunity to study in their mother tongue; and
- helping to ensure that all students are academically successful.

In a further resolution aimed at reconciling the treatment of language in the classroom with the University's aims for the future, the University Council also adopted the principle of maintaining an Afrikaans offering of 60% at the University for the foreseeable future (until 2013).

Language planning and the implementation of language plans were next proposed as a strategic initiative under the HOPE Project. The proposal was approved by the Rector's Management Team on 8 March 2010 and funding for it was made available by management.

SIZE AND SHAPE

It is an institutional aim that student enrolments at both the undergraduate and the postgraduate level should increase much slower in the period 2011 to 2015 than has been the case in 2006 to 2010. In this earlier period, the average annual growth for undergraduate students stood at 3,9% and for postgraduate students at a very high 7,9%. The average

annual increase in enrolments at the undergraduate and postgraduate levels combined is expected to be less than 1% in the period 2011 to 2015. For this reason it is foreseen that the ratio of undergraduate to postgraduate enrolments – in 2010 it was 62:38 – will probably not change much up to and including 2015.

THE ESTABLISHMENT OF A DIVERSIFIED RESEARCH TEAM TO SUCCEED THE CURRENT CORPS OF RESEARCHERS

According to the latest official data on research outputs provided by the Department of Higher Education and Training, SU was the university with the highest number of research outputs per permanently appointed teaching/research staff member in both 2008 and 2009.

Despite these successes, the broadening, safeguarding, rejuvenation and diversification of our knowledge base all

remain central objectives with a view to the next decade. The University in 2010 therefore, under the guidance of the Vice-Rector (Research) and in accordance with the HOPE Project, took on an action plan to strengthen, for example, the support for its postgraduate students and to broaden its knowledge base through the development and expansion of research networks and partnerships. (See the report of the Vice-Rector (Research) on page 24.)

FURTHER EXPANSION OF THE UNIVERSITY'S THROUGHPUT RATES

Although the SU ranked among the country's top three universities in terms of the success rate of its undergraduate contact students in 2008 and 2009, it deliberately seeks to distinguish itself as the institution that can offer students the best chance for successful study. A previous report to the Department of Education gave extensive coverage of SU's success in increasing the pass rates of particularly its first-year students by way of the First-year Academy. With a view to further improving the success rates of our undergraduate students as a group and further establishing student success as a cornerstone of a sustainable university, the Vice-Rector

(Teaching) put a multidimensional action plan into operation in 2010. This involves the following, for example: operationalising the Client Service Centre in the Division for Academic Administration; establishing an electronic bursary application system; focusing on curriculum design in the public interest; stimulating on-campus dialogue among students about the Millennium Development Goals; intensified efforts to diversify the University's student profile; and consolidating parallel-medium instruction at SU. (Further details appear in the report of the Vice-Rector (Teaching) on page 20.)

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TRANSFORMATION OF THE DEMOGRAPHIC PROFILE OF THE STUDENTS AND STAFF

In November 2009, Council approved as an objective that 34% of the total undergraduate student population is to consist of black, coloured and Indian students by 2015, as against 23,9% in 2008. Table 1 shows that black, coloured and Indian students made up 24,5% of all undergraduate students in 2010. By purposeful enrolment management at the undergraduate level, by targeted recruitment programmes and by increased funding for bursaries available to black, coloured and Indian students, the University has thus made noticeable progress with the diversity profile of our undergraduate students. See Table 1 for more information on the diversity of the undergraduate and postgraduate students for the period 2006 to 2010.

The University addressed its staff diversity in 2010 with the same resolve. The aim here is for the percentage of black, coloured and Indian staff members with permanent appointments to be raised from 38,4% of the total in 2009 to 53% in 2015. In 2010, this percentage already stood at 39,4. Thanks to further institutional funding from the Legacy Programme, additional money was voted for the appointment of senior non-white academics as part of the drive to build up a new generation of diverse research experts at SU. The Diversity Plan was furthermore brought into alignment with the University's strategic objectives for the road to 2015.

