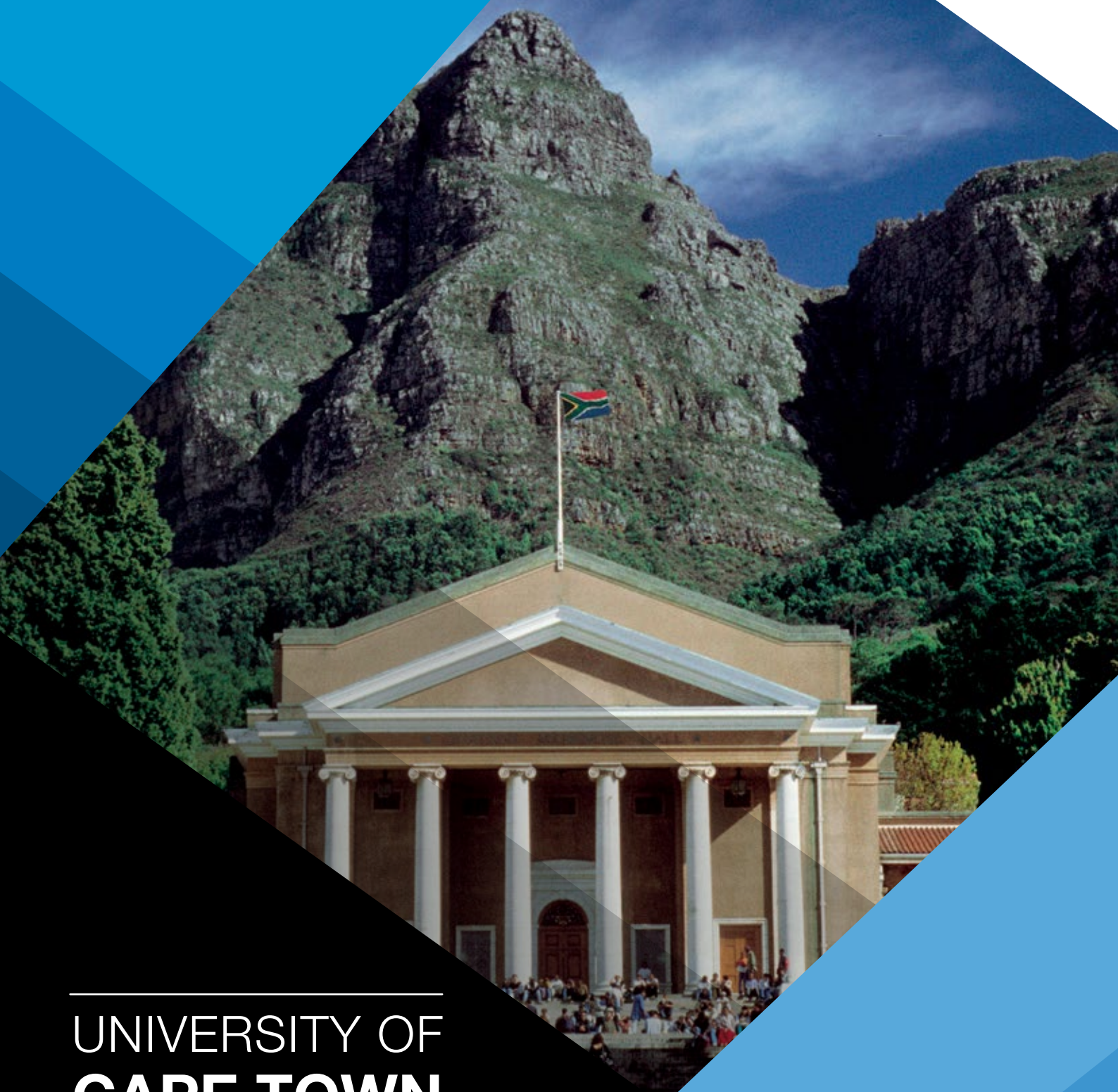


ANNUAL REPORT 2017



UNIVERSITY OF
CAPE TOWN



Compiled in terms of the Regulations for reporting by Public Higher Education Institutions published under Government Notice No R 464 of 9 June 2014.

Incorporated in terms of the Higher Education Act, 1997, and the Statute of the University of Cape Town, promulgated under Government Notice No. 1199 of 20 September 2002 and as subsequently amended by Government Notices 259 of 26 February 2004; 476 of 20 May 2005; 748 of 27 August 2010; and 408 of 23 May 2012.

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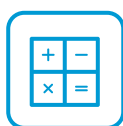
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REPORT OF THE CHAIR OF COUNCIL FOR 2017

The term of appointment of the members of Council is for a period of four years. The details of the membership of Council for 2017 are recorded below.

DETAILS OF THE COUNCIL OF THE UNIVERSITY OF CAPE TOWN AS AT 30 JUNE 2017

EXECUTIVE OFFICERS OF THE COUNCIL

Dr M R Price (Vice-Chancellor)

Professor H Corder (Acting Deputy Vice-Chancellor)

Professor L Feris (Deputy Vice-Chancellor)

Professor D Reddy (Deputy Vice-Chancellor)

Professor M Phakeng (Deputy Vice-Chancellor)



» SIPHO M PITYANA

REGISTRAR

Mr R N Pillay (Secretary to Council)

EXECUTIVE DIRECTOR: FINANCE

Mr A Francis (attends by invitation)

MEMBERS OF COUNCIL AS AT 30 JUNE 2017

Ministerial appointees (3)

1. Ms S Barsel
2. Mr SM Pityana (*Chair*)
3. Ms R Omar

Members elected by convocation (6)

4. Mr N Arendse SC
5. Ms DJ Budlender (*Deputy Chair*)
6. Dr S Manjra
7. Adv N Mayosi
8. Dr H Raubenheimer
9. Professor S Zinn

Academic and professional administrative & support staff (PASS) elected members (2)

10. Professor E Ramugondo (*Academic*)
11. Vacant (*PASS*)

Members elected by Senate (3)

12. Professor B Mayosi
13. Professor T Moultrie
14. Mr JA Rousseau

Members elected by donors (2)

15. Mr E Davids
16. Ms D Yach

Nominee of Cape Town City Council (1)

17. Cllr M Kleinschmidt

Nominee of the Premier of the Western Cape (1)

18. Dr M Cardo

Appointed by the Appointments Committee of Council (5)

19. Mr A Jakoet
20. Ms T Mokgabudi
21. Ms B Makalima-Ngewana
22. Ms B Ngonyama
23. Mr B Zwane

Appointed by the SRC (2)

24. Ms T Ncayiyana
25. Ms S Tshabalala

DETAILS OF THE COUNCIL OF THE UNIVERSITY OF CAPE TOWN AS AT 23 JUNE 2018

EXECUTIVE OFFICERS OF THE COUNCIL

Dr M R Price (Vice-Chancellor)

Professor A Le Roex (Acting Deputy Vice-Chancellor)

Professor L Feris (Deputy Vice-Chancellor)

Associate Professor L Lange (Deputy Vice-Chancellor)

Professor M Phakeng (Deputy Vice-Chancellor)

REGISTRAR

Mr R N Pillay (Secretary to Council)

EXECUTIVE DIRECTOR: FINANCE

Mr A Francis (attends by invitation)

MEMBERS OF COUNCIL AS AT 23 JUNE 2018

Ministerial appointees (3)

1. Ms S Barsel
2. Mr SM Pityana (*Chair*)
3. Ms R Omar

Members elected by convocation (6)

4. Mr N Arendse SC
5. Ms DJ Budlender (*Deputy Chair*)
6. Dr S Manjra
7. Adv N Mayosi
8. Vacant
9. Professor S Zinn

Academic and professional administrative & support staff (PASS) elected members (2)

10. Professor E Ramugondo (*Academic*)
11. Mr E Balarin (*PASS*)

Members elected by Senate (3)

12. Professor B Mayosi
13. Professor T Moultrie
14. Mr JA Rousseau

Members elected by donors (2)

15. Mr E Davids
16. Ms D Yach

Nominee of Cape Town City Council (1)

17. Cllr M Kleinschmidt

Nominee of the Premier of the Western Cape (1)

18. Dr M Cardo

Appointed by the Appointments Committee of Council (5)

19. Mr A Jakoet
20. Ms T Mokgabudi
21. Ms B Makalima-Ngewana
22. Ms B Ngonyama
23. Mr B Zwane

Appointed by the SRC (2)

24. Ms K Khakhau
25. Mr N Mkwane

COUNCIL STATEMENT ON CORPORATE GOVERNANCE

LEGAL PERSONA AND CAPACITY

The University is autonomous and is a legal persona with full juristic capacity by its incorporation as a university (originally by an Act of the Union Parliament of 1916 when Parliament incorporated the South African College, and now in terms of the Higher Education Act, 1997 (the Act) and the Institutional Statute of the University of Cape Town published under that Act). This legislation places the governance of the Universi-

ty in the hands of a Council, provides for the Council's composition and powers, and provides for the role and powers of the Senate and the role and functions of the Institutional Forum.

The Council is required to submit this report by provisions in the Act and the regulations published in terms of the Act, on 9 June 2014, Government Gazette No 37726.

THE COUNCIL AND GOVERNANCE STRUCTURES PROVIDED FOR IN THE ACT

The University of Cape Town grew out of the South African College, which had been established in 1829. The institution became a University in 1918 under a 1916 Act of the Union Parliament. That, and successive legislation, gave way to the Higher Education Act, No. 101 of 1997 (the Act), and the promulgation in terms of the Act of the Institutional Statute of the University of Cape Town (under government notice No 1199 of 20 September 2002 and as subsequently amended). The Act deals inter alia with public higher education institutions, of which the University is one.

The Act requires a public higher education institution to have a Council, a Senate, a structure to advise the Council on student matters, an Institutional Forum, and a Students' Representative Council. The Act, read with the Institutional Statute, defines the role, powers and composition of each of these bodies.

The Council governs the University in terms of the Act and the Statute. It consists of 30 members, of whom 18 (60%) are external or independent (in that none may be a student nor a staff member) and 12 internal. The term of office (other than for the student members who serve for one year, and the Vice-Chancellor and Deputy Vice-Chancellors who serve ex officio) is four years.

While the Council governs the University, the Senate has jurisdiction over the academic functions of the University. The Senate consists of all professors, all heads of academic departments, elected academic and support staff, elected student members and co-opted members. It numbered over 360 members in 2017. Much of the work of Senate is done by the Faculty Boards (UCT has six faculties and a business school) and by committees of the Senate.

The Institutional Forum brings together (in a body of 30) ten student members chosen by the Students' Representative Council, ten staff members chosen by trade unions and staff bodies, and ten members representing Council, Senate and executive leadership. It advises the Council on issues affecting the University as required by the Act.

The Council is supported by specialist committees and working groups.

The matters reserved for decision by full Council are those specified in the Act (changes to the Institutional Statute, adopting institutional rules, acquiring or disposing of fixed property, setting fees, and specified

financial transactions), those listed in the Institutional Statute (paragraph 12(5)), and matters that Council has reserved to itself. Beyond this, Council has powers of delegation and has made use of these powers to delegate or assign some of its powers and functions to a committee of Council, a member of Council, or an officer of the University (paragraph 12(4) of the Statute). Schedules of delegated authority are reviewed periodically by Council.

The Council, as currently constituted, complies with the requirements of the law. Members of Council are not remunerated. Should a Council member need to travel from outside of Cape Town to attend a meeting however, s/he may be reimbursed for the travel expenses incurred.

ETHICS IN DECISION-MAKING AND IN UNIVERSITY WORK

The Council is committed to behaving ethically and with integrity in all its dealings.

Care is taken to ensure that:

- the University complies with the governance precepts contained in the Act and the Institutional Statute;
- the mandates of committees are clear, written, consistent with the legislation and fully adhered to;
- full and accurate records are kept of the proceedings of Council, Senate, the Institutional Forum and their applicable committees;
- where decisions are made under delegated authority, the written authority limits are not exceeded.

To ensure that there is neither an actual nor a perceived conflict of interest, and that decisions are made independently of the personal interests of members, each Council member, all senior managers, and all members of Council committees are required: (i) to make an annual declaration of interests; (ii) to declare any conflict or potential conflict ahead of discussion of relevant issues; and (iii) to recuse themselves should any such conflict of interest arise. In addition, all Council members must subscribe to the Council's code on conflicts (or potential conflicts) of interest before the first meeting of Council in each year.

An amendment to the Higher Education Act in 2011 extended the requirement to disclose potential conflicts of interest to all staff. For this purpose, the University has defined 'staff' as being those employ-

ees for whom the University has contributed to the Unemployment Insurance Fund.

As a further step to ensure fairness in all institutional dealings with staff, students and third parties, and to promote probity, the Council has established an Ombud's Office. The full-time Ombud has been in office for five years and is an established internal service.

In addition, a whistle-blowing hotline, managed externally through KPMG until 31 December 2017, has been in operation since 2015. Allegations of fraud, corruption, or unethical conduct may be reported confidentially and anonymously and all reported cases are investigated by the University.

Corporate governance and ethics in decision-making are further reinforced by the University's statement of values¹, updated in December 2016.

STAKEHOLDERS

UCT is a diverse community, and located within a wider context of multiple stakeholder groups on whom UCT relies and who have expectations of the Univer-

sity in terms of its mission, actions and decisions. The University's stakeholder network includes, inter alia, academic partners, staff (academic and professional), students, government agencies, the private sector, civil society groups, parents, funders, and the media. These relationships are valued and nurtured at various levels in the institution. For example, this is done via the Executive with government agencies, via the faculties and research units with research partners, via the Department of Development and Alumni with donors, alumni and members of Convocation, with schools and parents via the Student Recruitment Office and Schools' Intervention Initiative, with staff members via the representative bodies and consultative forums, with students via the SRC and other student formations, with the media via the Executive and the Department of Communication and Marketing, and with civil society groupings through the work of the University in its social responsiveness and community engagement endeavours.

THE RESPONSIBILITIES OF THE COUNCIL

The Council's key responsibilities are to ensure that:

- The University has clear strategic goals and objectives.
- The Executive Officers (the Vice-Chancellor and the Deputy Vice-Chancellors) are held to account in achieving the goals and objectives.
- The University's financial position is sound in the short and long term.
- No fees are set, and no financial appropriations made, without Council approval.
- Risk management and internal controls are in place.
- All the University's members (staff, students, and alumni), donors, customers, and suppliers are treated in an appropriate manner.
- The University complies with relevant laws, regulations and accounting policies.
- The committees and sub-committees necessary to achieve the above are in place, are properly constituted and have appropriate terms of reference and reporting procedures.

COUNCIL STATEMENT ON TRANSFORMATION

The 2016-2020 Strategic Planning Framework (SPF) was adopted by Council on 10 December 2016. As recorded in the SPF, the Framework was developed against the backdrop of widespread social action on campuses throughout the country, the focus of the social action being the inequalities, prejudices and structural disadvantages that continue to characterise South African society and South Africa's higher edu-

cation sector. The SPF is organised around five broad goals and high level institution-wide objectives to effect improvements in the areas of research, teaching and learning, internationalisation, and social responsiveness, while infusing all of these with the transformation agenda. The SPF prioritises transformation. Many of the objectives are drawn from Senate-approved teaching and learning, and research strate-

¹ https://www.uct.ac.za/downloads/uct.ac.za/about/policies/UCT_Statement_of_Values.pdf

gies, and the policies on internationalisation and social responsiveness.

A fundamental goal is to forge a new inclusive identity that reflects a more representative profile of students and staff, and the cultures, values, heritage and epistemologies of the diversity of UCT's staff and students. The SPF records further that the focus on transformation aims to build on the best of UCT's present and past, while interrogating the historical values

and assumptions that inform our institutional culture, and our ways of knowing, seeing and teaching. The interrogation of coloniality should lead us to addressing practices that are experienced as exclusionary by marginalised identities within UCT; and to imagining alternative practices that advance social justice and contribute to sustainable development. Accordingly, the Plan signals UCT's commitment to understand, debate and engage with a process of decolonisation.

OBJECTIVES FOR THE COUNCIL FOR 2017

The Chair of Council is required to report annually on the work of the Council. The Auditor General requires that the Council report on the extent to which the Council has met its pre-determined objectives for the year. The reporting regulations as published in the Gazette of 9 June 2014 under Government Notice No. R.464 are designed for reporting against such

predetermined objectives. A key part of this is the Annual Performance Plan. Having regard to this, and its responsibilities under the Act and the Statute, the Council (at its meeting of 10 December 2016) set the following high-level objectives for 2017.

To meet the targets in the Annual Performance Plan, in particular.

Objective		Comments
1	<p>To receive and authorise the annual performance plan for 2017.</p> <p>Given the circumstances that prevailed at many universities in 2016, and taking into account the protests - and associated disruption - that prevailed on university campuses around the country during the course of 2016, the Department of Higher Education & Training granted an extension to all universities to submit their Annual Performance plans by 15 March 2017.</p>	<p>Council authorised the annual performance for submission to DHET (February 2017).</p>
2	<p>To achieve the approved enrolment targets for 2017, as well as the graduate outputs targets, in line with the Senate and Council growth strategy for UCT up to 2020.</p> <p>UCT's enrolment planning compact with the Ministry and the Department of Higher Education & Training required that we achieve a headcount enrolment of 28 419 students in 2017. This total includes 17 170 undergraduate students, 3 406 postgraduates below the master's level, 4 886 master's students and 1 588 doctoral enrolments. The headcount enrolment is projected to translate into 21 730 full-time equivalent enrolments.</p>	<p>See pages 39 - 42</p>
3	<p>To ensure that the 2017 earmarked grants (encompassing teaching and research development, collaborative grants, foundation provision, infrastructure and efficiency, and clinical training) are utilised for the purposes for which they have been awarded.</p> <p>Earmarked grants are funds that may be used only for specific purposes as designated by the Minister, and the accountability for the use thereof is through the submission of progress reports and financial reports which are provided on an annual basis by universities. The University enters into an agreement with the Department of Higher Education and Training about programmes and activities that will be funded and the funds that will be made available.</p>	<p>See pages 42 - 49</p>
4	<p>To ensure that the 2017 NSFAS funding is utilized to provide financial aid to eligible students.</p>	<p>See page 48</p>
5	<p>Council's governance duty includes ensuring approval of the annual budget, and maintaining an overview of cash flow and the medium term financial forecast.</p>	<p>See pages 62 - 67</p>

	Objective	Comments
6	<p>To govern the University effectively, ensuring and promoting academic freedom, transformation and success in the core activities of teaching and learning, research, and community engagement. The Senate reported to Council on Teaching and Learning, and Research and Innovation during 2017. These are elaborated on in the relevant sections of this report.</p> <p>Refer also to the section on the work of the committees of Council.</p>	<p>See pages 50 - 51 pages for Senate reports</p> <p>See pages 17 - 19 for key committees of Council</p>
7	<p>To hold the Vice-Chancellor accountable for his objectives and for effective administration.</p>	<p>See pages 20 - 38 for the Vice-Chancellor's self-assessment in the later se</p>
8	<p>Council set additional goals for 2017. These include the following:</p> <ul style="list-style-type: none"> • To recruit and appoint senior staff into key vacant posts. • To consider proposals from the restructured Works of Art Committee on Artworks; from the Curriculum Change Task Team, and from the Task Team on the Naming of Buildings. • To receive a report from the Joint Council-Institutional Forum Committee on private security on campus. • To conduct, through a Council Commission, a review of committees of Council, having regard to the composition and terms of reference of the committees. In addition, to review the composition of Council, having regard to the request of the former Minister of Higher Education & Training that the number of ministerial representatives increase from the current three to five. • To appoint an Institutional Reconciliation and Transformation Commission (ITRC) in response to those issues that have been raised through protest action in 2016, and to consider the recommendations of the IRTC and monitor implementation of those recommendations. 	<p>Refer to the section on additional Council goals below.</p>

Additional Council goals

8.1	Senior Staff Appointments:
	<p>Post of Vice-Chancellor Council implemented a plan and timeline to ensure the appointment of the successor to Dr Max Price as Vice-Chancellor of UCT. By the end of 2017 the selection and appointment process was well advanced and conclusion would be ahead of Dr Price's term ending on 30 June 2018.</p>
	<p>Post of Deputy Vice-Chancellor: Teaching and Learning Council appointed Associate Professor Lis Lange as DVC with effect from 1 February 2018.</p>
	<p>Interim Appointments: Where substantive vacancies remain, Council appointed senior staff members in an acting capacity and on an interim basis. This included interim appointments for the posts of Deputy Vice-Chancellor for Operations (Professor Anton le Roex); Dean of Humanities (Professor David Wardle); Dean of Science (Professor Susan Bourne); and Executive Director for Properties and Services (Mr Roland September).</p>
8.2	Reports by task teams of Council and working groups
	<p>Artworks As reported in 2016, events associated with the <i>#Rhodes Must Fall Movement</i> in 2015 prompted the Council to constitute an Artworks Task Team to evaluate the institution's symbols with a view to enhancing transformation and inclusivity. The recommendations of the task team included a number of short- and medium-term recommendations based on the outcomes of the audit of artworks, statues and plaques. The recommendations included the retention in storage of artworks that were removed from display pending a broader consultative process; re-opening constructive public debates regarding the artworks that were removed, damaged or destroyed during the Shackville protests; and building an art museum with a curatorial team for exhibiting artworks and commission artworks, symbols and portraits that celebrate important events in its history. These are matters that continue to enjoy attention and the consultative process is on-going.</p>
	<p>Naming of Buildings In April 2015 the Council of the University of Cape Town (UCT) established a task team to consult with the university community to solicit views on names of buildings and to report back to UCT's Naming of Buildings Committee (NoBC). In June 2016 this task team made its recommendation to the NoBC, which in turn recommended that Council change the name of the Jameson Memorial Hall on UCT's upper campus. Council subsequently resolved in 2016 to approve the recommendation that the name of the hall be changed. Since then, the NoBC proposed Sarah Bartmann Memorial Hall as the new name for what has for many years been the Jameson Memorial Hall, which was renamed Memorial Hall as an interim measure by Council in October 2017, pending the finalisation of a new name.</p> <p>Members of the UCT community have been invited to comment on the proposed name and the consultation has been extended to the representatives of the San community, whereafter Council will further consider the proposal for the name change.</p>
	<p>Curriculum Change The role of the Curriculum Change Working Group (CCWG), established in 2016, is to explore curriculum change at UCT. There is on-going debate on pedagogic and assessment practices, flexible learning pathways to advance student success. Included in this debate is the important and necessary consideration of the wide range of linguistic, cultural and experiential resources that students and staff bring to the classroom. A Curriculum Change Framework was developed by the CCWG by during the second half of 2017, recommending a proposal for curriculum change to build a new identity for UCT. A consolidated framework document is due for release to a wider UCT community, and Council, during 2018.</p>
	<p>Private Security on campus This matter is a work-in-progress. Council established this joint committee of Council and the Institutional Forum, its purpose being to propose to Council a policy for the deployment of private security on campus. The issue of private security has become a key consideration given the unprecedented disruption to the activities of the University since 2015. The work of the joint committee has yet to be completed. Council established an Institutional Reconciliation and Transformation Commission (IRTC) to consider the events on campus during the protests of 2016. The IRTC process may well offer advice to Council and the joint committee on the issue of private security.</p>

Council Commission to review the composition of Council and the committees of Council

Council established this Commission to review the composition of Council and the composition and terms of reference of Council committees. In addition, this review includes consideration of the request by the former Minister of Higher Education & Training that the number of ministerial representatives increase from the current three to five. The Commission has commenced its work, but progress has been slower than planned. Council will receive a report of the Commission during 2018.

Institutional Reconciliation and Transformation Commission

The Institutional Reconciliation and Transformation Commission (IRTC) Steering Committee was established as a result of a period of unprecedented tension at UCT at the end of 2016, with a multi-stakeholder steering committee to oversee the proposed IRTC established in early 2017. The establishment of the IRTC was one of the points of the 6 November 2016 agreement between student leaders and the representatives of the University Executive.

The agreement aimed to:

- Consider all Shackville-related protests of 2016, including disciplinary procedures and interdicts;
- Invite submissions from all constituencies on clemencies that were granted and decide whether clemency should be turned into amnesty;
- Make recommendations on how the University should deal with pending cases and other such matters in the future; and
- Make recommendations on institutional culture, transformation, decolonisation, discrimination, identity, disability and any other matters that the university community has raised over the past 18 months, or may wish to raise in the future.

Much work was done in 2017, in particular by the Steering Committee, to prepare for the establishment of the IRTC and the appointment of external commissioners which Council was on track to do in early 2018.

THE COMMITTEES OF COUNCIL

Attendance at the regular Council meetings: 1 January 2017 to 31 December 2017

	18 March	24 June	7 October	9 December	% Attendance
N Arendse	P	P	Ap	P	75
S Barsel	P	P	Ap	P	75
E Balarin	•	•	P	P	100
DJ Budlender	P	P	P	P	100
M Cardo	P	P	Ap	P	75
C Chungu	P	•	•	•	100
H Corder	P	P	P	P	100
E Davids	P	P	Ap	Ap	50
B Jakoet	P	P	Ap	Ap	50
L Feris	Ap	P	P	P	75
M Kleinschmidt	Ap	P	Ap	Ap	25
K Khakhau	•	•	•	Ap	0
S Manjra	P	P	P	P	100
B Makalima-Ngewana	Ap	P	Ap	P	50
B Mayosi	P	P	Ap	P	75
N Mayosi	P	P	P	Ap	75
T Mokgabudi	P	P	P	P	100
R Moseli	P	•	•	•	100

T Moultrie	P	P	Ap	P	75
T Ncayiyana	•	P	P	•	100
T Ngcingwana	P	•	•	•	100
B Ngonyama	P	Ap	P	P	75
N Nyembezi	•	•	•	P	100
R Omar	P	P	P	P	100
F Petersen	P	•	•	•	100
SM Pityana	P	P	P	P	100
M Phakeng	P	P	P	P	100
MR Price	P	P	P	P	100
H Raubenheimer	P	P	P	P	100
E Ramugondo	P	P	P	P	100
BD Reddy	P	P	P	P	100
J Rousseau	P	P	P	P	100
S Tshabalala	•	P	P	•	100
D Yach	P	P	P	P	100
S Zinn	P	P	P	P	100
B Zwane	P	P	P	P	100

P = Present Ap = Apology Ab = Absent • = Not a member during this period

Attendance at special meetings of Council 2017

	25 May	% Attendance
N Arendse	Ap	0
S Barsel	P	100
E Balarin	•	100
DJ Budlender	P	100
M Cardo	Ap	0
C Chungu	•	100
E Davids	Ap	0
H Corder	P	100
B Jakoet	Ap	0
L Feris	P	100
M Kleinschmidt	P	100
K Khakhau	P	100
S Manjra	P	100
B Makalima-Ngewana	Ap	0
B Mayosi	P	100
N Mayosi	Ap	0
T Mokgabudi	Ap	0
R Moseli	P	100
T Moultrie	P	100
T Ncayiyana	•	100
T Ngcingwana	•	100
B Ngonyama	Ap	0
N Nyembezi	•	100

R Omar	P	100
F Petersen	•	100
SM Pityana	Ap	0
M Phakeng	P	100
MR Price	P	100
H Raubenheimer	Ap	0
E Ramugondo	P	100
BD Reddy	P	100
J Rousseau	P	100
D Yach	P	•
S Zinn	Ap	0
B Zwane	Ap	0

P = Present Ap = Apology Ab = Absent • = Not a member during this period

COUNCIL'S EXECUTIVE COMMITTEE

Council is supported by a standing Executive Committee (EXCO) to which Council has delegated specific formal decision-making functions. Council meets at least five times each year and EXCO meets regularly between February and November, generally in those months in which Council does not meet.

The EXCO consists of the Chair and Deputy Chair of Council, the Chair of the University Finance Com-

mittee, four members of Council (two of whom must be external members and one of whom must be a student member) and the Vice-Chancellor.

The table below sets out the number of EXCO meetings held in 2017 and each member's attendance record.

Attendance at EXCO meetings: 1 January 2017 to 31 December 2017

2017	10 Feb	21 April	19 May	28 July	31 Aug	17 Nov	% Attendance
N Arendse	P	P	P	P	P	P	100
DJ Budlender	P	P	P	P	P	P	100
S Manjra	P	P	P	Ap	Ap	P	67
K Khakhau	•	•	•	•	•	P	100
B Mayosi	Ap	P	P	P	P	P	83
R Moseli	P	P	P	•	•	•	100
B Ngonyama	Ap	P	Ap	P	P	P	67
SM Pityana	P	Ap	P	Ap	P	P	67
MR Price	Ap	P	P	P	P	P	83
S Tshabalala	•	•	•	Ap	Ap	•	0

P = Present Ap = Apology Ab = Absent • = Not a member during this period

THE COUNCIL APPOINTMENTS COMMITTEE

The Council Appointments Committee considers nominations for certain vacancies in the Council in terms of paragraph 46 of the Statute, and appoints five members of the Council.

THE UNIVERSITY AUDIT COMMITTEE

The University Audit Committee is a standing committee of Council and consists of external members of Council, independent members and the Vice-Chancellor. The Audit Committee met three times on its own and once in a joint meeting with the University Finance Committee.

A standing Risk Management Committee, chaired by the Vice-Chancellor, supports the University Audit Committee.

The University Audit Committee's responsibilities are to:

- Ensure that there is an effective process for assessing and managing risk;
- Assess the financial statements for reasonableness and accuracy, and for compliance with accounting policies and regulations laid down by the Minister under the Act;
- Recommend to Council the approval of the Annual Report, incorporating the Annual Financial Statements;
- Review and approve the scope of the internal audit plan;
- Recommend the appointment and retention of the independent external auditors;
- Review the scope of the audit conducted by the independent external auditors; and
- Review on its own and with the help of internal audit, the adequacy and effectiveness of internal control.

THE UNIVERSITY FINANCE COMMITTEE

The University Finance Committee (UFC) is a standing committee of Council and is chaired by an external member of Council. The UFC advises Council on financial strategy, makes recommendations on revenue and capital budgets, and monitors and reports quarterly on progress against these budgets. The committee met five times during 2017. In addition, there was a joint meeting with the Audit Committee, and a joint meeting with the University Strategy Forum.

