



ANNUAL REPORT

FOR 2016

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

OF

THE 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 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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REPORT OF THE CHAIR OF COUNCIL FOR 2016

The term of appointment of the members of Council is for a period of four years. A new Council was elected with effect from 1 July 2016. The details of the membership of Council for the four-year term ending 30 June 2016 and for the new Council whose term commenced on 1 July 2016 are recorded below.

Details of the Council of the University of Cape Town as at 30 June 2016

EXECUTIVE OFFICERS OF THE COUNCIL

Dr M R Price (Vice-Chancellor)
Professor S Klopper (Deputy Vice-Chancellor)
Professor F Petersen (Deputy Vice-Chancellor)
Professor D P Visser (Deputy Vice-Chancellor)
Professor A Mall (Acting Deputy Vice-Chancellor)

REGISTRAR

Mr R N Pillay (Secretary to Council)
EXECUTIVE DIRECTOR: FINANCE
Mr A Francis (attends by invitation)

MEMBERS OF COUNCIL

| |
|---|
| Ministerial appointees (3) <ol style="list-style-type: none">1. Ms S Barsel2. Archbishop N Ndungane (<i>Chair</i>)3. Ms R Omar |
| Members elected by convocation (6) <ol style="list-style-type: none">4. Mr G Bloch5. Ms D J Budlender (<i>Deputy Chair</i>)6. Mr Justice IG Farlam7. Mr J J Gauntlett SC8. Dr H Raubenheimer9. Mr S Zungu |
| Academic and professional administrative & support staff (PASS) elected members (2) <ol style="list-style-type: none">10. Ms E Brooks (<i>PASS</i>)11. Professor U Rivett (<i>Academic</i>) |
| Members elected by Senate (3) <ol style="list-style-type: none">12. Professor A le Roex13. Professor M Ramutsindela14. Mr J A Rousseau |
| Members elected by donors (2) <ol style="list-style-type: none">15. Ms L Meyer16. Mr T Setiloane |

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| Nominee of Cape Town City Council (1) 17. Mr G Bloor |
| Nominee of the Premier of the Western Cape (1) 18. Alderman O Kinahan |
| Appointed by the Appointments Committee of Council (5) 19. Ms Y Dwane 20. Mr B Jakoet 21. Mr T D Petersen 22. Mr S Pityana 23. Mr B Zwane |
| Appointed by the SRC (2) 24. Mr C Chungu 25. Mr R Moseli |

Details of the Council of the University of Cape Town as at 1 July 2016

EXECUTIVE OFFICERS OF THE COUNCIL

Dr M R Price (Vice-Chancellor)
 Professor S Klopper (Deputy Vice-Chancellor)
 Professor A Mall (Acting Deputy Vice-Chancellor)
 Professor F Petersen (Deputy Vice-Chancellor)
 Professor D P Visser (Deputy Vice-Chancellor)

REGISTRAR

Mr R N Pillay (Secretary to Council)
EXECUTIVE DIRECTOR: FINANCE
 Mr A Francis (attends by invitation)

MEMBERS OF COUNCIL

| |
|--|
| Ministerial appointees (3) 1. Ms S Barsel 2. Mr S M Pityana (<i>Chair</i>) 3. Ms R Omar |
| Members elected by convocation (6) 4. Mr N Arendse SC 5. Ms D J Budlender (<i>Deputy Chair</i>) 6. Dr S Manjra 7. Adv. S Mayosi 8. Dr H Raubenheimer 9. Professor S Zinn |
| Academic and professional administrative & support staff (PASS) elected members (2) 10. Mr T Ngcingwana (<i>PASS</i>) (Resigned 30 April 2017) |

| |
|--|
| 11. Associate Professor E Ramugondo (<i>Academic</i>) |
| Members elected by Senate (3) 12. Professor B Mayosi 13. Professor T Moultrie 14. Mr J A 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 B Jakoet 20. Ms T Mokgabudi 21. Ms B Ngewana 22. Ms B Ngonyama 23. Mr B Zwane |
| Appointed by the SRC (2) 24. Mr C Chungu 25. Mr R Moseli |

Council Statement on Corporate Governance

Legal persona and capacity

The University is autonomous and is a legal persona with full juristic capacity by virtue of 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 University 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 virtue of 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 or 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. The term for previous Council members ended on 30 June 2016.

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 350 members in 2016. 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) 10 student members chosen by the Students' Representative Council, 10 staff members chosen by trade unions and staff bodies, and 10 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.

To promote accountability and transparency, Council publishes the papers of the Senate (including the monthly Principal's Circular), the Institutional Forum, and many UCT committees on an open governance intranet. Council papers, other than those dealing with commercial interests, are available to staff, trade unions and student bodies

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 outside 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.

The Council is committed to high standards of corporate governance. Care is taken to ensure that:

- the University complies with the governance prescripts 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 conflict of interest to all staff. For this purpose, the University has defined 'staff' as being those employees 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-blower hotline, managed externally through KPMG, was introduced in early 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 values, updated in December 2016.

Stakeholders

This is a diverse community, and located within a wider context of multiple stakeholder groups on whom UCT relies and who have expectations of the University 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 longterm
- 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 all relevant laws, regulations and accounting policies
- the committees and subcommittees necessary to achieve the above are in place, are properly constituted and have appropriate terms of reference and reporting procedures.

Objectives for the Council for 2016

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 predetermined 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 (approved by Council on 5 December 2015). Having regard to this, and its responsibilities under the Act and the Statute, the Council set the following high-level objectives for 2016.

Objectives Part 1: To meet the targets in the Annual Performance Plan, in particular

| | Objective | Comments |
|-----|---|---|
| 1.1 | To achieve the approved enrolment targets for 2016, as well as the graduate outputs targets, in line with the Senate and Council growth strategy for UCT up to 2020. | Met. See below. |
| 1.2 | To ensure that the 2016 earmarked teaching and research development grants are utilized for the purposes for which they have been awarded. | Met. See pages 66 and 69. |
| 1.3 | To ensure that the 2016 earmarked foundation programme grants are utilized for foundation programmes that promote access and success. | Met. See page 69; first-time entering undergraduates and a course success rate of 85% for first-time entering foundation students in foundation programmes. |
| 1.4 | To ensure that the 2016 earmarked NSFAS funding is utilized to provide financial aid to eligible students. | Met. See page 70. |
| 1.5 | To ensure that the 2016 earmarked clinical training grants are utilized to augment clinical training of health professionals and that enrolment targets for health professionals are met. | Met. See page 71. |
| 1.6 | To adopt a five-year strategic plan (2016-2020) and mid-year performance reports to the Department of Higher Education and Training (November 2016). | Met. See below. |
| | | |

Note: Please refer to pages 66 to 72 for comments related to goals 1.2 to 1.5

Enrolment planning: Objective 1.1

Our enrolment planning compact with the Ministry and the Department of Higher Education and Training required that we achieve a headcount enrolment of 28 523 students in 2016 (converted to a weighted full-time number, of what are termed *teaching input units* (TIUs) that the State will fund by way of input subsidy, in the 2018/19 financial year, of 65 597). Headcount enrolment for 2016 was 29 222 while the teaching input total was 71 121.

The number of graduates for the reporting year was 7 231 against the target of 7 644. The lower than target graduate numbers are partly due to the late start of the 2017 year, which meant that research students missed the HEMIS deadline for thesis submission and will have

to be technically registered for 2017. In addition, the 2016 target includes graduates for a distance postgraduate diploma which was not offered in 2016.

The approved first-time entering undergraduate enrolment target was set at 3 901 students. During the year, the University exceeded this target, with 4 293 first-time entering undergraduate enrolment students. Success rates and data on graduates are dealt with in the Report on Operations During 2016 below.

The numbers quoted above were taken from an early HEMIS Sub 3 extract (dated 13 June 2017). It is likely that there will be some minor changes to these figures prior to the final HEMIS Sub 3 extract.

Strategic plan and the mid-year performance reporting: Objective 1.6

The regulations for reporting by public higher education institutions require that the annual performance plan must be linked to the goals in a five-year institutional strategic plan. Mid-year and annual reporting would therefore take this into account. The previous five-year cycle for the strategic plan was 2010 to 2014. The ongoing political events in the higher education sector during 2016, and the disruption it precipitated, again impacted profoundly on the process to finalise the institutional strategic plan, but also further informed the framework of the strategic plan. Consultations with internal constituencies continued and subsequently, in December 2016, Council approved the Strategic Planning Framework for the period 2016–2020.

Council approved the mid-year performance report for 2016. This has been submitted to the Department of Higher Education and Training as required.

Objectives Part 2: Governance and internal objectives

| | Objective | Comments |
|-----|--|---|
| 2.1 | 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. | Met. See below, and refer to the section on the work of the committees of Council. |
| 2.2 | To hold the Vice-Chancellor accountable for his objectives and for effective administration. | Met. See the Vice-Chancellor's self-assessment in the later section of this report. |
| 2.3 | To recruit and appoint senior staff where vacancies exist. This includes, <i>inter alia</i> , the posts of the Director of the Graduate School of Business and Deputy Vice-Chancellor. | Met. See below. |

| | | |
|------|--|---------------------------|
| 2.4 | To receive reports from the Senate on: teaching and learning, in particular on strategies for online learning and the implications these strategies may have for size-and-shape and infrastructural provision; on research; and on social responsiveness and engaged scholarship, and where necessary to interrogate the Senate on matters related to these core areas of Senate's work. | Met. See below. |
| 2.5 | Proposals by the task team on naming of buildings, rooms spaces and roads. | Partially met. See below. |
| 2.6 | Proposals by the task team on artwork. | Met. |
| 2.7 | Recommendations on the use of private security on campus. | Work in progress. |
| 2.8 | Review of the Discrimination and Harassment Office (DISCHO). | Met. |
| 2.9 | Handover and induction of the new Council (1 July 2016 to 30 June 2020). | Met. |
| 2.10 | Preliminary proposals from the Curriculum Change Working Group. | Partially met. |
| 2.11 | Review of Council committees. | Partially met. |

Council governance: Objective 2.1

Senate and the Council, as statutory bodies, gave due attention to the promotion of academic freedom, and to transformation and success in the core activities of teaching and learning. The Senate reports submitted to the Council on research, on engaged scholarship and on teaching and learning account for the work of the University in these key areas. Refer to the section on the work of the committees of Council.

To hold the Vice-Chancellor accountable for his objectives and for effective administration: Objective 2.2

Refer to the Vice-Chancellor's self-assessment in the later section of this report.