TABLE 1: ENROLMENTS OF COLOURED, BLACK AND INDIAN STUDENTS AT STELLENBOSCH AS A PERCENTAGE OF ALL ENROLMENTS, 2006–2010

Faculty/Race	Coloured, black and Indian students					All students				
	Undergraduate									
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Agrisciences	12,2	13,4	16,9	17,7	18,3	16,0	17,5	20,4	21,3	21,1
Arts and Social Sciences	21,0	20,5	21,5	20,2	22,4	25,2	24,9	25,3	24,1	26,9
Economic and Management Sciences	17,1	17,7	17,9	16,9	17,3	28,2	30,0	29,6	30,2	30,4
Education	8,7	12,3	17,5	17,4	19,5	36,1	34,6	46,4	50,7	45,7
Engineering	11,9	11,9	12,3	13,2	13,8	12,7	13,6	14,2	15,0	15,7
Health Sciences	38,2	42,1	43,9	43,8	44,0	39,9	42,9	47,3	48,2	49,7
Law	22,0	21,4	22,5	22,8	24,2	19,7	19,2	20,9	23,2	24,5
Military Science	77,7	79,5	83,9	88,2	90,9	73,6	76,2	80,2	85,5	88,9
Science	24,2	26,6	29,1	30,4	31,5	26,3	28,8	31,1	32,0	33,5
Theology	37,0	29,0	26,2	25,4	25,6	48,2	44,5	40,5	43,5	44,9
All enrolments	14 173	14 789	15 219	15 869	16 524	22 569	23 439	24 686	26 243	27 694
White	78,7	77,2	76,1	76,3	75,5	71,6	70,5	68,7	67,6	67,1
Coloured	15,5	15,9	16,6	16,0	16,2	14,6	14,7	16,1	16,5	16,3
Black	4,4	5,4	5,9	6,2	6,8	11,9	12,8	13,2	13,9	14,6
Indian	1,4	1,5	1,4	1,5	1,5	1,9	2,0	2,0	1,9	2,0
Coloured, black and Indian	21,3	22,8	23,9	23,7	24,5	28,4	29,5	31,3	32,3	32,9



TABLE 2: HEAD COUNT OF STAFF WITH PERMANENT APPOINTMENTS BY STAFF CATEGORY, RACE, GENDER AND YEAR, 2006–2010

Staff category	Year		Race				Total	Gender		
			White	Coloured	Indian	Black		Male	Female	
Instruction/Research (C1 staff)	2006	Number	664	75	11	20	770	469	301	
		%	86,23	9,74	1,43	2,60	100,00	60,91	39,09	
	2007	Number	669	81	14	22	786	461	325	
		%	85,11	10,31	1,78	2,80	100,00	58,65	41,35	
	2008	Number	682	83	14	22	801	478	323	
		%	85,14	10,36	1,75	2,75	100,00	59,68	40,32	
	2009	Number	702	90	14	29	835	508	327	
		%	84,07	10,78	1,68	3,47	100,00	60,84	39,16	
	2010	Number	737	105	14	35	891	533	358	
		%	82,72	11,78	1,57	3,93	100,00	59,82	40,18	
	Administrative/Technical (C2 staff)	2006	Number	859	387	5	15	1 266	496	770
			%	67,85	30,57	0,39	1,18	100,00	39,18	60,82
2007		Number	845	433	5	19	1 302	503	799	
		%	64,90	33,26	0,38	1,46	100,00	38,63	61,37	
2008		Number	825	477	4	27	1 333	497	836	
		%	61,89	35,78	0,30	2,03	100,00	37,28	62,72	
2009		Number	879	536	5	37	1 457	547	910	
		%	60,33	36,79	0,34	2,54	100,00	37,54	62,46	
2010		Number	934	621	11	58	1 624	635	989	
		%	57,51	38,24	0,68	3,57	100,00	39,10	60,90	
Service workers (C3 staff)		2006	Number	4	278		34	316	220	96
			%	1,27	87,97		10,76	100,00	69,62	30,38
	2007	Number	3	271		35	309	209	100	
		%	0,97	87,70		11,33	100,00	67,64	32,36	
	2008	Number	5	250		33	288	191	97	
		%	1,74	86,81		11,46	100,00	66,32	33,68	
	2009	Number		240		35	275	175	100	
		%		87,27		12,73	100,00	63,64	36,36	
	2010	Number		212		28	240	141	99	
		%		88,33		11,67	100,00	58,75	41,25	
	TOTAL	2006	Number	1 527	740	16	69	2 352	1 185	1 167
			%	64,92	31,46	0,68	2,93	100,00	50,38	49,62
2007		Number	1 517	785	19	76	2 397	1 173	1 224	
		%	63,29	32,75	0,79	3,17	100,00	48,94	51,06	
2008		Number	1 512	810	18	82	2 422	1 166	1 256	
		%	62,43	33,44	0,74	3,39	100,00	48,14	51,86	
2009		Number	1 581	866	19	101	2 567	1 230	1 337	
		%	61,59	33,74	0,74	3,93	100,00	47,92	52,08	
2010		Number	1 671	938	25	121	2 755	1 309	1 446	
		%	60,65	34,05	0,91	4,39	100,00	47,51	52,49	

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STRATEGIC MATTERS

STRATEGIC MANAGEMENT INDICATORS

Table 3 shows the respective management indicators (SMIs) that have been calculated annually since 2005 in order to monitor the University's progress with the achievement of 13 strategic objectives. The strategic objectives are divided into four groups. The table reflects only the years 2005 and 2010.

The calculated values of the SMIs in Table 3 show how the University has improved in all focus areas since 2005. In certain areas, for example innovation and the collection of third-stream income under group three, "Role playing", the improvement was significantly high.