THE COUNCIL REMUNERATION COMMITTEE

The Council Remuneration Committee (RemCom) is a standing committee of Council and consists of external Council members, the Chair and Deputy Chair of Council, the Chairs of the University Audit, Human Resources and Finance Committees, and the Vice-Chancellor (except for matters relating to the Vice-Chancellor).

RemCom is responsible for:

- Advising the Council on remuneration policy;
- Setting mandates for consultation and negotiations on remuneration and conditions of service with staff bodies and trade unions;

- Evaluating the performance of the Vice-Chancellor and senior staff; and
- Determining the remuneration of the senior leadership group members in terms of the performance management system.

The Remuneration Committee reports to Council once each year setting out the decisions taken, thus ensuring transparency with regard to executive and senior staff salaries. The remuneration of each member of the senior leadership group is published in the Annual Financial Statements. RemCom met once during 2017.

THE UNIVERSITY STUDENT AFFAIRS COMMITTEE

The University Student Affairs Committee (USAC) is a standing committee of Council established in terms of section 27 (3) of the Act. It includes one member of the Executive, two Council members, members of the academic staff (appointed by Senate) and student representatives. It is chaired by a Deputy Vice-Chancellor and advises the Council on student matters. Council requires the USAC to report twice a year on student concerns. USAC met six times in 2017.

THE UNIVERSITY HUMAN RESOURCES COMMITTEE

The University Human Resources Committee (UHRC) is a standing committee of Council that advises Council on HR policy and employment equity policy and plans and has, up to now, also played a role in considering reports on outsourced providers' compliance with the code of conduct. It also provides information on staff issues and staff concerns. The committee met four times during 2017. An external Council member chairs the UHRC.

THE UNIVERSITY INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

The University Information and Communication Technology Services Committee (UICTC) is a standing joint committee of Senate and Council. It was established in recognition of the vital role of Information Communication Technology Services ICTS in teaching, research, administration and communication. This committee is responsible for formulating strategy proposals for ICTS at UCT.

It is chaired by a Deputy Vice-Chancellor, and it includes members of Council, members of the academic staff appointed by Senate, the Executive Director: Finance, the Registrar, and SRC-appointed members. It oversees the enterprise content management (ECM) project, and through ICT Services has taken on responsibility for upgrades and provisioning of teaching venues. The UICTC met four times in 2017.

THE UNIVERSITY BUILDING AND DEVELOPMENT COMMITTEE

The University Building and Development Committee (UB&DC) is a standing committee of Council and advises Council on development of the physical plant and oversees major capital projects.

This committee includes nominees of the Cape Provincial Institute of Architects, and one of its functions is to advise on the development of the University's campus-assembly of spaces and buildings. The committee is chaired by a member of Council and met eight times during 2017.

THE UNIVERSITY STRATEGY FORUM

The University Strategy Forum is a standing joint committee of Senate and Council chaired by the Vice-Chancellor and consists of Council members,

and elected Senate, staff and student representatives. This standing committee advises Senate and Council on strategy and met three times in 2017, including a joint meeting with the University Finance Committee.

CONCLUSION

In conclusion I wish to pay tribute to all the members of Council, especially the members of EXCO being Deputy Chair Debbie Budlender, Babalwa Ngonyama, Shuaib Manjra, Norman Arendse, Bongani Mayosi, Seipati Tshabalala and Karabo Khakhau (SRC Presidents) and the Vice-Chancellor, Max Price.

To the members of the Council who serve without financial reward and in particular to the chairpersons and members of Council committees, I express not only my thanks and appreciation, but also the collective thanks of the University of Cape Town, especially given the particularly challenging issues that arose in 2017.



SIPHO M PITYANA
CHAIR OF COUNCIL

23 June 2018





REPORT ON UCT OPERATIONS DURING 2017

INTRODUCTION

The report on UCT operations consists of five sections. The first two sections deal with a reflection on executive objectives for 2017, including those specifically derived from UCT's Strategic Plan 2016-2020 (26 of these, out of 64 objectives in the whole plan) but also more broadly in relation to the physical plant and other operational areas. The third section deals with a quantitative analysis of our student body in relation to our enrolment plan and our academic staffing capacity. This analysis also covers overall student enrolment and demographic profiles, student academic performance and student housing provision. All universities receive several earmarked grants for specific purposes from the Department of Higher Education and Training and the fourth section in this chapter provides



an update on the progress in utilising these grants. The last section of this report deals with the reports of Senate to Council.

SECTION ONE: REPORT ON 2017 EXECUTIVE OBJECTIVES: ISSUES SPECIFIC TO THE STRATEGIC PLANNING FRAMEWORK

The Strategic Planning Framework 2016-2020 details five broad strategic goals that seek to give effect to improvements in the areas of research, teaching and learning, internationalisation and social responsiveness while infusing all of these with the transformation ideals. The five strategic goals are:

- **Goal 1** (Identity): To forge a new inclusive identity that reflects a more representative profile of students and staff, and the cultures, values, heritage and epistemologies of the diversity of UCT's staff and students.
- **Goal 2** (International): To promote UCT as a vibrant and supportive intellectual environment that attracts and connects people from all over the world and advances the status and distinctiveness of scholarship in Africa.

- **Goal 3** (Research): To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.
- **Goal 4** (Teaching and Learning): To renew and innovate in teaching and learning – improving student success rates, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens.
- **Goal 5** (Engaged Scholarship): To enhance the scope, quality and impact of engaged scholarship with an emphasis on addressing development and social justice.


The Strategic Goals consist of values-driven objectives relating to fairness, redress and inclusion, etc.; and outcomes-driven objectives, relating to improve-

ment in student performance, changes in the staff equity profiles, extent of curriculum change, where progress is sought. Many of these objectives are long-term in nature, and progress is only able to be measured via proxies, i.e. successful completion of initiatives and activities linked to these objectives.

With Council's adoption of UCTs Strategic Plan-

ning Framework (SPF) 2016-2020 in December 2016, 2017 represented a year of consolidation with respect to strategy, and the development and initiation of plans to give effect to the University's strategic goals. The structure of the five strategic goals have been used to organise this section of the Report.

1 GOAL ONE: TO FORGE A NEW INCLUSIVE IDENTITY THAT REFLECTS A MORE REPRESENTATIVE PROFILE OF STUDENTS AND STAFF, AND THE CULTURES, VALUES, HERITAGE AND EPISTEMOLOGIES OF THE DIVERSITY OF UCT'S STAFF AND STUDENTS

 **Objective 1.1: Affirm the dignity, contributions and experiences of all, with specific attention to those who have been historically marginalised in the university community**

A number of activities were held in relation to this objective.

In May 2017, the Office of Inclusivity and Change (OIC) facilitated dialogues between staff and a student working group to discuss what changes the students would like to see in their departments.

Three focus groups were held, one with first years, another with second years and the third with postgraduate students. Suggested interventions ranged from multilingual teaching and learning spaces to tutor diversity, mentor training and communication campaigns.

The OIC also held a series of "Café Style Transformation Conversations". The first, hosted in October 2017 at the Graduate School of Business (GSB), was a collaboration between the GSB Transformation Forum (TF) and the Deputy Vice-Chancellor (DVC) for Transformation.

Similarly, a Transformation Seminar was held in the Department of Biological Sciences with the DVC Transformation. The seminar encouraged dialogue between staff and students on the topic of curriculum renewal in relation to the transformation strategy.

The OIC supported the DVC Transformation and the Curriculum Change Working Group (CCWG) with hosting a visiting scholar, Professor C. K. Raju, and coordinating a week long programme. Professor Raju's work offers an alternative approach to decolonising Maths and Science by interrogating the historical and philosophical foundations of these disciplines. It should be noted that the College of Fellows and staff from the

Faculty of Science were critical of the invite, the views he holds and his style of engagement.

A public panel discussion on decolonising Science was coordinated by the OIC, in collaborating with the CCWG and was held on 19 September 2017. Three panellists, namely Prof. Bernhard Weiss (UCT Dept. of Philosophy), Dr Henri Laurie (UCT Dept. of Maths and Applied Maths) and Prof. Lesley Le Grange (Curriculum Studies, Stellenbosch University) were invited to participate and respond to Prof. Raju's talk titled 'Three ways to decolonise science'. The discussion was documented and a short video produced.


The CCWG was established in April 2016, as a black-led, inclusive and broadly representative grouping, comprising academics and students traditionally excluded from formal institutional structures and processes of curriculum oversight. The role of the CCWG is to shape strategies for engaging with academics and students through facilitated dialogues on critical curriculum transformation. The CCWG submitted an interim report in September 2017.

A working group tasked with discussing, developing and planning the roll-out of two institutional culture surveys for students and staff was established towards the end of 2017. The group, currently consists of fifteen members ranging from academic experts to professional staff in the planning, HR, student affairs and transformation areas.

Two Transformation Surveys were administered in 2017.

The first survey intended to identify what operational gaps and needs were being experienced by departmental Transformation Committees.

The second survey was administered to collate information on the progress during 2017, as measured against the Strategic Plan.

 **Objective 1.2: Reinforce a new inclusive identity for UCT through an appropriate display of artworks, symbols, choice of names of buildings, and use of indigenous SA languages**

Three main activities were planned in relation to this objective. These were to:

■ **Finalise the work of the Works of Arts Task Team**

The Works of Art Task Team concluded its work. Council approved revised terms of reference and revised membership for the Work of Arts Committee (WoAC). The new (WoAC) was finalised in early June 2017 and Professor Jay Pather was appointed Chair. The committee worked on a proposed programme of activities for the next four years. The following were activities in 2017:

- To create an atmosphere of transparency and to inform negative media, the WoAC hosted a series of talks and published a number of articles. These talks helped flesh out ideas behind collections in decolonised spaces, curation and diversity. Most prominently, the event titled Remaking Place was held at the Memorial (Jameson) Hall and featured lectures, artistic and performative interventions and presentations by noted and award-winning art practitioners, theorists and academics.
- A curatorial working group started the process of reconsidering the UCT Works of Art Collection by re-curating the Molly Blackburn Hall. The team intends to finalise this in March 2018 and will launch the re-curation publicly with discussion groups, presentations and an opening event. This should be seen as the first of many campus-wide re-hangs reflecting a new approach to the collection, its display and its interaction with the university community.

■ **Rename the Jameson Hall and make progress on other naming of buildings**


In October 2017, Council agreed to temporarily rename the hall “Memorial Hall” and issued a campus announcement via email, which invited the university community (current students, alumni and staff) to

comment on the proposed new name: “Sarah Baartman Memorial Hall”. Consultations are taking place with the Khoi San leadership structures with respect to the renaming.

In October 2017, UCT renamed the Palm Court student residence in Mowbray to honour the legacy of education activist Harold Cressy, the country’s first graduate of colour who qualified at the South African College, UCT’s forerunner, in 1910. The residence is now known as Harold Cressy Hall.

■ **Address the issue of the use of indigenous languages**

The Senate Language Policy Committee (LPC) commissioned a research project to investigate the question of accents at UCT and specifically: the resistance that certain lecturers at UCT experience to their accents when communicating in English. The evidence from this study showed that accent and language are linked to issues of social discrimination and racial inequality. One of the responses to the research has been the development of the “Accents Video” which will be rolled out across the University to raise awareness among students and staff. It will be launched on 22 March 2018.

 **Objective 1.3: Create an affirming and inclusive teaching, learning and research environment for gender and sexual diversities**

Several initiatives were undertaken during 2017 with regard to furthering an inclusive environment for teaching, learning and research. These included:

■ **A Gender Diversity and Gender-Based Violence Prevention Responses Dialogue**

In November 2017 the OIC supported a collaboration between the offices of the DVC Transformation and the Registrar to host a dialogue on gender diversity and gender-based violence prevention responses. The session included a technical meeting where the various stakeholders from on-and-off campus (Properties & Services, UCT’s Trans Collective, Gender Dynamix, etc.) were invited to provide logistical input about the

adaptation of UCT systems and infrastructure for gender diverse populations on campus.

- **Contributing towards student leadership and tutor training on campus to align student-to-student engagement with UCT's ethos of inclusivity**

The OIC is working closely with academics in Chemical Engineering to develop team-work skills among students from first year, second year and third year. Several other students leadership and tutor training programmes continued as in previous years.

- **Initiating consultation on the gender policy**

The OIC together with the Registrar's office held a gender seminar to explore the existing administrative systems and where within the institution changes could be made to reflect gender diversity. The recommendations from this seminar will be considered for implementation during 2018.

- **Finalising the Sexualities Policy**

The Sexualities Policy articulates the ways in which the UCT institutional culture can recognise sexual diversity and protect the constitutional rights of students and staff. The policy was tabled at Council in December 2017, where it was formally adopted.

- **Completing the work of the Mental Health Task Team**

The mental health of students has been a concern for a number of years, and led to the establishment of a Mental Health Task Team (MHTT) in 2016, with staff and student members. It submitted a draft student mental health policy to the DVC for Transformation in March 2017. Extensive university-wide consultations were then held. The MHTT is now working on a revised policy that will be submitted to Senate in the first half of 2018.

At the end of 2016, the MHTT submitted a stakeholder review report on student mental health at UCT to the DVC for Transformation. It contained a number of recommendations that were implemented by the University in 2017, including four additional mental

health support positions within the Student Wellness Service (SWS), the restructuring of the mental health service to substantially reduce waiting lists, the inclusion of a mental health promotion and prevention portfolio at SWS, the continuation of a psychiatric nurse call-out system for emergencies in the residences and initiatives to address institutional factors that may contribute to student mental health difficulties. The strengthening and expansion of mental health services has largely been achieved through donor funding.

The MHTT also conducted research on recent trends in mental health motivations for readmission appeals and for deferred exams, the results of which have been submitted to the DVC for Transformation.




Objective 1.4: Review the composition of all institution-wide, faculty and departmental committees to ensure representation along racial and gender lines and for other marginalised identities

In 2017 Senate approved the Senate Commission to Review Senate and the Committees of Senate (SCRC). The SCRC is mandated to review the composition and terms of reference of Senate and the committees of Senate with a view to (a) ensuring greater representation and diversity on these bodies, and (b) better ensuring that Senate and its committees are functioning optimally. Senate has approved the terms of reference and the composition of this commission, which will commence work in 2018.

To further catalyse transformation, Council in 2016 initiated or redesigned several committees and/or task teams to respond to the most pressing issues affecting UCT. These committees included the Sexual Assault Response Team, the Sexuality Policy Reference Group, the Mental Health Task Team, the Rapid Response Task Team, the Institutional Reconciliation and Transformation Commission, the Free Education Planning Group, the Curriculum Change Working Group, the Naming of Buildings Committee and the Works of Art Committee (a joint committee of Senate and Council). The work of these committees continued into 2017 and in some instances the committee work was completed, as their objectives were reached. All of the above groups include student representation.


Further detail about the activities of the groups is included in sections that follow.

 **Objective 1.5: Review the mechanisms for enabling and empowering student participation in the governance of the University**

Stable Student Representative Councils (SRCs) are key to the effective functioning of student representation on university committees. Unfortunately, the student protests in 2015 and 2016 gave rise to a situation where the 2016 SRC was only in office for five months, and this had a negative impact of effective student representation. Nevertheless, student representation was invited on all senior selection committees as well as on the various committees of Senate and Council.

■ **Council Commission to review Council committees**

The Council Commission to review Committees has, to date, identified a few recommendations that will go to Council, but could not reach consensus on all, and is therefore a work in progress.

 **Objective 1.6: Identify and address institutional policies and practices that reproduce power relations based on historical privilege, colonialism and apartheid, and which impede transformation**


Two principal areas of work were planned in this regard. These were to drive the Institutional Reconciliation and Transformation Commission (IRTC) process, and to provide fora for the discussion of such practices.

In terms of the IRTC, the Commission was established in terms of the November 2016 Council agreement. A multi-stakeholder steering committee was tasked with the selection of commissioners and to consider a refined set of provisional terms of reference. This process was fraught with complexities as it brought together stakeholders from different political and ideological persuasions that ultimately had to reach consensus. The process of appointing commis-

sioners therefore took much longer than anticipated and was only concluded at the end of 2017.

In response to the need for fora to discuss the relevant institutional policies and practices, the Institutional Forum (IF) created the Transformation Forum, which is a sub-structure of the IF that comprises Transformation Chairs in faculties, administrative departments and residences. The forum is a platform for sharing knowledge, challenges and good practice with regard to cultural change; and activities and interventions that further transformation, inclusion and diversity within each setting.

The OIC also conducted 26 mediated cases and five group mediations to facilitate staff engagement in relation to issues of culture and diversity. Mediator training occurred in EBE to ensure that staff can lead difficult conversations.

 **Objective 1.7: Adopt a zero-tolerance approach to any form of unfair discrimination, harassment, sexual violence, and behaviour that demeans others**

A two-day workshop with the Sexual Assault Response Team - between the words to a set of recommendations that, when fully implemented, will ensure that the University can provide compelling advocacy and awareness to prevent sexual assault, as well as a stronger survivor centred support service and a disciplinary process that includes a specialised tribunal for sexual assault cases.

A Working Group was formed in 2017 to focus on policy review and alignment with new policies.

The policy on Sexualities was finalised and adopted by Council in December 2017.


A Working Group was formed to discuss the formation of a specialised tribunal for sexual assault and harassment cases. This received strategic funding for operationalization in 2018.

One of the key initiatives being led by the OIC is the establishment of a case management tracking system which will provide greater monitoring by the Sexual Assault Response Team (SART) and the OIC and ease of reporting for survivors. Further use of the system, will enable the tracking of repeat offenders within UCT;

the frequency of cases and the frequency of specific incidents. The Working Group met three times with the business analytics team at UCT and are working towards a prototype for testing and use in 2018. In the interim, reporting is being collated manually each month.

One of SART's most visible interventions in 2017 was the Silent Protest, held on the Jameson Capital Plaza. The event, which was co-hosted by SART, the AIDS Healthcare Foundation and the UCT Survivors group, honoured the victims of sexual violence and focused attention on gender-based violence.

In 2017, training programmes and workshops were delivered on sexual harassment education, empathic engagement and student assessor training, gender-based violence, HIV & Inclusivity, rape culture, patriarchy, sexual diversity and intersectionality.

 **Objective 1.11: Attain institutional employment equity targets to place UCT on a clear trajectory towards a more representative profile of academic staff at all levels and of institutional leadership**

The issue of a demographically transformed academic staff complement has been at the centre of transformation and decolonisation debates at the University for many years. Several initiatives are in place with a view to accelerating demographic transformation of the academic staff.

- CHED's New Academic Practitioner's Programme (NAPP) is a holistic programme of professional development for new academics at UCT, with less than five years' experience in higher education. As an induction programme, its key focus is to strengthen resources and practices necessary for new academics to develop as educators, researchers and members of the UCT community. 38 academics participated in the programme in 2017.

- The new Generation of Academics Programme (nGAP), also known as Staffing South Africa's Universities, is an initiative to recruit young scholars to permanent academic positions at South African universities. nGAP participants are mentored by a senior academic and given the opportunity to immerse themselves in research for six years until they are fully rooted as academics. Details are provided in the earmarked grants reports in Section Four below.

In relation to demographic transformation and employment equity, much of the work in 2017 focused on strengthening current systems and processes while identifying and working toward revised targets with respect to demographic profile:

- During 2017, 26 selection, recruitment and employment equity training sessions were held and 363 staff were trained as employment equity representatives. The DVC for Transformation hosted two university-wide meetings of employment equity representatives to understand the current practice and challenges experienced by the staff who serve in this capacity.
- The University's Transformation Advisory Committee undertook a review of its purpose and mission, which resulted in revised terms of reference and the renaming of the committee to the Employment Equity Forum.
- The Employment Equity Staffing Fund enables the appointment of a designated group candidates where no post currently exists for such a person. In 2017 seven additional posts were funded in this way.
- Towards the end of 2017, the employment equity portfolio reintroduced exit interviews with staff who have resigned from the University to gain insight with respect to the factors (push and pull, and possibly relating to institutional climate) that resulted in the resignation of the employee.

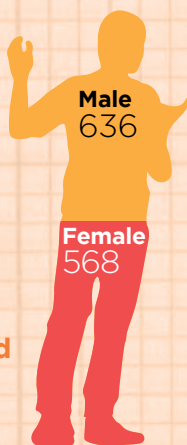
The tables below show the demographic profiles of UCT's academic staff and professional, administrative and support staff in December 2017:

STAFF

1 204 permanent academic staff members called UCT home in 2017.



- Black **101**
- White **567**
- Coloured **140**
- Indian **84**
- Other **312***



322
Lecturers

389
Senior lecturers

251
Associate professors

242
Professors

***International and not declared**

Female professors

2010	2011	2012	2013	2014	2015	2016	2017
33	37	44	47	52	56	56	72

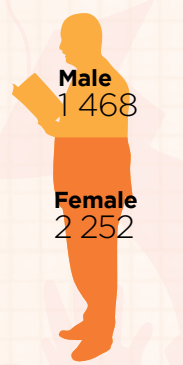
Black professors

2010	2011	2012	2013	2014	2015	2016	2017
8 (4)*	9 (6)*	10 (6)*	10 (5)*	13 (8)*	12 (7)*	17 (10)*	35 (11)*

***South African**

3 720

professional, administrative support and service (PASS) staff worked at UCT in 2017



Demographic Profile of Permanent Academic Staff: 2017

Academics	Female								Male								Foreign Nationals		Totals
	AF	AS	C	I	ND	O	W	Female Total	AF	AS	C	I	ND	O	W	Male Total	F	M	
Professor			3	3	2		51	59	11		6	12	4		87	120	13	50	242
Associate Professor	3		9	7	1		74	94	4		15	11	2		59	91	19	47	251
Senior Lecturer	11		24	15	1		115	166	14	1	18	10	3		76	122	34	67	389
Lecturer	27	1	39	16	1		71	155	31	2	26	10			34	103	28	36	322
Total	41	1	75	41	5	0	311	474	60	3	65	43	9	0	256	436	94	200	1 204

AF = African AS = Asian C = Coloured I = Indian ND = Not decalred O = Other W = White F = Female M = Male

Summarising this in percentages,

- Of all academic staff, 528 out of 1204, i.e. 47%, are female.
- Out of the professors and associate professors, 185 out of 493, i.e. 40% are female. These are very high figures in international terms.
- Of all academic staff, 329, i.e. 27% are black South African (African, Coloured or Indian), 47% are white South African, and 24% are international.
- Of all professors and associate professors (493), 17% are black South African, 55% are white South African, and 26% are international.

Demographic Profile of Permanent PASS Staff: 2017

Category of staff	Female								Male								Foreign Nationals		Totals
	AF	AS	C	I	ND	O	W	Female Total	AF	AS	C	I	ND	O	W	Male Total	F	M	
Top Management PC13PG1															1	1	0	0	1
Senior Management PC13PG2 PC13PG3	1	0	2	2	0	0	6	11	3	0	5	0	0	0	2	10	0	0	21
Professionally qualified, mid-management PC13PG4 PC13PG5 PC12	13	0	14	14	0	0	38	79	10	0	29	9	0	1	54	103	5	7	194
Skilled technical, academically qualified, junior management PC11 PC10 PC09 PC08	115	3	419	50	4	1	223	815	88	0	208	13	6	0	113	428	34	39	1316
Semi-skilled and discretionary decision making PC07 PC06 PC05 PC04 PC03	242	0	435	16	4	0	50	747	377	0	272	1	1	0	14	665	11	3	1426
Unskilled and defined decision making PC02 PC01	346		184		4		3	537	134		69		1			204	13	8	762
Total	717	3	1054	82	12	1	320	2189	612	0	583	23	8	1	184	1411	63	57	3720

AF = African AS = Asian C = Coloured I = Indian ND = Not decalred O = Other W = White F = Female M = Male

Objective 1.13: Attract more black, women and disabled South African post-graduate students and postdoctoral fellows to broaden the pool of potential future academics

The University Council tasked the University with reviewing their 2020 employment equity targets with respect to the development of possible stretch targets. This led to a workshop in December 2017 with the senior leadership at the University to begin the process of review and the introduction of the possi-

bility of stretch targets. The DVC for Transformation will work with the faculties and departments in 2018 to present a revised plan following the exercise of reviewing the employment equity targets.

See also Objective 1.11 above - the new Generation of Academics Programme (nGAP), and the Next Generation Professoriate (NGP).

Trends in South African postgraduate enrolments, by race, show marked improvements over the 2013 – 2017 period, despite the growing numbers of students who do not declare their race:

South African Postgraduate Enrolments by Race: 2013 - 2017

	2013	2014	2015	2016	2017
African	1445	1461	1513	1752	1956
Coloured	1098	1089	1054	1099	1074
Indian	537	570	548	551	550
White	3195	3176	3084	3009	2675
SA unknown	822	1046	1598	1852	1822

2 GOAL TWO: TO PROMOTE UCT AS A VIBRANT AND SUPPORTIVE INTELLECTUAL ENVIRONMENT THAT ATTRACTS AND CONNECTS PEOPLE FROM ALL OVER THE WORLD AND ADVANCES THE STATUS AND DISTINCTIVENESS OF SCHOLARSHIP IN AFRICA

A number of interventions were put in place in order to address the fall in enrolments in the Semester Study Abroad (SSA) programme that UCT witnessed in 2017, the result of uncertainties arising from the 2016 student protests. The 2017 first semester intake into the SSA programme dropped to 254, from 614 in 2016. A number of interventions were implemented in 2017 to address the issues impacting SSA enrolments.

The 2018 first semester SSA intake of 427 was a marked increase on the 2017 intake.

Objective 2.1: Promote international partnerships across the globe, across the African continent and in emerging economies that support the development of research, staff and student exchanges, and other strategic goals such as advocacy, access to funding, developing networks and expertise and building reputation and

Objective 2.6: Implement a significant number of shared training programmes with African universities towards developing the next generation academics for the continent

UCT’s International Academic Programmes Office (IAPO) promotes partnerships with other African higher education institutions. Many of these partnerships are funded consortia partnerships which offer opportunities for postgraduate training at any of the partner universities. IAPO administers the following programmes:

■ **The MasterCard Foundation Scholars Programme**

338 young leaders will pursue undergraduate and postgraduate studies at UCT over a period of ten years (started in 2014). The programme has had four cohorts to date and 20 scholars have graduated from the MasterCard Foundation Scholars Programme.

■ **The Africa Regional International Staff Student Exchange: Food Security and Sustainable Human Wellbeing Programme – ARISE**

In 2012, UCT was awarded funding by the European Union under the Mwalimu Nyerere / Intra-Africa Caribbean and Pacific (ACP) academic mobility scheme to partner with other institutions on the continent in a col-

laborative postgraduate studies training programme called ARISE. UCT is the co-ordinating institution. The ARISE partner institutions are the University of Cape Town, (South Africa - Co-ordinating institution), Addis Ababa University (Ethiopia), Makerere University (Uganda), University of Nairobi (Kenya), National University of Rwanda (Rwanda) and the University of Ghana – Legon (Ghana). The ARISE Programme ended on 31 January 2018. The programme offered 65 scholarships in total. These included 32 awards to master’s students, 25 awards to doctoral students, four awards to academic staff and four awards to administrative staff.

In 2013 UCT also partnered in two Intra ACP mobility scheme projects, (i) Postgraduate Academic Mobility for African Physician Scientists – PAMAPS led by the University of Ibadan and (ii) Entrepreneurship, Resources, Management, Innovation and Technology - ERMIT led by the University of Yaoundé. These programmes are still in operation.

■ The Africa Regional International Staff Student Exchange: Food Security and Sustainable Human Wellbeing Programme II - ARISE II

In 2016 UCT applied for and was awarded funding under the EU funded Intra Africa Mobility Scheme to run ‘ARISE II’. ARISE II will provide a total of 46 opportunities for masters and doctoral studies as well as for shorter research and administrative visits for student and staff mobility between the partner institutions.

In 2016 UCT partnered in two other Intra Africa Academic Mobility Scheme projects, (i) African Bio-medical Engineering Mobility – ABEM led by Kenyatta University, Kenya and Reinforcing Coherence Relevance and Partnerships in Computer Engineering Education in Africa – AFRICOM led by the Université de Yaoundé, Cameroon.

The Universities Science Humanities and Engineering and Law Partnerships In Africa Programme – USHEPIA is one of UCT’s flagship collaboration initiatives in Africa (since 1996). The current partners are University of Dar es Salaam, UCT, the University of Ghana, Makerere University, University of Nairobi and University of Zambia. The programme offers split site PhD and Masters programmes.

■ Organisation for Women in Science for the Developing World – OWSD

The objective of the organisation – based at the offices of The Academy of Sciences for the Developing World (TWAS) in Trieste, Italy – is to strengthen the role of women scientists and to promote their representation in scientific and technological leadership. The OWSD’s flagship programme is the Postgraduate Training Fellowships for Women Scientists from sub-Saharan Africa and Least Developed Countries at Centres of Excellence in the South. There are currently 19 OWSD fellows studying at UCT.


■ Erasmus + Yebo! Project

UCT became a partner in this Erasmus + project which promotes the development of the internationalisation of PhD studies in South Africa in 2017. The consortium is led by the University of Montpellier in France and has 5 South African partners and 7 EU partners. The project is still in its development phase.

IAPO has also built strong partnerships for global short academic programmes to develop networks, build expertise and enhance the reputation of the University. In 2017, global short academic programmes were developed in liaison with the following partner universities and the University of Cape Town faculty:

- Queens College on Human and Environment Interface
- John Jay College on Social and Criminal Justice Course
- Santa Monica College on Anthropology and Language
- Central Connecticut State University on the Overview of RSA Education
- Johns Hopkins University JHU Group on Public Health
- ETH Zurich on E4D School on Energy
- Boston College on Interfaith and Intercultural issues
- International Alliance of Research Universities IA-RU-Global Summer Programme Course on Water Management and Sustainability Course
- United Nations Leaders Programme (UNLP) on Leadership for Transformation & Resilience


- Fachhochschule für Oekonomie & Management (FOM) on Leadership and International Economic Development

 **Objective 2.2: Build expertise on questions of particular relevance to the African continent**

A new African Studies inter-disciplinary undergraduate major for UCT was rolled out in 2017. “Representations of Africa” successfully commenced with a total of 50 students registered for the HEQSF level 5 course. The course focuses on the ways in which Africa has been imagined and represented across the ages. This first-time African Studies Major is one tangible response to the students’ demand for decolonised curricula.