To recruit and appoint senior staff where vacancies exist: Objective 2.3

Selection processes were successfully concluded for the appointment of the Director of the Graduate School of Business (Associate Professor Mills Soko) and Deputy Vice-Chancellor for Transformation (Professor Loretta Ferris).

Senate Reports: Objective 2.4

The Senate reported to Council on Teaching and Learning, Research and Innovation, and Social Responsiveness and Engaged Scholarship. These are elaborated on in the relevant sections of this report.

Proposals by the task team on naming of buildings, rooms, spaces and roads:

Objective 2.5

Council had previously established a task team on the Naming of Buildings, Rooms, Spaces and Roads. With inclusivity and the University's location in the African context as the basis of its work, the task team would undertake an analysis of the names of buildings, rooms, spaces and roads; seek comment and input from members of the University and other interested and affected parties on these issues, and formulate proposals for names that *inter alia* deal with the recognition and acknowledgment of the history of those who built the University. The task team had previously commenced a consultation process and invited submissions from members of the University community as to current names that should be reviewed and possibly changed. This consultation process continues and the work of this task team has not yet been completed. A report of the task team is anticipated at a future date. The issue of names, as for the issue of artworks, remains a critical issue and a key aspect to the wider transformation process at UCT, and Council will continue to be seized with the matter.

Proposals by the Artworks Task Team: Objective 2.6

Events associated with the #RhodesMustFall movement 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 Artworks Task Team, comprised of members recommended by the Vice-Chancellor and the SRC and subsequently appointed by the Council, started its work in October 2015. The recommendations of the task team include several short- and medium-term recommendations based on the outcomes of the audit of artworks, statues and plaques. These recommendations will be dealt with by the University's Works of Art Committee and the University management where applicable. The recommendations included the retention of artworks that were removed from the walls, now in storage, pending a broader consultative process; reopening 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.

Private security on campus: Objective 2.7

Council established a 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 over the past two years. While the work of the joint committee has yet to be completed, it is intended that the work will be completed by the end of 2017.

Review of the Discrimination and Harassment Office (DISCHO): Objective 2.8

Council received the report of the review of the Discrimination and Harassment Office (DISCHO) which it requested be undertaken in the light of concerns raised about the efficacy in addressing issues of sexual violence and harassment on campus. A number of recommendations were made and in this context, the UCT Sexual Assault Response Team (SART) was established to improve and provide oversight of UCT's sexual assault and

harassment responses. SART was constituted for the first time on 7 April 2016 and is comprised of members of the university community, community-based organisations, the South African Police Service (SAPS), health practitioners, student representatives and survivors. SART is a survivor-centred, collaborative and multidisciplinary team that coordinates support for survivors, seeks methods to prevent sexual violence, develops educational material and provides advice on combating sexual violence.

Handover and induction of the new Council (1 July 2016 to 30 June 2020): Objective 2.9

The new Council was appointed with effect from 1 July 2016. Sixteen new members were appointed (10 new external members and six new internal members). An induction workshop for all members was convened immediately after the appointment of the new Council, and members were appointed to the various committees of Council. The Council has a good balance of new and previous members.

Preliminary proposals from the Curriculum Change Working Group: Objective 2.10

Curriculum reform was called for in 2015 and since then, faculties, departments, institutional units and task teams have been established to support the work of reviewing the curriculum. The Curriculum Change Working Group (CCWG) has been tasked with this function, to ensure that the necessary understanding and support is provided to academics. The CCWG commenced its activities in February 2016. The work of the CCWG facilitated a university-wide process that is aimed at generating both dialogue and a coherent response to the student-initiated demand of free decolonized education. This work is ongoing.

Review of Council committees: Objective 2.11

Council had previously taken the decision to initiate a review of the committees of Council. This includes the composition and terms of reference. The task team to undertake this task has been appointed and the work of this task team is intended to be completed in 2017.

The Committees of Council

Attendance at the regular Council meetings: 1 January 2016 to 30 June 2016

| 2016 | 19 March | 18 June | % Attendance |
|---------------|----------|---------|--------------|
| S Barsel | P | P | 100 |
| G Bloch | P | P | 100 |
| G Bloor | P | Ap | 50 |
| E Brooks | Ap | P | 50 |
| D J Budlender | P | P | 100 |
| C Chungu | P | Ab | 50 |
| Y Dwane | P | P | 100 |
| I G Farlam | P | P | 100 |
| J J Gauntlett | Ap | Ap | 0 |

| | | | |
|----------------|----|----|---|
| B Jakoet | P | P | 100 |
| O Kinahan | P | P | 100 |
| S Klopper | Ap | P | 50 |
| A P le Roex | P | P | 100 |
| A Mall | Ap | P | 50 |
| N W H Ndungane | P | P | 100 |
| L Y Meyer | Ap | P | 50 |
| R Moseli | Ap | P | 50 |
| R Omar | P | P | 100 |
| F Petersen | P | P | 100 |
| T D Petersen | P | P | 100 |
| S M Pityana | P | Ap | 50 |
| M R Price | P | P | 100 |
| M Ramutsindela | P | Ap | 50 |
| H Raubenheimer | Ap | P | 50 |
| U Rivett | P | P | 100 |
| J Rousseau | P | Ap | 50 |
| T Setiloane | P | Ap | 50 |
| S Zungu | P | Ap | 50 |
| D P Visser | P | P | 100 |
| B Zwane | Ap | P | 50 |
| | | | P = Present Ap = Apology Ab = Absent |

Attendance at special meetings of Council: 1 January 2016 to 30 June 2016

| 2016 | 6 February | % Attendance |
|----------------|---------------|--------------|
| S Barsel | P | 100 |
| G Bloch | P | 100 |
| G Bloor | Ap | 0 |
| E Brooks | P | 100 |
| D J Budlender | P | 100 |
| C Chungu | P | 100 |
| Y Dwane | Ab | 0 |
| I G Farlam | P | 100 |
| J J Gauntlett | P | 100 |
| B Jakoet | Ap | 100 |
| O Kinahan | P | 100 |
| S Klopper | Ap | 0 |
| A P le Roex | Ap | 0 |
| A Mall | P | 100 |
| N W H Ndungane | Ap | 0 |
| L Y Meyer | P | 100 |
| R Moseli | P | 100 |
| R Omar | P | 100 |
| F Petersen | P | 100 |
| T D Petersen | P | 100 |
| S M Pityana | P | 100 |
| M R Price | P | 100 |
| M Ramutsindela | P | 100 |
| H Raubenheimer | P | 100 |
| U Rivett | Ap | 0 |
| J Rousseau | P | 100 |
| T Setiloane | Ap | 0 |
| S Zungu | Ap | 0 |
| D P Visser | P | 100 |
| B Zwane | P | 100 |

| | |
|--|---|
| | P = Present Ap = Apology Ab = Absent |
|--|---|

Attendance at the regular Council meetings: 1 July to 31 December 2016

| 2016 | 16 Jul | 20 Aug | 1 Oct | 12 Dec | % Attendance |
|--------------------|--------|--------|-------|--------|--|
| N Arendse | P | P | P | Ap | 75 |
| S Barsel | P | P | P | P | 100 |
| D J Budlender | P | P | P | P | 100 |
| M Cardo | P | Ap | P | P | 75 |
| C Chungu | P | P | P | P | 100 |
| E Davids | P | P | P | P | 100 |
| B Jakoet | Ap | P | P | P | 75 |
| M Kleinschmidt | P | P | Ap | P | 75 |
| S Klopper | P | P | P | P | 100 |
| A Mall | P | P | P | P | 100 |
| S Manjra | P | P | P | P | 100 |
| B Makalima-Ngewana | Ap | P | P | P | 75 |
| B Mayosi | Ap | Ap | P | Ap | 25 (Returned from abroad in September) |
| N Mayosi | Ap | P | Ap | Ap | 25 |
| T Mokgabudi | Ap | P | P | Ap | 50 |
| R Moseli | P | P | P | P | 100 |
| T Moultrie | P | P | Ap | P | 75 |
| T Ngcingwana | P | Ap | Ap | P | 50 |
| B Ngonyama | P | P | P | P | 100 |
| R Omar | Ap | P | P | P | 75 |
| F Petersen | P | P | P | P | 100 |
| S M Pityana | P | P | P | P | 100 |
| M R Price | P | P | P | P | 100 |
| H Raubenheimer | Ap | Ap | P | P | 50 |
| E Ramugondo | Ap | P | P | P | 75 |
| J Rousseau | Ap | P | P | P | 75 |
| D P Visser | P | P | P | P | 100 |

| | | | | | |
|---------|---|---|-----------|---|----------------|
| D Yach | P | P | P | P | 100 |
| S Zinn | P | P | P | P | 100 |
| B Zwane | P | P | Ap | P | 75 |
| | | | P | = | Present |
| | | | Ap | = | Apology |
| | | | Ab | = | Absent |

Attendance at special meetings of Council: 1 July to 31 December 2016

| | 28 Jul | 14 Oct | 2 Nov | % Attendance |
|--------------------|--------|--------|-------|--------------|
| N Arendse | P | P | P | 100 |
| S Barsel | P | Ap | P | 67 |
| D J Budlender | P | P | P | 100 |
| M Cardo | Ap | P | P | 67 |
| C Chungu | P | P | P | 100 |
| E Davids | Ap | P | Ap | 33 |
| B Jakoet | P | P | P | 100 |
| M Kleinschmidt | P | P | P | 100 |
| S Klopper | P | Ap | Ap | 33 |
| A Mall | P | P | P | 100 |
| S Manjra | P | P | P | 100 |
| B Makalima-Ngewana | P | Ap | P | 67 |
| B Mayosi | Ap | P | P | 67 |
| N Mayosi | P | P | Ap | 67 |
| T Mokgabudi | Ap | P | Ap | 33 |
| R Moseli | P | Ap | P | 67 |
| T Moultrie | P | P | P | 100 |
| T Ngcingwana | P | P | P | 100 |
| B Ngonyama | P | P | Ap | 67 |
| R Omar | Ap | P | P | 67 |
| F Petersen | P | P | P | 100 |
| S M Pityana | P | P | Ap | 67 |
| M R Price | Ap | P | P | 67 |
| H Raubenheimer | P | P | Ap | 67 |
| E Ramugondo | P | P | P | 100 |
| J Rousseau | P | Ap | P | 67 |

| | | | | |
|------------|----|---|---------------------|-----|
| D P Visser | Ap | P | Ap | 33 |
| D Yach | P | P | P | 100 |
| S Zinn | P | P | Ap | 67 |
| B Zwane | Ap | P | Ap | 33 |
| | | | P = Present | |
| | | | Ap = Apology | |
| | | | Ab = Absent | |

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 Committee, 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 2016 and each member's attendance record.