TABLE 3: CALCULATED VALUES OF STRATEGIC MANAGEMENT INDICATORS FOR SU, 2005 AND 2010

Indicator	2005	2010	% improvement
			2005/2010
1. Excellence			
- Publication units per full-time equivalent, senior lecturer equivalent academic staff member	0,79	0,91	15,19
- % permanently appointed academic staff with doctorates	57,01	60,61	6,31
- National Research Foundation-evaluated staff as % of all permanent academic staff	26,25	30,53	16,30
- Success rates of undergraduate students	78,69	81,19	3,18
- Postgraduate full-time equivalent students as % of all full-time equivalent students	23,28	26,04	11,86
- Weighted number of master's and doctoral students per full-time equivalent, senior lecturer equivalent academic staff member	1,15	1,27	10,43
2. Scholarly and scientific practice/Africa focus			
- % postgraduate students from Africa	7,27	9,93	36,59
- Total points for partnerships in Africa per full-time equivalent, senior lecturer equivalent academic staff member	0,27 ¹	0,34	25,93
3. Role playing			
- Innovation points per full-time equivalent, senior lecturer equivalent academic staff member	0,27	0,67	148,15
- Third-stream income (R'000) per full-time equivalent, senior lecturer equivalent academic staff member	49,90	145,07	190,72
4. Diversity			
- % of permanently appointed academic staff from designated groups	44,40	50,17	13,00
- % of postgraduate registrations from black, coloured and Indian groups	42,98	49,20	14,47
- % of undergraduate, newcomer first-years from black, coloured and Indian groups	20,03	25,32	26,41

¹Indicator values for 2006, because the definition of the indicator changed in 2006

A NEW FOOTPRINT FOR STELLENBOSCH UNIVERSITY

The highlight of 2010 definitely was the successful development of an integrated Campus Master Plan that will steer the efforts to meeting the University's capacity needs in the long term (20 plus years). The plan covers everything relating to facilities: learning and teaching, research, community interaction, accommodation, administration, sport, commuter students, and mobility. The plan's core component, however, is the proposed foundation for a Stellenbosch University footprint that differs significantly from the old one. The new footprint moves farther away from the town centre, with corridors to surrounding communities (traditionally excluded from SU) and to other towns (See page 50–51). The Campus Master Plan lays

the groundwork for the visible transformation of SU, SU spaces that make our students, staff and visitors feel welcome being one of the aims.

The telematic platform of SU increases the virtual mobility of geographically dispersed students. In 2010, more than 2 200 students gained access to SU's postgraduate programmes thanks to the technology platform. Nearly 45% of these students were enrolled for master's and honours programmes. The Western Cape Department of Education also used the telematic platform for providing additional learning support in six subjects to 14 000 grade 12 learners in various schools.



The establishment of the Stellenbosch Soccer Academy at Lentelus, part of the HOPE Project Youth Sport Initiative, on the doorstep of Idas Valley, Cloetesville and Kayamandi, is a significant step towards the achievement of the University's goal of deploying sport as a strategic asset within a larger context, namely the transformation of Stellenbosch as a town.

In September 2010, Council gave permission for the purchase of a block of flats, Botmashoogte, in Idas Valley to provide accommodation for SU students. The unit, with its 29 flats, not only provides essential student accommodation; it also takes the integration of residences a step closer to the integration of communities.

The same strategic objective is being pursued through initiatives of the HOPE Project such as the Ukwanda Rural Clinical School at

Worcester (satellites at Ceres, Bredasdorp and Hermanus). Besides greater access to quality higher education, these clinical schools represent the new availability of SU corridors and platforms in the rural communities of the Western Cape.

Thanks to the HOPE Project, this footprint has extended far beyond our national borders. On African University Day, 12 November, the PANGeA (Partnership for a New Generation of African Academics) agreement was signed by SU and five other African universities. This memorandum of agreement extends the University's footprint to universities in countries such as Botswana, Malawi, Uganda, Tanzania and Mozambique. The signing is also an important step forward in SU's endeavour to be a builder of hope in and from Africa.

SUSTAINABILITY AS A PREREQUISITE FOR ALL OF STELLENBOSCH UNIVERSITY'S CORE ACTIVITIES

A prerequisite for the success of any undertaking is sustainability. In 2010, Stellenbosch University implemented an approach of integrated sustainability, with due regard to all the academic challenges facing it and taking into account the demands posed by good corporate governance. This approach anchors sustainability in SU's core activities and in its support services, and provides the basis for dealing with six sustainability risks: academic sustainability, with the focus

on teaching and learning; research sustainability; financial sustainability; environmental sustainability; social sustainability (in community interaction); and the retention of the University's expertise base. (The risks and their management in practice are dealt with at some length in the report of the Executive Director: Operations and Finance on page 29 and 36.)

UNDERGRADUATE BURSARIES

The University strives to further its diversity objectives with the bursaries that are available. Table 4 below shows the total amount paid out to students in the form of bursaries over the past 3 years.