UCT’s research endeavours are driven by the idea of UCT as a vibrant centre of knowledge production on African issues, with African and global partners. To achieve this, many researchers have established extensive networks across Africa. Some examples are:

- *Human Heredity Health in Africa (H3Africa)*, with 25 research projects and 29 countries with primary sites. H3Africa seeks to grow the infrastructure to facilitate genomics research across the continent.
- *Heart of Africa Study (with 7 African partners)*: The Heart of Africa Study consists of a number of collaborative projects that examine the emergence of heart disease in African communities.
- *Adaptation at Scale in Semi-Arid Regions (ASSAR) (with 7 African partners and 3 international partners)*: The semi-arid regions of Africa and Asia are particularly vulnerable to climate-related impacts and risks. Working in seven countries in these regions, ASSAR - led by UCT’s African Climate and Development Initiative (ACDI) - seeks to facilitate a shift from ad-hoc adaptation to large-scale adaptation.
- *Hungry Cities Research Programme (with 2 African, 4 global south and 3 international partners)*: This five-year international research programme comprises a comparative multi-city inquiry to promote inclusive growth in the informal food sector. It is led from UCT’s African Centre for Cities and aims to create enabling policy environments and support for entrepreneurship as well as sustainable formal and informal employment.

 **Objective 2.5: Implement international joint degrees, co-supervision of PhD candidates and exchanges, providing doctoral and postdoctoral fellows with international experience, and where funding allows, for other postgraduate and undergraduate students**

With regard to joint degrees, a governance framework and approval process to enable international joint degrees is in draft form with the necessary changes to the PeopleSoft student system to follow.

Co-badged and 3-way degrees offered in 2017

- The MSocSc in Global Studies is offered by UCT’s Department of Sociology in partnership with the Albert-Ludwigs-Universität Freiburg (Germany) and Jawaharlal Nehru University New Delhi (India). Students spend the first semester at the Albert-Ludwigs-Universität Freiburg, the second semester at UCT, and a third semester at Jawaharlal Nehru University. Students then return to UCT to complete a minor dissertation.
- The MPhil specialising in sustainable mineral resource development, which is offered through UCT’s Department of Chemical Engineering. This programme has been developed as part of the Education for Sustainable Development in Africa (ESDA) project of the United Nations University. It is delivered on a decentralized basis by two African universities (UCT and the University of Zambia-Lusaka) in partnership with other South African and Japanese universities, and the United Nations University, based upon a common set of course instructions. There were 22 enrolments on this programme in 2017.

In addition, IAPO facilitates and manages a large number of inter-institutional agreements, many of which provide for the mobility of UCT students and staff to partner campuses abroad. High achieving undergraduate students (with a Grade Point Average of at least 68%) can apply to go on an exchange during their second year of study, preferably in the second semester. Postgraduate students can apply for an exchange during their Masters or PhD degrees. Partner institutions are located in Australia, Austria, Canada, France, Germany, The Netherlands, Sweden, the UK and the USA.

UCT's Research Development Academy, developed in 2017, will aim at offering courses on the African continent. The first offerings will be for SA Universities: the Programme for Emerging Researchers in South Africa (PERSA), with the first event taking place in May 2018.

The African Climate and Development Initiative (ACDI) hosted three Climate Impact Research Capacity and Leadership Enhancement in Sub-Saharan Africa (CIRCLE) Visiting Fellows in 2015, 2016, and 2017. The CIRCLE programme is an initiative of the Department for International Development (DFID) of the United Kingdom to develop the skills and research output of early career African researchers in the field of climate change and its local impacts on development.

UCT is a member of a carefully targeted number of formal research networks, each of which was established with specific goals in mind and therefore brings different and distinct benefits to its members. These networks are of particular strategic value to the University, and provide a platform of already established cooperation on which our researchers can build.

■ African Research Universities Alliance (ARUA)

ARUA, a partnership of research universities in Africa, was launched in early 2015 to promote and strengthen the leading research universities on the continent. The focus is on building indigenous research excellence. ARUA has created a dozen centres of excellence, each comprising at least three member universities.

There are two centres of excellence, led by UCT both of which have as partners the University of Ghana and the University of Nairobi. They are:

- The African Centre of Excellence for Inequality Research led by Professor Murray Leibbrandt

- The ARUA Centre of Excellence in Climate and Development led by Professor Mark New

■ The International Alliance of Research Universities (IARU)

The International Alliance of Research Universities (IARU), established in 2006, is a network of 11 international research-intensive universities from nine countries across the globe. UCT was invited to join in 2015 and formally took up membership in 2016. IARU members work together to address the major challenges of our time, providing opportunities to students and staff and promoting joint projects at various levels between member universities.

One of IARU's flagship activities is the Global Summer Program. Each member university puts forward a module(s) for which students from IARU universities may apply. UCT hosted an interdisciplinary module in 2017: Sustainable Water Management in Africa.

■ UCT entered into a partnership with the London School of Economics in 2010.

In terms of this partnership, the LSE-UCT July School offers courses from across the social sciences, all with reference and relevance to Africa today. Participants select one intensive course to study for the two-week programme. Each course is delivered by one or more leading academics from LSE and/ or UCT, supported by Teaching Assistants who are usually PhD students from one of the partner institutions. In 2017, three courses were offered, and these attracted 71 students and professionals.

3 GOAL THREE: TO ADVANCE UCT AS A RESEARCH-INTENSIVE UNIVERSITY THAT MAKES A DISTINCTIVE CONTRIBUTION TO KNOWLEDGE, LOCALLY AND GLOBALLY

■ The Worldwide Universities Network (WUN)


The Worldwide Universities Network (WUN) is a leading global higher education and research network made up of 24 universities from all continents. Together they work to drive international research collaboration and address issues of global significance.

UCT joined WUN in October 2009 as part of the

strategic goal to increase international research collaboration.

UCT has ring-fenced funding to enable researchers' participation in the WUN Research Development Fund, which provides grants for research projects that include at least three-member universities and span at least two geographical regions. In 2017 UCT was involved in the following WUN research projects:

Title of project	Lead Principal Institution
Developing and Researching the Economics and Mathematics of Selection (DREAMS): Global Perspectives	University of York
Impacts of Grain Legume Research and Development in Developing Countries	University of Hong Kong
In-Herit: The Role of Heritage in Ontological Security during Migration and Displacement	University of Massachusetts Amherst
Migration, Development and Global Transformations	University of Bristol
New insights into the transmission of <i>Angiostrongylus</i> lung-worms by gastropods under climate change: a comparative approach	University of Bristol
Open WUN	University of Southampton
Dementia Prevalence and Impact in Low Income Areas in South	University of Cape Town
Resilience in Youth and Service Providers	University of Cape Town
Understanding Globalization - Margins and Peripheries	University of Cape Town
Healthy-Polis – Developing Urban Life-course approaches in response to Climate Change	University of Bristol
A study of the role of governing boards in African higher education institutions	University of South Hampton
Economics	Maastricht University
Global Africa Group	Maano Ramutsindela, University of Cape Town
Community of Learning for African PhD Fellows	Maastricht University
in-FLAME - International Inflammation Network	Susan Prescott, University of Western Australia

 **Objective 3.2: Accelerate the pipeline of future academics at UCT and on the continent through holistic professional development opportunities for our postgraduate cohort as well as our young appointees (soft-funded and GOB) with particular focus on emerging black and women scholars**

During 2017, a suite of researcher development activities supported early career academics, including postgraduates and postdoctoral fellows, to advance their research and achieve promotion. The programmes listed under objective 1.11 are also relevant here. Another two worth mentioning are the Emerging Researchers Programme (ERP) and the Next Generation Professoriate (NGP).


The ERP is for early career academics or those who have not yet established themselves as researchers. It includes a wide range of professional development seminars and workshops which are open to all staff, as well as research development grants for eligi-

ble early career staff. ERP seminars and writing spaces gathered 459 individual participations during 2017, while the workshops and writing retreats reached 325 individual participations.

During the 2017 Ad Hominem Promotion process, out of the 110 academics who received promotions, 66 had been ERP members at some stage in their career. Among the remaining 44 academics who received promotion, a large portion had participated in and benefited from ERP support (seminars, workshops, writing retreats).

The Next Generation Professoriate (NGP), located in the Office of the Vice Chancellor and funded from the Vice Chancellor's Strategic Fund, aims to expand and accelerate the transformation of the professoriate. The NGP aims to advance the development of mid-career academics, particularly black and female staff, through a range of support, developmental and networking initiatives. The current demographics are: 19 female (51%) and 18 male (49%); nine black African South Africans (24%); 14 coloureds (38%); sev-

en black internationals (19%); five Indians (14%); one other (3%); and one white (3%). In 2017, one cohort member was promoted to full professor and five were promoted to associate professor.

 **Objective 3.3: Improve the completion rate and reduce the average time to completion of PhD students**

During 2017, the ‘Masters/PhD cohort’ initiative was specifically designed to support South African staff, who do not yet have their masters and doctoral degrees. A number of successful activities such as seminars, and peer support group meetings took place in 2017.


A Postgraduate Task Team is investigating Faculty-specific challenges relating to supervision and the use of the Memorandum of Understanding (MoU). (The MoU document lays out the expectations of both supervisor and student, and is designed to ensure the supervision experience is mutually productive.)

A generic, research skills training website for PhD’s is being reconceptualised and improved to enhance the flow of information relating to postgraduate funding, work and training.

The average time to degree amongst recent cohorts of doctoral graduates has nevertheless fluctuated at around 5.0 years:

Average time to complete amongst Recent Doctoral Graduates (Years)

Graduation Year				
2013	2014	2015	2016	2017
5.1	4.9	5.2	4.8	5.0


 **Objective 3.5: Provide seed funding for strategically selected new collaborations that include a global south partner, and three or four-way international partnerships, to advance the quality, impact and profile of our research, and to access global research resources**

Internal funds have been ring-fenced to award grants through a competitive, proposal-driven process. The launch conference of the African Research Universities Alliance (ARUA) and establishment of two collaborative ARUA Centres of Excellence hosted at UCT, spear-headed collaborations that will enhance inter-institutional links and help to embed students into a community of global south scholars.

A 2017 focus was to record existing partners (before new partners could be targeted).

During 2017, internal funds were allocated to three decoloniality projects through a competitive, proposal-driven process, each receiving R300 000 p.a. for three years and all currently in progress.

Another important initiative is the Building Bridges programme, located in the Graduate School of Development Policy and Practice, which focuses on three key annual projects: the Emerging African Leaders programme, the LeAD Campus Initiative and a series of Expert’s Meetings, all of which aim to forge meaningful networks of collaboration around key policy issues and foster personal leadership growth. The 2017 cohort of twenty-six participants on the Emerging African Leaders programme represented six African countries and included leaders from legal, financial, communications, engineering and activist backgrounds across both government and civil society.

 **Objective 3.6: Challenge our academics to develop new thinking about the problems that should most urgently be addressed by us as an African university, and feed this thinking not only into published research and innovative products and solutions, but also into the curriculum**

4 GOAL FOUR: TO RENEW AND INNOVATE IN TEACHING AND LEARNING - IMPROVING STUDENT SUCCESS RATES AND WELL-BEING, BROADENING ACADEMIC PERSPECTIVES, STIMULATING SOCIAL CONSCIOUSNESS AND CULTIVATING CRITICAL CITIZENS

Objective 4.2 Improve the curriculum and pedagogy in courses that impede student success for black students in particular

Objective 4.3 Interrogate ways in which current curricula may marginalise particular identities and perpetuate dominant cultural assumptions and philosophies of knowledge

Objective 4.4 Incorporate scholarship from Africa and the global south into curricula

Objective 4.6 Provide opportunities for students to engage around contemporary local and global political and social issues and the continued legacy of apartheid and colonialism

Objective 4.8 Enable access for disabled students and mainstream disability issues in the curriculum.

Progress in relation to specific planned activities is summarised below:

During 2017, the DVC Transformation, in conjunction with the DVC Teaching and Learning, met with Georgia State University (GSU) to better understand the use of data analytics and academic advising to ensure student success. A delegation from UCT, led by the DVC Transformation visited GSU in early February 2018.

- Curriculum reform (through the Office for Inclusivity & Change) with a focus on intersectional oppressions, and African responses to African challenges through the lens of Sustainable Development Goals (SDGs)

The Office for Inclusivity & Change (OIC) facilitated the continued infusion into the curriculum of social justice principles into core curricula in the Faculty of Engineering and the Built Environment; the Faculty of Science; and the Faculty of Health Sciences.

Dialogues between staff and students, conducted in collaboration with the OIC, focused on curriculum change and decoloniality. Further training of academic mentors and tutors occurred in relation to the institutional focal areas such as discrimination, harassment, sexual diversity and gender diversity.

Prof Mahmood Mamdani delivered the 2017 TB Davie Academic Freedom Lecture, which was entitled “Decolonising the Post-Colonial University”. Further advocacy and training was conducted by the Disability Service for disabled students in order to ensure that education was accessible to them via assistive technologies and human support.

In addition, there were two significant interventions in the Faculty of Humanities, focusing on incorporating scholarship from Africa and the global south into curricula:

- The Department of English Language and Literature has developed strong research and teaching commitments and competencies in African literary studies.
- In the Department of Religious Studies, the content of the undergraduate and postgraduate curricula feature modules based on the research expertise of teaching staff, all of whom focus all or a significant part of their research in Africa.

The Global Citizenship: Leading for Social Justice Programme, run by CHED, is a co-curricular programme providing students with an opportunity to engage critically with contemporary global debates and to reflect on issues of citizenship and social justice. While voluntary, co-curricular and not credit-bearing, each of the courses offered can be recognised on students’ transcripts as UCT Short Courses.

In the Faculty of Law, the extra-curricular Book of the Year project was introduced in 2012 to promote broader critical thinking and context to the core curriculum. Each year, the incoming LLB class receive a free copy of a chosen book to read with a view to educating students born after 1994 about the turbulent de-

cedes before their birth; exploring critical themes such as “is violence ever justified”. The 2017 Book of the Year was Peter Harris’ “In a different time”, an account of the Delmas Four trial in the mid-1980s.

Objective 4.11: Minimise disparities between success rates of black and white students

In March 2017, the University introduced a programme to provide laptops to all NSFAS-eligible first-time entering undergraduate students. Through this initiative, which was largely funded from the Vice-Chancellor’s Strategic Fund and donor funds, laptops were provided to almost 1000 students at a cost of R6 million. This will be a recurring cost in future years.

682 first-time entering students were enrolled on the nine Extended Curriculum Programmes in 2017, following faculty-specific placement criteria. 92.9% of first-time entering students on these programmes could continue their studies in 2018. A further 216 students were enrolled on the Commerce Augmented Programmes. The Education Development Units of the Humanities and Health Sciences faculties are in the process of fundamentally reviewing their Extended Curriculum Programmes.

Multilingual Glossaries were developed as part of a collaborative project with the University of Pretoria between April and December 2017, and are mostly available in all 11 languages. The Glossaries pertain to Family Medicine (248 terms and definitions), Criminology (137 terms and definitions), Business Management (123 terms), Statistics (258 terms), Mathematics (200 terms and definitions), Building Science (765 terms and definitions) and Law (2500 terms) .

The collaborative project was funded by the Department of Higher Education and Training (DHET). The glossaries are open resources and are accessible on the online platform created for them.

Also during 2017, a collaborative project with the University of Birmingham on “Overcoming Barriers in University Education in South Africa” (OBUESA) was carried out. This was a research project on the use of multilingualism in teaching and learning based on translanguaging pedagogy.

UCT’s Learning Development MOOC team has funding to develop components of a MOOC to fit into a Humanities course specialising in building research literacies skills in the Social Sciences.

Objective 4.13: Encourage staff to use reflective teaching practices, and multiple forms of technology to enhance learning and programme delivery

The University has joined the general movement in higher education towards flexible forms of provision, and increasingly includes mixes of blended and fully online provision in various configurations. Senate approved UCT’s Online Education Policy in October 2017, and established an Online Education Sub-Committee of the Senate Teaching and Learning Committee.

One of the ways in which the Institution and the committee will support the development of online offerings and strengthen capacity is through a grant of R9 million from the VC’s Strategic Fund and a loan of R9 million (linked to a business plan), both over five years, to the Centre for Innovation in Learning and Teaching. These funds will be used to support an online strategy and will enable the establishment of UCT’s online degree platform and initial programme development, as well as an enabling environment for blended modules and courses.

An Online Education Manager has been appointed.

Numerous workshops and seminars were offered during 2017. In particular, the Health Sciences Education Development Unit (EDU)’s e-learning division expanded its suite of workshops, short courses and seminars for staff in 2017. Two ‘Show and Tell’ seminars were held, showcasing the use of educational technology; Teaching and Technology (TET) Talks were delivered; and a Continuing Professional Development (CPD) accredited online short course on using VULA to support students learning reached 32 staff members in 2017. Teaching with Technology Grants to the value of just less than R480 000 were awarded in 2017. These grants aim to encourage UCT educators to integrate educational technology into their courses.

5 GOAL FIVE: TO ENHANCE THE SCOPE, QUALITY AND IMPACT OF ENGAGED SCHOLARSHIP WITH AN EMPHASIS ON ADDRESSING DEVELOPMENT AND SOCIAL JUSTICE

Objective 5.7: Improve the visibility of engaged scholarship at UCT

The Social Responsiveness function was relocated to the Research office at the beginning of 2017 (from the Institutional Planning Department). Dr Janice McMillan of CHED was seconded part-time to the position of Acting Coordinator Social Responsiveness at UCT.

In 2017 the Engaged Scholarship Programme (ESP) ran four three-hour workshop-seminars, interspersed with preparatory readings, reflective writing

and practical applications. The programme also held a writing retreat which gathered 18 past and present ESP participants.

UCT's Schools Improvement Initiative (SII) won the University of Cape Town's 2017 Social Responsiveness Award. In 2017, the SII celebrated its fifth year of partnership with schools in Khayelitsha and the Western Cape Education Department. The project provides a gateway into university for promising Khayelitsha matriculants, and the first cohort of students exiting the programme graduated at UCT in 2017.

SECTION TWO: REPORT ON 2017 OBJECTIVES: ISSUES RELATING TO THE PHYSICAL PLANT AND OTHER OPERATIONAL AREAS

In addition to the goals related specifically to UCT's Strategic Plan 2016-2020, UCT's executive objectives for 2017 included goals in relation to the physical plant and other operational areas.

Enabling Systems

Objectives included here were to:

- Strengthen the University's capacity to support online delivery of courses, programmes and library content, and the use of technology-enhanced teaching and learning.
See Objective 4.13 above
- Strengthen the use of data analytics capacity to inform planning and effect efficiencies
See Objective 4.2 above.
- Implement Converis in conjunction with the newly restructured support services

The implementation of Converis, a state of the art electronic research administration system, is ongoing. During 2017, UCT's new research portal was implemented, and the Converis system was used to prepare and submit UCT's annual Publication Count submission to the DHET, in order to earn the annual

publication subsidy for UCT. Converis was also used to administer internal applications for travel funding to research conferences around the world. As part of the broader research administration system, processes supporting the establishment of partnerships between UCT and other universities have been designed and built into the Microsoft Dynamics CRM (Constituent Relationship Management) software package.

- Review the efficiency of administrative systems and, specifically automate manual processes

As part of the Human Resources Business Process Re-engineering (BPR) project, Employee Self Service (ESS) is being implemented to enable as much automation of administrative processes as possible. In addition to ESS, this includes workflow and Manager Self Service in the SAP HR system.

Employee Self-Service online viewing of staff pay-slips and IRP5 certificates is already available, and the current focus is on automating leave processes.

- Develop effective systems for the evaluation of performance and potential, and frameworks for career-pathing and succession management, including provisions for research and development

leave and educational opportunities for Professional, Administrative and Support Staff (PASS)

Through such frameworks and systems UCT will develop capability and skills among staff to enable them to contribute, feel supported, improve their knowledge and be mobile while contributing and adding value to UCT.

In order to ensure successful implementation of career pathing and succession management, the Staff Learning Centre (SLC) is driving a number of initiatives to accelerate readiness levels of and support for staff and line managers. Various programmes have been introduced to enable staff to take ownership of their career development such as ABET (see comments on after-hours classes under Insourcing, below) management and leadership training initiatives, mentoring workshops and career pathing assessments.

During 2017, through collaboration between the office of the DVC for Transformation and HR, a new process was put in place to jointly consider applications for EE funding.

Although it was planned that in 2017 there would be a review of provisions for 'research and development' leave for professional staff on PASS conditions, this project was put on hold during 2017 due to the impact it would have on the operational deliverables of the jobs affected.

Capital Works

The executive objectives for 2017 included the following capital works projects:

- Properties and Services (P&S) to introduce another 36 parking bays on Madiba Circle North. The implementation of this project is included in the scope of work for the relocation of the North Bus Stop and construction is earmarked to commence in June 2018 and should be operational before the end of the 2018.
- P&S to bring Requests for Proposals (RFPs) for the Avenue Road Residence Complex to the market during the first half of 2017. RFPs went out and nine turn-key development proposals have been received which are in the process of being evaluated. An application for additional funding from DHET of R96 million to supplement UCT's own

contribution of R100 million has been made. Once all funding is secured, construction is likely to commence nearer the beginning of 2019.

- The GSB Academic Conference Centre: Construction on the GSB Conference Centre has progressed to 20% with completion anticipated for the end of 2018.
- The donor funded Neurosciences Facility at Old Groote Schuur J-Block: Phase 1, the decanting of the Psychiatry Department from the existing building has just been completed, clearing the way for the main building work within the J-Block to commence in May 2018.
- Planning for a dedicated School of Education on the Lower Campus will proceed in earnest during 2017. The DHET confirmed during March 2017 that UCT may utilise the R 55 million plus the accrued interest from the infrastructure grant for this. The sketch plan proposals have been signed-off by the DHET and construction should begin at the start of 2019. Additional funding for a d-school component from the Hasso Plattner Foundation has been secured, making the joint-development on the site adjacent to the to the south-west boundary of the Cricket Oval on Lower Campus an impressive and location sensible intervention.

Succession Planning

The process to appoint a new Vice-Chancellor (due to Dr Price's term coming to an end in mid-2018) was initiated in September 2017 and concluded in March 2018 with the announcement that Professor Mamokgethi Phakeng will become VC on 1 July 2018. Two new Deputy Vice Chancellors (DVC) started in 2017, following selection processes in 2016. A third DVC was recruited in 2017 and started in February 2018. All three DVCs are women and two are black. The process to appoint a Chief Operating Officer (previously DVC: Institutional Innovation) began in January 2018. Attempts during 2017 to recruit candidates to fill the vacant deanships in the Faculties of Science and Humanities were unsuccessful, and there are currently acting deans in both faculties. Selection processes to fill both of these posts will be re-initiated in 2018.

Insourcing

P&S, the Department of Student Affairs (DSA), HR and Finance completed the insourcing process as per the October 2015 agreement with the NEHAWU Joint Shop Stewards Council, with the assistance of the Insourcing Project and insourcing Steering Committees. On 1 July 2016, most of the previously outsourced service staff became fully fledged UCT employees with the remainder coming on in November 2016.

While insourcing has been implemented fairly satisfactorily in keeping operations going, it has not been without challenges. While the equipment, safety clothing and infrastructure issues have been settled, the insourcing process has given rise to significant changes in the end-to-end HR service offering, processes and conditions of service (such as medical aid, performance review and job evaluation processes for jobs that are new to UCT) and a challenging management landscape as the management of P&S, DSA and HR are coming to grips with an increased employee relations case load. At the same time the changing landscape has seen the rise of three additional trade unions canvassing in what has traditionally been NEHAWU's area.

A further complication is the loss of person hours with staff moving from an outsourced 45 hour working week to a UCT insourced 37.5 hour working week.

In the case of Campus Protection Services, the move from a 45 hour working week to a UCT in-

sourced 37.5 hour working week has meant that the University had to recruit a fourth shift, to cover the same security postings. The shift structure for catering staff was re-designed and the issues of shift allowances and weekend pay were resolved. The process of reviewing some job grades is ongoing as the services continue to bed down.

During 2017 HR managed the Section 14 transfer and withdrawal process of 6 Provident Funds from the previously outsourced companies.

During the 2017 negotiations, the submission from the unions was that medical aid was becoming increasingly difficult to afford and that staff were willing to manage their own healthcare. In the 2018 substantive agreement with the coalition of unions representing pay classes 2 – 6, the UCT executive agreed that medical aid should be optional for payclass 2 - 6 staff. The substantive agreement also included approval of provision of a funeral benefit for staff as part of the UCT Retirement benefit.

UCT's Staff Learning Centre began offering after-hours adult basic education pilot programmes to insourced staff in 2017. Five recently insourced staff have enrolled for the one-year General Education and Training Certificate, which is a bridging programme for matric, and 30 others have enrolled for the two-year matric course (the Amended Senior Certificate). Both pilot programmes are funded by staff bursaries.



SECTION THREE: PERFORMANCE AGAINST TARGETS IN THE ANNUAL PERFORMANCE PLAN

Student numbers

The actual enrolment in 2017 was 28 703 students, including 975 occasional students, 17 217 undergraduate full degree students, 3 108 postgraduates below the master's level, 5 326 master's students and 2 077 doctoral enrolments. The 2017 headcount enrolment target (28 419) was therefore met and exceeded at all levels other than postgraduate below master's. The lower than target figure at the postgraduate below master's level arose due to a distance postgraduate diploma not being offered in 2017. The 2017 headcount translated into 21 808 FTEs and 73 375 Teaching Input Units (TIU) (against a preliminary Ministerially approved total of 66 515 TIUs).

The undergraduate headcount enrolment in Engineering and the Built Environment was 3 238, which was markedly higher than the target of 2 757.

We enrolled 4 114 first-time entering undergraduates against a target of 3 907.

In terms of discipline, the 2017 enrolment was pro-

jected to be made up of 40% in Science, Engineering and Technology (SET), 26% in Business/Management, 3% in Education and 31% in the broad Humanities. The actual proportions for 2017 were as follows: 45% in SET, 25% in Business/Management, 2% in Education and 28% in the broad Humanities.

There were 458 students enrolled for distance programmes (against a target of 534).

Demographic statistics

The targeted racial profile of the 2017 South African enrolment was 37.7% African, 14% coloured, 8.6% Indian and 39.7% white. The actual demographic profile of the 2017 South African enrolment was as follows: 30% African, 16.1% coloured, 7.9% Indian, 30.2% white and 15.7% undisclosed. The high proportion of students with undisclosed race makes it difficult to assess performance in relation to our demographic targets.

The demographic profile of the overall 2017 enrolment is shown below:

Headcount Enrolments 2012-2017 showing percentage growth on base

	2012	2013	2014	2015	2016	2017	% Change
SA African	6,012	6,256	6,247	6,353	6,771	7,108	18.2%
SA Coloured	3,530	3,608	3,620	3,622	3,830	3,814	8.0%
SA Indian	1,701	1,731	1,819	1,848	1,934	1,881	10.6%
SA White	8,814	8,483	8,141	8,155	7,982	7,171	-18.6%
International	4,802	4,290	4,686	5,030	5,384	4,914	2.3%
Unknown	1,191	1,962	1,820	2,801	3,321	3,815	220.3%
Total	26,050	26,330	26,333	27,809	29,222	28,703	10.2%

A disproportionate but desirable increase in South African Black African enrolments (18.2% against an overall increase of 10.2%) is apparent. Over the 2012–2017 period white enrolments decreased by 18.6%, while international enrolments increased by only 2.3%: the marked decrease in international enrolments in

2017, in comparison with 2016, was due to a substantial decrease in enrolments in the Semester Study Abroad (SSA) programme in 2017. There has been, a very marked increase in students with undisclosed race in the past six years (from 1 191 in 2012 to 3 815 in 2017).

Headcount enrolments 2012-2017 by race, showing percentage of total

	2012	2013	2014	2015	2016	2017
SA African	6012	6256	6247	6353	6771	7108
% of total incl. International	23.6%	24.5%	24.5%	24.9%	26.5%	27.3%
% of total excl. International	28.2%	29.0%	28.9%	27.9%	28.4%	29.9%
SA Coloured	3530	3608	3620	3622	3830	3814
% of total incl. International	13.6%	13.7%	13.7%	13.0%	13.1%	13.3%
% of total excl. International	16.6%	16.7%	16.7%	15.9%	16.1%	16.0%
SA Indian	1701	1731	1819	1848	1934	1881
% of total incl. International	6.5%	6.6%	6.9%	6.6%	6.6%	6.6%
% of total excl. International	8.0%	8.0%	8.4%	8.1%	8.1%	7.9%
SA White	8814	8483	8141	8155	7982	7171
% of total incl. International	33.8%	32.2%	30.9%	29.3%	27.3%	25.0%
% of total excl. International	41.4%	39.3%	37.6%	35.8%	33.5%	30.2%
International	4753	4753	4686	5030	5384	4914
% of total incl. International	18.2%	18.1%	17.8%	18.1%	18.4%	17.1%
Other/?	1240	1499	1820	2801	3321	3815
% of total incl. International	4.8%	5.7%	6.9%	10.1%	11.4%	13.3%
% of total excl. International	5.8%	6.9%	8.4%	12.3%	13.9%	16.0%
Total	26050	26330	26333	27809	29222	28703

This is the % of total, including international students

This is the % of total, excluding international students

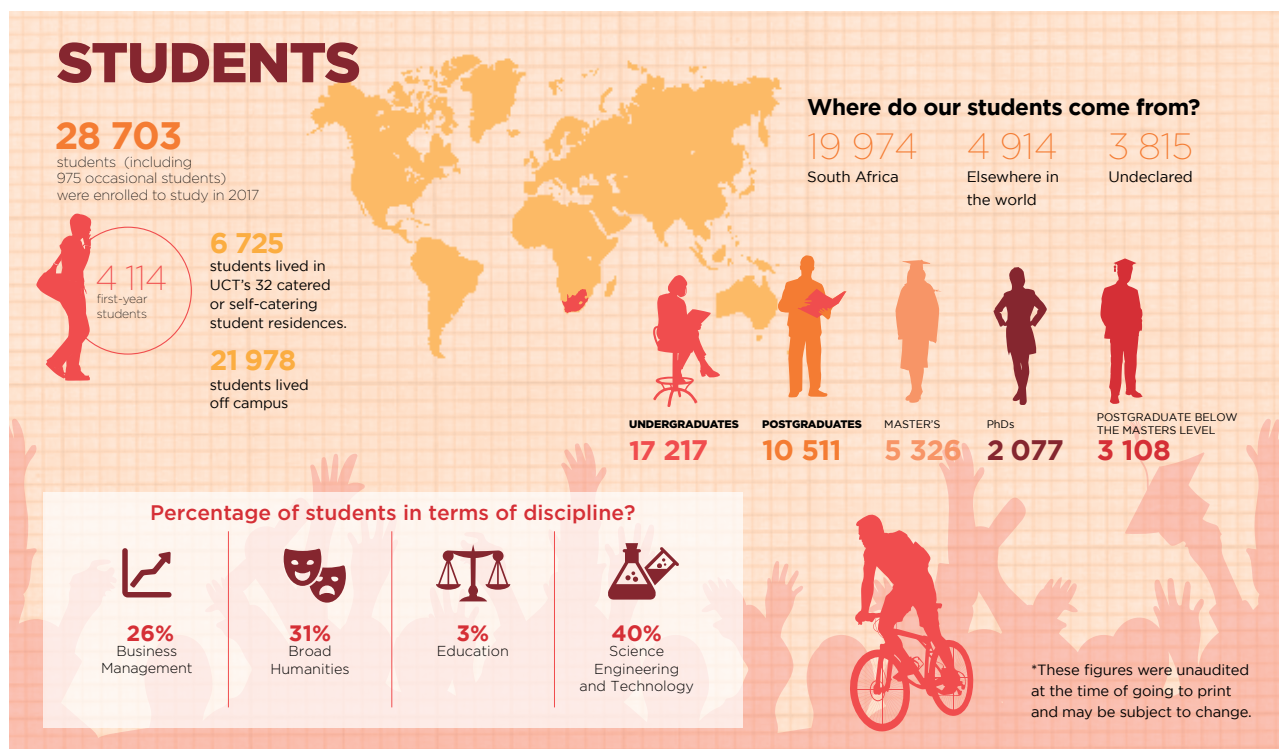


Student Housing

The total student housing capacity for 2017 was 6 754 beds, and it was expected that 100% occupancy would be achieved. By 7 April 2017 (after which

occupation declined as a result of student drop-out during the year), 6 725 beds were occupied giving an occupancy rate of 99.6%.