Attendance at EXCO meetings – 2016 (the lists below deal with membership as it was in 2016).

Attendance at EXCO meetings – 1 January 2016 to 30 June 2016

| 2016 | 10 February | 20 April | 18 May | % Attendance |
|----------------|-------------|----------|---|--------------|
| N W H Ndungane | Ap | P | P | 67 |
| D J Budlender | P | P | P | 100 |
| O Kinahan | P | P | Ap | 67 |
| L Y Meyer | P | P | P | 100 |
| R Moseli | P | P | P | 100 |
| T D Petersen | P | P | P | 100 |
| M R Price | P | P | P | 100 |
| J Rousseau | P | P | P | 100 |
| | | | P = Present Ap = Apology Ab = Absent | |

Attendance at EXCO meetings – 1 July to 31 December 2016

| 2016 | 14 Sept | 18 Nov | % Attendance |
|---------------|---------|---|--------------|
| N Arendse | P | P | 100 |
| D J Budlender | P | P | 100 |
| S Manjra | P | P | 100 |
| B Mayosi | Ap | P | 50 |
| R Moseli | P | P | 100 |
| B Ngonyama | Ap | P | 50 |
| S M Pityana | P | P | 100 |
| M R Price | P | Ap | 50 |
| | | P = Present Ap = Apology | |

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 twice on its own and once in a joint meeting with the University Finance Committee (UFC).

The Committee met twice (April and November 2016) last year on its own and once in the joint meeting with the UFC (May 2016). An induction session was also held for new members in September 2016.

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 programme
- recommend the appointment and retention of the independent external auditors
- review the scope of the audit conducted by the independent external auditors
- 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 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 2016. In addition, there was a joint meeting with the Audit Committee, and a joint meeting with the University Strategy Forum. New members also attended an induction workshop on 8th September.

The Council Remuneration Committee

The Council Remuneration Committee (RemCom) is a standing committee of Council and consists of external Council members, 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
- determining the remuneration of the senior leadership group members in terms of the performance management system.

The Remuneration Committee reports to Council each year, setting out the decisions taken, thus ensuring transparency regarding executive and senior staff salaries. The remuneration of each member of the senior leadership group is published in the Annual Financial Statements. RemCom met three times during 2016.

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 five times in 2016.

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 twice during 2016, and two further meetings which were scheduled had to be cancelled due to student protest action on campus. 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 membership 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 five times in 2016.

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 11 times during 2016.

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 twice in 2016.

In conclusion, I wish to pay tribute to all the members of Council, especially the members of EXCO (Deputy Chair Debbie Budlender, Babalwa Ngonyama, Shuaib Manjra, Norman Arendse, Bongani Mayosi, Rorisang Moseli (2015/2016 SRC President) and the Vice-Chancellor, Max Price.

To the members of the Council who serve without 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.



SIPHO M PITYANA

CHAIR OF COUNCIL

24 June 2017

REPORT ON UCT OPERATIONS DURING 2016

Introduction

The events in 2015 and 2016, catalysed by #RhodesMustFall, #FeesMustFall and #Shackville and other student movements, required stakeholders at the University of Cape Town (UCT) to begin dealing more urgently with the multiple struggles of poverty and discrimination that face our students on and off campus.

In early 2016, a deliberate focus was introduced at the university to co-construct a University of Cape Town that embeds transformation in its changing identity. The culmination of more than two years of dialogue and consultation, the UCT Strategic Planning Framework 2016-2020 is an acknowledgement of the need to shift our understanding of what transformation at UCT means.

The strategic focus on transformation builds 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 therefore lead us to addressing practices which are experienced as exclusionary by marginalised identities within UCT and imagining alternative practices, epistemologies, policies and systems, which advance social justice, enable different ways of 'being' and contribute to sustainable development.

The Strategic Planning Framework (approved by Council in December 2016) details five broad strategic goals that effect improvements in the areas of research, teaching and learning, internationalisation and social responsiveness while infusing all of these with the transformation agenda.

These 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 Framework addresses transformation in many ways, through forging a new inclusive identity, interrogating the curriculum, improving student performance, pursuing employment equity targets, and affirming the dignity, contributions and experiences of all.

Whereas the goals and objectives provide the framework for identifying unit and institutional plans, monitoring and evaluation via the identified strategic indicators are crucial to holding the all of us accountable for implementation. The detailed plans and indicators are being developed in 2017.

The five strategic goals have been used to organise this section of the Report which deals with progress regarding the predetermined objectives approved by Council to demonstrate the alignment of these objectives with the Strategic Planning Framework.

The section below contains reports against predetermined Executive Objectives where these were specified, as well as summaries of the other key activities which took place during 2016 to advance the broad goals of the Strategic Planning Framework. In some instances, the Objectives are grouped where the activities reported relate to more than one Objective.

Section One: Report on 2016 Objectives

Goal One (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.

Governance

Objective: Review mechanisms for enabling student participation in decision making processes to strengthen channels of communication about issues of concern to students;

Objective: Review the role and composition of the transformation committees to enhance mainstreaming of transformation

In order to support the institutional governance for transformation at UCT, one of the key objectives of Council was to establish various institutional committees and/or task teams that could respond to the most pressing issues affecting UCT. And within these committees, Council wanted to ensure that student participation was visible and active. Therefore, in 2016, the key institutional committees and/or task teams that have been formed and continue their work, are:

- the Sexual Assault Response Team
- the Sexuality Policy reference group
- the Mental Health Task Team
- the Rapid Response Task Team (in term of the agreement of 7 November 2016 between the Executive and Shackville TRC/SRC Candidates)
- the Steering Committee to establish the Institutional Reconciliation and Transformation committee (in terms of the agreement of 7 November 2016 between the Executive and Shackville TRC/SRC Candidates)
- the Housing Allocations Task Team
- the Curriculum Change Work Group
- the Artworks Task Team
- the Naming of Buildings Committee Task Team.

All of the above groups include student representation. Further details about the activities of the abovementioned groups are included in sections that follow addressing the specific areas of transformation activity.

Council 2015-2016 had, as one of its objectives, a review of transformation committees' composition and roles – with the intention of mainstreaming transformation. The review of transformation committees is necessary as transformation committee work across campus varies. Therefore it will be necessary to align the efforts of transformation committees, identify their mandate and build their capacity. The review of transformation committees is now a key objective under the Professor Loretta Feris (DVC: Transformation). A Transformation Forum comprising the chairs of the Transformation Committees will in future meet quarterly with the DVC: Transformation.

In 2016, UTAC (University Transformation Advisory Committee) reviewed its terms of reference and committee composition. A recommendation was supported to amend the terms of reference to focus the work of this committee around employment equity. The amended terms of reference that were proposed in 2017 are awaiting final adoption.

Objective: Review the role and composition of the transformation committees to enhance mainstreaming of transformation

The restructure of the transformation office including DISCHO, HAICU and Disability Services continued in 2016 and will conclude in 2017.

The development of a transformation forum chaired by the DVC: Transformation, for Transformation Committee Chairs from faculties and departments will ensure that appropriate and relevant support is provided to Transformation Committees by the DVC and the new transformation unit.

Sexual assault and harassment, sexuality and gender policies

Objective: Review the suite of social justice policies, the functioning of the Institutional Forum and the role of Council in guiding, and monitoring progress, in transformation; Objective: Engage with the outcomes of the reviews of DISCHO and the Transformation Services office; Objective: Increase availability of gender neutral toilets, administration systems, public statements and positions, and targeted awareness campaigns within residences

The UCT Sexual Assault Response Team (SART) was constituted in April 2016 to review UCT's practice and response towards sexual assault, discrimination and harassment. SART is comprised of members of the university community, community-based organisations, South African Police Service (SAPS), health practitioners, student representatives and survivors. The agreed focus was that SART would be a survivor-centred, collaborative and multidisciplinary team that would accommodate the voices of all who are affected by sexual violence on campus. Not replacing any of the current services on campus, SART sought to:

- coordinate services and support for survivors to ensure a consistent and compassionate level of care

- review and analyse cases of sexual violence on campus to discover trends, gaps and issues for service improvement through training of targeted populations
- collaborate with relevant UCT structures and individuals to devise and implement prevention interventions and sexual violence awareness campaigns
- inform the university community of all known cases of sexual violence that have occurred on campus by issuing quarterly reports.

DISCHO (the Discrimination and Harassment Office) worked closely with SART as part of a coherent strategy to address sexual violence on campus. During the period 2015–2016 the case load of the unit increased considerably and the unit was busier than previous years. Sexual harassment complaints increased from 14 to 31 and sexual assault and rape complaints spiked from 10 cases in 2015 to 22 cases in 2016. There has been a decrease in racial harassment and discrimination complaints, but an increase in discrimination, sexism and homophobia complaints.

DISCHO's advocacy and training work affords the unit the opportunity to educate stakeholders about the UCT policy in relation to sexual offences, gender, race and discrimination matters, DISCHO's jurisdiction and limitations in terms of being a service provider. During Orientation period, DISCHO's 20 presentations were given at the different faculties. Three residences invited DISCHO to do presentations on gender, gender-based violence and patriarchy. In addition to the annual sub-warden training, DISCHO was also invited to train the Faculty of Science mentors and the IAPO standby staff on sexual assault and how to help. The Department of Human Biology requested two training sessions on UCT policy and guidelines related to professional conduct and sexual harassment with their staff and students.

The practice of mediation at UCT also grew and has developed into a sustainable and useful alternative to settling disputes on campus. About 14 trained staff members are available as mediators, and most of them are building experience as experts on engaging with disputes. A developing Community of Practice has been established as a result of this. The team has been involved in a number of wide-ranging disputes, including some challenging group mediations. Mediation remains available as an option that offers a beneficial and constructive engagement with issues of transformation.

The Sexualities Policy articulates the ways in which the UCT institutional culture can recognise sexual diversity and protect the constitutional right for students and staff. The sexualities policy has been in development since 2014 and was revised by Professor Pierre De Vos and Dr Zethu Matebeni during the course of 2016. Various stakeholder engagement meetings were conducted in 2014, 2015 and 2016 to include UCT stakeholder concerns and recommendations. The policy is expected to be tabled at Council in 2017.

Since applying for and successfully obtaining grants in 2014, to develop UCT's institutional culture and response in relation to sexual diversity, gender and gender-based violence, HAICU (the HIV/AIDS Inclusivity and Change Unit) has expanded the peer education content to embed intersectional discourse through inclusivity workshops that facilitate dialogue and

critical thinking about gender, violence and sexuality. Complementing this co-curricular engagement, a similar discourse was introduced in faculties, where through staff training, lecturers, mentors and tutors critically engaged with the concepts of sexuality and gender, and encouraged to practice the ethos of inclusion that was promoted in UCT's strategic plan.