TABLE 4: UNDERGRADUATE BURSARIES (INTERNAL AND EXTERNAL)

Year	White	Black, coloured and Indian	Total
2008	R53 250 386	R54 723 423	R107 973 809
2009	R69 054 728	R64 069 469	R133 124 197
2010	R71 886 788	R65 919 081	R137 805 869

LAUNCH OF THE HOPE PROJECT AND THE FOCUSED FUND-RAISING CAMPAIGN

Once the HOPE Project and the score of academic initiatives were finalised internally – a process on which the academic and support services leaders had been working since 2007 – SU presented the HOPE Project publicly on 21 July 2010. The launch events (internationally as well as locally) portrayed the University, in terms of the HOPE Project, as a builder of hope en route to 2015 by highlighting the application of SU's proven expertise for raising people's quality of life in diverse ways. This includes poverty alleviation; the restoration and promotion of human rights, peace and security (including food security); and the creation of a sustainable environment and a competitive industry.

Through this approach, SU is confronting science with some of the toughest challenges of our continent; at the same time, it means this to be instrumental in sustaining the University's academic excellence in the 21st century. This, of course, poses special demands in terms of the retention and recruitment of the best students and academic research staff; the offering of relevant learning and research programmes aligned with the demands of the times; and learning spaces that are in tune with the changing learning situations and requirements of the modern era (laboratories and technologically advanced facilities that raise learning, research and community interaction to new levels).

In order to implement all of this successfully, SU needs considerable additional financial investment from philanthropic endowments and other sources of third-stream income. For this reason a comprehensive fund-raising campaign was launched in conjunction with the HOPE Project. The aim is to raise at least R1,75 billion by 2015. The Board of Trustees of the Stellenbosch

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Foundation has voted money to expand the Division for University Advancement, particularly to strengthen the University's fund-raising, communication, and public relations functions.

In the run-up to the launch of the HOPE Project on 21 July 2010 and in the aftermath, the University earned more than R27 million in advertising value thanks to the positive coverage that the main stream media, printed and electronic, gave to the HOPE Project and to the various academic initiatives. This is the most ever for an initiative in the history of the University.

FINANCIAL OVERVIEW

For the University the 2010 financial year was very successful, despite ongoing economic pressure experienced as a result of poor global economic conditions. The main reason for this was the University's focused long-term strategic financial planning and short-term operational planning within fixed financial parameters.

The strategic impact and actual footprint of the academic initiatives in terms of the HOPE Project, for which the Council made R320 million available in 2008, are already evident in the community in which the University is active. The increased contributions by the private sector in 2009 and 2010 also reflect the success of the academic initiatives.

The goals for 2015, as set out in the HOPE Project, are to ensure that there is a significant improvement in the academic excellence of the University and that there is a significant difference in its positioning in terms of its relevance and national and international role. These goals have also been incorporated in the financial planning of the various University environments.

The University is constantly striving to maintain a sustainable financial base, essentially necessitated by the government's declining contribution to tuition fees in recent years. Furthermore financial sustainability is high on the management agenda as a result of the current challenging economic climate and uncertain short- to medium-term economic prospects.

Outstanding features for the year under review are:

- total income growth of 15,7% to R3 110 million;
- income growth from private donations, grants and research contracts of 15,9% to R888 million;
- an improvement in funds available to the University by 7,3% to R7 227 million; and
- improved funding for growing facility and equipment needs.

Among other things this is the result of:

- the implementation of affordable long-term spending plans linked to the HOPE Project for the University as well as aligned environmental plans;
- conservative and more stable budgeting within a rolling six-year financial plan, including a contingency reserve for managing unforeseen events;
- further and more centralised negotiations with service providers to limit cost increases by negotiating competitive prices and fees;
- excellent performance by researchers in recent years, which among other things resulted in a significant increase in the government's research subsidies and third-stream resources;
- the continued redesign and alignment of operational processes to ensure greater cost-efficiencies, particularly as far as physical facilities are concerned;
- actions directed at further exploitation of the University's income resources, with a great focus on the research source, commercial sources and improved asset management;
- the provision of strategic funds in support of new initiatives aimed at realising the vision and goals of the University; and
- the positive impact of the return on leverage received for the HOPE Project.

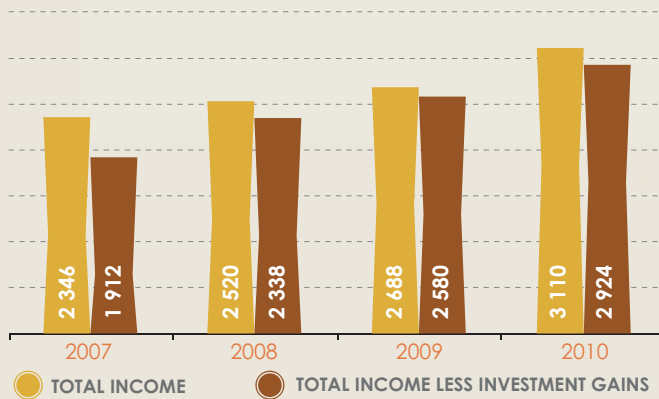
The above successes provide a sound base for ongoing proactive financial planning, progress with clearing backlogs in providing and maintaining physical facilities, and the development of a financial model that serves the University's strategic goals and HOPE Project.