	Capacity	New Students - actual	Returning Students - actual	Total - actual
Undergraduate beds	6 071	1 976	3 898	5 874
Postgraduate beds	683	573	278	851
Total	6 754	2 549	4 176	6 725



Student success rates

Please note that specific four-year objectives linked to the Teaching Development Grants are discussed on page 43 below.

We expected in the region of 7 601 graduates in 2017. This target included a projected 3 804 undergraduate completions, 2 231 completions below the master's level, 1 328 master's graduates and 237 doctoral graduates. To date, we have recorded 7 197 graduates, made up of 3 698 undergraduate completions, 2 106 postgraduates below the master's level, 1 129 master's graduates and 264 doctoral completions. Among the graduates to date, 4 558 were in the human sciences and 2 639 were in the natural sciences. The 2017 graduate total included 544 re-

search master's graduates in all disciplines (against a target of 602).

Graduates in the scarce skills areas included 470 engineering graduates (against a target of 489), 257 Life and Physical Sciences graduates (against a target of 300), 366 Animal and Human Health Graduates (against a target of 400) and 132 Teacher Education graduates (against a target of 153). Graduates in the scarce skill areas therefore quite closely approximated the agreed targets.

The undergraduate course success in 2017 was 86% (against a target of 85.6%), which was slightly lower than that of 2016 (87.7%). The 2017 undergraduate course success rates among South African students are shown below:

	African	Coloured	Indian	White + Undisclosed
UG Course Success Rate in 2017	79.4%	85.7%	86.7%	91.0%

The undergraduate course success rates in 2017 thus varied between 79.4% (for SA African students) and 91% (for SA white students and those with undisclosed race). The success rates at the lower end of the spectrum were nevertheless close to the target of 85.6%.

Course success rates in the scarce skills areas were as follows: 87% in Engineering (against a target of 86%), 84% in the Life and Physical Sciences (against a target of 84%), 95% in Animal and Human Health (against a target of 97%) and 94.6% in Teacher Education (against a target of 95%).

Just less than 2.7% of all undergraduate students were refused readmission on academic grounds at the end of 2017. This proportion is almost identical to that in 2016 (2.5%), but slightly lower than in prior years.

Examination of the longitudinal performance of the

2012 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- 72% of the 2012 FU cohort (in comparison with 71% of the equivalent 2011 cohort) had completed an undergraduate qualification within five years of registering at UCT.
- 11% of the 2012 cohort (in comparison with 13% of the equivalent 2011 cohort) had been excluded from UCT on academic grounds during the five-year period of the analysis.
- The rate of dropout in good academic standing among the 2012 FU cohort was 9% (1 percentage point higher than the 2011 cohort).
- 8% of the 2012 FU cohort was still busy with undergraduate studies at the end of 2016. This proportion has stabilised at between 6% and 8% among recent FU cohorts.

Research Outputs

The table below includes an early estimate of the 2017 publication count, and the weighted research outputs

generated by research master's and doctoral graduates:

	Research output target 2017	Research outputs for 2017
Publication Units	1 455	1 443
Research master's graduates	602	544
Doctoral graduates	237	264
Total Research Outputs	2 768	2779

The research output figures reported in the table above are an early estimate, management expects that the targets will be substantially met after the final count in September 2018. The 2017 ratio of weighted research outputs per permanent instruction/research staff member was thus approximately 2.3, against a target of 2.5.

Academic staffing

UCT's 2017 HEMIS staffing submission shows that a total of 1 208 (against a target of 1 125) permanent instruction/research or academic staff were employed in

the six faculties and in CHED. This represents a 0.5% increase over the 2016 figure of 1 202, and translated into 1 839 instruction/research staff FTEs (against a target of 1 601).

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2017 was 68%. A further 26% of these academic staff held master's degrees. The Research sections of this report suggest that students across the University could expect to be taught by academic staff actively engaged in research in their particular disciplines.

SECTION FOUR: REPORT ON EARMARKED GRANTS

Earmarked grants (conditional grants) are provided for specific purposes and may not be used at the discretion of the University, but must be used in line

with requirements stipulated by the Minister of Higher Education and Training. The University enters into an agreement with the Department of Higher Education

and Training (DHET) about programmes and activities that will be funded and the funds that will be made available. Funds are allocated in line with the government financial year which begins on 1 April and ends on 30 March the following year. The DHET requires detailed annual progress reports on earmarked grants to be submitted with audited financial reports.

A total of between 20% and 40% of some earmarked grants is released to universities during the first quarter of the Department's financial year based on progress reports and audit certificates already approved by the Department in the prior year. The purpose of the upfront payment is to assist universities to implement projects/programmes funded through earmarked grants during the academic year. The remaining percentage of the grant is released after the University's progress report has been assessed and is deemed satisfactory by the Department. As part of the Department's responsibility to monitor and evaluate the use of earmarked grants, specific attention is given to under-spending of funds and spending of funds for purposes not approved by the Department. In cases where expenditure is not in line with the approval granted, the funds may be withheld by the Department or redirected to other universities. Narrative reports that outline what has been achieved by the University are available as separate reports in relation to each of the earmarked grants.

The University Capacity Development Programme which will be resourced by the University Capacity Development Grant (UCDG), will commence in January 2018 and replaces the Teaching Development (TDG) and Research Development (RDG) grants, which were phased out in the period April - December 2017.

Teaching Development Grant

The Teaching Development (TDG) Grant, which was phased out at the end of 2017, covered 37 projects, including management of the grant and monitoring and evaluation. This also included three pilot activities for 2017 under the new Programme 7 – The Ikusasa Student Financial Aid Programme (ISFAP), which consisted of wrap around support for students in the ISFAP Programme. The TDG funding was aimed at addressing in particular, low success rates, graduation

rates and throughput rates of universities, and so enhance student success; and is intended to contribute to the achievement of targets agreed between university councils. For the purpose of tracking of the pilot projects in Programme 7, the expenditure and activities are reported on separately below.

The phase out allocation of the TDG for 2017 amounted to R 8 131 718 (the Ministerial allocation of R9 032 000, less the 2016/17 underspend of R900 282). Expenditure for the period totalled R9 751 958, which represents an overspend of R358 769.

In addition, the University requested an allocation of R2 974 375 for Programme 7, based on the initial projected wrap around support for 220 students. The University finalised its ISFAP student numbers with SAICA on 2nd August 2017 and was advised that only 98 students would be supported on the ISFAP pilot. The project proposal for programme 7 was thus updated in September 2017, and the Institution's revised budget totalled R2 510 940. Total expenditure for Programme 7 for the period amounted to R959 438. As per the DHET/ SAICA engagement of 11 December 2017, it was agreed that the underspends from Programme 7 (R2 014 937) would be used for ISFAP wrap around support activities for 2018.

For the 2017 qualitative report covering the period 1 April 2017 – 31 December 2017, the University provided details of achievements against performance targets, the outcome/impact of projects and expenditure breakdowns and details of funds committed by 31 December 2017. The University is gratified to see that projects have made major progress-related strides. In 2017, we conducted an evaluation from 2014 to 2016, and significant achievements of our TDG funded projects emerged, which informed the development of UCT's University Capacity Development Programme (UCDP) Plan. The projects within the Plan cover a range of staff and student developmental activities, and of the TDG projects, 19 projects will continue as activities in the UCDP. The Programme 7 pilot activities have also been extended into 2018. We await the DHET's approval for our proposals on the usage of these funds earmarked for ISFAP wrap around support.

Overall (institution-wide) targets set for the period 1 April 2017 – 31 December 2017

Target	Progress between 2013 - 2014	Progress 2014-2015	Progress 2015-2016	Progress 2017
0.6% average increase in the success rate for contact students in the undergraduate FTE degree credit by course level (Table 26 of UCT's Enrolment Plan submission to DHET).	<p>The 2013 figure was 84.19%; 88.4% in 2014.</p> <p>Undergraduate (UG) FTE degree credits 13 352 in 2013; 13 602 in 2014.</p> <p>The target was thus attained.</p>	<p>88.4% in 2015 (no change).</p> <p>13 100 UG FTE degree credits in 2015 to date. Figures are likely to change, improvements projected.</p>	<p>87,8% - target</p> <p>No accurate 2015 onwards data is available as it is not possible to separate out undergraduate and postgraduate courses at level 44 in the new HEQSF course level system.</p>	<p>Data on success rates for contact students will only be available in July 2018 (Hemis sub 3 data).</p> <p>No accurate data from 2015 onwards for degree credits is available as it is not possible to separate out undergraduate and postgraduate courses at level 44 in the new HEQSF course level system.</p>
<p>Reduction in average time to completion over the period 2014 – 2016 from an average of 2.5 years to 2.0 years for Master's, and from 5.0 years to 4.0 years for Doctorates.</p> <p>2.9% average increase for contact students in the postgraduate FTE degree credits by course level (Table 26 of UCT's Enrolment Plan submission to DHET).</p>	<p>In 2014, average time to degree for master's qualifications was 2.0 years and for doctoral degrees was 4.9 years.</p> <p>PG degree credits 3 671 in 2013; 3 618 in 2014 probably due to a decrease in enrolments at the PG diploma level.</p> <p>The target has not yet been attained.</p>	<p>In 2015, the average time to degree was 2.3 years (Master's) and 5.2 years (Doctoral).</p> <p>PG degree credits 3 923 in 2015.</p> <p>No improvement time to completion, some improvement in degree credits.</p>	<p>In 2016, the average time to degree was 2.4 years (Master's) and 4.8 years (Doctoral).</p> <p>Improvement in doctoral completion rate but target not met.</p> <p>No accurate data from 2015 onwards for degree credits is available as it is not possible to separate out undergraduate and postgraduate courses at level 44 in the new HEQSF course level system</p>	<p>By the end of June 2017, the average time to completion was 2.24 for Master's graduates and 4.98 for doctoral graduates.</p> <p>Improvement in master's completion rate but target not met.</p> <p>End 2017 data relies on HEMIS sub 3 which will only be finalised in July 2018.</p> <p>No accurate data from 2015 onwards for degree credits is available as it is not possible to separate out undergraduate and postgraduate courses at level 44 in the new HEQSF course level system</p>

Faculty-based targets set for the period 1 April 2017 – 31 December 2017

Targets for improvement were set for particular courses and/or years in Health and Rehabilitation Sciences,

Commerce, Law, Science and Engineering and the Built Environment (EBE), which were supported by the activities funded by the TDG's. Progress is as follows:

Target	Progress 2013 & 2014	Progress 2015	Progress 2016	Progress 2017
Improve student success rates by 4% in Commerce initiatives	The Commerce pass rate was 88.4% in 2013 and 88.49% in 2014	Commerce pass rate (contact only) 87.6% - a very slight decline	COM pass rate 79.58% - a decline, although two Commerce TDG funded activities ended in the previous cycle (end April 2015)	COM UG success rate in 2017 was 85%; this is an improvement on 2016 but not on previous years
Improve the pass rate to 85% in Property Law and Constitutional Law	The Constitutional Law pass rate was 80.43% in 2014; Law of Property pass rate 81% in 2014	The Constitutional Law pass rate was up to 81.67% in 2015; Law of Property pass rate down to 77.4% in 2015	Constitutional Law pass rate 72.09% - a decline. The Property Law pass rate was 76.4% - a slight decline. Neither of these targets were met in 2016.	The Property Law success rate was 93% and Constitutional Law success rate was 76%. Just one of these targets has been met.
Reduce exclusion rates to <5% in Science	Science academic exclusion rate was 5.1% in 2014 - target not achieved.	Science academic exclusion rate was 4% in 2015 – target achieved.	Science UG academic exclusion rate 4.57% - a slight improvement	The Science academic exclusion rate was 4.6% - target achieved.
In Humanities the course pass rates will be improved so that 75% of the class achieve >55%.	HUM 78.82% with >=55% in 2014 i.e. target attained.	75% of UG class with >=55% in 2015, target attained.	75,7% of HUM UG class with year average >=55% - success rate maintained and target met.	76% of HUM UG class achieved 55% and above – target achieved.
Improve the class average in third and fourth years of Health & Rehabilitation Sciences to 70% because of this programme	Health & Rehabilitation Sciences third year class average 64.4% in 2014; Health and Rehab fourth year class average 66.3% in 2014.	Health & Rehab Sciences third year average 63.5% in 2015; fourth year average 66.8% in 2015. Target not met but success maintained.	Health & Rehab Sciences third year average 66.51% improved and the Health & Rehab Sciences fourth year average 66.05% - somewhat maintained.	Health & Rehab Sciences third year average 65.8% and the Health & Rehab Sciences fourth year average 66.2% - target not achieved but previous success maintained.
Improve success rates in Accounting 2012W or 2113W	ACC2012 pass rate up from 90.9% in 2013 to 92% in 2014	ACC2012W pass rate 81.3% in 2015	Success rates ACC2012 - 70% achieved the required 60% to get into Financial Reporting II. 89% passed the course.	Success rates in ACC2012 - 76% achieved the required 60% to get into Financial Reporting II. 98% passed the course – success rates have been improved on.

Programme 7

The wrap around support for the ISFAP Pilot was aligned to the principles of the phase out of the Teaching Development Grants and phase in of the University Capacity Development Programme. The activities

across three faculties included activities for academic and social support and life skills training and ran for six weeks from October 2017 until end November 2017, due to the late allocation of wrap around support funding and reduced student numbers.

Targets	Progress
Piloting of additional student support systems and resources	The programme piloted increased psychosocial support. Student participation indicated that there is an increasing need for a therapeutic service for students. The Health Sciences faculty piloted the HUB Academic Support Tutorials and Student advisory centre. Student participation shows a positive association that students have made, with the availability of a range of interventions to suit a diversity of learning needs.
Increased coherence of student support	It is too soon for an assessment of this given that the pilot ran for 6 weeks.
Increased student participation in academic and intervention activities	Satisfactory use of psychosocial support. Awaiting further Dashboard data.
Monitoring of impact via student academic progress and student satisfaction about student support.	90 of the 98 (91,8%) students were eligible to continue with their studies in 2018.
Collection of data for future upscale and design of improved student support	Data showed positive feedback on tutorials. Provision of on the spot writing skills services was useful in improving the academic literacy skills. Additionally the availability of oral presentation equipment and student advisors/students for feedback was helpful as students prepared for end of year presentations in various subjects. Implementation of the provision of services of a psychologist and social worker improved student experience when seeking mental health services through reduction in waiting times and availability of Saturday sessions. The process of bringing in additional staff had a substantial positive impact on Student Wellness Service operations particularly in the turnaround time for assisting students.

Research Development Grant

The main purpose of earmarked research development grants is to develop research capacity among academic staff at universities so that they can contribute to postgraduate teaching and to research output. This goal can be achieved by increasing a university's total weighted research output per permanent instruction/research staff member per annum. The weighted total of research output is the sum of research master's graduates, doctoral graduates and research publication units (books for the specialist, conference proceedings, and articles in accredited journals), each weighted according to the funding weightings set by the Department.

UCT undertook to use its Research Development Grant (RDG) to support the development of research capacity among early career academic staff through specially designed seminars and workshops, small Research Development grants to support essential research costs, conference travel and short research visits and NRF top-ups for Thuthuka and Y-and P-rated awards. Furthermore, UCT committed to embedding its RDG in the framework of the University's Emerging Researcher Programme (ERP), a structured research capacity-building initiative aimed at growing and retaining the next generation of academics, which has been operational since 2003. As a consequence, each

of the activities and grants funded by the DHET were enhanced and maximised in benefit by other aspects of this long-standing programme. Seminar sessions offer the academics (short sessions) the opportunity to learn and reflect on specific topics such as securing funding, attending and presenting at conferences and writing for publication. Workshops, writing spaces and writing retreats are longer sessions (between 1 and 2.5 days long) that allow our academics to immerse themselves in the material and derive maximum benefit from the initiatives. The topics covered at the workshops are diverse and range from supervision training, grant writing and completing higher degrees while the writing spaces and writing retreats offer dedicated time to complete research outputs. In 2017, the phase-out Research Development Grant was utilised to continue supporting the Emerging Research Programme (ERP) as laid out in proposal submitted to the Department and as done historically since the inception of the Grant. Since 2003, UCT has committed resources to growing and retaining the next generation of academics leading to the establishment of the ERP which is a structured research capacity-building initiative. With the support of the RDG, the programme has seen its initiatives and membership grow and its reach widen amongst academics (600 members since 2003). A budget of R3, 168 million was provided for

the activities identified by the University and the audited financial report submitted to the Department showed the expenditure incurred at R3, 122 million by end December 2017.

Foundation Provision Grant

UCT continues to offer extended curriculum programmes in all six of its faculties. In 2017 UCT offered nine extended curriculum programmes approved by the minister.

UCT received an earmarked Foundation Grant of R7.633 million from DHET in 2017/18. This was after an amount of R7 million was withheld by DHET to correct UCT's 2013, 2014 and 2015 Foundation FTEs. As happens every year, the University made a substantial financial contribution to ensure responsible delivery of its extended curriculum programmes. This signals the importance that the institution attaches to supporting vulnerable students academically. The total amount spent on Foundation provision at UCT in 2017/18 was R24.457 million.

Headcount enrolment figures for 2017 were again slightly down from the previous year. However, enrolment figures remained sound. 682 first-time entering students and an overall total of 708 first-year students were enrolled in foundation courses. Full time equivalent extended curriculum programme student enrolments in foundation courses were calculated as 410.99 FTE, which was higher than the 383.15 for the previous year. Enrolments in Engineering remained sound, while there were also more enrolments on second year augmenting courses in Humanities, which probably account for the higher overall FTE value.

The success rate of full time equivalent first-time entering foundation students was 84% in their foundation courses, compared with a success rate of 70% in regular courses related to foundation programmes. We note the gap of 14 percentage points between students' performance in foundation courses and regular courses. The difficult conditions under which students had to write their final examinations in 2017 may be a factor that could explain this difference. In general students received more support from lecturers in foundation courses than in regular courses. The relationship between lecturers and students is often more personal and closer in foundation courses than in regular courses. Many lecturers teaching foundation courses offered extra workshops and examination preparation sessions for both the November 2017 and

the January/February 2018 deferred exams.

The number of permanent staff involved in offering foundation courses increased from 41 in 2016 to 49 in 2017. The number of temporary staff dropped, from 24 in 2016 to 18 in 2017. The relatively high number of temporary staff can again be explained by the augmenting programme model adopted in the Faculty of Humanities. These programmes offer a wide range of augmenting foundation courses across and within academic disciplines, often necessitating the involvement of temporary assistant lecturers who work under the leadership of permanent staff members convening the 'parent' regular courses to which the augmenting courses are attached.

Staff members were highly qualified: 53% of permanent full time equivalent staff had doctorates and 23% had Masters degrees.

Clinical Training Grant

The Clinical Training Grant is essential for supporting the funding of clinical training programmes at UCT. The UCT has been in the fortunate position of benefiting from the Clinical Training Grant (CTG) since it was first introduced in 2008. Budgets per university for clinical training are calculated according to the approved programmes and the formula explained in the Ministerial Statement on Clinical Training Grants of 26 January 2010. Universities that qualify for the clinical training grant are required to submit clinical training grant budget proposals once every two years. In addition, universities are required to submit their audited student enrolments by 31 July every year. The annual submission of student enrolments is to enable the Department to calculate clinical training grants per university two years ahead, in order to enable better planning at universities.

The clinical training grant has allowed the Faculty of Health Science (FHS) to employ in excess of 130 staff in either a part time or full time capacity as well as to support in excess of 1 400 students. The target for 2017 was to continue to utilise the CTG to provide this additional teaching support to students. The biggest programme which the CTG will support is the MBChB programme with approximately 540 students in years 3, 4, 5 and 6. The other programmes which the CTG supported in 2017 were the 3rd and 4th year students in the Allied Health programmes of Physiotherapy, Occupational Therapy and Speech and Hearing, which will have approximately 330 students, Dietetics with

approximately 20 students and MMED programmes with approximately 490 students. Overall budget approved by the Department was R41.711 million and audited expenditure was R39.482 million. The funds received from the Department earned interest of R1.01 million, bringing the total budget available for 2017 to R44.543 million and R39.482 million was utilised representing 89% of the total budget.

The Clinical Training Grant Review has been completed and a report with recommendations dated May 2017 was provided to the Department. These recommendations were considered by the Department and a decision following additional funding from national treasury was for UCT to once again lead on assisting the Department in determining which additional programmes should be supported. UCT is particularly grateful for the honour to contribute in a meaningful and productive manner towards ensuring the success of this grant.

National Student Financial Aid Scheme

In 2017, a total of 3 407 students were assisted with financial aid from NSFAS and a further 1 134 students with UCT GAP funding. NSFAS funding is aimed at assisting students whose annual household income is less than R122 000, while UCT covers students above this threshold up to a combined family household of R600 000. External bursaries (corporates, NGOs, foundations, philanthropy) provided funding for 3 923 undergraduate students bringing the total of students whose fees were covered by a third party to 8 480 or 49% of full degree undergraduate students. The total combined financial assistance offered by NSFAS, UCT own funds and Corporates amounted to R739 million (see detailed breakdown on page 63). This financial aid support ensured that no financially eligible students were prevented from continuing with their studies or from graduating due to unaffordability, provided they were academically eligible in terms of funding rules.

UCT undertakes to underwrite financial aid to all financially and academically eligible undergraduate students. Academic eligibility for financial aid is determined in line with NSFAS conditions, which require that students must pass at least 50% of their courses and are funded for no longer than N+2 years (normal duration of their programme plus an additional two years). UCT has, over the years, extended this criterion to N+3 where the student is in their final year of study and will

graduate if they pass all their courses. In addition, support was offered to 2016 first time entering students who had lost their 2017 NSFAS funding by not meeting the 50% pass requirements set by NSFAS.

New generation of academics programme

The new Generation of Academics Programme (nGAP), also known as Staffing South Africa's Universities, is an initiative to recruit young scholars to permanent academic positions at South African universities. The programme is funded by the DHET in partnership with individual universities. The DHET carries almost the full cost of the post for the first three years, with cost-sharing mechanisms between government and the appointing university from the fourth year of the programme.

Universities are required to bear the full employment costs for the post after six years. This required institutions to develop long-term staffing plans, taking into account equity, enrolment and strategic size and shape plans (including growth), anticipated retirements of staff, and the usual attrition rates over and above retirements. Institutions were required to show convincing evidence of this planning provision before they were awarded nGAP posts.

The first phase of the nGAP was implemented in 2015 with the establishment of 125 posts across all South African universities. UCT was allocated five posts and all the appointees commenced with their employment in January 2016. In 2016, UCT was awarded five posts (in Phase 1). In 2017, UCT successfully applied for a further seven posts (in phases 2 and 3). The posts are located across all faculties. With one post still being finalised, the demographics are: eight female and four male; and nine black African South Africans, two coloureds and one Indian. All nGAP scholars are mentored by a senior academic and given the opportunity to immerse themselves in research for six years until they are fully rooted as academics. The budget provided by the Department is R10.874 million, R9.330 million and R7.500 million over the three phases. The total amount spent for the three phases in the 2017/18 period is R7.190 million, R3.512 million and R0.586 million respectively.

Infrastructure and Efficiency Grant

The allocation of infrastructure funding to universities by the Department used to be in cycles covering three

years. However, over the last three years, the Department has made once-off allocations for the deferred maintenance backlog and student housing. For deferred maintenance, the University provided a plan of proposed projects to be implemented in the maintenance and student housing categories. Projects were prioritised according to the maintenance template that

was submitted to the DHET in September 2015. At any given stage, there are a number of multiple infrastructure projects, this report deals with allocations for 2017 where the focus was on funding provided for student housing and deferred maintenance.

Department of Higher Education and Training Contributions 2017

Refurbishment	Maintenance work to be carried out	DHET Amount to be spent
Electrical Infrastructure	Installation of LV Panels This installation will be on Upper Campus at the Leslie Social Sciences building.	R 2 000 000
Electrical Infrastructure	EBE Machines Lab - Relocate HV Transformer and Switchgear	R 3 000 000
Elevators	Liesbeeck Gardens	R 800 000
Elevators	Environmental & Geog. Sciences Bldg.	R 1 200 000
Fire Detection & Protection Systems	Allan Cormack House	R 297 369
Fire Detection & Protection Systems	Robert Leslie 1+2	R 1 086 768
Fire Detection & Protection Systems	Jagger Libraries	R 722 418
Fire Detection & Protection Systems	The Cottages	R 119 500
Fire Detection & Protection Systems	Geological Sciences	R 162 712
Terrains, Sport fields, Irrigation & Fences	Soccer Field - Replace Surface	R 6 000 000
SUB TOTAL		R 15 388 767
Capacity Upgrades		
Standby Generators	Molecular and Cell Biology	R 1 000 000
SUB TOTAL		R 1 000 000
Deferred Maintenance		
HVAC Systems	Chris Barnard Building – Replace Air Handling Units	R 13 000 000
SUB TOTAL		R 13 000 000
TOTAL	Dept of Higher Education Contribution 2017	R 29 388 767

SECTION FIVE: SENATE REPORTS TO COUNCIL

There are three annual Senate Reports to Council, namely the Teaching and Learning Report, the Report on Research and the Social Responsiveness Report. The 2016 Research Report served at Council in June 2017, while the 2016 Teaching and Learning Report served at Council in October 2017. The 2016 Social Responsiveness Report has been delayed and has not yet served at Council.

The 2016 Research Report to Senate and Council

The 2016 Research Report attempted to capture the most pertinent innovations and achievements for the year, in both narrative and quantitative form. The Report reflected on the highpoints of the year, noting that despite the challenges both within universities and across the country, UCT had managed to increase its overall publication output and the overall value of its research contracts. It had also maintained its top ranking in the league tables of African universities and retained the highest number of registered Postdoctoral Research Fellows (356) and the highest number of registered researchers (542) of any South African university. UCT also hosted a total of 39 SARChI chairs in 2016 while there were further acknowledgments of the excellence and relevance of UCT's research such as having development studies ranked in the top ten in the world for the third year in a row, being ranked 61st in the world and first in Africa for clinical, pre-clinical and health universities, and being ranked in the top 50 in the world for Geography. Of particular note was the highest ever number of 56 disclosed new inventions, a third more than in the previous year. In addition, two new spin-off companies were formally recognised: Dream Haven (Pty) Ltd which aims to develop a novel medical device that will address sleep apnoea and commercialise a device that reconstructs the upper jaw bone; and Cape Bio Pharms (Pty) Ltd which aims to produce proteins in transiently modified tobacco plants at commercial scale.

The Report however recognised that there was still much that needed to be done, especially in regard to how the University's limited resources are used to deliver on UCT's vision of being an inclusive and en-

gaged research-intensive African university. In the next five years, UCT will ensure that it remains locally relevant and globally competitive by driving excellence, focusing on transformation, and advancing interdisciplinary and transdisciplinary research.

The 2016 Teaching and Learning Report

The 2016 Teaching and Learning Report confirmed that the year had been a challenging one for higher education in South Africa, as the student protests gained momentum. It was therefore at great financial and emotional costs to management, staff and students that the 2016 academic year was successfully completed by February 2017, causing a delay of one month to the academic year of 2017.

The Report reaffirmed UCT's longstanding commitment to both access and success of all of its students with a particular focus on those disadvantaged as a result of on-going inequality in educational provision. The 2016 report provided evidence of significant achievements with respect to undergraduate academic performance. This was as a result of a significant investment over the past five years, despite the austerity climate, in new programmes such as the first year experience, the multilingual project, the increasing practice of lecture capture, the innovations in extended and augmented curricula, as well as the Department of Higher Education and Training (DHET) ring-fenced funding for academic development and foundation courses.

The report also highlighted areas that require intensified attention such as the persistent racially differentiated performance patterns. Although these differentials are largely the consequence of the high proportion of black students coming from weak schools and disadvantaged backgrounds, it has also become clear that these patterns point in part to differences in the experience of black and white students at UCT. This has been a persistent theme throughout the student protests and the report provides numerous examples of how the University, faculties and departments are attempting to understand and respond to these different subjectivities.