The above approach is implemented by the HAICU staff and is supported by the peer educators called the Agents of Change Education (ACEs). The ACEs are UCT students from across faculties, who apply for and are selected to take part in the ACEs Programme coordinated by HAICU. They are trained to be able to deliver workshops on campus and in the student residences and to educate their peers in intersectional areas of HIV/AIDS, gender-based violence and bystander interventions, stigma related to sexual diversity, patriarchy, heteronormativity, sexism, class, rape, and any new topics that arise. In total, the ACEs conducted 55 HIV/AIDS and inclusivity workshops during Orientation for first-year students across the faculties (Commerce, Humanities and the Engineering and Built Environment).

In addition, HAICU conducted gender-based violence (GBV) prevention and bystander intervention training for the ACEs. Following this training, the ACEs conducted 14 GBV prevention and bystander workshops with student groups on campus and in various student residences between March and April. In the last quarter, the ACEs delivered sexuality workshops across campus. Over 20 workshops occurred in residences, lectures and among student societies. Inclusivity workshops were also conducted with academic staff, tutors and mentors, the College of Wardens, student leaders and sports groups.

In summary, the abovementioned workshops build capacity among UCT stakeholders to engage and where possible support student and staff populations that experience marginalisation. Furthermore, these workshops promote the agency among UCT stakeholders to create and enhance the inclusive environment that UCT strives towards.

With regard to the Institutional Forum (IF), the previous Council (March 2015) had approved recommendations to improve the functioning of the IF and its relationship with Council, namely:

- meetings of the IF be aligned with those of Council
- that the IF should designate one of the co-chairs to attend Council meetings for items submitted by the IF for a trial period of six months.

Mental Health Task Team

Objective: Strengthen mental health services in Student Wellness particularly with addition of black therapists and consider alternative healing modalities

The Mental Health Task Team (MHTT) was constituted by the DVC for Transformation in the first semester of 2016, to develop a student mental health policy for UCT. The need for this policy arose from the recognition that a substantial portion of students at UCT experience mental health difficulties but there is a lack of awareness about how student mental health needs should be addressed and a need for more consistent, systematic institutional policies and processes to support students with mental health needs.

After an initial stakeholder meeting in June 2016, a task team was established with representatives from the SRC, Student Wellness Services, faculty-based mental health practitioners, Disability Services, the Deferred Exams Committee, the Psychology Department, the Department of Social Development, residence wardens, the Mad Hatters student support group, and the registrar's office. The MHTT met monthly throughout the second semester of 2016. The MHTT began the policy development process by conducting an inclusive stakeholder review of existing mental health needs, resources and challenges across the university, in order to identify issues that a mental health policy might need to address.

The MHTT produced a report summarising this stakeholder review which was submitted to the Vice Chancellor, the DVC for Transformation and the Director of Student Affairs in December 2016. While the review was in progress, the MHTT also surveyed student mental health policies in South Africa and internationally in order to identify best practice guidelines. Based on the stakeholder review and survey of existing student mental health policies locally and internationally, in December 2016 the MHTT identified all issues that would need to be included in UCT's mental health policy and drafted a working outline of the policy. In order to develop a better understanding of the impact of mental health issues on student performance and throughput, the MHTT also appointed a researcher to collect and analyse data regarding mental health applications for leave of absence, deferred exams and readmission appeals. Data collection began in November 2016. The policy is expected to be tabled at Council in 2017.

Rapid Response Task Team

Objective: Review policies and procedures associated with academic and financial exclusions that constitute barriers to student progression

On 7 November 2016 the UCT Executive management signed an agreement with Shackville TRC/SRC candidates which ended two months of protest on campus. The Agreement was subsequently ratified by Council. The Agreement sets up a Rapid Response Task Team (RRTT) comprised of the Executive management, Shackville TRC/SRC candidates and the UCT SRC.

The task team's primary role was to oversee the implementation and monitoring of the agreement, while ensuring that any obstacles that might impede this implementation are mitigated and resolved timeously. Initially the focus of the RRTT was to unblock barriers to completing the 2016 academic year and addressing problems which could potentially have reignited conflict. Furthermore, the RRTT started work to address financial exclusions and problems experienced by students who were participating in the mini-semester and deferred exams in January 2017.

The RRTT's efforts have also generated solutions to the longer-term challenges that the university faces, such as financial and academic exclusions, which continue to contribute towards building a new, inclusive identity in a transformed, decolonised UCT.

Student Housing: Housing Allocations Task team

Objective: Review and if necessary overhaul residence allocation policy to deal with the accommodation crisis experienced at the start of each year

Flowing from the problems experienced in early 2016 regarding placement of students in residences, a review of the process for signing new and returning students into residence was conducted by the Housing Allocation Task Team (HATT). The HATT considered the process used to allocate students and made recommendations to Council on how to manage processes of over-allocations in 2017. As a result of the work of the HATT a real-time capturing system of student admissions into residences was established, and was successfully utilised in 2017. Further work on the housing allocation policy will continue in 2017.

Student Admissions

Objective: Review the impact of the 2015 Admissions Policy on advancing the goal of admitting more students who experience socio-economic disadvantage and the methods of placement of students to prevent stigmatization

In the 2016 admissions cycle (i.e. selections made in 2015 for 2016) UCT applied a new admissions policy which was designed to increase both the number of black students as well as the number of disadvantaged students. This was continued in the 2017 admissions cycle.

Our admissions policy aims to provide for redress on the basis of disadvantage (as well as race). To do this we look at the school the applicant attended and his/her family back-ground. This redress policy is for South African applicants only. It yields a disadvantage factor, expressed as a percentage between 0% and 10%. Faculties add this percentage to the Faculty Point Score to derive the Weighted (for redress) Faculty Point Score (WPS).

In terms of analysis of disadvantage scores we do not have historical data since we did not collect such data before requiring it for the new admissions policy. However, it is of interest to note that 46% of the 2017 first-time entering undergraduate (FU) applicants and 37% of those who enrolled at UCT had a disadvantage score of at least 60%. A comparison of the 2017 data with prior years, in this regard, will still be done and presented to the Admissions Committee.

The outcomes of the 2017 admissions cycle (offers made to FU applicants during 2016 for enrolment in 2017) is shown below:

First-time Entering Applicants, Offers and Enrolments Against Targets: 2017

| Race | Applicants | Offers | Enrolments | Targets | Enr as % of offers | Enr as % of targets |
|---------------|-------------------|---------------|-------------------|----------------|-------------------------------|--------------------------------|
| SA African | 12 323 | 3 699 | 1 455 | 1 370 | 39% | 106% |
| SA Coloured | 3 452 | 1 566 | 797 | 659 | 51% | 121% |
| SA Indian | 1 828 | 1 071 | 273 | 277 | 25% | 99% |
| SA White | 4 768 | 2 849 | 1 098 | 1 214 | 39% | 90% |
| SA Unknown | 16 | 10 | 15 | 83 | 150% | 18% |
| International | 3 917 | 1 056 | 356 | 411 | 34% | 87% |

- Note:**
1. Applicants are unique (one record per applicant)
 2. An offer is an applicant who received either a first choice offer, or a second choice offer, or two offers. There is a single record per applicant

The table indicates that targets were exceeded for African and coloured students but were not achieved for white and international students. The big gap between numbers of offers made and enrolled students highlights the difficulty of achieving a target given that the proportional uptake varies year by year and the over-offer rate has to be adjusted to anticipate this. However, it is encouraging that the proportion of SA African students in the 2017 FU intake increased to 33% in 2017, from 30% in 2016. The proportion of SA coloured FU entrants had increased from 14% in 2015 to 18% in 2016, and this proportion was maintained in 2017.

Objective: Review the use of the National Benchmark Test (NBT) for admissions and placement in each faculty to ensure that the NBT is contributing to student access and success

A National Benchmark Test (NBT) review was conducted during 2016 in response to concerns raised regarding the geographical and financial accessibility of the NBTs, as well as the extent to which the NBTs could assist faculties with their placement decisions and inform appropriate curriculum and teaching and learning responses to the needs of students. A key focus of the review was to elaborate on the contribution that the NBTs make to understanding the performance of students at the institutional and faculty level, which may not be apparent when considering the NSC results alone.

The review showed that the NBTs contribute significantly in predicting the performance of students in all faculties and programmes at UCT. This information should therefore to be taken into account when faculties at UCT are considering making selection (both selection and placement) decisions in respect of applicants, as well as in developing teaching and learning interventions so as to improve throughput and retention.

In response to concerns about geographical accessibility, a Geographical Information Systems (GIS) project was undertaken. This data obtained was used to identify additional venues to improve on the existing NBT footprint, and to set a goal of having 75% of all potential writers within 50 km of a testing venue.

Objective: Continue to support the Schools Improvement Initiative (and similar initiatives) to increase the number of learners from disadvantaged backgrounds who qualify for higher education studies

The Schools Improvement Initiative (SII) was established in 2012 as a vehicle for extending UCT's engagement in schooling to help address the current crisis in education. The initiative articulates closely with the university's strategy to improve public schooling and to address the under-representation of Khayelitsha learners at UCT. Through its key objectives and its model of mutuality and reciprocity with its partners, the SII seeks to engage in whole-school development at the level of leadership and management as well as at the level of teacher professional development. More broadly, the SII seeks to create a more enabling environment for teaching and learning through a range of programmes and interventions.

The SII works in five schools in Khayelitsha, three primary and two secondary schools. In 2016, the total enrolment in the five SII partner schools was just under 5 400 learners. Its interdisciplinary collaboration within UCT enables students from across the institution to be placed in the SII partner schools for the duration of their practice learning blocks. This includes students from the Faculty of Health Sciences (Occupational Therapy, Audiology, Speech and Language Pathology, and Physiotherapy); Social Work; Information Systems; Library and Information Sciences and the School of Education. Through the School of Education opportunities are created for UCT postgraduate student teachers to undertake their teaching practice in the SII partner schools. In 2016, a total of 10 student teachers were placed at four of the schools for their six-week teaching practicum. There is also an increasing level of engagement by university-based social responsiveness initiatives and programmes in the SII partner schools. UCT's student volunteer and other organisations that are active in the SII partner schools include Ubunye, LAWCO, the UCT Knowledge Co-op and SHAWCO.