INCOME

Figure 1 shows the growth in the University's total income and income excluding profit on investments from 2007 to 2010.

FIGURE 1: TOTAL INCOME, 2007–2010 (R' MILLION)



The composition of the University's income per main component in terms of value and proportion is shown in Figure 2 and Table 1, with comparative figures for previous years.

FIGURE 2: TOTAL INCOME PER MAIN COMPONENT (R3 110 MILLION)

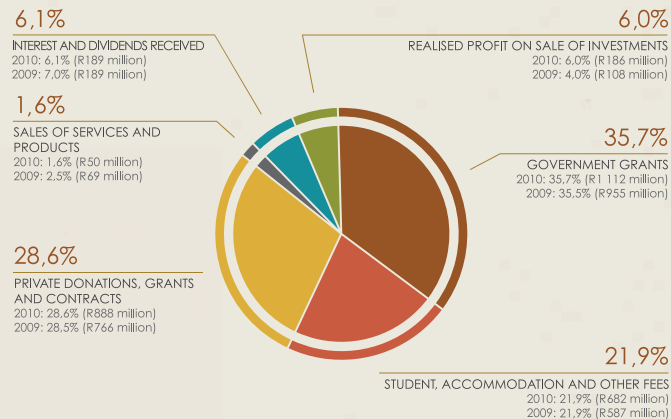


TABLE 5: GROWTH AND COMPOSITION OF UNIVERSITY'S INCOME, TOTAL AND PER MAIN COMPONENT, 2007–2010

		2007	2008	Increase/ (Decrease) 2007/2008	2009	Increase/ (Decrease) 2008/2009	2010	Increase/ (Decrease) 2009/2010
		Rm	Rm	%	Rm	%	Rm	%
Total recurring income, of which:	Rm	2 346	2 520	7,4	2 688	6,7	3 110	15,7
Government grants	Rm	730	846	15,8	955	12,9	1 112	16,4
% of income	%	31,1	33,6		35,5		35,7	
Student, accommodation and other fees	Rm	441	499	13,2	587	17,6	682	16,1
% of income	%	18,8	19,8		21,9		21,9	
Private donations, grants and contracts	Rm	525	678	29,2	766	13,0	888	15,9
% of income	%	22,4	26,9		28,5		28,6	
Sales of services and products	Rm	56	62	10,6	69	11,3	50	(27,5)
% of income	%	2,4	2,5		2,5		1,6	
Realised profit on sale of investments	Rm	434	182	(58,0)	108	(40,7)	186	72,2
% of income	%	18,5	7,3		4,0		6,0	

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As shown in Table 5, total recurring income increased by 15,7% (2009: 6,7%) to R3 110 million (2009: R2 688 million). The increase in growth may mainly be attributed to all the main income streams, excluding sales of services and products, growing in excess of 15%. The contribution of private donations, grants and contracts to total recurring income has increased from 26,9% in 2008 to 28,6% in 2010, while the contribution of government grants increased from 33,6% to 35,7% in the same period. In addition, positive growth of 72,2% (2009: -40,7%) was recorded in profit on the sale of investments, compared with negative growth in the two previous years, as a result of the improvement in financial markets in the recovery phase following the global economic crisis of 2009.

Furthermore Figure 1 and Table 5 show that the growth in total recurring income in the current year largely is a continuation of trends over the past four years. In nominal

terms total income grew by 32,6%, from R2 346 million in 2007 to R3 110 million in 2010.

One of the University's long-term strategies, as stated in the goals of the HOPE Project, is to establish itself as a research university of excellence. The increase of 69,1% in donations, grants and contracts, namely from R525 million in 2007 to R888 million in 2010, reflects the growing value of the University's intellectual capital.

Student and other² fees increased from R441 million in 2007 to R682 million in 2010, representing growth of 54,7%. Among other things this growth is attributable to growing student numbers and the annual increase in student and accommodation fees. The most important elements contributing to cumulative annual growth in student fees since 2007 are shown in Tabel 6.

TABLE 6: CUMULATIVE GROWTH IN STUDENT FEES, 2007–2010

Description	2007	2008	2009	2010
Student fees adjustment	5,5%	6,5%	11,0%	8,0%
Growth in student numbers	3,9%	5,2%	7,1%	6,5%
Cumulative annual growth	9,6%	12,0%	18,9%	15,0%
Total cumulative growth: 2007–2010	53,2%			

In adjusting student and accommodation fees factors such as rising electricity costs, rates and taxes, and building costs in recent times, with increases above the normal consumer price index (CPI), also had to be taken into account. Despite this, the University still absorbs the cost pressure of various services that unavoidably have to be bought in at price increases that often exceed the inflation rate.