UCT's Strategic Planning Framework (2016-2020)

approved at the end of 2016 thus sets a challenging transformational agenda for teaching and learning. Goal 4 commits UCT to “renew and innovate in teaching and learning - improving student success rates, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens”. While this goal and its objectives are ambitious, the 2016 Teaching and Learning Report provided evidence that there is a strong foundation already in place in this regard.



Max Price: Vice Chancellor

23 June 2018





INSTITUTIONAL FORUM REPORT TO COUNCIL FOR 2017

NOVEMBER 2017

INTRODUCTION

The Institutional Forum (hereafter referred to as IF) at the University of Cape Town is required to report to the University Council annually. The purpose of the report is to provide Council with an account of the activities of the IF and to give a sense of the issues that arose in the IF and their significance for transformation of the university.

MEMBERSHIP

The Institutional Forum is established in terms of the Higher Education Act, 1997, and advises the Council on matters specified in the Act.

The Forum consists of:

- Members and alternate members elected or appointed by the Council, the Senate and the Vice-Chancellor

- Members and alternate members elected by the recognised staff bodies
- Members and alternate members elected by the Student Representative Council (SRC)

The terms of office for each member range from one to three years, or for such periods as the Vice-Chancellor decides.

The Institutional Forum also elects three co-chairpersons, one from the members elected or appointed by the Council, the Senate and the Vice-Chancellor, one from the members elected by recognised staff bodies, and one from the members elected by the SRC.

The 2017 IF composition is as follows:

Council (01.07.2016 to 30.6.2020)	Executive (01.07.2016 to 30.06.2020)
Ms Dianna Yach Ms Sheila Barsel Mr Ezra Davids Ms Tshdi Mokgabudi (Alt)	Dr Max Price Professor Loretta Feris(Co-Chair) Professor Hugh Corder Professor Suellen Shay Professor Alison Lewis
Senate (01.07.2016 to 30.06.2020)	
Professor Nicola Illing Professor Aubrey Mainza Mr Thando Tsotsobe Associate Professor Denver Hendricks	

Members and alternates elected by the recognised staff bodies as determined by the rules.

Academics Union	Full-time Medical Staff Association
Dr Maanda Mulaudzi Mr Tim Low Ms Shirifa Hellaby (Alt)	Dr M Sonderup Vacant (Alt)
NEHAWU	NUSAS
Smartdryck Abrahams Noluthando Pawuli	Ms Naziema Jappie Mr Shai Makgoba (Alt)

Employees Union	Appointed by the SRC	
Mr Frans Mamabolo	Ntebogang Segone (Co-Chair)	Samantha Bekebeke
Mr Samuel Chetty	Sinead Johnson	Thembelihle Ncayiyana
Mr Ashley Rustin	Noxolo Ntaka	Irfan Habib
Ms Yasmin Fazel-Ellahi (Alt)	Chanda Chungu	Siyabonga Ntombela
	Nthupula Masipa	Rorisang Moseli (Alt)
	Gloria Chikaonda	

INSTITUTIONAL FORUM MEETINGS: 2017

In 2017 the UCT IF met five times during 2017. These meetings consisted of an Induction Workshop on February 23rd 2017 (1), the 3 out of the 4 required meetings for the year (10 March 2017, 10 May 2017 and 16 August 2017) and one (1) special meeting on 7 September 2017. The section below details notable outcomes from the IF meetings this year.

INSTITUTIONAL FORUM OVERVIEW: 2017

The focus for the IF during 2017 was to build stronger ties with the different university structures, including but not limited to Senate, Council and the SRC. Central themes that influenced the IF's strategy in 2017 was the need to repurpose the role of the IF and to establish the IF as a proactive oversight body for Transformation related matters in the University. Led by the University Strategic Plan, the IF focused on contributing towards systematic change in two ways. The first was to complete the formation of a key structure, the Institutional Forum Executive Committee (IF EXCO) to improve the efficiency of the IF and to become more responsive to transformation matters as they arise at UCT. The second systemic change was to develop a subsidiary body, called the Transformation Forum, comprised of Transformation Chairs from across faculties, departments and residences.

The IF provided advice to Council to relook at the criteria and revise the selection policy for the Vice-Chancellor's panel representation. The IF recommended that the Chair of Council consider the inclusion of co-opted staff from PC 1 -12 and informed by the demographic profile of the selection committee. The IF further confirmed the results of the university poll and the EEF nominee who would hold the EE position on the VC selection committee. The Chair of Council responded as required.

The IF provided a submission to Council advising of issues of post level equivalence to the DVC level; PASS representation for the recruitment and selection

of the COO; concerns relating to the increasing corporatization of UCT through the proposed appointment of a COO; increased student representation; and a revised visual organogram. The Council response on this matter was not available in 2017.

RECOMMENDATIONS FOR 2018

- The IF should continue to interrogate and seek to enhance its current position to give greater effect to its transformation mandate as documented by the Higher Education Act.
- The IF intends to work more closely with the Department of Higher Education and Training; Universities South Africa (Transformation Exco) to remain abreast of the transformation discourse, indicators and strategy for higher education.
- The IF notes that quorum has improved and despite this would continue to seek more accessible times for students and staff during the examination period.



PROFESSOR LORETTA FERIS
DVC TRANSFORMATION IF CO CHAIR
23 June 2018





REPORT ON INTERNAL ADMINISTRATION, OPERATIONAL STRUCTURES AND CONTROLS (INCORPORATING THE REPORT ON RISK AND THE MANAGEMENT OF RISK)

INTERNAL ADMINISTRATION, OPERATIONAL STRUCTURES AND CONTROLS

The Council's key functions and responsibilities include risk management and internal controls. The University maintains systems of internal control to mitigate identified risks, to ensure the integrity of our core activities of teaching and research and to safeguard our assets. The University has a documented organisational structure and division of responsibilities, together with established policies and procedures that are communicated throughout the institution. Organisational structures are not static and are continually under review by management, but the essential elements are stable.

Information systems utilising modern information technology are deployed throughout the University. These have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. There were no major changes to any of the University's key organisational systems during the period under review, although these systems are in a state of regular review and adaptation to meet new demands. The development, maintenance and operation of all systems are under the control of competent staff.

The University applies what it considers to be acceptable standards to protect privacy and ensure control over all data, including disaster recovery and

back-up procedures, while at the same time complying with the intention and the spirit of the Promotion of Access to Information Act to make available information and data that should be in the public domain, as befits a public institution.

Internal control systems are in place and operating effectively, however, there are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. We employ competent and ethical internal auditors to assist management in discharging its duty to manage the risk of human error and overriding of controls.

The University's independent auditors, EY, assess the key accounting systems on an annual basis and have found that, while controls are generally adequate, there are areas where the control environment can be improved. These have been brought to the attention of the University Audit Committee (UAC) and of management, and are being attended to. It is the role of Internal Audit to monitor internal control systems and to assist line management in ensuring the adequacy of such controls. The Council, through the UAC, provides oversight of the preparation, integrity and fair presentation by management of the financial statements and of the financial reporting process.

UNIVERSITY AUDIT COMMITTEE

The UAC is a standing committee of the Council, which in terms of its constitution consists of at least three members (who should be financially literate), of whom at least two should be members of Council other than the Executive Officers, staff or students.

The UAC is chaired by an external member of Council and as such has direct access to all Council matters. The Audit Committee reviewed and updated

its terms of reference during 2017 to ensure that the document is dynamic appropriate and updated for the relevant King IV principles.

Council has stipulated that it requires a report from the UAC following every meeting of the UAC.

The key responsibilities of the UAC are listed in the Council's Report on Corporate Governance.

Attendance at UAC meetings during 2017 is presented in the table below:

University Audit Committee (UAC)		May	June	Sep	Nov	%
Dr M R Price	Member (Vice-Chancellor)	Ap	P	P	P	75
Ms T Mokgabudi	Chair & Council Member	P	P	P	P	100
Mr G Cavaleros ¹	Deputy Chair (External Non Council)	P	P	P	•	100
Mr E Davids	Council Member	P	Ap	P	P	75
Mrs A Dlamini ²	Member (External Non Council)	P	•	•	•	100
Prof G Gray	Member (External Non Council)	P	Ap	P	Ap	50

P - Present, Ap - Apology, • - Not a member during this period

1 - Resigned in October 2017, 2 - Resigned in May 2017

AREAS OF FOCUS OF THE AUDIT COMMITTEE

The UAC is required by Council to ensure that management has adequate controls in place over assets, risk and financial systems, and has systems to allow for timeous and accurate financial reporting that complies with all applicable requirements.

Internal Audit and the Internal Audit plan

The main focus of the internal audit plan is to contribute to the University's commitment to combined assurance, by providing independent assurance that the University's risk management, governance and internal control processes are operating effectively. Their annual plan considers the key risks identified by management, the requirements of the UAC and management, as well as available resources. The UAC approves the internal audit plan on an annual basis. Internal Audit continues to deliver on the agreed audit plan and meet with stakeholders to understand their key risks and adapt the audit plan accordingly.

Going Concern

The Committee, having considered the Annual Financial Statements, has not identified any issues to indicate that the going concern assumptions applied by management were inappropriate.

Rotation of the independent auditors

The University, in terms of its auditor appointment policy, embarked into a competitive formal tender process during the 2017 financial year.

The tender process was open to all audit firms with significant Cape Town presence and experience in the higher education sector. At the end of the process, Council supported the proposal from the Tender Adjudication Committee to appoint EY as the University's auditors for four years (financial years ended 2018 to 2021), with annual performance reviews conducted by the Audit Committee during the term.

Under the provisions of the Public Audit Act, the appointment of auditors is to be made in consultation with the offices of the Auditor General of South Africa (AGSA). The Audit Committee was satisfied with the performance of EY and recommended their re-appointment for the 2017 audit. This recommendation was endorsed by Council and ratified by the AGSA. Audit Committee meetings are open to attendance from the AGSA representatives and at times guidance is provided on aspects relating to the public audit prescripts.

Independent External and Internal Audits

The Committee reviewed the audit approach and key risk areas of the external audit. During the year the Committee has interacted with Internal Audit in respect of the internal audit plan, and continues to review progress against the plan and the findings from the respective audits.

RISK MANAGEMENT COMMITTEE

The University Council is aware of, and accepts, its overall responsibility and accountability for the effective management of risk at UCT. As a result, a standing Risk Management Committee (RMC) is in place and comprises a number of Executive Directors,

Deans, the Registrar and the Deputy Vice-Chancellor of Teaching and Learning.

Attendance at RMC meetings during 2017 is presented in the following table:

Risk Management Committee (RMC)	Mar	May	Aug	Oct	%
Dr M R Price (VC and Chair)	P	Ap	P	Ap	50
Mr A Francis (Deputy-Chair)	P	P	P	P	100
Professor D Reddy	P	P	P	P	100
Professor I Woolard	P	P	Ap	Ap	50
Professor P Andrews	P	P	Ap	Ap	50
Mr R Pillay	Ap	P	P	Ap	50
Dr M Khan	P	P	P	Ap	75
Mr A Theys ¹	P	P	•	•	100
Mr R September ²	•	•	Ap	P	50
Ms G Kruger	Ap	Ap	P	Ap	25
Mr G Cavaleros (external member of UAC – assessor member)	P	P	Ap	Ap	100
Ms L Rhode (Director: Internal Audit – assessor member)	P	P	P	P	100

P – Present, Ap - Apology, • - Not a member during this period

1 - Resigned on 31 May 2017, 2 - Acting from 1 June 2017

ASSESSING AND MANAGING RISKS BY THE UNIVERSITY

Risk management has received a considerable amount of attention over the last few years, and it continues to be an ongoing and accepted process that is integrated into the day-to-day management activities of the University. The effective management of risk is considered a key management performance area. The Vice-Chancellor and management are responsible for risk management, i.e. identifying, monitoring and mitigating risks.

Given the events in Higher Education, with student protest action becoming prevalent, and various legislative and regulatory changes, it was important to re-assess the University's risk management processes to determine if they are still adequately mitigating against key risks. A service provider was appointed to facilitate risk assessment workshops, with the purpose of obtaining consensus on the threats facing the University and, most importantly, how these threats are managed. The workshops were attended by se-

nior managers from the responsible departments, the risk management office, Internal Audit, Institutional Planning, Information and Communication Technology Services (ICTS) to ensure that the various departments provide input on the risks identified from an entity-wide level. Updated risk registers were developed for the Office of the Registrar, Department of Alumni Development, Department of Finance, Libraries, Research Office, Graduate School of Business (GSB) and Faculty of Commerce from this process. The remaining key areas and faculties' risk workshops are planned for 2018.

The following are the risks that the RMC addressed during 2017:

Business Continuity

UCT experienced continued student protests in 2017. However, as Faculties had developed contingency measures including blended and on-line learning, the examinations and other academic activities were successfully completed in 2017. The library operations

were from time to time affected by disrupters and the doors were occasionally closed as a proactive intervention. Online and blended modes of teaching for some courses assisted in ensuring some of the courses could be completed in preparation for exams. Students without laptops were provided with loan laptops and provision was made with major cellphone network providers to allow for access to learning material at no cost to students. This enabled many students to access part of their learning material online.

Managing the disruptions required officers of the UCT Campus Protection Services (CPS) and members of the private security company to manage the situation wherever there were disruptions. Members of the South African Police Services (SAPS) also assisted as and when required. When incidents escalated on campus, the assistance of the Public Order Policing Services (POPS) was essential to contain the situation. UCT continued to provide support to students and staff who may be dealing with mental health issues or emotional stress. In order to ensure the completion of the academic programme, management made the decision to erect an examination venue (tent) large enough to accommodate all students writing exams, and students were able to write without any major incidents being reported. While business continuity plans have been developed by faculties and key departments successfully met their mandate, this is an area that will always receive attention as modes of teaching are always evolving.

Succession Planning

One of the standing items for the RMC is succession planning, which remains a potential risk as there were a number of vacant senior leadership posts during 2017, resulting from resignations and retirements.

A selection committee for the post of Vice-Chancellor was established in 2017, and Council made an appointment in the first quarter of 2018 (the current Vice-Chancellor's tenure comes to an end in June 2018).

The prolonged nature of the University's recruitment processes for senior leadership posts is a cause for concern. The process at times involves a selection committee of up to 20 or more individuals represent-

ing various constituencies, and the challenge is the availability of these members. Despite these challenges, the University has made a number of senior management appointments in 2017.

This is not a problem unique to UCT, there is a general sense that careers in higher education are no longer as attractive as previously.

Decline in State funding

The decline in Government subsidies can be attributed, in part, to the student protests Universities have faced over the last few years. This has had a significant impact on the financial sustainability and viability of the University, in particular the erosion of the budgeted surplus. It has enforced the reprioritisation of what can be funded, which may compromise the quality and reputation of the University in the long-term.

In December 2017, the then State President, Jacob Zuma announced that the household income threshold for government financial aid will be increased from R122 000 to R350 000 for first-time-entering students. This is good news for poor and working-class students, and we will ensure that students on NSFAS are fully funded.

Student Protests Linked to Free Higher Education

Two central themes again dominated the headlines in the higher education terrain, namely decolonised higher education and the call for free higher education, broadly represented as #FeesMustFall. The initial focus of the protests was primarily about the lack of more inclusive and wide-ranging forms of transformation, followed by protests to support no fee increases and the insourcing of outsourced workers, but later evolved into calls for free higher education.

Protests took place at UCT in the latter part of 2017, and faculties and departments ensured that the planned curriculum was made available to students in alternative and mixed teaching modes. To mitigate the impact of student protests disrupting exams, the University had a central examination centre erected on upper campus which ensured that exams could be written without disruption.

National Student Financial Aid Scheme

The 2016 rollout of the NSFAS central application system resulted in uncertainty in the application and admission processes within the University, specifically whether students to whom academic offers had been made were successful in applying for financial aid through NSFAS. This manner of funding students presents a long-term risk for the University, as students who are deemed financially and academically eligible for funding at UCT might not be guaranteed funding when competing with students from other universities through a central financial aid system.

The UCT Financial Aid Office worked tirelessly to ensure that NSFAS confirmed funding for all eligible students, and ensured that loan agreement forms were signed. At the end of 2017, only 4% of students on NSFAS and UCT GAP funding had not signed their loan agreement forms (due to delays in generating the necessary loan agreement by NSFAS). UCT, as part of its risk management strategy, underwrites financial aid to all eligible students, which means that none of these students were disadvantaged as they still received their monthly and book allowances.

Fraud and Corruption

UCT is a publicly funded university, while also receiving funding from donors, corporates and other entities. In line with the principles of good corporate governance, UCT supports and fosters a culture of zero-tolerance towards fraud and corruption in all its activities, and is committed to maintaining a culture of ethical compliance. A fraud and corruption prevention policy was approved by Council in 2017.

UCT provides an independent hotline for staff, students, suppliers and other interested parties to report fraud, corruption, unethical conduct and misconduct, confidentially and anonymously. Cases where the allegations are found to have merit are dealt with via the University's internal disciplinary processes. Given that most cases of fraud in the workplace are perpetrated internally, it is incumbent upon employees and other stakeholders to report any instances of fraud, corruption or misconduct.

High Levels of Crime within and Around the UCT Vicinity

The relatively high incidence of crime has an impact on staff, students and the general perception of the University. In addition to awareness campaigns, there are several ongoing initiatives on and off campus aimed at increasing safety in the vicinity of the campus. UCT's Campus Protection Services (CPS), the Groote Schuur Community Improvement District (GSCID) security personnel and the South African Police Service (SAPS) undertake extensive patrolling and other visible policing functions on and around UCT campuses. CPS also works closely with SAPS and operates 24 hours a day, seven days a week. CPS officers operate from six centres around the university and can be seen on foot, in marked cars and on Segways. This makes them easily accessible to the UCT community and also helps to deter any would-be criminals. In addition to the CPS patrol vehicles on campus, there are four GSCID vehicles that operate on the periphery of campus. Between CPS and GSCID, seven mobile kiosks are available for students, staff and visitors to report crime, to seek assistance when feeling unsafe or to find support if needed.

Cyber-crime and Information Security Breaches

Cyber-crime and information security breaches affect all organisations. ICTS is developing and implementing a cyber-security strategy as well as cyber security policies and governance procedures to ensure oversight of policy implementation, to provide strategic direction and ensure suitable controls are implemented across the University. In addition to internal mitigation measures, external professional advice is sought where necessary. ICTS conducts IT vulnerability scans at least twice a year and takes corrective actions based on the findings. UCT has created a Computer Security Incident Response Team (CSIRT) which provides general guidance to UCT staff who manage ICT resources to enable a quick and efficient recovery from security incidents; a quick response in a systematic manner to incidents and carry out all necessary steps to correctly handle the incident; preventing or minimizing the disruption of critical computing services. Insurance cover is available should UCT become victim to cyber breaches.

Health and Safety

The Executive Director: Properties and Services reports at each meeting of the RMC on significant issues emanating from the Physical Risk Co-ordinating Committee (PRCC). The RMC monitors actions taken by management to mitigate any risks identified and takes cognisance of external reports. Overall, the reports on Health and Safety show remarkable improvement over the last few years and areas of concern receive regular attention. As part of proactive risk management programme, the UCT insurers conducted a fire safety assessment on a number of key buildings, resulting in the installation or improvement of the fire suppression systems in a number of buildings.

Fire drills are conducted on a regular basis and the focus has been on improving the behaviour of students in residences, and adhering to health and safety standards at all times.

Insurance Risk

The University is a participant in a national consortium of Higher Education Institutions (TERISA), which provides both cost effective insurance and service expertise. The RMC was satisfied that all reasonable steps were being undertaken to ensure that the University had appropriate insurance cover. The University cover includes amongst others, all its assets, primary liability, management liability, professional indemnity, contractors' liability, electronic equipment, HIV/needle stick, cyber liability, motor fleet, travel, commercial crime, and marine small craft and Employment Practices Liability. The SASRIA and related extensions have been increased substantially to ensure adequate cover for protests and riots. In addition, SASRIA has provided cover for security costs to protect assets in cases of imminent threat to the destruction of property. This type of cover was arranged following violent and destructive protests at higher education institutions over the last three years.

Tax Risk

Both the RMC and UAC continued to assess the identification and management of PAYE and VAT compliance risk. As most of these issues are common to the Higher Education sector, a major intervention has

been the University's involvement in a tax task team established under Universities South Africa (USAf). This team is recognised by the South African Revenue Services (SARS) as the contact body for tax issues related to the higher education sector. SARS concluded a VAT audit during 2017 and no major issues were identified.

Investment Risk

The RMC does not deal with investment risk, but both the Chairperson and Deputy Chairperson of the RMC attend the Joint University/UCT Foundation Investment Committee (JIC) as a member and assessor member respectively. This Committee is appointed jointly by the Council and the UCT Foundation Trustees and advises both bodies on investment strategies, the appointment of investment managers in terms of agreed strategy and sets the mandates within which those managers operate. In addition to its membership, comprising Members of Council and Trustees of the Foundation, the JIC has co-opted additional members, nominated by virtue of their expertise in the field of investing. The JIC has also engaged the services of a firm of actuarial consultants to assist in monitoring the investment performance against benchmarks set and against the returns achieved by similar funds monitored by the consultants. The JIC reports to Council and the UCT Foundation Trustees.

IT Governance

The result of the E&Y Governance and Risk Report were presented to the UAC. This report compared UCT's current IT Governance maturity level against industry standards and proposed a roadmap for achieving desired maturity levels. Whilst still at a maturity level higher than industry standard, ICTS felt this should be raised in accordance with UCT's strategic vision, and planned as such. In addition, the report facilitated the identification of key UCT specific risks within the IT Risk Universe and further proposed steps to prioritize and manage these. ICTS appointed a dedicated Governance, Risk and Compliance Officer, to support the ED:ICTS with governance, compliance, control and risk related functions. Governance of Council-controlled funding continued through the In-

formation technology Investment and Prioritisation Committee (ITIPC) process, which acts as the conduit for IT CAPEX funding requests. Projects with approved funding are mandated to establish a Project Implementation Committee (DVC Chaired) to manage, report and deliver on project mandates.

Further alignment of the strategic goals of the Uni-

versity and ICTS took place as part of the UCT Strategic Framework exercise. Policies for Information and Cybersecurity and Data Classification were drafted, with inputs by various stakeholders, and these will be revisited in 2018 following feedback from SEC, under the oversight of a RMC working group.



TSHIDI MOKGABUDI
CHAIR OF THE UNIVERSITY
AUDIT COMMITTEE

MAX PRICE
CHAIR OF THE RISK
MANAGEMENT COMMITTEE

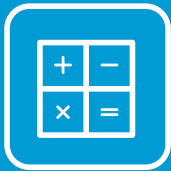
KIM BOSHOFF
ACTING DIRECTOR: INTERNAL
AUDIT

23 June 2018



VIP
TICKETS ONLY
↑

GUEST
TICKETS ONLY
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ANNUAL FINANCIAL REVIEW

FINANCIAL POLICY

Securing Financial Stability for UCT

Our financial policy is to provide for sustainable operations and the ability to invest in educational initiatives consistent with our mission. We practise conservative financial management, by striving for efficient recurrent operations which generate funds to support strategic initiatives.

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 dependant on specific funding;
- Staff and student housing operations;
- Investment income and financing expenditure;
- Capital expenditure;
- Capital structure and financing; and
- Cash flow planning.

HIGHLIGHTS OF THE 2017 ANNUAL FINANCIAL STATEMENTS

- Increase in total income of 3.1% (2016: 10.2% increase);
- Increase of 5.2% (2016: 4.1% increase) in fee income;
- Increase in income from private donations of 2.1% (2016: 16.8% decrease);
- A decrease in income from research contracts and grants of 3.2% (2016: 17.2% increase);
- Recurrent expenditure increase of 7.1% (2016: 13.2% increase);
- Consolidated operating surplus of R472,976 million against a surplus of R663,7 million in 2016, a 28.7% decrease (0.7% increase in 2016);
- A deficit of R215.7 million (2016: R70,4 million) if investment income and realised gains on sale of investments are excluded;

- A decline in cash generated from operations to R123,4 million (2016: R220,3 million);
- An increase in total assets of 9.0% (10.01% in 2016).

Of the consolidated operating surplus of R472,976 million, R264.3 million is attributable to restricted funds over which Council has limited discretion. The balance of the surplus relating to council controlled activities can be largely attributed to investment income.

CONSOLIDATED CASH FLOW

The operations operations a net inflow of R123,4 million for the year. This is a significant decrease from the prior year.

The main contributing factors are:

- An increase in recurrent expenses (excluding depreciation) which is higher than the increase in recurrent revenue;
- The personnel bill increased by 8,2%, with the primary reason being that 2017 was the first full year of operations following the insourcing of functions previously outsourced to external service providers.

The increase in investments is largely the result of a strategic allocation by management of funds that were previously part of cash and cash equivalents, into medium to long-term instruments to improve interest returns.

INCOME AND EXPENDITURE

Continuing Educational Operations

Continuing Educational Operations encompass the main recurrent operating activities that provide and support teaching and learning (also referred to as Council Controlled activities).

Total recurrent operating income increased by R149,9 million to R2,99 billion, primarily due to an increase in state subsidy, the largest income source, of R64,3 million to R1,37 billion, and R40,1 million in donations. The increase in state subsidy is primarily due to the state now paying the increased fee revenue lost in 2016 due to the zero percent fee increase as part of the subsidy block grant, and to a lesser extent increased enrolments and research outputs in 2015 (2017 subsidy is determined using input and

output data from 2015). Tuition (excluding any fee top up included as state subsidy) and other fee income increased by R47 million (3.7%) to R1,3 billion. The increase in tuition fees is primarily attributable to increased volumes in the Commerce and Science faculties.

Expenditure grew by R122,5 million to R3,07 billion, mainly due to an increase in personnel costs of R108 million to R2,07 billion. The main driver of the increase in personnel costs are the additional staffing costs associated with insourcing. Other operating expenses decreased by R35,6 million (-4.4%) to R769 million because of the shift of previous outsourcing costs to personnel. The decrease reflects realised austerity-linked savings and efficiencies. Financial aid and scholarships from the operating budget increased by R45,6 million (32.5%) to R185,9 million. This was due to increased volumes, the roll-out of the laptop project and increased postgraduate scholarships.

Our undergraduate students received R739 million in total financial support that was managed by UCT, up from R626 million in 2016. This support comes from various sources; corporate and other external bursaries support students to a value of R270 million, while NSFAS provided loans amounting to R227 million and UCT contributed R145 million from council controlled funds. In addition, income from endowments and other funds available to the University for the purposes of financial aid contributed R96,7 million.

As shown in the table below, the Council-controlled recurrent operations generated a deficit of R75 million, following a deficit of R103 million in 2016 and a deficit of R79 million in 2015. This improvement is largely attributable to increased subsidy income and austerity related savings being realised in the current year.

The actual surplus attributable to Council controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 75, is R216.6 million, compared with R153 million in 2016, with investment income of R204 million (R179 million in 2016) being the major contributor in both years to the difference between this and the deficits referred to above.

Five Year Overview of Recurrent Council Controlled Operations

	2017	% change from PY	2016	% change from PY	2015	% change from PY	2014	% change from PY	2013
Recurrent income	2 998		2 848		2 539		2 335		2 167
State appropriations - subsidies & grants	1 370	4,9%	1 306	16%	1 122	2%	1 104	3%	1 069
as a % of recurrent income	46%		46%		44%		47%		49%
Tuition and other fee income	1 307	3,7%	1 260	5%	1 199	17%	1 025	11%	920
as a % of recurrent income	44%		44%		47%		44%		42%
Sales of goods & services	276	-0,36%	277	32%	210	6%	198	17%	169
Private gifts & grants	45	800%	5	-38%	8	0%	8	-11%	9

Recurrent expenditure	3 073		2 951		2 618		2 395		2 224
Personnel	2 066	5,5%	1 958	16%	1 686	9%	1 543	11%	1 393
as a % of recurrent expenditure	67%		66%		64%		64%		63%
Other operating expenses	769	-4.4%	805	11%	727	7%	677	0%	676
as a % of recurrent expenditure	25%		27%		28%		28%		30%
Bursaries and scholarships	186	32,9%	140	-13%	162	17%	139	9%	127
as a % of recurrent expenditure	6%		5%		6%		6%		6%
Depreciation and minor capital items expensed	52	8,3%	48	12%	43	22%	36	28,6%	28

Recurrent Operating Deficit	(75)	-27,2%	(103)	30%	(79)	32%	(60)	5%	(57)
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THE FINANCE NUMBERS

Revenue: R2 998 million

	Rm	%
INCOME	2 998	100.0%
State subsidy	1 370	45.7%
Tuition Fees	1 307	43.6%
Other Income	321	10.7%

Expenditure: R3 073 million

	Rm	%
EXPENDITURE	3 073	100.0%
Staff & related costs	2 066	67.2%
Financial aid & scholarships	186	6.1%
Administration and operating expenses	769	25.0%
Depreciation	52	1.7%

Recurrent Operating Deficit

2017	2016	2015	2014	2013
75	103	79	60	57

UNDERGRADUATE STUDENT FINANCIAL AID 2017



Corporates
R270 million

NSFAS
R227 million

UCT Council Controlled
R145 million

Endowments and Other Funds
R96.7 million

TOTAL:
R739 million

Cash flow planning

The Cash Flow cycle at UCT has a low point at the end of January 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 investment income and in providing the capacity to undertake projects, subject to a revised financial assessment at such time.

Sustainability

Our strategic goal of Financial Sustainability underpinned and influenced by the constant tension between recurrent operations and free cash reserves. While the operating margins are low, the sustainability risk is somewhat mitigated as we know the bulk of our income (subsidy and fees) are received early in the operating cycle; if these are significantly different from plan we would have the opportunity to react and adjust our operations accordingly. For the fifth consecutive year our free cash reserves are within the guidelines contained in our financial policy. However, the real declines in per capita state funding and the outlook for fee increases provide a warning against complacency and emphasise the importance of being within our free cash reserve target. Of the overall operating surplus of R472,976 million reflected in the Consolidated Income Statement, R264,3 million arises from specifically funded restricted activities, in particular research. While these activities contribute to the mission of the university, they often do not provide for sustainability and instead draw on the infrastructure.