In terms of increasing the number of disadvantaged learners who qualify for higher education studies, the SII's 100-UP and Gill Net programmes have had a markedly positive impact on UCT enrolments from Khayelitsha: from 29 in 2013 to 72 in 2017 (to whom offers were made during 2016). Critically, in 2017, these students were drawn from 19 out of the township's 20 schools, whereas only 11 schools were represented in 2013. Although harder to quantify, it can be confidently asserted that the programme has also had a positive knock-on effect of increasing enrolments at neighbouring HEIs as not all learners offered academic places at UCT take these up, but do tend to register elsewhere (as is apparent in the results of the annual "No Show" Survey, undertaken by the Institutional Planning Department).

Financial Aid

Objective: Review policies and procedures associated with academic and financial exclusions that constitute barriers to student progression

A key enabling factor in improving access to UCT is financial aid. UCT is one of the universities that underwrites financial aid to all financially and academically eligible undergraduate students. Academic eligibility for continued financial aid is determined in line with NSFAS

requirements, which requires that students must pass at least 50% of their courses and should be funded for not longer than N+2 (normal duration of their programme plus an additional two years). UCT has over the years extended this criterion to N+3 if the student is in their final year of study and will graduate if they pass all their courses.

GAP funding students (also called the missing middle) are those who (in accordance with NSFAS rules) have not been eligible for NSFAS funding at all – because their family income is above a certain threshold. At UCT we have historically offered financial assistance to these students too, up to a household income of R550 000 (in 2016). The money came from UCT's own budget and also from monies raised from donors.

In 2016, a total of 3 707 students were assisted with financial aid from NSFAS and UCT own funding, and a further 3 218 by external bursaries (corporate). This represents almost 40% of all undergraduate students in 2016. At undergraduate level financial aid provided amounted to R627 million and R351 million at postgraduate level.

Undergraduate support comes from various sources; corporate and other external bursaries support students to a value of R244 million, while NSFAS provided loans amounting to R202 million and UCT contributed R109 million from council controlled funds. In addition, income from endowments and other funds available to the University for the purposes of financial aid contributed R71 million.

In the beginning of 2016 UCT developed a new approach to assist undergraduate students who had incurred fee debt in 2013, 2014 or 2015 to proceed with their studies. This new approach (mostly funded from the allocations made available by government through NSFAS, but also from UCT's own sources and donors) meant that no academically eligible NSFAS student was prevented from continuing with their studies or from graduating due to unaffordability.

An appeals process was also launched for students who did not meet the academic performance requirements set by their funders (including NSFAS and UCT), or whose circumstances changed during 2015.

In terms of those students who had not met the minimum requirements set by their funders, financial aid concessions were required to be made to allow them to continue with their studies. The factors considered in these appeals varied according to each student. The outcome of each appeal was communicated to all students. Through this process, a total of 559 students were successfully assisted with financial aid at a cost of R12 million allowing them to continue their studies at UCT in 2016.

Curriculum Reform

Objective: Develop faculty plans in consultation with students, to address issues and concerns raised in faculty assemblies in 2015; Objective: Facilitate a review of the curriculum in an inclusive and socially just way, to deconstruct the manner in which the current curriculum may perpetuate dominant cultural assumptions and particular epistemologies, and reinforce existing social relations of power

Curriculum reform was called for in 2015 and since then, task teams have been established in faculties and some departments to support the work of reviewing curricula. In addition, the curriculum work of HAICU continues to integrate social justice and public health discourse into various courses in faculties at UCT.

The work of the Curriculum Change Working Group (CCWG) is discussed on page 53 below.

In terms of curriculum integration, HAICU continues to drive the process of developing and implementing social justice and relevant public health issues into core curricula in faculties at UCT. HAICU works collaboratively with course convenors to develop and implement curricula that implicitly link the discipline to social justice issues that influence and/or affect the UCT student in their personal and/or professional development. This approach acknowledges the constraints on curriculum time and teaching resources of expanding the scope of a curriculum. Further development in curricula includes the digitization of teaching and learning material so that the content can be utilised interactively and is accessible. Additional functionality of the digitized material will ensure that students' responses are stored; collated and analysed for evaluation and research purposes.

The integrated curriculum is evidenced in the faculties of Health Sciences, Humanities, Engineering and the Built Environment, and Science.

Institutional Culture

Objective: Review symbols, artwork and names of buildings and develop criteria for selecting these going forward, or removing existing ones, where deemed appropriate

The Council Artworks Task Team and the Naming of Buildings Committee were both initiated by Council in 2015 to respond to the symbolic landscape at UCT.

The Council Artworks Task Team, comprising three members appointed by the Vice-Chancellor and three students appointed by the SRC, was required to evaluate the institution's symbols with a view to enhancing transformation and inclusivity. Among other activities, an audit of artworks, plaques and statues on UCT's different campuses was performed, building by building and street by street.

The Artworks Task Team established that there are more white artists and artworks produced by white artists than there are those by black people as broadly defined. This must be understood within the context of the Works of Art Committee's artworks acquisition processes. The Works of Art Committee was mandated by policy preferentially to acquire works either by UCT artists or artists affiliated with UCT. As a result, the University's acquisition pattern and profile reflected the racial composition of the art school and its

graduates. This policy has now been amended and explicitly aims to balance diversity of both artists and subject matter.

Based on the audit and consultative processes performed as part of its deliberations, the Artworks Task Team submitted to Council short-, medium- and long-term recommendations that could effect further changes to the UCT symbolic landscape.

The Works of Art Committee plays an important role in creating and shaping UCT's symbolic landscape by being the primary acquirer of artworks. The Artworks Task Team recommended, and the Council has now implemented, a revised composition and terms of reference of the Works of Art Committee, and the accompanying artworks acquisition policy. It was also recognised that there was a need to safeguard academic and artistic freedom.

With regard to the Naming of Buildings Committee (NOBC), the question of changing names of buildings was highlighted in 2015 with the discourse around the removal of the statue of Cecil J Rhodes from campus. UCT had long recognised that the University community needed to counter the one-sided valorisation of one group's history and legacy by naming buildings and spaces to reflect the different histories, heroes and heritages of the campus community. Hence buildings had already been named after Steve Biko, Hoeriqwagga, Graca Machel, Dulla Omar, Cissie Gool and many others.

During the latter part of 2015 and in 2016, the arts building was renamed after Professor A C Jordan (the first black African professor appointed at UCT) and the graduate school of humanities was renamed the Neville Alexander building).

However, the NOBC had not previously considered removing or changing the names of buildings. The task team on the Naming of Buildings, Rooms, Spaces and Roads was established by the UCT Council in 2015 to do this. Largely because of the unavailability of student members from the mid-October study break until the start of the first semester in 2016, this committee has made limited progress. However, the team has completed an audit of building names. See:

<http://comms.icts-mail.com/servlet/link/506/4206/1474806/38682>.

Using a highly consultative process, the task team invited submissions for buildings to be renamed. The task team started with the question of Jameson Hall, which it recommended should change. Council accepted the proposal to remove the Jameson name from the hall and to find a more suitable name. Opinions have been sought on the possible renaming of four other buildings. With the changeover of Councils and disruptions of the latter half of 2016, the NOBC has only now reconvened to continue its work.

Human Resource Management

Objective: Interrogate practices, policies and structures which impede the advancement of employment equity and modify or change accordingly

In 2016, UCT selection committees continued to use the 2015–2020 employment equity plan when conducting recruitment. The data includes staff who are on permanent and T1 conditions of service.

The demographic information in the tables is based on staff self-declaring during the application process or updating personal information when employed at UCT. This table includes only South African staff as per HR forms.

Table 4: Profile of Academic Staff

| Academics | Year | Male | | | | | Female | | | | | Foreign Nationals | | Totals |
|---------------------|------|---------|----------|--------|-------|-----|--------|-----|-----|-----|-----|-------------------|--------|--------|
| | | African | Coloured | Indian | White | N/C | A | C | I | W | N/C | Male | Female | |
| | | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | |
| Professor | 2015 | 5 | 5 | 14 | 110 | 1 | 0 | 2 | 1 | 44 | 1 | 55 | 4 | 242 |
| | 2017 | 11 | 5 | 11 | 86 | 4 | 0 | 3 | 3 | 48 | 2 | 50 | 13 | 236 |
| | 2020 | 12 | 9 | 17 | 93 | 1 | 4 | 5 | 4 | 57 | 1 | 45 | 8 | 256 |
| Associate Professor | 2015 | 7 | 17 | 8 | 60 | 0 | 4 | 6 | 6 | 67 | 0 | 49 | 21 | 245 |
| | 2017 | 4 | 16 | 10 | 60 | 1 | 1 | 9 | 7 | 71 | 1 | 46 | 19 | 245 |
| | 2020 | 10 | 26 | 7 | 55 | 0 | 7 | 13 | 6 | 67 | 0 | 44 | 22 | 257 |
| Senior Lecturer | 2015 | 11 | 13 | 12 | 73 | 2 | 8 | 15 | 6 | 113 | 1 | 72 | 31 | 357 |
| | 2017 | 13 | 18 | 10 | 68 | 3 | 12 | 26 | 14 | 110 | 0 | 68 | 33 | 375 |
| | 2020 | 16 | 25 | 19 | 99 | 2 | 17 | 25 | 13 | 110 | 1 | 59 | 26 | 412 |
| Lecturer | 2015 | 13 | 22 | 5 | 39 | 1 | 14 | 40 | 19 | 74 | 0 | 34 | 31 | 292 |
| | 2017 | 27 | 24 | 9 | 33 | 0 | 25 | 40 | 15 | 61 | 1 | 32 | 27 | 294 |
| | 2020 | 31 | 33 | 14 | 61 | 1 | 31 | 58 | 29 | 127 | 0 | 30 | 27 | 442 |
| Disability* | 2020 | 0 | 0 | 0 | 4 | 0 | 0 | 1 | 0 | 1 | 0 | 2 | 1 | 9 |
| Total (2015) | | 36 | 57 | 39 | 282 | 4 | 26 | 63 | 32 | 298 | 2 | 210 | 87 | 1136 |
| Total (2017) | | 55 | 63 | 40 | 247 | 8 | 38 | 78 | 39 | 290 | 4 | 196 | 92 | 1150 |
| Total (2020) | | 69 | 93 | 57 | 308 | 4 | 59 | 101 | 52 | 361 | 2 | 178 | 83 | 1367 |

We should first caution that there are inconsistencies in the data, which have had to be drawn from different sources. This is an area of data systems that our HR department needs to address.