The decline in income generated by the sales of services and products is a direct result of economic conditions during the year.

Experience worldwide is that governments' share in the financing of universities is decreasing: a pattern also evident

in South Africa and one that forces universities to implement drastic structural changes. Table 5 shows that the government's contribution increased over the past two years in contrast with the trend. However, the increase in the government grant to the University, amounting to 35,7% in 2010, was the result of special ad hoc grants as well as an increase in the subsidy for research output. It should be borne in mind that the ad hoc grants are made for a fixed period for achieving specific goals and are not sustainable. The government's Medium-term Expenditure Framework (MTEF) shows that the University's share of the national input subsidy to universities has decreased, while the output subsidy has increased and reflects the University's strategic goals of improving research and teaching outputs.

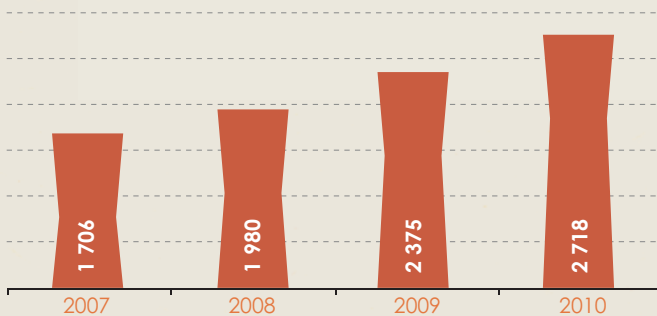
²Other fees include accommodation, membership and class notes fees, as well as other expenses that may be debited to student accounts, as approved by the Student Fees Committee.



EXPENDITURE

Figure 3 shows total expenditure growth since 2007.

FIGURE 3: TOTAL EXPENDITURE, 2007–2010 (R' MILLION)



The composition of the University's expenditure per main component in terms of value and proportion is shown in Figure 4 and Table 7, with comparative figures for previous years.

FIGURE 4: TOTAL EXPENDITURE PER MAIN COMPONENT (R2 718 MILLION)

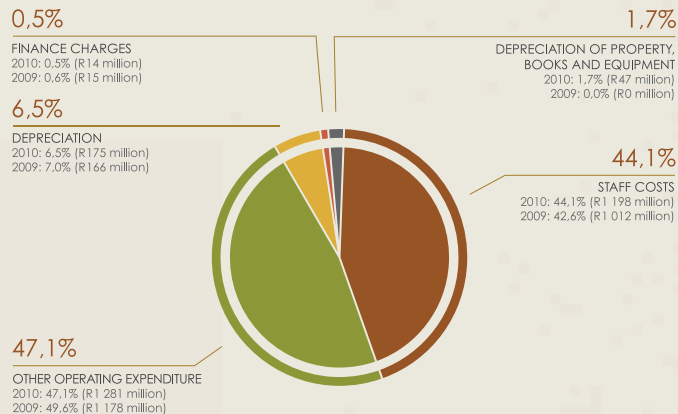


TABLE 7: GROWTH OF THE UNIVERSITY'S TOTAL EXPENDITURE AND STAFF COSTS, 2007–2010

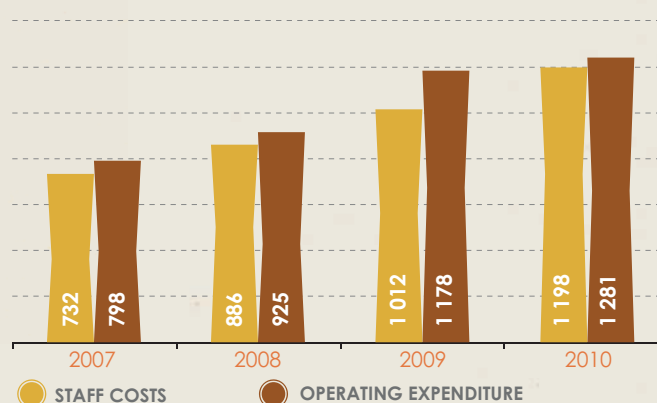
		2007	2008	Increase/ (Decrease) 2007/2008	2009	Increase/ (Decrease) 2008/2009	2010	Increase/ (Decrease) 2009/2010
		Rm/%	Rm/%	%	Rm/%	%	Rm/%	%
Total recurring expenditure, of which:	Rm/%	1 706	1 980	16,0	2 375	19,9	2 718	14,4
Staff costs	Rm/%	732	886	21,1	1 012	14,2	1 198	18,4
% of expenditure	%	42,9	44,7		42,6		44,1	

Total expenditure for 2010 rose by 14,4% (2009: 19,9%) to R2 718 million (2009: R2 375 million). The University's ongoing renewal of budgeting and operational processes are focused on improved cost-effectiveness and enhanced service delivery.