Austerity measures

The effect of the state higher education funding problems continued in 2017. In UCT's case its state subsidy increased by 3.9% year-on-year. This was about two and a half percentage points behind our internal inflation and four percentage points behind UCT's actual cost increases (largely due to its growing salary budget). This has resulted in UCT having a 20% smaller per capita (of student) Council-controlled budget over five years.

In the interests of longer-term sustainability, and in order to address the shortfall caused by the declining government subsidies, UCT announced a series of austerity measures to be implemented between 2016 and 2018. At an institutional level, it was estimated that the university needed to save a minimum of R120 million by 2018 to avoid entering a serious

budget deficit scenario. About 80 percent of these savings will need to be made on the staffing bill and an estimated 20 percent from operating budget cuts.

The majority of these measures were implemented in the 2017 and 2018 budgets. The net savings from this 2017 phase of the austerity process yielded a permanent reduction of ongoing annual costs amounting to R86,6 million. This recurrent saving, however, came at a one-off cost of R45 million in December 2016. A further reduction of R24,2 million was achieved as planned during the 2018 budget process.

Research and other operations similarly dependant on specific funding

Research and other Specifically Funded Activities (such as contract research, donations for specific purposes, etc.) are usually outside the decision rights of Council and university management (governance and monitoring rights and often approval rights are nevertheless retained). 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, management of accounts receivable and infrastructural support.

Revenues decreased slightly by 1.2% to R2,44 billion. Government-related grants increased by 1.6% from R515 million to R523 million, while contracts remained stagnant at R1,05 billion for various reasons including exchange rate fluctuations, timing of revenues with contracts being spread over multiple years and IFRS adjustments amongst others. The University has now experienced substantial growth in research activity, illustrated by increased numbers of research contracts, for an extended period of time, placing significant demands on core administrative departments, which in the majority of cases have received little in the way of real increases in resources. As these departments become overstretched the risk of reputational damage increases.

As a research-intensive university, obtaining funding to do research remains a strategic imperative. Hence the importance of ensuring we have systems in place that enable research and thereby continue to attract research funding in a sustainable manner. The University's income from research related activities has been on an upward trajectory for a few years, first breaching the R1 billion threshold in 2014. Research related revenue (grants and contract income) stands at R1,576 billion (2016: R1,566 billion) which represents 65% of the total specifically funded activities

(R2,44 billion) in value. It also continues to account for at least 26% of total university recurrent income.

Regarding the broad categories of funding, contract income (2017: R1,05 billion; 2016: R1,05 billion) constitutes at least two thirds of research revenue, with government grants (2017: R523 million; 2016: R515 million) accounting for 21% of the research revenue.

The top 10 major funders of research at the university include: the NRF (National Research Foundation), Bill & Melinda Gates Foundation, National Institutes of Health, Medical Research Council and the Wellcome Trust. The NRF remains the biggest source of research funding, constituting at least 22% of the total research revenue. It also funds the most researchers and their students.

In terms of key metrics, the total income from IP commercialisation was R3,58 million and four new UCT spin-off companies were formed, the highest ever in a single year. 41 invention disclosures were received by Research Contracts & Innovation and 72 new patent applications were filed at different stages of patenting (up from 67 in 2016) and 16 patents were granted.

A significant first for UCT was investment in UCT spin-off companies by the UCT Evergreen Fund – a fund of R59 million that had been authorized by Council for investments into UCT private equity. Three investments totalling R27 million were approved by the Intellectual Property Advisory Committee (IPAC) during 2017. The goal is to make a solid return on these investments through dividends and sale of equity in the future. This equity is maintained separate from any equity that may accrue to UCT due to the assignment of IP, i.e. where the intellectual property (IP) creators will share in the benefit. In all three cases, funding from UCT into spin-off companies has been leveraged by additional funding coming in from other investors, which immediately increases the value of the UCT equity.

Income from donations and gifts amounted to R336 million compared to the R368 million raised in 2016. The primary reason for the change is due to significant decreases in donations to the UCT endowment during 2017. Donations from the top ten donors have remained consistent with prior years.

Staff and Student Housing operations

The Staff and Student Housing Unit is required to cover its costs and provide resources for long-term

maintenance, and ideally to contribute towards the expansion of housing stock thereby providing greater access to students and staff.

Total revenues increased by 8.7% to R435,4 million, while the recurrent deficit of R25,4 million, when added to the provision for loan repayments of R22 million, means the housing sector failed to make any significant progress in respect of its debt repayment obligations related to the OBZ Square student housing development. The decrease in revenues is due to lower than expected vacation accommodation rentals due to a mini semester at the start of the year and deferred exams at year end. The continual failure to capitalise on the vacation accommodation opportunities and the commercial space has compromised the servicing of the debt. The operation also had substantial increases of some R9 million in rental costs for leased residences in the current year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated assets increased by 9% with the following as significant contributors:

- Increase of 53.3% in non-current investments (2016: 7.3%);
- Current assets decreased by 73.3% (2016: 20.5% increase), with accounts receivable increasing by 22.5% and cash and cash equivalents decreasing by 92.1%.

Most of the non-current assets are designated and Council has no discretion over these. All immovable property cannot be alienated without the approval of the Minister of Higher Education and Training. This amounts to R2,1 billion, 19.2% of total assets for the current financial year (2016: R2,1 billion).

Approximately 54% of the investments are held by the UCT Foundation and are designated for specific activities. The balance is held within the University operations, with 83% thereof designated for specifically funded restricted activities.

The increase in the trade and other receivables is characterised by the fact that 37.8% (2016: 18.9%) of this debt is over 60 days. Debt collection of research revenue from major stakeholders such as government departments is a key focus of management, but payments from state departments remain slow and usually exceed payment terms.

Capital Expenditure of R233 million was similar in

value to 2016 spend.

The University has a healthy gearing ratio, with a liability total of R1,9 billion against total assets of R11.01 billion; a debt ratio of 0.17. The University drew down R23,7 million from the Development Bank of South Africa loan facility to fund the conference centre at the Graduate School of Business. The loan is repayable after 10 years.

FUTURE CHALLENGES – 2018 AND BEYOND

The outlook for the economy in general is more positive since the appointment of Mr Cyril Ramaphosa as State President in early 2018, while state funding for higher education has been given greater priority. Although the state has contributed a significant proportion of the lost fee income for 2016 via a special subsidy allocation, the continuance of this funding has been incorporated into the block grant allocation from 2017 onwards, resulting in a significant dilution of this revenue for UCT based on the current funding formula. Inflation in the higher education (HE) sector (illustrated by the Higher Education Price Index (HEPI) and our own Internal Inflation) is typically higher than the official consumer price index (CPI).

Thus, if the Department of Higher Education and Training (DHET) was to receive a CPI-related increase from National Treasury, in real terms this would result in a further decline in funding of HE institutions. This situation is exacerbated by the growth in student numbers and enrolments targeted by the DHET as well as the establishment of two additional new HE institutions.

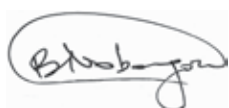
The consequence of this is that additional volume into the national system has to date been funded by diluting the existing pool of funding. The end result is that

institutions such as UCT, which has limited opportunity for further student growth, has received a lesser share of the total funding for the past number of years.

An upside is however expected following the announcement by the Minister of Finance in his February 2018 budget speech that additional funds will be allocated for the funding of the higher education sector. In the 2018/9 year an additional amount of R2,2 billion has been allocated and this will impact on the block grant allocation received by UCT in a positive manner. This should also alter the trajectory for state funding in the medium term, a very positive development.

The University is aggressively pursuing third-stream revenues with the following initiatives planned to commence in 2018: The University created a new food services entity that will provide food-related services on campus from a limited number of stores in 2018, expanding in future years as existing lease commitments come to an end and the concept has proven itself; the vacation accommodation and staff housing office came into the Commercial Development unit from April 2018, with a renewed focus on maximising its potential and a research academy is currently being explored as another source of third-stream income.

Amendments to the B-BBEE Codes of Good Practice have impacted on UCT's B-BBEE Strategy and its role in promoting the transformation of society. The amendments have introduced more exacting requirements for compliance and this will necessitate changes at UCT in order to align to the main objectives of B-BBEE. UCT is committed to improving its B-BBEE status level over a three-year period to the highest standard possible.



BABALWA NGONYAMA

CHAIRPERSON: UNIVERSITY FINANCE COMMITTEE

23 June 2018



ASHLEY FRANCIS

EXECUTIVE DIRECTOR: FINANCE

23 June 2018





COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The annual financial statements for the calendar year 2017 presented on pages 70 - 116 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education and Training in terms of the Higher Education Act, 1997, and include amounts based on judgements and estimates made by management as more fully laid out in the notes to the financial statements. The Council has 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 Council had adopted the 'going concern' basis in the preparation of the annual financial state-

ments. The 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 Council believes that the financial statements confirm the viability of the institution.

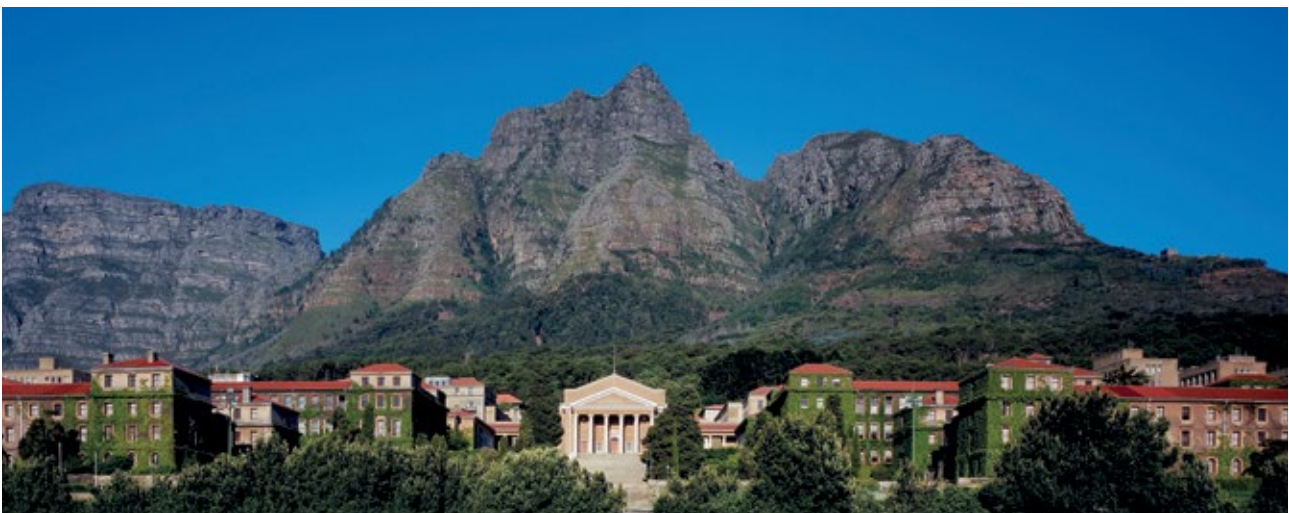
The financial statements have been audited by Ernst & Young Inc. who have been given unrestricted access to all financial records and related data, including minutes of the meetings of Council and all its committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate. The annual financial statements set out on pages 70 - 116 were approved by the University Council on 23 June 2018 and are signed on its behalf by:

MR S PITJANA
CHAIR OF COUNCIL

B MNGONYAMA
CHAIR OF THE FINANCE COMMITTEE

DR M R PRICE
VICE-CHANCELLOR
23 June 2018

MR A FRANCIS
EXECUTIVE DIRECTOR: FINANCE







CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

UNIVERSITY OF CAPE TOWN

Incorporated in terms of the Higher Education Act, 1997, and the Statute of The University of Cape Town, promulgated under Government Notice No. 1199 of

20 September 2002 and as amended by Government Notice 259 of 26 February 2004; 476 of 20 May 2005; 748 of August 2010; and 408 of 23 May 2012

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



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REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL ON THE UNIVERSITY OF CAPE TOWN

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of the University of Cape Town and its subsidiaries (University) set out on pages 74 to 116, which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated income statement, statement of other comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Cape Town as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and

the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997)(HEA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the University in accordance with the Independent Regulatory Board of Auditors' Code of professional conduct of registered auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing the audit of the University. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the University.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council is responsible for assessing the University of Cape Town’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the university or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the University of Cape Town’s consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to the auditor’s report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general

notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance. Accordingly, we do not express an opinion or conclusion on these matters

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the university. We have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the university for the year ended 31 December 2017:

Objectives	Pages in the annual report
To renew and innovate in teaching and learning -improving student success rates, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens.	39 - 42
To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.	42

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives mentioned above.

Other matter

We draw attention to the matter below.

Achievement of planned targets

Refer to the annual report on pages 12 to 51 for information on the achievement of the planned targets for the year.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof we have a responsibility to report material findings on the compliance of the university with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance. Accordingly, we do not express an opinion or conclusion on these matters.

We did not raise any material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Other information

The other information comprises the information included in the annual report which includes the report of the Chair of Council for 2017, the report on UCT operations during 2017, the report on internal administration, operational structures and controls (incorporating the report on risk and the management of risk), the annual financial review and Council's statement of responsibility for the annual financial statements. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

Our opinion on the financial statements and material findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements

and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

We considered internal control relevant to our audit of the financial statements, reported performance information and compliance legislation. However, our objective was not to express any form of assurance on it. Matters of internal control considered are limited to significant deficiencies that would result in a basis for a modification of the audit opinion, or any material findings reported on the audit of the annual performance report or any material findings on the audit of compliance with legislation included in this report.

Consequently, as no matters were reported, we did not identify any significant deficiencies in internal control as described above.

Other reports

We draw attention to the following engagements conducted by various parties that are either in progress or have been completed. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation:

Audit-related services

We conducted nineteen agreed upon procedure engagements during the financial year. Seven additional agreed upon procedure engagements were performed by other service providers. These agreed upon procedures were performed at the request of various entities providing funding to the University.

We conducted two special audits as requested by donors during the financial year. Three additional special audits as requested by donors were performed by other service providers. These audits were signed off in terms of the entity specific accounting policies and were performed at the request of various entities providing funds to the University.

Ernst & Young Inc.

Director: Tina Lesley Rookledge

Registered Auditor

Chartered Accountant (SA)

Cape Town

23 June 2018

ANNEXURE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on reported performance information for selected objectives and on the university's compliance with respect to the selected subject matters.

Financial statements

In addition to our responsibility for the audit of the consolidated financial statements as described in this auditor's report, we also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University of Cape Town and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also confirm to the Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 R'000	2016 R'000
ASSETS		11,005,556	10,098,747
Non-current assets		10,356,788	7,661,987
Property, plant and equipment	5	2,938,911	2,815,917
Investments	6	7,397,901	4,826,852
Investments in associates	7	-	-
Non-current receivables and prepayments	8	19,976	19,218
Current assets		648,768	2 436 760
Inventories		929	970
Accounts receivable and prepayments	9	346,469	282,859
Student fees receivable	9	141,559	131,921
Cash at bank and cash equivalents	10	159,811	2,021,010
ACCUMULATED FUNDS AND LIABILITIES		11,005,556	10,098,747
Accumulated funds		9,101,315	8,426,683
Non-distributable funds		4,053,935	3,736,228
Endowed funds		2,520,203	2,335,852
Revaluation reserve		1,533,732	1,400,376
Restricted funds designated for specific activities		2,920,838	2,869,591
Education and general		2,736,288	2,677,086
Student and staff accommodation		184,550	192,505
Unrestricted council controlled funds		2,117,199	1,811,377
Non-controlling interests		9,343	9,487
Non-current liabilities		1,165,791	1,154,004
Deferred revenue	11	531,984	550,012
Borrowings- interest bearing	18	23,546	-
Provisions – employee benefits	12	610,261	603,992
Current liabilities		738,450	518,060
Accounts payable and accrued liabilities	13	448,898	362,071
Deferred revenue	11	123,420	21,502
Borrowings- interest bearing	18	140	-
Student deposits		88,801	70,215
Provisions – employee benefits	12	77,191	64,272

UNIVERSITY OF CAPE TOWN
CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

(All amounts in R'000)

	Note	EDUCATION AND GENERAL			2017 TOTAL	% Change	
		Council Controlled Unrestricted	Specifically Funded Activi- ties Restricted	Sub-Total			Student and Staff Housing Restricted
Recurrent revenue		3,186,904	2,438,318	5,625,222	435,401	6,060,623	3.1
State appropriations-subsidies and grants	14	1,370,209	522,510	1,892,719	20,835	1,913,554	3.9
Tuition and other fee revenue		1,306,733	-	1,306,733	374,436	1,681,169	5.2
Income from contracts		-	1,049,262	1,049,262	-	1,049,262	(3.2)
Rendering of services		275,483	336,383	611,866	37,102	648,968	4.3
Donations and gifts		45,478	335,729	381,207	6	381,213	2.1
Sub-total		2,997,903	2,243,884	5,241,787	432,379	5,674,166	2.8
Interest and dividends	15	189,001	194,434	383,435	3,022	386,457	7.4
Recurrent expenditure		3,029,228	2,321,691	5,350,919	460,816	5,811,735	7.1
Personnel	16	2,065,840	953,784	3,019,624	127,913	3,147,537	8.2
Other operating expenses	17	769,272	893,522	1,662,794	283,059	1,945,853	2.2
Financial aid and scholarships		185,909	427,519	613,428	-	613,428	17.1
Depreciation	5	52,029	46,831	98,860	6,022	104,882	15.1
Sub-total		3,073,050	2,321,656	5,394,706	416,994	5,811,700	7.1
Net finance costs		(43,822)	35	(43,787)	43,822	35	1,066.7
Finance costs		-	35	35	-	35	1,066.7
Interest on internal borrowings		(43,822)	-	(43,822)	43,822	-	-
RECURRENT SURPLUS		157,676	116,627	274,303	(25,415)	248,888	(45.0)
NON-RECURRENT ITEMS		12,259	211,696	223,955	133	224,088	5.9
Loss on disposal of property, plant & equipment		(928)	(254)	(1,182)	(1)	(1,183)	(87.8)
Realised profit on sale of investments		15,082	294,500	309,582	174	309,756	38.7
Fair value movement on fair value through surplus or deficit financial instruments		-	(7,569)	(7,569)	-	(7,569)	(174.4)
Impairment of available-for- sale investments		(1,895)	(74,981)	(76,876)	(40)	(76,916)	521.4
NET OPERATING SURPLUS		169,935	328,383	498,258	(25,282)	472,976	(28.7)
Transfer from endowed funds		46,696	(64,023)	(17,327)	17,327	-	-
SURPLUS FOR THE YEAR*		216,631	264,300	480,931	(7,955)	472,976	(28.7)
Attributable to:							
University operations		216,631	264,444	481,075	(7,955)	473,120	
Non-controlling Interests		-	(144)	(144)	-	(144)	
		216,631	264,300	480,931	(7,955)	472,976	

* 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 OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

(All amounts in R'000)

	Council Controlled Unrestricted	Specifically Funded Activities Restricted	Revaluation Reserve	Student and Staff Housing Restricted	2017 TOTAL
Surplus for the period	216,631	264,300	-	(7,955)	472,976
Other comprehensive income:					
Other comprehensive income to be reclassified to surplus or deficit in subsequent periods	-	-	133,356	-	133,356
Unrealised movement in market value- available for sale investments	-	-	366,196	-	366,196
Reclassification adjustment for items included in income statement	-	-	(232,840)	-	(232,840)
Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods	68,300	-	-	-	68,300
Actuarial gains on post-retirement medical aid benefit obligation	12.3 68,300	-	-	-	68,300
TOTAL COMPREHENSIVE INCOME	284,931	264,300	133,356	(7,955)	674,632
Attributable to:					
University operations	284,931	264,444	133,356	(7,955)	674,776
Non-controlling Interests	-	(144)	-	-	(144)
	284,931	264,300	133,356	(7,955)	674,632

UNIVERSITY OF CAPE TOWN
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2017

(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	Non-controlling interests	
FUND BALANCES AS AT 1 JANUARY 2017	2,335,852	1,400,376	2,677,086	192,505	1,811,377	9,487	8,426,683
Total comprehensive income	-	133,356	264,444	(7,955)	284,931	(144)	674,632
Surplus for 2017	-	-	264,444	(7,955)	216,631	(144)	472,976
Other comprehensive income	-	133,356	-	-	68,300	-	201,656
Transfers between funds	184,351	-	(205,242)	-	20,891	-	-
FUND BALANCES AS AT 31 DECEMBER 2017	2,520,203	1,533,732	2,736,288	184,550	2,117,199	9,343	9,101,315

UNIVERSITY OF CAPE TOWN
CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

(All amounts in R'000)

	Note	EDUCATION AND GENERAL			Student and Staff Housing Restricted	2016 TOTAL	% Change
		Council Controlled Unrestricted	Specifically Funded Activities Restricted	Sub-Total			
Recurrent revenue		3,010,621	2,467,690	5,478,311	400,537	5,878,848	10.2
State appropriations-subsidies and grants	14	1,305,889	515,406	1,821,295	20,835	1,842,130	14.1
Tuition and other fee revenue		1,259,503	-	1,259,503	337,680	1,597,183	4.1
Income from contracts		37,234	1,046,939	1,084,173	-	1,084,173	17.2
Rendering of services		239,993	345,012	585,005	37,329	622,334	22.6
Donations and gifts		5,381	367,924	373,305	1	373,306	(16.8)
Sub-total		2,848,000	2,275,281	5,123,281	395,845	5,519,126	9.8
Interest and dividends	15	162,621	192,409	355,030	4,692	359,722	17.6
Recurrent expenditure		2,910,453	2,111,106	5,021,559	405,100	5,426,659	13.2
Personnel	16	1,957,866	872,267	2,830,133	77,984	2,908,117	16.1
Other operating expenses	17	804,845	817,459	1,622,304	281,418	1,903,722	12.1
Financial aid and scholarships		140,277	383,404	523,681	-	523,681	2.8
Depreciation	5	47,606	37,973	85,579	5,557	91,136	10.2
Sub-total		2,950,594	2,111,103	5,061,697	364,959	5,426,656	13.2
Net finance costs		(40,141)	3	(40,138)	40,141	3	(130.0)
Finance costs		-	3	3	-	3	(130.0)
Interest on internal borrowings		(40,141)	-	(40,141)	40,141	-	-
RECURRENT SURPLUS		100,168	356,584	456,752	(4,563)	452,189	(16.1)
NON-RECURRENT ITEMS		14,250	197,210	211,460	50	211,510	76.5
Loss on disposal of property, plant & equipment		(1,047)	(8,395)	(9,442)	(224)	(9,666)	216.7
Realised profit on sale of investments		16,094	207,000	223,094	290	223,384	1.7
Fair value movement on fair value through surplus or deficit financial instruments		-	10,170	10,170	-	10,170	(43.9)
Impairment of available-for-sale investments		(797)	(11,565)	(12,362)	(16)	(12,378)	(89.2)
NET OPERATING SURPLUS		114,418	553,794	668,212	(4,513)	663,699	0.7
Transfer from endowed funds		38,366	(48,342)	(9,976)	9,976	-	-
SURPLUS FOR THE YEAR*		152,784	505,452	658,236	5,463	663,699	0.7
Attributable to:							
University operations		152,784	504,757	657,541	5,463	663,004	
Non-controlling Interests		-	695	695	-	695	
		152,784	505,452	658,236	5,463	663,699	

* 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 Other Comprehensive Income

For the year ended 31 December 2016

(All amounts in R'000)

		Council Controlled Unrestricted	Specifically Funded Activities Restricted	Revaluation Reserve	Student and Staff Housing Restricted	2016 TOTAL
Surplus for the period		152,784	505,452	-	5,463	663,699
Other comprehensive income:						
Other comprehensive income to be reclassified to surplus or deficit in subsequent periods		-	-	68,316	-	68,316
Unrealised movement in market value- available for sale investments		-	-	279,323	-	279,323
Reclassification adjustment for items included in income statement		-	-	(211,007)	-	(211,007)
Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods		5,600	-	-	-	5,600
Actuarial gains on post-retirement medical aid benefit obligation	12.3	5,600	-	-	-	5,600
TOTAL COMPREHENSIVE INCOME		158,384	505,452	68,316	5,463	737,615
Attributable to:						
University operations		158,384	504,757	68 316	5,463	736,920
Non-controlling Interests		-	695	-	-	695
		158,384	505,452	68 316	5,463	737,615

UNIVERSITY OF CAPE TOWN

CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2016

(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	Non-controlling interests	
FUND BALANCES AS AT 1 JANUARY 2016	2,168,869	1,332,060	2,352,401	187,042	1,630,000	-	7,670,372
Total comprehensive income	-	68,316	504,757	5,463	158,384	695	737,615
Surplus for 2016	-	-	504,757	5,463	152,784	695	663,699
Other comprehensive income	-	68,316	-	-	5,600	-	73,916
Sports Science Share Block	-	-	9,904	-	-	8,792	18,696
Transfers between funds	166,983	-	(189,976)	-	22,993	-	-
FUND BALANCES AS AT 31 DECEMBER 2016	2,335,852	1,400,376	2,677,086	192,505	1,811,377	9,487	8,426,683

UNIVERSITY OF CAPE TOWN

Consolidated Statement Of Cash Flows

For the year ended 31 December 2017

	Note	2017 R'000	2016 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from students, government and private sources		4,965,889	4,932,374
Cash paid to employees and suppliers		(4,842,506)	(4,712,076)
Cash generated from operations	21	123,383	220,298
Investment income – interest	15	330,941	307,150
Investment income – dividends	15	55,516	52,572
Finance costs		(35)	(3)
Net cash inflows from operating activities		509,805	580,017
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(232,834)	(260,395)
Proceeds on disposal of property, plant and equipment		1,942	307
Purchase of available-for-sale investments		(2,748,512)	(113,409)
Proceeds from sale of available-for-sale investments		509,211	75,105
Net cash used in investing activities		(2,470,193)	(298,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term interest borrowings	19.9	23,686	-
Government grants received during the year	11	75,504	83,831
Net cash inflows from financing activities		99,190	83,831
Net (decrease)/increase in cash and cash equivalents		(1,861,198)	365,456
Cash and cash equivalents at beginning of period		2,021,010	1,655,554
Cash and cash equivalents at end of period	10	159,811	2,021,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

1. UNIVERSITY INFORMATION

The consolidated annual financial statements of the University for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of Council on 23 June 2018.

The principal activities of the University relate to teaching, research and the provision of residential accommodation to students.

2. BASIS OF PREPARATION

The consolidated annual financial statements have been prepared on an historical cost basis, except where stated otherwise (refer to accounting policies). The consolidated annual financial statements are presented in South African Rands and all values are rounded to the nearest thousand (R'000) except where otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year, except where the University has adopted the IFRS amendments that became effective during the year.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The University applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The University has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The University has provided the information for both the current and the comparative period in Note 19.9.

IFRS AMENDMENTS AND IFRIC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

This listing of standards and interpretations issued are those that the University reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The University intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The University plans to adopt the new standard on the required effective date. During 2017, the University has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the University in the future. Overall, the University expects no significant impact on its balance sheet and equity except for the effect of applying

the impairment requirements of IFRS 9. The University expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

a) Classification and measurement

The University does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The University expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the University were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the University expects that these will continue to be measured at amortised cost under IFRS 9. However, the University will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the University to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The University expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The University expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable

and supportable information, including forward-looking elements to determine the extent of the impact.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The University is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and

short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification

principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The University is in the process of determining the impact of IFRS 16 and intends to adopt the Standard when it becomes effective.

2.1 STATEMENT OF COMPLIANCE

The consolidated annual financial statements of the University of Cape Town and its related entities have been prepared in accordance with IFRS and in the manner required by the Minister of Higher Education and Training in terms of S41 of the Higher Education Act 101 of 1997 (as amended).

The consolidated financial statements comprise the financial statements of the University and its related entities as at 31 December each year. The financial statements include the operations of the related entities listed below.

2.2 BASIS OF CONSOLIDATION

Entity	Nature of ownership
The University of Cape Town Foundation	A trust of which the University of Cape Town appoints the trustees and is the sole beneficiary
The UCT Lung Institute (Pty) Limited	A wholly owned subsidiary of the University of Cape Town
The Graduate School of Business Foundation	A trust of which the University of Cape Town has appointed trustees and is the sole beneficiary
Sports Science Share Block (Pty) Ltd	A private company where the University has appointed directors to the Board and has a 57% equity holding

The financial statements of related entities are consolidated from the date on which the University acquires effective control, up to the date that such effective control ceases.

The University controls an entity when it exposed or has rights to variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the University controls another entity.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer mea-

sures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses. When there is a disposal or loss of control of a related entity, the consolidated financial statements would include the results for the part of the reporting period during which the University had control. Any difference between the net proceeds on disposal and the carrying amount of the subsidiary is recognised in the surplus for the period.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the ac-

quisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss. All inter-University balances, transactions, unrealised gains and losses resulting from intra-University transactions, are eliminated in full.

2.3. SEGMENT INFORMATION AND ACCUMULATED FUNDS

A segment is a recognised component of the University that is engaged in undertaking activities and providing services that are subject to risks and returns different from those of other segments. Segmentation provided in profit or loss of these financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training and is specifically not in terms of IFRS 8. The operating businesses are managed separately but fall under the oversight of the University of Cape Town's executive leadership.

2.3.1. Endowed funds income

Income from specific endowments, comprising investment income and realised profits arising from the sale of investments, is recognised in the Consolidated Income Statement as designated for specific purposes in the period in which it accrues.

It is the University's policy to utilise only a portion of this income and to re-invest the un-utilised portion in the underlying endowed funds in order to preserve the real value of the capital base.

2.3.2. Segment information and accumulated funds

Funds made available to operations, whether Council controlled or designated, which cannot be utilised due to a specific event not having occurred, are also capitalised. The utilisation of these funds for operational purposes and the capitalisation of all un-utilised funds, are effected by transfer within the Statement of Changes in Fund Balances.

2.3.3. Revaluation reserve

The revaluation reserve records fair value changes on available-for-sale investments.

2.3.4. Specifically funded activities restricted (Education and General)

The specifically funded activities restricted consist mainly of research activity. Decision making rights over income earned and related expenses rest with researchers. Council retains an oversight role with regard to ensuring that expenditure is in accordance with the mandate received from funders and University policies.