As at 30 April 2017 there are 1 150 permanent academic staff at UCT: 862 are considered South African and 288 staff are categorised as foreign nationals. Of the total number of academics, 93 (8%) are African South African, 141 (12.2%) coloured South African, 79 (6.8%) Indian South African and 537 (46.6%) white South African, and 6 (0.5%) staff are categorised as not declared. Out of the total number of staff who are considered foreign nationals, 92 (8%) are female and 196 (17%) are male.

We note that in the following categories we have met the target (in some instances exceeded the proposed target):

- Male African staff. The shift in the profile can be accounted for by the substantive increase in recruitment of African male lecturers across the faculties.
- Female African staff. The shift in this profile can be accounted for by a slight increase in the recruitment of African female lecturers and senior lecturers and possibly a few promotions from lecturer to senior lecturer.
- Coloured male and female staff. The shift in this profile can be accounted for by the increase in recruitment of staff at the senior lecturer level.

- There is a decrease in the profile in white South Africans currently at UCT, notably there is a decrease at the lecturer and senior lecturer level. As at 30 April 2017 there are 1 709 academic staff (including non-permanent staff) at UCT; 1 300 are considered South African and 409 staff are categorised as foreign nationals. Of the total number of academics, 125 (7.3%) are African South African, 196 (11.4%) coloured South African, 110 (6.4%) Indian South African, 847 (49.5%) white South African and 47 (2.7%) staff are categorised as not declared. Out of the total number of staff who are considered foreign nationals, 152 (8.8%) are female and 257 (15%) are male.

Table 5: Profile of PASS staff

| Occupational Levels | Pay Classes | Year | Male | | | | Female | | | | Foreign Nationals | | TOTALS |
|--|--------------------------------|------|---------|----------|--------|-------|---------|----------|--------|-------|-------------------|--------|--------|
| | | | African | Coloured | Indian | White | African | Coloured | Indian | White | Male | Female | |
| | | | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | |
| Top management | PC13PG1 | 2015 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| | | 2017 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| | | 2020 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior management | PC13PG2 PC13PG3 | 2015 | 1 | 3 | 0 | 6 | 0 | 0 | 2 | 6 | 2 | 0 | 20 |
| | | 2017 | 2 | 4 | 0 | 2 | 1 | 2 | 2 | 6 | 0 | 0 | 19 |
| | | 2020 | 2 | 7 | 0 | 2 | 1 | 0 | 5 | 15 | 1 | 0 | 33 |
| Professionally qualified, mid-management | PC13PG4 PC13PG5 PC12 | 2015 | 5 | 28 | 6 | 49 | 6 | 13 | 5 | 42 | 11 | 6 | 171 |
| | | 2017 | 8 | 26 | 7 | 46 | 9 | 13 | 12 | 38 | 8 | 13 | 180 |
| | | 2020 | 18 | 33 | 6 | 42 | 13 | 17 | 7 | 33 | 10 | 5 | 184 |
| Skilled technical, academically qualified, junior management | PC11 PC10 PC09 PC08 | 2015 | 83 | 184 | 15 | 119 | 63 | 377 | 51 | 236 | 38 | 32 | 1198 |
| | | 2017 | 76 | 188 | 14 | 111 | 99 | 401 | 45 | 211 | 36 | 33 | 1214 |
| | | 2020 | 84 | 192 | 21 | 96 | 106 | 339 | 49 | 184 | 40 | 53 | 1164 |
| Semi-skilled and discretionary decision making | PC07 PC06 PC05 PC04 PC03 | 2015 | 70 | 198 | 2 | 10 | 119 | 353 | 11 | 61 | 6 | 24 | 854 |
| | | 2017 | 322 | 255 | 1 | 12 | 218 | 408 | 13 | 48 | 11 | 3 | 1291 |
| | | 2020 | 104 | 198 | 5 | 11 | 136 | 341 | 16 | 52 | 6 | 23 | 892 |
| Unskilled and defined decision making | PC02 PC01 | 2015 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| | | 2017 | 132 | 70 | 0 | 0 | 340 | 183 | 0 | 3 | 8 | 13 | 749 |
| | | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disability | | 2020 | 0 | 1 | 0 | 0 | 0 | 3 | 0 | 1 | 0 | 0 | 5 |
| TOTALS | | 2015 | 159 | 413 | 23 | 186 | 188 | 743 | 69 | 345 | 57 | 62 | 2245 |
| | | 2017 | 540 | 543 | 22 | 172 | 667 | 1007 | 72 | 306 | 63 | 62 | 3454 |
| | | 2020 | 208 | 431 | 32 | 151 | 257 | 700 | 77 | 285 | 57 | 81 | 2274 |

Once again we need to express a caveat that the data is drawn from multiple sources and not fully comparable – some inconsistencies we cannot explain and will be working on to improve. As at 30 April 2017 there are 3 454 PASS staff (including the roles of Vice-Chancellor and DVCs); 50 members of staff are currently not declared or have chosen not to complete this section across the PASS sector in terms of the designated groups.

- Of the total number of PASS staff 1 207 (34%) are African South African, 1 550 (44%) coloured South African, 94 (2.7%) Indian South African and 478 (13.8%) white South Africans; 50 (1.4%) are not declared. Out of the total number of staff who are considered foreign nationals, 63 (1.8%) are male and 55 (1.7%) are female.
- The current profile reflects changes due to VSP, resignations at the end of December 2016 and the newly insourced staff.
- The profile of staff in 2015 and proposed profile for 2020 do not include the new staff who joined after the insourcing period. I am currently working with the Department of Student Affairs and Properties and Services to finalise the current profile and the proposed profile for 2020.
- As there were changes and shifts in the profile of staff as at June 2016, it may not be possible to comment on the shifts in profile at this stage.

The track record in 2015 and 2016 for senior executive appointments demonstrates UCT's serious commitment to employment equity. Nine posts were filled (DVC: Research; DVC Transformation; Deans of Law, Commerce, Health Sciences, Engineering and the Built Environment, and Graduate School of Business; Registrar; and Executive Director: Finance).

All appointees are from the designated groups: five are women and seven are black. However, changing the profile of the professoriate at UCT remains our toughest challenge.

A key element in the employment equity recruitment process is the role of employment equity representatives who sit on each selection committee. During 2016 a review of the employment equity representative training model was conducted, and a revised training model was developed. Changes included new information as outlined in the amended Employment Equity Act 47 of 2013 as well as the inclusion of scenario based exercises. A total of 158 staff from a cross section of the university departments and faculties were trained as employment equity representatives.

A potential barrier may be the power dynamic that plays out in selection committees. The university is actively training staff who may be Chairs of selection committees to navigate the power dynamics on selection committees. In addition, some committees have made use of employment equity representatives from other units within a department/faculty to allow for reduction in the potential power bias.

When a faculty or department identifies a potential staff member from the designated groups but does not have an existing post at this time, then applications can also be made to the special Vice-Chancellor's Employment Equity (EE) fund for temporary funding for a two-year appointment. This form of opportunistic recruitment is made in the expectation that after that time the person will be transferred into a permanent post. There are currently eight people employed through the EE fund.

Objective: Develop the next generation of black academics, as well as changing the demographics of the next generation of professoriate; Objective: Remove institutional barriers to career progression of black and women staff and create opportunities for growth

The Recruitment, Development and Retention programme (RDR) was initiated under the supervision of Deputy Vice-Chancellor Professor Francis Petersen. The RDR supports academic staff to develop their academic career and successfully navigate the *ad hominem* process and does so by building skills and capacities while at the same time contributing to transforming institutional culture and processes.

One leg of this programme is the new Next Generation Professoriate. Thirty-six mid-level and senior academics from designated groups and from all faculties were selected into a cohort towards the end of 2015. Four of the cohort applied successfully for promotion in 2016 (two of these to full professor). Two cohort members have resigned from UCT to take positions at other higher education universities (in South Africa and in Australia). At the time of writing 72% of the cohort were black South African. The demographic breakdown of the cohort was: nine black African South Africans, 13 coloured, seven international, four Indian, two white and one 'other'. The gender breakdown was: 18 male, 18 female.

Another leg of the RDR programme is the New Generation of Academics Programme (NGAP) which aims to recruit staff who are in the early stages of, or about to embark on, an academic career. Ordinarily, successful applicants are registered for a master's or doctoral degree. NGAP is funded half by the Department of Higher Education and Training and half by the

university, with a commitment from the university to pick up the full salary after six years. To date, UCT has appointed nine staff members, five in 2016 and four in 2017. They are located across all faculties. The demographics are: six females and three males, and seven black African South African, one coloured and one Indian. At the time of writing, UCT is busy applying for more NGAP posts in Phase 3 of the programme.

Through the Organisational Development section of the Human Resources department, aside from the responsibility for promoting employment equity and fair labour relations, insourcing and employee support, a specific contribution to the transformation agenda involves staff development. Some of the interventions for academic staff have been described above. With respect to PASS staff, the extensive training offerings have now been extended to offer appropriate training to the recently insourced workers. As part of this focus, UCT supports those employees to obtain matric certificates, which will aid in their career paths.

Objective: Review of the ad hominem promotion system, focusing on criteria, consistency, greater transparency and objectivity

An independent retrospective study is being undertaken to analyse the time taken to get promoted to see if there are any biases (as alleged by some staff) in the *ad hominem* promotion process. Some faculties, like Humanities, have established their own internal committee to review the promotions requirements in order to examine whether or not there are biases inherent in the criteria themselves.

Objective: Through HR, ensure that the labour relations environment at UCT is one where staff are treated fairly and equitably

In November 2015, Council agreed to insource the employees of six outsourced services: grounds and gardens, residence cleaning, residence catering, campus cleaning, buses, and protection services. The commitment made was to complete the insourcing of five companies by 1 July 2016, and the sixth company by 2019 (because of the duration of that contract). In the end, all were insourced during 2016.

UCT's insourcing process has been guided by Section 197 of the Labour Relations Act of 1995, which deals with the transfer of employees. An extended consultative approach with the unions, NEHAWU and South African Transport and Allied Workers' Union (SATAWU), addressed the principles of insourcing, which included defining jobs and job categories, employee compensation and benefits.

Operationally, insourced staff are being managed by the Properties & Services Department (P&S) and the Department of Student Affairs (DSA), along similar oversight arrangements as existed prior to 1 July 2016. UCT's HR Department ran a series of information sessions for all insourced staff on UCT's benefits and conditions of service and provided opportunities for insourced staff to ask questions.

Newly insourced employees experienced a significant increase in their remuneration of between 48% and 98% cost of employment, and a reduction in their monthly working hours of about 25 hours a month.