The smaller increase in expenditure is mainly attributable to the smaller increase in operational costs of 8,7% (2009: 27,3%), with 18,4% growth in staff costs (2009: 14,2%). The smaller increase in all operating expenditure categories is among others the result of processes over time, resulting in the University's activities being better aligned with its strategic goals, including the exercising of expenditure discipline to ensure financial sustainability.

The increase in staff costs may inter alia be attributed to a 7% salary increase in 2010 for all qualifying staff and 7% growth in the number of fulltime permanent staff. Further growth in staff cost is attributable to an increase in payments to temporary staff members that can be linked to the increase in third-stream income.

FIGURE 5: COMPARISON OF STAFF COSTS WITH OPERATING EXPENDITURE, 2007–2010 (R' MILLION)



REPORT OF THE RECTOR AND VICE-CHANCELLOR (CONTINUED)

AVAILABLE FUNDS

The net increase of R490,8 million in available funds from 2009 to 2010 represents an increase of R356,1 million in unrestricted funds, which may be used by the Council at its discretion, an increase of R35,6 million in restricted funds and an increase of R98,9 million in the fair-value reserve. The increase in the fair-value reserve shows the increase in the value of the University's financial reserves measured by fair market values at the last trading date of 2010, compared with the end of 2009. The fair-value reserve may be divided in R287,7 million attributable to unrestricted funds and R153,9 million attributable to restricted funds. Excluding fair-value adjustments and profit on the sale of investments, the net increase in available funds is R206,4 million. Restricted funds consist of operating, loan, endowment and fixed-asset funds with specific conditions for application.

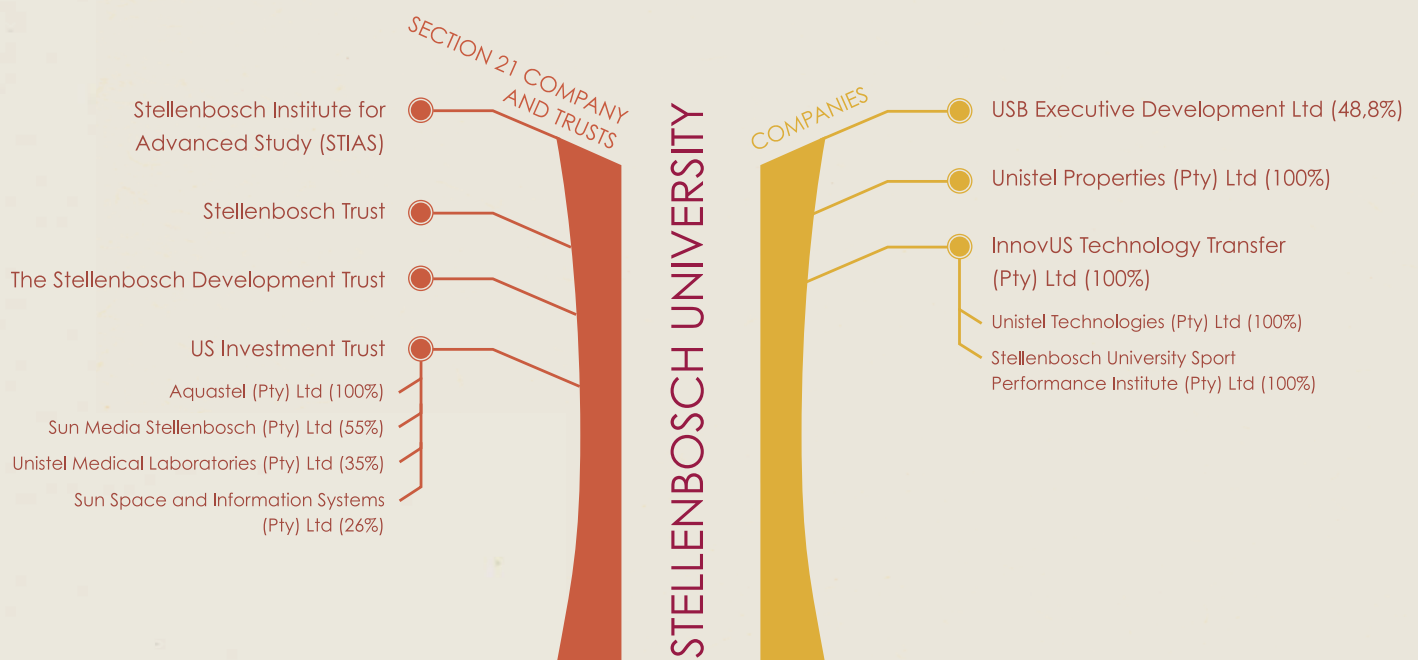
TABLE 8: AVAILABLE FUNDS AND LONG-TERM INVESTMENT, 2007–2010