2.3.5. Unrestricted Council controlled funds

The Council controlled segment predominantly represents the teaching component of the University. Decision making rights relating to income earned in this segment rest with Council.

2.3.6. Student and Staff Housing restricted

The Student and Staff Housing segment relates to the provision of accommodation to both students and staff. The availability of this accommodation is a strategic initiative aimed at ensuring that students adopt the University as their preferred place of study and that the University is able to attract and retain appropriate staff.

2.4. TRANSFERS BETWEEN FUNDS

Transfers between funds are reflected in two areas.

2.4.1. Operational transfers

The transfer of funds is required for operational purposes between the three main operational segments namely, 'Specifically Funded Activities Restricted (Education and General)', 'Unrestricted Council Controlled Funds' and 'Student and Staff Housing Restricted'. These transfers are reflected in the Consolidated Income Statement.

2.4.2. Endowment related transfers

These transfers relate primarily to transfers to or from the endowment as a result of its investment activities. These, together with the distributions made and investments received, are reflected in the Consolidated Income Statement. The transfers are also reflected in the Statement of Changes in Fund Balances.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the University's consolidated annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the University's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements.

3.1. JUDGEMENT

3.1.1. Investments

Control

In assessing the control over investments, the purpose and design of the investments were considered, as well as the identification of the activities of the investee that significantly affect the returns of the investee, management identified how decisions about these activities are made and concluded on whether the University has the rights to direct these activities. In addition consideration was given to whether or not the University is exposed, or has rights, to the variability associated with the returns of the investee and lastly management considered whether or not the University has the ability to use its own power of the investee to affect its own returns.

The University has determined that it has control over the University of Cape Town Foundation, a structured entity (trust) as the University appoints the trustees; and the UCT Lung Institute (Pty) Ltd, a wholly owned subsidiary; Graduate School of Business Foundation Trust, a structured trust as the University is the sole beneficiary; Sports Science ShareBlock (Pty) Ltd, an entity that the University has a controlling equity interest in. The University is exposed to variable returns of each entity. The University therefore controls the entities and consolidates them accordingly.

3.1.2. Impairment

The University assesses whether there are any indicators of impairment for all assets at each reporting date.

The University classifies certain assets as available-for-sale and recognises movements in their fair value in other comprehensive income.

When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in the Consolidated Income Statement. An investment is considered to be impaired if either the fair value at year end is more than 30% below cost or the fair value has been below cost for a period of twelve months.

At 31 December 2017 an impairment loss of R 76,9 million (2016: R12,3 million) had been recognised for available-for-sale assets. The carrying value of available-for-sale assets at 31 December 2017 was R 7,398 million (2016: R4,827 million). Refer Note 6.

3.2. ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

3.2.1. Investments

Judgements over Fair Value

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate. Management determines the classification of its financial assets at initial recognition. When the fair value of investments recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as director's valuations based on recent equity transactions. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimates is required in establishing fair values. Estimates include considerations of inputs such as liquidity risk, credit risk and volatility.

3.2.2. Depreciation

At the end of each financial year management reviews property, plant and equipment to assess whether the estimated useful lives and estimated residual values applied to each asset are appropriate.

The useful lives of assets are estimated by reviewing the degree to which assets are fully depreciated but still remain on the assets register and are in use. The University for the most part uses its asset until future rewards no longer accrue.

Typically assets are assessed as having no residual value when calculating the depreciable amount because assets are of little value at the time they are sold or decommissioned.

3.2.3. Gratuity provision academic staff

The University pays a gratuity to academic staff on retirement, retrenchment or death in special circumstances. In order to estimate the probability of incurring this liability, management make assumptions in respect of the number of academic staff that will reach retirement. In addition, to calculate the fair value of the liability the University needs to make assumptions regarding both expected future salary increases and a suitable discount rate. More details on these assumptions are provided in Note 12.1. The carrying value of the gratuity provision for academic staff at 31 December 2017 was R74,9million (2016: R73,2 million).

3.2.4. Post-retirement medical aid benefits obligation

The University's future obligation in respect of post-retirement medical aid contributions is actuarially valued based on the projected unit credit method. For the purpose of the valuation at 31 December 2017, key assumptions were made in respect of the discount rate, expected inflation on medical aid contributions, expected age of retirements and mortality rates. More details on these assumptions are provided in Note 12.3.

The carrying value of the post-retirement medical aid obligation at 31 December 2017 was R484,3 million (2016: R492,5 million).

3.2.5. Student fees receivables

At year end management makes an estimate of the amount of total outstanding student fee debt that it expects to hand over to external debt collectors. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over. The estimate of current balances that may be handed over is based on outstanding balances at 31 December of the preceding year as a percentage of the total expected fees. The provision is therefore based on past write-off experience as well as the current year's performance. A provision for impairment is raised based on these estimates. The carrying value of student fees receivable at 31 December 2017 was R141,6 million (2016: R131,9 million), refer Note 9.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. FOREIGN CURRENCY TRANSLATION

The consolidated annual financial statements are presented in South African Rands, which is the University's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the exchange currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange currency rate ruling at the reporting date. All differences are taken to surplus or deficit in the year in which they arise.

Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction,

whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any exchange component of that gain or loss shall be recognised directly in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised directly in surplus or deficit, any exchange component of that gain or loss shall be recognised directly in surplus or deficit.

4.2. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the University

and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

4.2.1. State appropriations - subsidies and grants

State subsidies and grants for general purposes are recognised as income in the financial year to which they relate.

Subsidies and grants for specific research purposes are recognised as income in the financial year in which they accrue to the University in accordance with the relevant grants and agreements. Such subsidies and grants are presented separately in the Consolidated Income Statement.

Subsidies and grants relating to specific expenses are not offset against the expense but are included in the disclosure of 'State appropriations - subsidies and grants' (refer Note 14).

Where the grant relates to an asset, it is recognised as deferred revenue and released to income in equal annual amounts over the expected useful life of the relevant asset.

4.2.2. Designated income from contracts, grants and donations

Revenue received for designated specific purposes arises from contracts, grants and donations. Such revenue is recognised in the Consolidated Income Statement in the financial period in which it accrues to the University in accordance with the relevant agreement.

Capital inflows for endowment purposes are included in the Consolidated Income Statement in the period in which they are received.

4.2.3. Tuition and residence fees

Tuition and residence fees charged are applicable to one academic and financial year and are recognised in that year.

4.2.4. Interest income

Revenue is recognised as interest accrues, using the effective interest method which is the rate that discounts estimated future cash receipts through the ex-

pected life of the financial instrument to the net carrying amount of the financial asset.

4.2.5. Dividends

Dividends are recognised when the right to receive payment is established.

4.2.6. Rendering of services

Revenue, involving the rendering of services, is recognised to the extent that the service has been provided and it is probable and can be reliably measured. Revenue includes rentals earned, short course fees and club subscriptions. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that expenses incurred are eligible to be recovered.

4.3. RETIREMENT BENEFITS

4.3.1. Defined contribution retirement plan

Employer contributions to the University of Cape Town Retirement Fund are recognised in the Consolidated Income Statement in the period during which the employees render services to the University.

4.3.2. Medical aid benefits

Employer contributions to a medical aid fund are recognised as an expense in the period during which the employees render services to the University.

4.3.3. Post-retirement medical aid benefits – defined benefit plan

The University has an obligation to provide certain post-retirement medical aid benefits to its eligible employees and pensioners. The University is required to provide a defined amount of the medical aid contribution due. The plan is not funded.

The present value of the future medical aid subsidies for current service costs is actuarially determined annually in accordance with IAS 19 Employee Benefits.

The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions.

The liability is recognised at the reporting date. Any curtailment benefits or settlement amounts are recognised against income as incurred. Service costs

comprising current service costs, past service costs and interest expense are recognised in surplus or deficit for the year when incurred.

The defined benefit liability is the present value of the defined benefit obligation. Actuarial gains and losses are recognised in other comprehensive income in the year they arise.

4.4. GRATUITY PROVISION ACADEMIC STAFF

This relates to the policy to pay a gratuity on death, retrenchment or retirement where a member of the academic staff has not taken study and research leave. Study and research leave may be granted to allow academic staff uninterrupted research work, usually away from Cape Town, and is not regarded as a vacation. The method used in determining the value of this provision is one where a discount rate is applied against projected valuations in order to establish a present value.

4.5. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.

4.6. RESEARCH COSTS

Research costs are expensed as incurred.

4.7. LIBRARY ACQUISITIONS

Library books and other library materials are written off in the year in which they are acquired.

4.8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost. The cost of an asset comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management.

Subsequently, property plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the University and the cost of the item can be measured reliably.

Maintenance and repairs, which do not meet these criteria, are included in surplus or deficit as incurred. Donated assets are initially recorded at fair value at the date of donation.

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are depreciated on a straight-line basis estimated to write each asset down to its estimated residual value over the estimated useful lives of the assets which range as follows:

	2017	2016
Buildings	75-200 years	75-200 years
Leasehold improvements	Lease period	Lease period
Land improvements other than buildings	30 years	30 years
Motor vehicles	15 years	15 years
Furniture and equipment	5-50 years	5-50 years
Computers and hardware	5-10 years	5-10 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus in the period in which the asset is derecognised.

4.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

The University assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the University makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Where the carrying amount of an asset exceeds its recoverable amount, the asset

is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.10. FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are initially recognised in the Consolidated Statement of Financial Position when the University becomes party to the contractual provisions of the instrument. The trade date method of accounting has been adopted for 'regular way' purchase or sale of financial assets. The trade date is the date that the University commits to purchase or sell an asset. A 'regular way' contract is a contract for the purchase or sale of financial assets that requires delivery of the assets within the time frame generally established by regulation or convention in the market place concerned.

Financial assets and liabilities are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Subsequent to initial recognition the measurement of financial assets and liabilities depends upon the class of instrument as follows:

Financial assets are classified as either available-for-sale financial assets, held-to-maturity investments, financial assets at fair value through surplus or deficit

and loans and receivables, as appropriate. The University determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Available-for-sale financial assets are those non-derivative financial assets that have been either designated as available-for-sale or are not classified in any of the other categories (loans and receivables, held-to-maturity investments and financial assets at fair value through surplus or deficit). Such assets comprise investments in listed equity shares, quoted interest bearing corporate and government bonds, quoted unit trusts, unlisted equity investments and money market deposits.

After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in the revaluation reserve (through other comprehensive income) until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in funds is included in the net surplus or deficit for the period.

Where there is evidence of impairment, the cumulative loss - impairment is recognised and measured as the difference between its the acquisition cost and its the current fair value, less any impairment loss previously recognised in the income statement - is removed from Other Comprehensive Income and recognised in the Income Statement

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the reporting date.

4.10.1. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such assets comprise student fees receivable, accounts receivable in terms of contracts, student loans and loans to employees. These assets are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in surplus or deficit when the loans and receivables are de-recognised or impaired, as well as through the am-

ortisation process.

Cash and cash equivalents are initially measured at fair value. They are subsequently measured at amortised cost. For the purpose of the Statement of Cash Flows cash and cash equivalents consist of cash on hand and balances at banks, net of outstanding bank overdrafts, and short-term deposits.

4.10.2. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. All derivatives are accounted for as held for trading instruments. The Foundation makes limited use of derivative financial instruments such as futures and option contracts to hedge its risks associated with equity exposures.

A derivative is a financial instrument whose value changes in response to an underlying variable that requires little or no initial investment and is settled at a future date. Derivatives are initially recognised at fair value on the date on which the derivatives are entered into. Subsequent to initial recognition, derivatives are re-measured at fair value.

Fair values are obtained from quoted market prices and dealer price quotations in active markets gains and losses on realisation or re-measurement are recognised in surplus or deficit. All derivative instruments of the University are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

4.10.3. Financial Liabilities

Financial liabilities comprise accounts payable and accrued liabilities, liabilities and student deposits.

Accounts payable and accrued liabilities are initially measured at fair value. They are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in surplus or deficit when the liabilities are de-recognised as well as through the amortisation process.

Deposits provided by prospective and current students are treated as current liabilities until the revenue falls due. Deposits are initially measured at fair value.

They are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in income when the liabilities are de-recognised as well as through the amortisation process.

4.11. DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

4.11.1. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the University's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired.

The University has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) The University has transferred substantially all the risks and rewards of the asset, or
- b) The University has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the University has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the University continues to recognise the transferred asset to the extent of the University's continuing involvement. In that case, the University also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the University has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the University could be required to repay.

4.11.2. Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is currently a legally enforceable right to set off the recognised amounts; and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12. IMPAIRMENT OF FINANCIAL ASSETS

The University assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset and can be reliably estimated.

4.12.1. Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset shall be reduced either directly, or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised

impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the surplus or deficit to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the University will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

In relation to student fee receivables, a provision for collective impairment is made each year based on an estimate of the amount of total current year student fee debt that it expects to hand over to external debt collectors, and the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over in current and prior years. Impaired debts are derecognised when they are assessed as uncollectible.

4.12.2. Available-for-sale financial assets

In the case of financial instruments classified as available-for-sale (AFS), objective evidence would include a significant or prolonged decline in the fair value of the investment below cost.

'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the income statement- is removed from other comprehensive income and recognised in the income statement. Reversals of impairments in respect of equity instruments classified as available-for-sale are not recognised in surplus or deficit; but are recognised directly in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impair-

ment loss on that investment previously recognised in the surplus or deficit. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss is reversed through the surplus or deficit.

4.13. INVESTMENT IN ASSOCIATES

The University's investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the University has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or jointly control these policies. If the University holds, directly or indirectly, 20% or more of the voting power of the investee, it is assumed that the University has significant influence unless it can be clearly demonstrated that this is not the case.

Under the equity method, the investment in the associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the University's share of the surplus or deficit of the associate after the date of acquisition. The University's share of the surplus or deficit is recognised in the surplus or deficit for the year.

If the University's share of losses of an associate equals or exceeds its interest in the associate, the University discontinues recognising its share of further losses.

After the University's interest is reduced to zero, additional losses are provided for, and a liability recognised only to the extent that the University has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, including recognising the associate's losses, the University determines whether it is necessary to recognise any additional impairment loss with respect to the University's net investment in the associate.

Where there has been a change recognised directly in the equity of the associate, the University recognises its share of any changes and discloses this, when

applicable, in the Statement of Changes in Funds. Unrealised gains and losses resulting from transactions between the University and the associates are eliminated to the extent of the interest in the associate. The reporting dates of the associates and the University are identical and the associate's accounting policies conform to those used by the University for like-transactions and events in similar circumstances.

4.14. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the replacement cost of inventories. Cost is determined in accordance with the weighted average cost method.

Inventories are made up of consumables.

4.15. PROVISIONS

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the University expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the surplus or deficit net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

4.16. LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of; whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

4.16.1. University as a lessee

Operating lease payments are recognised as an expense in the surplus or deficit on a straight line basis over the lease term.

4.16.2. University as a lessor

Leases where the University does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.

5. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2017

(All amounts in R'000)

	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets under Construction	TOTAL
Carrying amount						
1 January 2017	2,073,496	593,205	62,911	25,082	61,223	2,815,917
Cost						
Cost 1 January 2017	2,312,793	871,654	153,698	41,023	61,223	3,440,391
Additions	41,366	136,394	23,334	3,716	28,024	232,834
Transfers	29,487	-	-	-	(29,487)	-
Disposals	(27)	(64,922)	(737)	(1,467)	-	(67,153)
Cost 31 December 2017	2,383,619	943,126	176,295	43,272	59,760	3,606,072
Accumulated depreciation						
Balance 1 January 2017	239,297	278,449	90,787	15,941	-	624,474
Disposals	(12)	(61,088)	(462)	(633)	-	(62,195)
Depreciation charge	32,508	49,116	20,394	2,864	-	104,882
Balance 31 December 2017	271,793	266,477	110,719	18,172	-	667,161
Carrying amount						
31 December 2016	2,111,826	676,649	65,576	25,100	59,760	2,938,911

Year ended 31 December 2016

(All amounts in R'000)

	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets under Construction	TOTAL
Carrying amount						
1 January 2016	1,961,085	516,649	55,310	23,690	99,898	2,656,632
Cost						
Cost 1 January 2016	2,171,225	765,177	141,478	37,650	99,898	3,215,428
Additions	73,706	125,840	25,956	4,693	30,200	260,395
Transfers	68,875	-	-	-	(68,875)	-
Disposals	(1,013)	(19,363)	(13,736)	(1,320)	-	(35,432)
Cost 31 December 2016	2,312,793	871,654	153,698	41,023	61,223	3,440,391
Accumulated depreciation						
Balance 1 January 2016	210,140	248,528	86,168	13,960	-	558,796
Disposals	(480)	(11,892)	(12,337)	(749)	-	(25,458)
Depreciation charge	29,637	41,813	16,956	2,730	-	91,136
Balance 31 December 2016	239,297	278,449	90,787	15,941	-	624,474
Carrying amount						
31 December 2016	2,073,496	593,205	62,911	25,082	61,223	2,815,917

A register of land and buildings is available for inspection at the business address. The University is not permitted to dispose of, or otherwise alienate, its land and buildings without the approval of the Minister of Higher Education and Training. In addition, there are further restrictions on the alienation of certain properties held

by deed of grant under the Rhodes Will Act. The University's buildings and land improvements have an insured value of R15,5 billion (2016: R15,4 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R69,1 million (2016: R70,2 million).



6. INVESTMENTS

	2017 R'000	2016 R'000
Investments comprise the following categories:		
AVAILABLE FOR SALE INVESTMENTS		
Listed investments		
Local equities	1,833,311	1,646,922
Collective investment schemes	435,159	60,443
Local mutual funds	32,668	36,715
Local capital markets	1,196,143	871,306
International investments	1,800,518	1,618,549
Mutual funds	1,145,923	1,083,079
Collective investment schemes	654,595	535,470
Unlisted investments		
Money market deposits -- local	2,040,612	563,602
Money market deposits -- international	-	74
Unlisted companies	55,855	24,000
Total available for sale investments	7,394,266	4,821,611
FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Listed investments		
Local equity-linked derivatives	3,635	5,241
TOTAL INVESTMENTS	7,397,901	4,826,852

No investments have been pledged as security during the current year (2016: nil).

Fair value hierarchy

As at 31 December 2017, the University held the above financial instruments measured at fair value. The University uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



Assets measured at fair value

Year ended 31 December 2017	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Investments				
Local equity shares	1,833,311	1,833,311	-	-
Collective investment schemes	435,159	435,159	-	-
Local mutual funds	32,668	32,668	-	-
Local capital market interest bearing investments	1,196,143	-	1,196,143	-
Local equity-linked derivatives	3,635	-	3,635	-
International mutual funds	1,145,923	1,145,923	-	-
International collective investment schemes	654,595	654,595	-	-
Money market deposits - local	2,040,612	-	2,040,612	-
Money market deposits - international	-	-	-	-
Local unlisted entities	55,855	-	-	55,855
Total	7,397,901	4,101,656	3,240,390	55,855

As at 31 December 2016, the University held the following financial instruments measured at fair value.

Assets measured at fair value

Year ended 31 December 2016	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Investments				
Local equity shares	1,646,922	1,646,922	-	-
Collective investment schemes	60,443	60,443	-	-
Local mutual funds	36,715	36,715	-	-
Local capital market interest bearing investments	871,306	871,306	-	-
Local equity-linked derivatives	5,241	-	5,241	-
International mutual funds	1,083,079	1,083,079	-	-
International collective investment schemes	535,470	535,470	-	-
Money market deposits - local	563,602	-	563,602	-
Money market deposits - international	74	-	74	-
Local unlisted entities	24,000	-	-	24,000
Total	4,826,852	4,233,935	568,917	24,000

Reconciliation of Level 3 investments

	2017 R'000	2016 R'000
Balance beginning of period	24,000	7,500
Gains and losses recognised in OCI	-	16,500
Purchase sales and settlement	31,855	-
Total	55,855	24,000

Management have re-valuated the determination of what constitute an active market to a more conservative view. As a result, certain bonds are now considered to be classified as level 2 investments. Derivative instruments are entered into with reputable financial

institutions. The credit exposure of derivatives is subject to movements in the appropriate indices. The portfolio managers make limited use of futures and option contracts for hedging purposes to manage

the equity exposure flexibly and cost effectively. This is done in order to achieve desired equity exposures.

Level 2 investments consist of money market instruments, and equity linked derivatives. Investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counterparty credit risk.

The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The University enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings.

Derivatives are valued using valuation techniques, which employ the use of market observable inputs. As at 31 December 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Level 3 unlisted equity investments were valued based on previous recent market transactions adjusted where necessary for significant changes to the business subsequent to the date of these transactions. As no reasonable change in these adjustments would give rise to a material impact on OCI, no sensitivities to these inputs have been presented.

7. INVESTMENTS IN ASSOCIATES

The University has the following interest in associates

Name of Associate	% interest	Nature of activities	Principal place of business
UCT Medical Centre (Pty) Ltd	26	The University has an interest in UCT Medical Centre (Pty) Ltd, which operates a private hospital.	Cape Town, South Africa

The University does not account for its share of the losses of the associates if its share of the losses exceeds its interest in the associate. The reversal of the write down of the UCT Medical Centre (Pty) Ltd

will commence once the 26% proportional share of the deficit of R6,6 million (2016: R8,7 million) has been eliminated by profits earned.

UCT Medical Centre (Pty) Ltd		
	2017 R'000	2016 R'000
UCT Medical Centre (Pty) Ltd – trading as UCT Private Academic Hospital (26%)	2,411	2,411
Less: accumulated losses	(2,411)	(2,411)
Carrying value	-	-

Summarised financial information is set out below.

Associate's statements of financial position:

	2017 R'000	2016 R'000
Non-current assets	36,874	41,950
Current assets	66,674	39,540
Non-current liabilities	(98,417)	(84,699)
Current liabilities	(9,254)	(9,357)
Net liabilities	(4,123)	(12,566)
Equity	(4,123)	(12,566)
Accumulated losses	(25,391)	(33,796)
Non-distributable reserves	21,268	21,230

The following amounts represent the University's share of assets and liabilities, and the share of accumulate losses of the associate.

University share of accumulated losses	(6,602)	(8,787)
University share of net liabilities	(1,072)	(3,267)

	2017 R'000	2016 R'000
Associate's revenue and losses:		
Revenue	125,677	123,741
Cost of sales	(41,669)	(38,155)
Administrative expenses	(63,799)	(61,296)
Net finance costs	(10,061)	(7,609)
Profit before tax	10,148	16,681
Income tax expense	(1,742)	(4,572)
Profit for the year	8,406	12,109
University's share of profits (26%)	2,186	3,148

PST Sensors (Pty) Ltd

On the 25th of July 2017, the University's shareholding in PST Sensors (Pty) Ltd was diluted through a share issue by the company to another shareholder from 18% to 14,55%. The University lost the significant influence it had on the company based on the

diluted shareholding as well as board representation. This has resulted in deemed disposal of the investment in associate and recognition of the investment as investment in local unlisted companies.

8. NON-CURRENT RECEIVABLES AND PREPAYMENTS

	2017 R'000	2016 R'000
The University of Cape Town Ukukhula Trust	5,267	4,925
Non-current loans to Sports Science ShareBlock (Pty) Ltd shareholders	14,709	14,293
	19,976	19,218

The loan to the Trust has no fixed terms of repayment and earns interest at a weighted average rate of interest of 6,61% (2016: 6.53%). The non-current loans to shareholders resulted from the change in accounting policy in previous years with regards to property assets that have been derecognised. The non-current loans to shareholders relate to obligations by the shareholders to the share block company with regards to the property assets previously held by the share block.

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2017 R'000	2016 R'000
Research receivables	113,986	105,864
Other trade receivables	59,798	50,290
Total trade receivables	173,784	156,154
Property deposits and guarantees	509	519
Prepayments	3,900	4,573
Research funding accrual	81,501	73,647
Sundry receivables	86,775	47,966
Accounts receivables and prepayments	346,469	282,859
Student fees receivables	141,559	131,921
	488,028	414,780

Accounts receivables are non-interest bearing and are generally settled on 30 day terms. The trade receivables total is net of the impairment provision.

Sundry receivables consist of amounts due from UCT societies and organisations, which operate through UCT, but do not form part of UCT's activities.

UCT facilitates their transactions on their behalf.

Trade receivables

As at 31 December, the age analysis of trade receivables is as follows:

Amounts in R'000	Up to 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 days plus	Total
2017	50,985	56,987	21,145	28,454	16,213	173,784
2016	96,635	30,016	9,596	15,125	4,782	156,154

Debtors past 60 days are considered past due and individually considered for impairment. See note 19.5 on credit risk of trade receivables, which explains how the University manages and measures credit quality of trade receivables.

As at 31 December, trade receivables at a nominal value of R9,7 million (2016: R5,8 million) were impaired and fully provided for.

Movements in the provision for impairment of trade receivables were as follows:

	Individually impaired R'000	Collectively impaired R'000	Total R'000
At 31 December 2015	4,968	1 531	6,499
Charge for the year	4,303	-	4,303
Used	(5)	-	(5)
Unused amounts reversed	(4,963)	-	(4,963)
At 31 December 2016	4,303	1,531	5,834
Charge for the year	4,911	-	4,911
Used	-	-	-
Unused amounts reversed	-	(1,089)	(1,089)
At 31 December 2017	9,214	442	9,656

Student fees receivable

The student fees receivable is net of impairment provision. The rate of interest charged to students was a fixed rate of 1% (2016:1%) per month. This rate of interest is charged on prior year unpaid student fees

and on current year outstanding student fees that are not paid by 30 June of the current year.

As at 31 December, the age analysis of student fees receivable, all of which are due, is as follows:

All amounts in R'000	2017 Fees	2016 Fees	2015 Fees	2014 Fees	Total
2017	125,896	9,936	4,050	1,677	141,559
All amounts in R'000	2016 Fees	2015 Fees	2014 Fees	2013 Fees	Total
2016	119,777	8,125	2,836	1,183	131,921

Due to the nature of its operations, the University only tracks outstanding fees on an academic year basis. The University considers all prior years' outstanding fees as past due. The University anticipates that the majority of current year fees will be settled as part of the registration process for the 2018 academic year.

It is University policy that returning students are not allowed to register with outstanding fee debt.

As at 31 December, student receivables with a nominal value of R53,0 million (2016: R43,2 million) were impaired and fully provided for.

Movements in the provision for impairment of student fees receivables were as follows:

	2017 R'000	2016 R'000
	Collectively impaired	
Balance at 1 January	43,215	41,080
Charge for the year	19,425	9,848
Used	(9,607)	(7,713)
Balance at 31 December	53,031	43,215

10. CASH AT BANK AND CASH EQUIVALENTS

	2017 R'000	2016 R'000
Cash at bank and in hand	99,870	84,828
Short-term bank deposits - Local	59,941	1,936,182
	159,811	2,021,010

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are redeemable at 24 hours' notice, are drawn down or added to depending on the immediate cash requirements of the University, and earn interest at the respective short-term deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

At 31 December 2017, the University has an undrawn loan facility of R925 million (2016: R950 million)

with the Development Bank of Southern Africa (DBSA) to be utilised over time to finance potential infrastructure projects which are self-sustaining.

The weighted average effective interest rate on local short-term bank deposits was 6.61% (2016: 6.59%). Cash and cash equivalents for the purpose of the consolidated statement of cash flows are as stated above.

11. DEFERRED REVENUE

11.1 GOVERNMENT GRANTS

	2017 R'000	2016 R'000
At 1 January	557,812	487,185
Received during the year	75,504	83,831
Released to the income statement	(23,432)	(13,204)
	609,884	557,812
Current portion	(77,900)	(7,800)
At 31 December	531,984	550,012

This represents capital grants for infrastructure received from the Department of Higher Education and Training (DHET). These grants must be spent in accordance with the provisions of the projects as approved by the DHET.

11.2 PROJECT INCOME

Project income	2017 R'000	2016 R'000
At 1 January	13,702	15,854
Received during the year	52,480	13,743
Released to surplus for the year	(20,662)	(15,895)
	45,520	13,702
Current portion of government grant	77,900	7,800
At 31 December	123,420	21,502

The deferred project income relates to the deferment of project income mainly within the UCT Lung Institute (Pty) Limited.

12. PROVISIONS – EMPLOYEE BENEFITS

	2017 R'000	2016 R'000
Gratuity provision for academic staff	74,903	73,192
Leave provision for administrative and support staff	128,249	102,572
Post-retirement medical aid benefit obligation	484,300	492,500
Total provisions – employee benefits	687,452	668,264
Current portion – gratuity provision academic staff	(8,000)	(5,498)
Current portion – leave provision for administration and support staff	(50,591)	(42,174)
Current portion – post-retirement medical aid obligation	(18,600)	(16,600)
Total current provisions – employee benefits	(77,191)	(64,272)
Total non-current provisions – employee benefits	610,261	603,992

12.1. GRATUITY PROVISION ACADEMIC STAFF

The University has a policy to pay a gratuity on death, retrenchment or retirement where a member of the academic staff has not taken study and research leave. Study and research leave may be granted to allow academic staff uninterrupted research work, usually away from Cape Town, and is not regarded as a vacation.

In estimating the liability, management has used the following assumptions in calculating the liability, which are consistent with the prior year:

- Academics 55 years old - Assume all will stay to retirement;

- Academics 45 years old to 55 years old - Assume 70% will stay to retirement; and
- Academics younger than 45 years old - Assume 40% will stay to retirement.

In addition, in order to fairly value the liability, management has assumed that future salary increases will be 6% per annum (2016: 7%), while the discount rate that has been applied is 9.7% (2016: 9.7%).

A one percentage point change in the assumed rate of increase in future salaries and discount rate would have the following effect on the obligation

	2017		2016	
	R'000	R'000	R'000	R'000
	+1%	-1%	+1%	-1%
Change in liability- salary inflation	6,998	(6,007)	7,528	(6,417)
Change in liability- discount rate	(6,007)	6,998	(6,417)	7,528

12.2. LEAVE PROVISION FOR ADMINISTRATIVE AND SUPPORT STAFF

An accrual is made for the estimated liability for annual leave because of services rendered by professional, administrative and support staff up to reporting date.

12.3. POST-RETIREMENT MEDICAL AID BENEFIT OBLIGATION

The University's obligations towards post-retirement medical aid benefits, determined in terms of IAS 19 Employee Benefits, are set out below.