The transition has not been without its difficulties. These have arisen over a number of issues – some unforeseen, some related to communications and understanding of conditions implicit in the original agreement to insource, and some related to the rapidly changing union landscape, with three new unions contesting the space previously occupied by NEHAWU. Some of these have been resolved; others are still being contested including some wild-cat industrial action.

Forums and Conversations

Objective: Develop faculty plans in consultation with students to address issues and concerns raised in faculty assemblies in 2015

The most important interventions around institutional climate are conversations and gaining insight into how we see and treat one another. There have been a number of faculty and departmental forums held to open up such spaces. Some lecturers have created classroom discussions unrelated to their disciplines to encourage students to talk about how they experience the university and their colleagues. The executive has attempted to keep open the space for dialogue, and will continue to do this provided the engagement is lawful, peaceful and respectful.

Transformation Plans for 2017

Objective: Facilitate a transformation dialogue process to develop a five-year transformation plan based on the strategic plan with clear timelines and responsibilities and provide a forum for ongoing exchange of ideas about transformational changes needed;
Objective: Ensure that Deans and HoDs are fully accountable for implementing institutional transformation objectives, incorporating the issues raised in the Faculty Assemblies of 2015

With the newly adopted strategic plan, it is expected that in 2017, the faculties and departments will begin to articulate how they intend to align their work and activities with the strategic plan. In addition, the following matters will be finalised in 2017:

- Develop a more emphatic focus on employment equity – recruitment, analysis of obstacles to promotion and in particular, finding more concrete mechanisms of accountability for deans and heads of department. We will continue the roll-out of 360-degree surveys of managers' performance, assessing climates within departments. There will be a new training programme for employment equity representatives and selection committee chairs.
- Review the admissions policy and related 2017 enrolment data.
- Strengthen mental health services in Student Wellness, particularly with the addition, if possible, of black therapists, and consider alternative healing modalities.
- The sexualities policy and mental health policy will be tabled at Council.
- Continue to review UCT's residence allocation policy to deal with the accommodation issues experienced at the start of the year.
- Continue to review and work on solutions for student funding.
- Continue the work on institutional climate and decolonisation.

- Expand the mediation programme to make more students available as campus mediators, in particular for disputes between students.
- Continue to document and support efforts being made in relation to transformation and the related impact on teaching and learning, curricula, academic support programmes and the research agendas.

In 2015 we were required to look back – whereas in 2016 we were invited to collectively design the future of UCT. As we move forward, we hope to continue to evolve and refine the processes at UCT that enable the inclusion of all students and staff at UCT.

Goal Two (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.

Strengthening UCT's International Profile

Objective: Develop our global relationships in a three-way partnership approach (UCT; African or developing world partner; and a global north partner)

UCT's International Academic Programmes Office (IAPO) continues to coordinate the Africa Regional International Staff/Student Exchange (ARISE) consortium, an EU-funded academic mobility scheme to partner with other institutions on the continent. ARISE's technical partner is the University of Leuven. UCT is also a consortium member of two other similar EU-funded Intra-Africa-Caribbean-Pacific Academic Mobility Scheme programmes: University of Ibadan-led PAMAPS (Postgraduate Academic Mobility for African Physician Scientists) and University of Yaoundé-led ERMIT (Entrepreneurship, Resources, Management Innovation and Technology), in association with University of Porto, Portugal.

In 2016, IAPO successfully bid for new funding from the EU under the Intra-Africa Academic Mobility Scheme to build on the successes of the ARISE programme. ARISE II is a consortium of the University of Cape Town, Makerere University, Addis Ababa University, University of Ghana, University of Leuven (technical partner) and the International Education Association of South Africa (associate partner). The ARISE II programme will offer a total of 46 mobility opportunities: 30 at master's level, 11 at doctorate level and five staff mobility opportunities. A combination of full-degree and shorter-term opportunities will be offered in the areas of Agriculture/Food Security and Health Sciences.

A short-term programme with the United Nations System Staff College was again hosted by IAPO, in collaboration with the GSB. Approximately 18 high-level senior directors from over eight countries in Africa, Middle East, Asia, Europe and North America attended the programme on Leadership for Transformation and Unity Building in the Workplace. There are currently initiatives to explore a partnership with the United Nations Office Nairobi including the United Nations Environment Programme (UNEP) and the United Nations Development Programmes (UNDP) and United Nations Habitat.

IAPO is developing a new partnership with the Commission for Conciliation, Mediation and Arbitration (CCMA) for the delivery of short-term programmes to organisations in African states. The objective is to build capacity through train-the-trainer programmes.

UCT is a member of four networks: the Australia Africa Universities Alliance (AAUN), the African Research Universities Alliance (ARUA), the Worldwide Universities Network (WUN) and the Southern African-Nordic Centre (SANORD), where there is significant overlap in the membership of the networks. This allows UCT to create partnerships on multiple levels to leverage international funding – especially when participation by African partners is required.

In order to successfully achieve UCT’s goal of developing global relationships in three-way partnerships, the Vice-Chancellor plays an active role on the governance boards of these networks. While his term as chair of the WUN has come to an end, he is currently the chair of ARUA. As such, he plays a significantly active role in driving network activities.

UCT also plays host to researchers from its network partners as well as encouraging its researchers to collaborate with network partners through providing mobility grants. In 2016, UCT hosted 35 researchers from its WUN partners with 14 instances of outbound partners (to whom UCT *sends* researchers).

Objective: Provide seed funding for strategically selected new collaborations including in Worldwide Universities Network (WUN), the International Association of Research Universities (IARU), and the African Research Universities Alliance (ARUA) that will advance existing complementarities; and three- or four-way partnerships that leverage benefits for all partners

In December 2016, UCT researchers partnered on seven collaborative research projects funded by the Worldwide Universities Network (WUN). UCT provided matching funds on all of these to enable its researchers to participate. In addition, UCT leads six WUN-funded research projects – some of them started in 2010 and are still ongoing. They no longer depend on receiving seed funding but have secured outside funding which sustains the projects. In addition to this, UCT researchers are partners on 41 WUN research consortia.

In 2016, the Research Office issued a call for funding to support international collaborative research projects (ICRP). One of the main aims was to support three-way or multiple partner collaboration in which UCT is the conduit between global north and south partners. Fifteen grants to the value of R50 000 each were awarded.

Objective: Publicise areas where UCT is particularly strong in studying challenges facing the continent and identify where the development of such expertise is perceived to be lacking and should therefore be prioritized

Two major initiatives helped to make visible those areas of UCT research focused on challenges facing the continent. The first was the launch of the Research and Innovation website (<http://www.research.uct.ac.za>), supported by the existing Twitter account (@UCT_Research) and a new Facebook account (UCT Research and Innovation). The home page of this site features research stories, many of which are focused on strategic research areas, which in turn tend to address Africa-specific problems, leveraging UCT’s geographic

advantage, our networks across the continent and our strategic goal of focusing on research with impact. A glance down the features page shows that during 2016 we covered stories relating to TB and HIV, climate change and conservation, good governance and democracy, safety and violence, and poverty and inequality, among others.

The second was the 2015-16 annual research publication; this latest issue focused on the theme of the United Nations sustainable development goals and pulled together stories about research addressing each of these goals; (<http://www.research.uct.ac.za/research-reports>). These aligned almost exactly with UCT's own research strengths in addressing challenges facing the continent.

The new requirement to identify where expertise might be lacking will be tackled in 2017, and discussions are currently under way about how best to address this.

Strengthening internationalisation at home

Objective: Increase the number of Semester Study Abroad (SSA) and full-degree students from Africa and other countries; Objective: Review strategies and targets for recruiting international students based on research of mobility trends

UCT registered 5 387 international students in 2016 (up from 5 030 in 2015), 1 057 of whom were SSA students (up from 1 027 in 2015). International students came from 112 countries: 2 570 were from SADC countries, 790 from other African countries and 1 807 from the rest of the world.

International Students

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|--------|--------|--------|--------|--------|--------|
| Total UCT students enrolled | 25 508 | 26 050 | 26 330 | 26 333 | 27 809 | 29 222 |
| Total UCT students (excl. SSA) | 24 664 | 25 096 | 25 353 | 25 386 | 26 782 | 28 165 |
| Total international students (excl. SSA) | 3 771 | 3 929 | 3 776 | 3 735 | 4 007 | 4 327 |
| % international students (excl. SSA) | 15% | 15% | 14% | 14% | 14% | 15% |
| Number of countries represented | 111 | 112 | 105 | 102 | 107 | 109 |
| Number of African countries represented | 42 | 37 | 42 | 37 | 39 | 39 |
| Total SADC students | 2 053 | 2 439 | 1 955 | 1 966 | 2 406 | 2 565 |
| % SADC students at UCT | 8% | 9% | 7% | 7% | 9% | 9% |
| Total Non-SADC International students (excl. SSA) | 1 364 | 1 470 | 1 821 | 1 769 | 1 601 | 1 762 |
| Total Non-SADC International students from Africa | 648 | 707 | 739 | 724 | 750 | 792 |
| Total Study Abroad Students | 844 | 954 | 977 | 947 | 1 027 | 1 057 |
| Total International Students incl SSA/non-degree seekers | 4 593 | 4 892 | 4 753 | 4 682 | 5 030 | 5 384 |
| % All International student registrations at UCT | 18% | 19% | 18% | 18% | 18% | 18% |
| Total international undergraduates | 2 727 | 2 888 | 2 756 | 2 541 | 2 652 | 2 715 |
| Total international postgraduates | 1 866 | 2 004 | 1 997 | 2 141 | 2 378 | 2 669 |

Note: 2015 figures are HEMIS Sub 3, 2016 figures are HEMIS Sub 3 as at June 13 2017

During 2016, the following initiatives were undertaken in relation to recruiting international students, based on research on mobility trends:

- An innovative online branding, awareness and recruitment campaign was developed and run from July to October 2016 through Study International, focusing on the

physical and academic attraction of UCT and Cape Town, and the relative value-for-money. It generated 82 974 reads of the two content articles, as well as 31 876 click-throughs to UCT's website. There was interest from many countries where we have traditionally not had much of a presence (Nigeria, Kenya, Egypt, Indonesia, etc). A similar campaign is planned for March – July 2017.