		2007	2008	Increase/ (Decrease) 2007/2008	2009	2008/2009	2010	Increase/ (Decrease) 2009/2010
				%		%		%
Available funds, of which:	Rm/%	6 149	6 166	0,3	6 736	9,2	7 227	7,3
Long-term investments	Rm/%	2 646	2 399	(9,3%)	2 883	20,2	3 217	11,6
as % of available funds		43,0	38,9		42,8		44,5	

The University's available funds and net asset value have increased and are financially sound, but certain risks need to be taken into account. Of the most important risks identified are the unknown impact of the expected change in the subsidy formula on the University's first-stream income, as well as the lagging maintenance of facilities and research equipment that so far could not be addressed properly, but has received greater priority in the 2011 budget. Further contributions in this regard are expected from the planned fund-raising campaign for the HOPE Project and focused development of the intellectual capital within the University's companies. The University will address these challenges through its existing strategic approach to finance.

INVESTMENTS IN UNLISTED SUBSIDIARIES

Below is a diagram of the Stellenbosch University's group structure:



At 31 December 2010 the University held the following investments in unlisted subsidiaries:

Name of company:	InnovUS Technology Transfer (Pty) Ltd
Nature of activities:	Commercialising of intellectual property and resources of the Stellenbosch University for research, training and community interaction
Effective shareholding:	100%
Book value of interest:	
- Shares	R1 000
- Loan	R2 322 886

Name of company:	Unistel Properties (Pty) Ltd
Nature of activities:	Dormant
Effective shareholding:	100%
Book value of interest:	
- Shares	R1 000
- Loan	Nil

At 31 December 2010 the consolidated financial statements included the following trusts and section 21 company:

Name of trust:	Stellenbosch Trust
Nature of activities:	Fund-raising and investment of endowment funds
Loan to trust:	Nil

Name of trust:	The Stellenbosch Development Trust
Nature of activities:	Investment in property for teaching and research activities
Loan to trust:	Nil

Name of trust:	US Investment Trust
Nature of activities:	Application of the knowledge base of the University for investments benefiting the University's goals
Book value of interest:	
- Investment	R100
- Loan	Nil

Name of company:	Stellenbosch Institute for Advanced Study (STIAS)
Nature of activities:	Promotion of science and research
Book value of interest:	
- Investment	Nil
- Loan	Nil

At 31 December 2010 the University held the following investments in an associate company:

Name of company:	USB Executive Development Ltd
Nature of activities:	Development and presentation of executive development programmes and provision of consultation services
Effective shareholding:	48,8%
Book value of interest:	
- Investment	R3 475 376
- Loan	Nil

REPORT OF THE RECTOR AND VICE-CHANCELLOR (CONTINUED)

At 31 December 2010 the US Investment Trust, of which the University is the sole beneficiary, held the following investments in unlisted subsidiaries and associate companies:

Name of company:	Aquastel (Pty) Ltd
Nature of activities:	Exploiting aquaculture technology
Effective shareholding:	100%
Book value of interest:	
- Investment	R1 000
- Loan	Nil

Name of company:	Sun Media Stellenbosch (Pty) Ltd
Nature of activities:	Publishing and printing
Effective shareholding:	55%
Book value of interest:	
- Investment	R1 000
- Loan	Nil

Name of company:	Sun Space and Information Systems (Pty) Ltd
Nature of activities:	Development and manufacture of microsatellites and satellite subsystems
Effective voting rights:	26%
Book value of interest:	
- Investment	Nil
- Loan	Nil

Name of company:	Unistel Medical Laboratories (Pty) Ltd
Nature of activities:	Provision of human and animal genetic, diagnostic and testing services
Effective voting rights:	35%
Book value of interest:	
- Investment	R2 401 514
- Loan	Nil

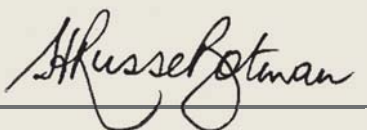
At 31 December 2010 InnovUS Technology Transfer (Pty) Ltd, a wholly owned subsidiary of the University, held the following investments in unlisted subsidiaries:

Name of company:	Unistel Technology (Pty) Ltd
Nature of activities:	Exploiting the Hysucat® and Hysuwac® trademarks and water filter systems
Effective shareholding:	100%
Book value of interest:	
- Investment	R1 000
- Loan	R4 970 143

Name of company:	Stellenbosch University Sport Performance Institute (Pty) Ltd
Nature of activities:	Provision of sports-related services (commercialising of sport assets)
Effective shareholding:	100%
Book value of interest:	
- Investment	R1 000
- Loan	R6 281 511

CONCLUSION

My sincerest thanks to all our external-stakeholder groups for your active support to the University in 2010. I would also like to thank the University Council, the Institutional Forum, Convocation, Senate and our staff and students for their involvement and selfless efforts, which directly contributed to the successes reflected in this Annual Report.



Prof HR Botman
Rector and Vice-Chancellor

