

Second Draft: Vice-Chancellor's Message for the RUSA Reporter.

Several factors, both within the University and outside it, have led Council to make a decision to reduce expenditure on salaries by 10 percent in real terms.

The 10 percent target for reducing salary costs applies right across the board. Residences, however, receive no government subsidy for running expenses, so the need there is not so urgent, but even they are not exempt from aiming for increased efficiency.

Attention has had to be devoted to the greater security of buildings. The cost of insurance cover has risen dramatically. This is not unique to Rhodes. A higher level of petty crime and molestation has meant that every university has had to devote more resources to improved patrolling of campuses.

Normal sources of income are strained. Higher fees are placing a university education out of reach of many aspirant students. Donors, in the present economic climate, are no longer as open-handed as they were in the past. The priorities for Government spending have shifted towards defence and the improvement of black education.

The subsidy formula for universities, whatever its demerits may be perceived to be, would be generous if it were ever implemented in full. No more than 85 percent of the provision has yet been received by universities. In our case, this represents a shortfall of about R3 million.

X The initial information for 1986 was that the shortfall was to be 20 percent. After strenuous objection, this was reduced to 15 percent, giving us the figure upon which budgets for the year were calculated. On Friday, April 11, we were informed that our subsidy for 1986 is to be cut by a further two percent, which represents ~~a~~ an additional shortfall of about R500 000.

Although fees for 1986 were raised by about 20 percent, the resulting increase in income will be less than R1 million.

Costs also had to be considered. The most conspicuous of these are salaries and associated benefits. Between 1981 and 1985 these have varied between 75 and 77 percent of expenditure - 47 to 49 percent of this was spent on academic salaries and benefits.

In 1985, the subsidy formula provided for 248 full-time equivalent academic posts, while the actual complement was 269. Even if the full subsidy had been granted, Rhodes academic staff was 8,5 percent above the provisions of the formula. Under present circumstances, Rhodes is nominally living more than 20 percent beyond its means in respect of academic staff.

Expenditure on maintenance and equipment can be curtailed in the short term, but this would be extremely foolhardy over an extended period.

- X There is virtually no prospect of an improvement in Government funding; indeed, this could be substantially reduced. I have heard estimates as high as a 30 percent reduction in public sector funding of so-called white education.

A widely accepted rule of thumb is that a research or teaching institution, such as a university, has its finances out of balance if more than two-thirds of its costs are devoted to funding staff.

- X The Council's decision to aim at a reduction in real terms of 10 percent of its total salary structure is conservative and prudent. The Council invites members of ~~the academic~~ staff to make suggestions on how this may be effected with the least disadvantage to teaching and research activities.

However painful the adjustments may be, I am certain that Rhodes will emerge a leaner and fitter institution. We shall have to consider the suggestion of Professor Jack de Wet, Emeritus Dean of Science of the University of Cape Town, that South African universities tend to over-lecture their undergraduates. A 10 to 15 percent reduction in average contact hours would, in effect, pay our students the compliment that they are capable of reading more extensively and analytically and dealing with a limited amount of computer-based revision exercises.