For the purpose of the valuation at 31 December the following key assumptions were made; discount rate 9,7% (2016: 9,7%); expected inflation on medical aid contributions of 8,2% (2016: 8,6%). Post retire-

ment mortality is based on PA (90) ultimate mortality tables rated down three years (2016: 3 years).

It is assumed, in both the current and prior year, that 2.5% of members present will retire at each age from 55 to 59 and ages 61 and 62; and 15% of mem-

bers will retire at age 60; and 10% of members at ages 63 and 64 will retire; with all the remaining members retiring at age 65. The expected average remaining working lives of the employees participating in the scheme is 19 years (2016: 19 years).

	2017 R'000	2016 R'000
Defined benefit obligation	484,300	492,500
The net expense recognised in the Income Statement is as follows:	76,900	94,100
- Interest on obligation	49,600	46,600
- Current service cost	27,300	20,100
- Past service cost	-	27,400
Actuarial gains in other comprehensive income	(68,300)	(5,600)
Actuarial (gain)/loss due to demographic factors	(39,800)	5,000
Actuarial gain on financial factors	(28,500)	(10,600)
Reconciliation of the change in the present value of the defined benefit obligation:		
Defined benefit obligation at start of year	492,500	418,700
Interest on obligation	49,600	46,600
Current service cost	27,300	20,100
Past service cost	-	27,400
Actuarial gains	(68,300)	(5,600)
Benefits paid by the University in respect of funding obligations	(16,800)	(14,700)
Defined benefit obligation at end of year	484,300	492,500

It is estimated that the benefits payable in respect of funding obligations for the year ending 31 December 2018 will be R18,6 million (2017: R16,6 million).

A one percentage point change in the assumed rate of increase in medical aid inflation would have the following effect on the defined benefit obligation:

	2017		2016	
	R'000	R'000	R'000	R'000
	+1%	-1%	+1%	-1%
Liability	76,200	(61,700)	79,100	(63,500)
Service cost	2,300	(8,000)	6,100	(4,600)
Interest cost	6,700	(7,600)	8,300	(6,500)

A 50 basis point change in the discount rate would have the following effect on the defined benefit obligation:

	2017		2016	
	R'000	R'000	R'000	R'000
	+0.5%	-0.5%	+0.5%	-0.5%
Liability	(32,800)	36,900	(40,400)	38,400

The estimated liability for the current and previous four periods is as follows:

All amounts in R'000	Post-employment medical benefits				
	2017	2016	2015	2014	2013
Defined benefit obligation	484,300	492,500	418,700	401,800	333,600

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	2017 R'000	2016 R'000
Within the next 12 months	18,600	16,000
Beyond 12 months	465,700	476,500
Total liability	484,300	492,500

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 R'000	2016 R'000
Trade payables	162,827	102,133
Accrued expenses	66,593	64,911
National Research Foundation grant deposit	103,000	103,000
Payroll	88,084	70,997
Other payables	28,394	21,030
	448,898	362,071
Financial liabilities	439,908	356,624
Non-financial liabilities	8,990	5,447
	448,898	362,071

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. The National Research Foundation (NRF) grant deposit is based on the expenditure claim rate against grants, awarded to grant holders at the University and is given to bridge the financing of NRF funded research projects. Regular expenditure claims ensure the preservation of the capital of the grant deposit and the interest earned from this investment supports the administration and management of NRF RISA research funding by the University.



14. STATE APPROPRIATIONS-SUBSIDIES AND GRANTS

	2017 R'000	2016 R'000
Subsidy for general purpose	1,283,813	1,129,283
State grants and contracts	606,308	699,643
Release of deferred revenue	23,432	13,204
	1,913,553	1,842,130

There are no unfulfilled conditions or other contingencies attaching to the subsidies and grants that have been recognised above.

15. INTEREST AND DIVIDENDS

	2017 R'000	2016 R'000
Bank interest	18,223	167,133
Interest income on accounts and other receivables	31,719	39,340
Interest on available-for-sale investments	280,999	100,677
Total interest	330,941	307,150
Dividends	55,516	52,572
	386,457	359,722

16. PERSONNEL COSTS

All amounts in R'000	2017		
	Academic Professionals	Other	Total
Wages and salaries	1,285,535	1,411,159	2,696,694
Termination benefits	6,169	26,295	32,464
Provident fund costs	174,588	183,691	358,279
Post-retirement medical aid benefits	29,287	30,813	60,100
	1,495,530	1,651,907	3,147,537

All amounts in R'000	2016		
	Academic Professionals	Other	Total
Wages and salaries	1,143,915	1,251,067	2,394,982
Termination benefits	18,805	70,514	89,319
Provident fund costs	160,670	169,046	329,716
Post-retirement medical aid benefits	45,855	48,245	94,100
	1,369,245	1,538,872	2,908,117

	2017 Number	2016 Number
Average number of persons employed during the year		
Full time	5,436	5,859
Part time	2,195	1,016
Students	1,649	861
Total	9,280	7,736

These numbers do not include people employed on the joint staff by the Provincial Government of the Western Cape or the National Health Laboratory Services.

17. OTHER OPERATING EXPENSES

	2017 R'000	2016 R'000
The following items are included in the operating surplus:		
Other operating expenses:		
Library acquisitions	77,417	86,800
Repairs and maintenance	129,571	136,013
Software costs	30,267	34,081
Auditors' remuneration	6,662	6,125
Current year - annual financial statements	4,045	3,755
- prior year over provision	(24)	(14)
- other audit services	2,641	2,384
Lease expenses	62,654	45,077

18. INTEREST BEARING LOANS

	2017 R'000	2016 R'000
Total borrowings	23,686	-
Current portion	140	-
Total non-current borrowings	23,546	-

Interest-bearing loans are held to maturity at amortised cost.

The loan from the Development Bank of South Africa (DBSA) has been used to finance capital infrastructural development and is unsecured. The loan is for a

period of fifteen years and bears interest at a variable rate of 3 months JIBAR plus 2% per annum, and is repayable over a period of 168 monthly instalments, commencing 31 December 2018, the last of which is due on the 31 December 2032.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University's principal financial instruments comprise available-for-sale financial assets, fair value through profit and loss financial assets, accounts receivables, student fees and student deposits; cash and cash equivalents, accounts payable and accrued liabilities.

The University manages a substantial portfolio of financial assets with a long-term view to growing the portfolio in order to provide financial stability and support for new initiatives and strategic choices.

The University may enter into derivative transactions. The University's portfolio managers make limited use of futures and option contracts for hedging purposes only to manage the equity exposure flexibly and cost effectively. This is done in order to achieve desired equity exposures.

Forward exchange contracts may be entered into to mitigate risks relating to transactional currency exposures.

The main risks arising from the University's financial instruments are market, credit and liquidity risks.

The Council, through its Finance and Joint Investment Committees, reviews and agrees policies for managing each of these risks which are summarised below.

19.1 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price, currency and interest rate risk.

The University's exposure to market risk relates primarily to its available-for-sale financial assets. These

financial assets are invested in terms of a considered strategy adopted by the University Council and the Board of Trustees of the UCT Foundation, advised by the Joint Investment Committee. The strategy takes into account the risk profile of the individual endowed funds and allocates investments to appropriate asset classes. Portfolios are then allocated to selected portfolio managers who operate under defined mandates. The investment decisions made and performances of these managers are closely monitored by the Joint Investment Committee.

The Joint Investment Committee comprises trustees of the Foundation, members of the University's Council and external members with specific expertise relating to investments. The Joint Investment Committee meets quarterly and receives reports from investment managers on a cyclical basis.

In addition, the Joint Investment Committee has employed the services of an actuarial firm, Willis Towers Watson (Pty) Limited, who monitor the performance of the portfolio managers, both on a qualitative and quantitative basis, and who also report quarterly to the Joint Investment Committee. These reports are also distributed to the Foundation trustees.

Internal checks are performed regarding the income received and the purchase and sale of investments as reflected on the portfolio statements.

19.2 PRICE RISK

The following table demonstrates the sensitivity of the University's financial assets that are subject to price risk to a reasonable possible change in market values, with all other variables held constant.

All amounts in R millions		Impact of these variances on other comprehensive income				
Market variance	+10%	+5%	+1%	-5%	-10%	-20%
At 31 December 2017						
Local equities	183.4	91.7	18.3	(91.7)	(183.4)	(366.9)
Collective investment schemes	43.5	21.8	4.4	(21.8)	(43.5)	(87.0)
Local mutual funds	3.3	1.6	0.3	(1.6)	(3.3)	(6.5)
Local capital markets	120.0	60.0	12.0	(60.0)	(120.0)	(240.0)
Local unlisted equity investments	5.6	2.8	0.6	(2.8)	(5.6)	(11.2)
International mutual funds	114.6	57.3	11.5	(57.3)	(114.6)	(229.2)
International collective investment schemes	65.5	32.7	6.5	(32.7)	(65.5)	(130.9)

Impact of these variances on net surplus						
Market variance	+10%	+5%	+1%	-5%	-10%	-20%
At 31 December 2017						
Equity-linked derivatives	(0.4)	(0.2)	(0.0)	0.2	0.4	0.7

All amounts in R millions		Impact of these variances on other comprehensive income				
Market variance	+10%	+5%	+1%	-5%	-10%	-20%
At 31 December 2016						
Local equities	119.0	59.5	11.9	(59.5)	(119.0)	(238.0)
Collective investment schemes	5.3	2.6	0.5	(2.6)	(5.3)	(10.6)
Local mutual funds	44.9	22.4	4.5	(22.4)	(44.9)	(89.8)
Local capital markets	0.2	0.1	0.0	(0.1)	(0.2)	(0.3)
Local unlisted equity investments	3.4	1.7	0.3	(1.7)	(3.4)	(6.7)
International mutual funds	108.3	54.2	10.8	(54.2)	(108.3)	(216.6)
International collective investment schemes	83.9	41.9	8.4	(41.9)	(83.9)	(167.8)

Impact of these variances on net surplus						
Market variance	+10%	+5%	+1%	-5%	-10%	-20%
At 31 December 2016						
Equity-linked derivatives	(10.7)	(5.3)	(1.1)	5.3	10.7	21.4

19.3 INTEREST RATE RISK

The University has a number of receivables (i.e. student fees) that are exposed to interest rate risk. For the 2017 year students were charged interest at a fixed rate of 1.0% per month (2016: 1.0%).

The University holds a substantial amount of interest bearing investments and interest earning bank deposits. Interest risks relating to the University's in-

vestments are managed and monitored by the Joint Investment Committee in the same manner as outlined above.

The following tables demonstrate the sensitivity of the University's financial assets that are subject to interest rate risk to a reasonable possible change in interest rates, with all other variables held constant.

All amounts in R millions		Impact of interest changes on funds employed				
Interest rate changes in basis points (BP)	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
Holdings at 31 December 2017						
Interest bearing collective investment schemes and bonds	276.3	131.2	64.0	(64.0)	(131.2)	(276.3)
Holdings at 31 December 2016						
Interest bearing collective investment schemes and bonds	157.8	74.9	36.5	(34.7)	(67.9)	(129.7)
All amounts in R millions		Impact of interest changes on net surplus				
Interest rate changes in basis points (BP)	+200 BP	+100 BP	+50 BP	-50 BP	-100 BP	-200 BP
Holdings at 31 December 2017						
Money market and call deposits	40.8	20.4	10.2	(10.2)	(20.4)	(40.8)
Cash and cash equivalents	3.2	1.6	0.8	(0.8)	(1.6)	(3.2)
Holdings at 31 December 2016						
Money market and call deposits	11.2	5.6	2.8	(2.8)	(5.6)	(11.2)
Cash and cash equivalents	4.0	2.0	1.0	(1.0)	(2.0)	(4.0)

19.4 FOREIGN CURRENCY RISK

The University reflects no exposure to foreign currency risk in respect of available-for-sale financial assets because the risk is embedded in its international financial asset holdings, which are exposed to market price risk. The University is exposed to foreign currency risk through certain accounts receivable and payable amounts denominated in foreign currencies. All of the above holdings are in major international currencies.

The University is also exposed to foreign exchange risk to the extent that it does not take forward cover for foreign currency transactions in the normal course of operations. The University does not have a policy that requires such cover to be taken.

At year end the University had R58,1 million (2016: R42,1 million) of trade receivables and had R0.7 million (2016: R0,6 million) of trade payables denominated in foreign currencies. As such, the University's foreign currency risk exposure is deemed negligible.

19.5 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Trade receivables

The University trades only with recognised, credit-worthy third parties. It is the University's policy that all customers who wish to trade on credit terms are subject to random credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the University's exposure to bad debts is not significant, and there is no significant concentration of credit risk at year end. At year end the maximum exposure is R176 million (2016: R156 million), which reflects the amount before the recognition of the provision for impairment. Refer note 9 for further details.

Student fees receivable

The University has stringent policies with respect to not allowing students with outstanding fee balances to either graduate or to register for the new academic year. The outstanding fees balance at year end is widely spread amongst numerous students indicating no particular concentration of credit risk. The maximum credit risk exposure for student fee receivables is equal to the carrying amount of the student fee receivable at year end. At year end the maximum exposure

to student fees is R142 million (2016: R132 million), after the current year impairment provision. Refer note 9 for further details.

Other financial assets

With respect to credit risk arising from the other financial assets of the University, which comprise cash and cash equivalents, available-for-sale financial assets and certain derivative instruments, the University's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The University places cash and cash deposits only with major financial institutions with good credit ratings.

19.6 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The timing and nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through either its holding of short-term bank deposits or the un-endowed investments portfolio in the event that any unforeseen events occur. The cash flow position is monitored by management on a weekly basis by means of a cash flow statement.

The table below summarises the maturity profile of the University's financial liabilities at 31 December based on contractual undiscounted payments.

All amounts in R'000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
At 31 December 2017					
Trade and other payables	-	439,908	-	-	439,908
Interest bearing borrowings	-	-	140	23,546	23,686
At 31 December 2016					
Trade and other payables	-	356,624	-	-	356,624
Interest bearing borrowings	-	-	-	-	-

19.7 FAIR VALUES

Set out below is a comparison by category of carrying amounts and fair values of all of the University's financial instruments.

	Fair Value		Carrying Value	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Financial Assets				
Cash	159,811	2,021,010	159,811	2,021,010
Available-for-sale investments	7,394,266	4,821,611	7,394,266	4,821,611
Financial instruments at fair value through profit and loss	3,635	5,241	3,635	5,241
Account receivables	343,858	282,858	343,858	282,858
Student fees receivable	141,559	131,921	141,559	131,921
Non-current receivables	19,562	18,902	19,976	19,218
Financial liabilities				
Accounts payable and accrued liabilities	446,920	356,624	446,920	356,624
Student deposits	88,801	70,215	88,801	70,215
Interest bearing borrowings	23,686	-	23,686	-

Management assessed that carrying amounts of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their fair

values largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities

is included at the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Market values have been used to determine the fair value of listed available-for-sale and financial instruments at fair value through profit and loss financial assets. Fair value of the unquoted ordinary shares has been estimated using recent equity transactions. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

19.8 CAPITAL MANAGEMENT

The capital of the University comprises both restricted funds designated for specific purposes and unrestrict-

ed funds, being funds that can be employed by Council at its discretion.

The University has a healthy relationship of reserves to assets, however it must be remembered that much of the asset base is held in designated investments and in property which has restricted alienability.

The University's policy is to apply conservative financing. Internal loans are used for managerial purposes at a rate appropriate to the inherent risk. Debt is avoided but, where utilised, the policy is to settle in as short a period as possible, not exceeding 10 years, except in exceptional circumstances.

In any event, the operations need to generate a sufficient surplus to meet both the interest on the debt and the capital repayments. This policy is consistent with that adopted in previous years.

19.9 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017 R'000	2016 R'000
Non-current interest bearing loans and borrowings		
Balance as at 01 January	-	-
Cash Flows	23,686	-
Changes in fair values	-	-
Balance as at 31 December	23,686	-

20. COMMITMENTS

20.1 CAPITAL COMMITMENTS

Capital commitments at the reporting date but not recognised in the financial statements are as follows:

All amounts in R'000	Contracted	Approved but not contracted for	Total
Avenue Road residence	-	73,000	73,000
GSB Conference Centre	104,710	-	104,710
Teacher Education building	-	55,000	55,000
Classroom facilities	-	18,935	18,935
Upper Campus Parking initiative	-	19,800	19,800
Deferred Maintenance Projects	-	68,003	68,003
Other	-	62,250	62,250
Total 2017	104,710	296,988	401,698
Total 2016	-	267,744	267,744

These commitments will be funded in terms of the University's Capital Management Policy as outlined in note 19.8 above, utilising current resources in the first instance. The balance of the required funding will be met from both public and private sectors, including the use of the R609.7 million (2016: R557.8 million) of Government grants reflected as deferred revenue in note 11.

20.2 OPERATING LEASE COMMITMENTS - UNIVERSITY AS LESSEE

The totals of future minimum lease payments under non-cancellable operating leases are as follows:

All amounts in R'000	Within 1 year	2 to 5 years	Later than 5 years	Total
Year ended 2017				
Photo copying machines	2,089	1,374	-	3,463
Jammie Shuttle	16,277	65,107	15,251	96,635
Rental of properties	61,405	186,925	141,032	389,362
	<u>79,771</u>	<u>253,406</u>	<u>156,283</u>	<u>489,460</u>
Year ended 2016				
Photo copying machines	1,810	1,552	-	3,362
Jammie Shuttle	15,527	65,499	31,820	112,846
Rental of properties	32,942	148,703	219,027	400,672
	<u>50,279</u>	<u>215,754</u>	<u>250,847</u>	<u>516,880</u>

20.3 OPERATING LEASE COMMITMENTS - UNIVERSITY AS LESSOR

The University has entered into non-cancellable commercial property leases. These non-cancellable leases

have remaining terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions..

All amounts in R'000	Within 1 year	2 to 5 years	Later than 5 years	Total
Year ended 2017				
Rental of premises	6,296	5,975	-	12,271
Year ended 2016				
Rental of premises	6,523	4,577	-	11,100



21. CASH GENERATED FROM OPERATIONS

	Note	2017 R'000	2016 R'000
Reconciliation of net surplus to cash generated from operations:			
SURPLUS FOR THE YEAR		472,976	663,699
Adjustments for:			
Depreciation	5	104,882	91,136
Release of deferred revenue	11	(23,432)	(13,204)
Movement in employee benefits		43,513	101,914
Loss on sale of property, plant and equipment		3,015	9,666
Investment income – interest	15	(330,941)	(307,150)
Investment income – dividends	15	(55,516)	(52,572)
Finance costs		35	3
Profit on sale of investments		(309,756)	(223,384)
Fair value movement on fair value through profit and loss financial instruments		7,569	(10,170)
Impairment of available-for-sale investments		76,916	12,378
Changes in working capital			
Accounts receivable, prepayments and loans		(73,248)	(49,866)
Inventories		41	(45)
Accounts payable, accrued liabilities and deposits		207,330	(2,107)
Cash generated from operations		123,383	220,298

22. REMUNERATION OF KEY MANAGEMENT

The following disclosure, as required by the Minister of Higher Education and Training, relates to compensation paid to members of the University's executive

management team. Remuneration is based on the annualised cost of employment to the University and comprises total cost to the University.

EXECUTIVE MANAGEMENT TEAM DURING 2017						
Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Acting allowance	Total for other services
Dr MR Price	Vice-Chancellor	2,983,588	2,983,588	-	-	582,068
Professor FW Petersen	Deputy Vice-Chancellor (1 January – 31 March 2017)	2,083,619	520,905	-	-	-
Professor HM Corder	Deputy Vice-Chancellor (Acting)	1,336,436	1,285,043	291,528	571,732	-
Professor BD Reddy	Deputy Vice-Chancellor (Acting)	1,551,215	1,551,215	112,126	490,971	-
Professor LA Feris	Deputy Vice-Chancellor	1,798,248	1,798,248	-	-	-
Professor RM Phakeng	Deputy Vice-Chancellor:	2,103,275	2,103,275	-	-	-
Assoc Professor MS Soko	Director: Graduate School of Business	1,403,671	1,403,671	-	-	81,685
Professor AP Le Roex	Dean: Faculty of Science	1,775,229	1,775,229	243,935	-	-
Professor PE Andrews	Dean: Faculty of Law	1,775,231	1,713,305	-	-	1,230
Professor SM Buhlungu	Dean: Faculty of Humanities (1 - 31 January 2017)	1,674,745	139,562	-	-	-

EXECUTIVE MANAGEMENT TEAM DURING 2017

Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Acting allowance	Total for other services
Associate Professor HO Garuba	Acting Dean: Humanities (1 February – 31 December 2017)	859,554	787,925	-	498,773	31,354
Professor D Wardle	Acting Dean: Humanities (7 - 31 December 2017)	1,084,771	70,916	-		56,133
Professor BM Mayosi	Dean: Faculty of Health Sciences	2,643,675	2,643,675	-		-
Professor AE Lewis	Dean: Faculty of EBE	1,775,231	1,775,231	187,642		86,000
Professor ID Woolard	Dean: Faculty of Commerce	1,775,231	1,775,231	131,349		-
Assoc Professor SB Shay	Dean: CHED	1,527,525	763,763	-		-
Assoc Professor MR Madiba	Acting Dean: CHED	859,554	859,554	-	544,116	123,880
Mr RN Pillay	Registrar	1,651,376	1,651,376	174,551		-
Ms M Hoosain	Executive Director: HR	1,651,377	1,651,377	261,826		-
Ms G Kruger	Executive Director: CMD	1,651,377	1,651,377	52,365		-
Dr AM Sienaert	Executive Director: Research	1,651,380	1,651,380	87,275		-
Mr AJ Theys	Executive Director: P&S (1 January – 31 May 2017)	1,651,377	688,074	-		-
Mr R September	Executive Director: P&S (Acting) (1 June – 31 December 2017)	1,026,074	598,543	-	220,262	-
Dr MBM Khan	Executive Director: DSA	1,651,377	1,651,377	34,910	-	-
Ms GME Thomas	Executive Director: Libraries	1,651,377	1,651,377	52,365	-	-
Mr IB Janse van Rensburg	Executive Director: ICTS	1,651,378	1,651,378	122,185	-	-
Dr R Ally	Executive Director: DAD	1,651,376	1,651,376	52,365	-	-
Mr AG Francis	Executive Director: Finance	2,155,853	2,155,853	-	-	20,500

* Total for other services of R582,068 (2016: R445,019) is being the deemed value for reporting purposes of the house and vehicle provided to the Vice-Chancellor as part of his package as Vice-Chancellor.

EXECUTIVE MANAGEMENT TEAM DURING 2016

Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Total for other services
Dr M R Price	Vice-Chancellor	2,558,380	2,558,380	406,782	*716,724
Professor D P Visser	Deputy Vice-Chancellor	1,965,678	1,965,678	126,935	-
Professor S Klopper	Deputy Vice-Chancellor	1,965,678	1,965,678	63,468	-
Professor F W Petersen	Deputy Vice-Chancellor	1,965,678	1,965,678	317,338	-
Professor A Mall	Acting Deputy Vice-Chancellor (1 January – 31 December 2016)	1,023,368	1,023,368	75,912	500,655
Associate Professor S Shay	Dean: Centre for Higher Education Development	1,441,061	1,441,061	45,823	-
Dr M A Sienaert	Executive Director - Research Office	1,557,905	1,557,905	49,541	-
Associate Professor M Wormald	Acting Dean: Commerce (1 January – 29 February 2016)	991,801	165,300	-	128,242
Professor I Woolard	Dean: Commerce (1 March – 31 December 2016)	1,595,440	1,329,533	70,838	45,000
Professor S Buhlungu	Dean: Humanities	1,674,745	1,674,745	-	-
Professor W R J Baets	Director: Graduate School of Business (1 January – 31 July 2016)	1,893,506	1,104,545	-	223,140
Mr A Francis	Executive Director: Finance	1,977,847	1,977,847	74,169	-
Ms G Kruger	Executive Director: Communication and Marketing	1,557,902	1,557,902	165,138	-
Dr R Ally	Executive Director: Development & Alumni Affairs	1,557,902	1,557,902	165,138	-
Mr I B Janse van Rensburg	Executive Director: Information & Communication Technology	1,557,903	1,557,903	165,138	4,800
Mr R Pillay	Registrar	1,438,383	1,438,383	165,138	-
Mr A Theys	Executive Director: Property & Services	1,557,902	1,557,902	66,055	-
Dr M B M Khan	Executive Director: Student Affairs	1,557,902	1,557,902	49,541	-
Ms G M E Thomas	Executive Director: Libraries	1,557,902	1,557,902	66,055	-
Professor G Hussey	Acting Dean: Health Sciences (1 January – 31 August 2016)	1,835,523	1,223,682	59,256	245,928
Professor B Mayosi	Dean of Health Sciences (1 September – 31 December 2016)	2,643,674	881,225	52,873	-
Professor A P Le Roex	Dean: Science	1,674,744	1,674,744	177,523	-
Professor A E Lewis	Dean: Engineering	1,674,628	1,674,628	177,523	333,160
Professor P Andrews	Dean: Law	1,557,903	1,557,903	66,055	-
Professor R M Phakeng	Deputy Vice-Chancellor: 1 Designate	1,965,678	982,839	31,549	-
Professor H M Corder	Acting Dean : Law	1,260,788	735,460	-	-
Associate Professor M R Madiba	Acting Dean : CHED	810,899	202,725	-	-

EXECUTIVE MANAGEMENT TEAM DURING 2016					
Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Total for other services
Emer Professor G N C Bick	Acting Dean : Graduate School of Business	1,015,628	592,450	-	-

Disclosure, as required by the Minister, is made up of the following lump sum payments in excess of R249,999.

Purpose/reason for payment	Name	Position held	Amount
2017			
Leave encashment at resignation	Professor F Francis	Deputy Vice-Chancellor	208,330
Leave encashment at resignation	Mr A Theys	ED: Properties and service	483,715
2016			
Leave encashment at retirement	Professor D Visser	Deputy Vice-Chancellor	691,057
Study and research leave	Professor D Visser	Deputy Vice-Chancellor	515,991
Leave encashment at retirement	Professor A Mall	Deputy Vice-Chancellor	66,902
Study and research leave	Professor A Mall	Deputy Vice-Chancellor	268,634
Leave encashment at retirement	Professor S Klopper	Deputy Vice-Chancellor	506,462
Leave encashment at retirement	Professor W Baets	Director: GSB	441,729

No remuneration is paid to members of Council for services as Council members, membership or attendance at meetings, nor is it the policy of the University to pay those whom it appoints as board members, trustees or directors of related or affiliated entities.

The following table represents the disclosure required in terms of IAS 24 in respect of key management:

Compensation of key management	2017 R'000	2016 R'000
Short-term employee benefits	36,362	38,863
Post-employment benefit	8,421	8,531
Termination benefits	692	2,491
Total compensation paid to key management personnel	47,475	49,885

The post-employment benefit reflected above for key management represents payments made to the University's retirement fund.

23. RETIREMENT BENEFITS

University of Cape Town Retirement Fund

The University of Cape Town Retirement Fund is a defined provident contribution fund, of which the majority of permanent and long-term contract employees are members. The current year's contribution to the Fund

for the benefit of employees was R358 million (2016: R330 million). The expense is disclosed in Note 16.

The Fund was formed on 1 January 1996, after the majority of employees had elected to transfer from the Associated Institutions Pension Fund, a defined benefit plan underwritten by the State.

24. LESSEE IMPROVEMENTS

24.1 GROOTE SCHUUR HOSPITAL

The Groote Schuur Hospital, located in Observatory, Cape Town has been built on land owned by the University of Cape Town. The initial 99 year lease has 7 years to run with an option to renew for a further 99 years. Lease income on this property is nominal.

Given the absence of any usufructory rights for 110 years, the University of Cape Town has not accounted for value relating to the improvements made on this land.

24.2 PINWOOD VILLAGE

In a similar manner, the Pinewood Village retirement complex, built in Pinelands, Cape Town has been erected on ground owned by the University of Cape Town.

The initial lease of 99 years still has 72 years to run with a renewal option of a further 99 years. The original cost of the land is included under property, plant and equipment.

In terms of the lease, ownership of the buildings will revert to the University of Cape Town at the end of the lease. A modest annual income is received from Pinewood Village.

25. RELATED PARTY DISCLOSURES

The related party relationships of the University of Cape Town in terms of IAS 24 are as follows:

- Subsidiary entities (refer Note 2.2 – Basis of consolidation);
- Associate company (refer Note 7);
- Key management personnel, which comprises members of both Council and the University executive management team (refer Note 21); and

- National Government (refer Note 11).

The following related party transactions in respect of subsidiary and associate entities occurred during the year under review:

	2017 R'000	2016 R'000
University of Cape Town Foundation		
<i>Related Party Balances</i>		
Intercompany loan	60,048	4,544
<i>Related Party Transactions</i>		
Grants	123,956	114,096
Unutilised funds reinvested	14,879	18,722
Management fee received	3,058	2,899
Endowed funds	18,251	28,489
University of Cape Town Lung Institute (Pty) Ltd		
<i>Related Party Balances</i>		
Investment	7,764	9,995
Trade receivables	501	1,303
<i>Related Party transactions</i>		
Interest paid	595	703
Service rendered	3,844	1,056
Services received	3,386	3,672
Sports Science ShareBlock (Pty) Ltd		
<i>Related Party Balances</i>		
Loans to shareholder	32,160	31,798
<i>Related Party transactions</i>		
Service rendered	7,389	5,733

Council members

Due to the nature of the University's operations and the composition of its Council, the Council takes particular care to avoid conflicts of interest, and has an explicit policy requiring disclosure and reporting. Any

transaction with third parties in which any council member has a direct or fiduciary interest is subject to this policy. The Register of Direct and Fiduciary interests is updated at least annually.

26. CONTINGENT LIABILITIES

The University faces various litigation claims, the outcome of which is uncertain. There is no significant ef-

fect on the financial position or profitability at the date of this report.

27. EVENTS AFTER THE REPORTING PERIOD

At the end of the year, the Council approved the incorporation of a subsidiary company that will provide food services to the university community. In 2018,

Food Co (Pty) Ltd was incorporated and the University advanced a R52 million intercompany loan to finance the start-up of the operations.



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