- DVC Phakeng and members of the IAPO team visited a number of universities in China in December 2016 with a view to encouraging SSA students from that country, thus diversifying our pool of students.
- IAPO is working on partnering with Cape Town Tourism to jointly brand the city and the university in their various marketing campaigns, since our research shows that SSA students are influenced strongly by destination factors in making their study choices.
- The feasibility of alternative offerings (short-term programmes, summer programmes, etc), which will generate additional income for the university, are being actively investigated.
- UCT's short-term and semester programmes were intensively promoted at three international conferences in 2016: NAFSA: Association of International Educators (meetings with 40+ education providers, conference held in Denver, USA); Asia-Pacific Association for International Education (APAIE) (meetings with universities; conference held in Melbourne, Australia); European Association for International Education (EAIE) (meetings with universities; conference held in Leeds, UK). Several new fee-paying student learning programmes were initiated.
- All international partners were sent an annual information and marketing update.

Building and Optimising Synergies between IAPO and the Research Office

Objective: Integrate the resources of IAPO and the Research Office in support of international partnerships

New organisational structures for IAPO and the Research Office were implemented in 2016. The new structure includes the post of Partnerships Relations Manager, which reports to the Director of IAPO and has a dotted reporting line to the Executive Director of the Research Office. This post is key to enhancing the link between the Research Office and IAPO to further the goal of stronger and deeper relationships with partners. Unfortunately, funding is not yet available for the post to be filled permanently so it has been filled in an acting capacity. Together with the Partnership and Visits Executive Committee (PVEC), this position is responsible for evaluating new partnership requests, ensuring that they fit within the strategic framework (which is in the process of being developed), and that there are business plans in place for the operationalizing of these partnerships. The Partnerships Relations Manager is also responsible for ensuring that there is current and reliable data available about institutional partnerships for improved strategic positioning and decision-making.

In the last year, PVEC has evaluated and responded to approximately 250 requests for partnerships in addition to a similar number of requests for visits. New processes have been developed to track requests, and an automated process in the Customer Relations Management System (CRM) is in development.

Goal Three (Research): To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.

This section provides a snapshot of UCT's research performance against a range of indicators, including research funding, support to postgraduate students and postdoctoral researchers, the publication count, and NRF rating. It then addresses some of the major activities of the Research and Innovation office in 2016.

Research Performance

Total research income from external sources amounted to R1 578 million in 2016, representing an increase of 14% or R191 million year-on-year. The number of new research contracts approved in 2016 was 2 266, down from 2 306 in 2015, while the total value of these new contracts amounted to R1 492 million in 2016 (compared to R1 444 million in 2015). Funding through the National Research Foundation (NRF) amounted to R306.4 million in 2016 compared to R338.8 million in 2015.

In 2016, 4 547 awards were made to 3 018 students who were registered for honours, master's or doctoral degrees, at a total value of R250.5 million. Awards were therefore made to 3 018 of the 8 628 students registered at the honours, master's and doctoral levels in 2016. By way of comparison, in 2015, 7 837 students were registered for honours, master's and doctoral degrees at UCT and of these, 3 380 students received awards to a total value of R255 million.

In 2016, out of 356 registered Postdoctoral Research Fellows (PDRFs) 338 received over R76.6 million in funding support (up from R68.7 million in 2015). This included 181 international PDRFs registered at UCT, of whom 168 received fellowships to the value of R35.1 million.

UCT was awarded 1 653.45 units for 2015 research publications, which resulted in the University being placed third overall in the national publication count rankings, but ranked first for book / chapter outputs (161.47 units) and first for international journal publications (87% of UCT journal publications).

In addition, 508 research master's students and 168 doctoral students graduated in 2016.

The number of NRF-rated researchers at UCT continues to increase and there are currently 542 researchers with a rating. A new A rating was awarded on re-evaluation to one UCT researcher during 2016.

UCT featured prominently among top international universities in the respective Times Higher Education (THE) BRICS and Emerging Economies Rankings (4th) and the Quacquarelli Symonds (QS) BRICS Rankings (14th). This is in addition to maintaining its strong presence in three main global university ranking systems in 2016: THE World University Rankings (148), QS World University Rankings (191) and Shanghai Jiao Tong Academic Ranking of World Universities (Top 300). Research productivity and citations form an important component of the criteria of all of these organisations' ranking methodologies.

Enabling environment for research

Objective: Complete the first year of a three-year implementation plan for the acquisition of a new research information management system (Converis) and the related recalibration and reorganisation of research support services across the university. This includes consolidation of the partnership support function in IAPO and the Research Office

As part of the eRA (eResearch Access) programme, the following components were completed during 2016:

- Recalibration of functions and processes for departments involved in support for research, culminating in restructures of IAPO and Research offices.
- Implemented the new research portal - www.eRAonline.UCT.ac.za - including comprehensive researcher profiles (also see further below).
- Implemented the Converis Publications modules including PubCount (publication count) reporting; capturing of publications for the 2016 PubCount cycle is on track.

Work-in-progress includes:

- the Partnerships and Collaboration module (Converis), providing support for university and network partnerships
- the Pre-Awards module (Converis), including applications for external and internal funding for both projects and researchers
- integration of the researcher profile with the NRF's CV Central system.

Objective: Fundraise for integrated researcher development interventions to support the full spectrum of researchers at different stages of their careers (master's through to early career and established researchers) with a special focus on black researchers

Besides the Department of Higher Education and Training (DHET) Research Development Grant (and in future, the University Capacity Development Grant) that supplement UCT's own resourcing of support for early career researchers, the University is leading an initiative in collaboration with the National Research Foundation (NRF) and the private sector to develop a national capacity building project with a special focus on black, early career academics who are working towards their doctoral degrees. A three-year grant from the Carnegie Foundation to provide a cohort of black PhD graduates in economics, civil engineering and infectious diseases with postdoctoral fellowships has also been secured. In addition, UCT is considering a business plan for the establishment of a researcher development academy to expand the delivery of capacity building programmes for early career researchers to staff and postgraduate students from other universities, particularly those coming off a lower research base. It is anticipated that the academy's offerings would contribute significantly to growing a wide range.

Objective: Consolidate the Big Data project through the Inter-Institutional Institute for Data Intensive Astronomy (IDIA), led by UCT; the Iziko Planetarium project and the application to the Department of Science and Technology to host the proposed national Tier 2 Data Node

The strategic decision to support the Big Data project has resulted in the aggregation of a number of research infrastructure initiatives. The development by the Information and Communication Technology Services (ICTS) of state-of-the-art physical infrastructure, in the form of a research-focused data centre, led to the first phase of the African Research Cloud (ARC), offering cloud computing services and eResearch tools to researchers. A formal memorandum of agreement has been signed with the University of the North West, and an expression of interest received from the University of Pretoria to share in the maintenance and use of the ARC infrastructure. (see <http://www.arc.ac.za/>)

The Inter-Institutional Institute for Data Intensive Astronomy (IDIA), led by UCT, has made significant additional investment to this infrastructure in computational and data storage capacity. Governance models are under development to enable research access across the partnership of South African universities and industry created to respond to the emerging challenge of big data in astronomy. (see <http://idia.ac.za/>)

Analysis of big data has been facilitated in the reporting period, in a data visualisation wall installed in a collaborative research space in the Libraries, and in an upgrade undertaken by Iziko, and partially funded by UCT, to facilitate a Digital Planetarium. This is due for completion in 2017 (see <http://www.iziko.org.za/news/entry/iziko-planetarium-set-for-digital-evolution>).

These foundations have culminated in a UCT-led consortium, under the leadership of IDIA director Professor Russ Taylor and UCT eResearch interim director Dr Dale Peters, being awarded a contract by the Department of Science and Technology to establish a regional data node as part of the department's National Integrated Cyber Infrastructure System (NICIS). This facility is the beginning of a national drive to ensure that researchers have the advanced information technology (IT) support they require, and UCT is honoured to play a leading role in the early stages of what is set to be an exciting process of innovation for South Africa.

Objective: Implement an integrated communication strategy for UCT's research, also in terms of web-based information and support for the internal research community

In 2016, there were several major web-based initiatives in the communication of UCT's research.

The first, UCT Research and Innovation (www.research.uct.ac.za), went live in March 2016. The site is intended to showcase UCT's research and innovation to an external audience, giving the institution's research powerful visibility, including news and features, profiles of researchers and inventors, and descriptions of UCT's strategic research strengths. This fills a previous gap on the current UCT website and reflects much more clearly UCT's ambition to be a research-intensive university.

A new Facebook account was launched alongside the UCT Research and Innovation site, to complement the growing Twitter account, both of which have drawn traffic to the new site.

The Research Support Hub (<http://www.researchsupport.uct.ac.za/home-24>) went live in June 2016. It is intended to serve the internal research community, offering UCT researchers a one-stop shop for all the support they need, rather than dividing help by offices/departments. The site links to other research support sites such as Converis and eResearch.

The Converis research portal (http://eraonline.uct.ac.za/converis/portal?lang=en_GB) was piloted during 2016, and launched at the end of the year. The portal provides details on researchers, research projects and publications at the University. Researchers can use the portal to create and manage their CVs, draw on and apply for grants and funding and create a publicly visible profile.

In 2016 the annual research report was, for the first time, produced as an online-only publication, and using a digital reader (<http://www.research.uct.ac.za/research-report-2015-16>). We chose the sustainable development goals as a theme, to align with the UCT strategy of demonstrating social responsiveness and impact.

International visibility was also driven by continued efforts to grow UCT researchers' presence on The Conversation Africa (<http://www.theconversationafrica.com>). In 2016, UCT authors achieved a combined impact of more than two million reads from 143 articles (110 authors). This includes almost half a million readers in the US, over 130 000 in the UK as well as considerable reach into Australia and India.

On all these various platforms, deliberate and sustained efforts were made during 2016 to focus on research with social impact. Researchers from previously disadvantaged groups were also sought out and focused on in order to increase their visibility and boost the university's efforts to transform the academic cohort.

Objective: Maintain the momentum gained by the virtual eResearch centre to increase research competitiveness and best practice in data management and storage

Under the leadership of the DVCRResearch, eResearch has laid the groundwork for data intensive science in the integration of services of the Divisions of the Research Office, the Libraries and ICTS in a collaborative support structure to best to support UCT researchers in a changing environment.

New technologies are changing the very nature of how research is conducted – how researchers collaborate, communicate, and even how research publications are reviewed. New data management services have emerged in the Libraries to support a research data management policy, drafted in response to growing funder mandates to manage, share and reuse data as supplementary material to publications. eResearch has increased research competitiveness and best practice in supporting postgraduate students and researchers in meeting the increasing requirements of journal publishers to validate research outcomes. This has been supported by the provision of a virtual emulation environment to stage controlled blind reviewer access to research data, including tools and software used in the

generation of the data. Data infrastructure models have been investigated, and the cost efficiency of a cloud-based solution led by UCT is considered under the grant of the NICIS Tier 2 data node.

Objective: Refine governance of inter- and trans-disciplinary research and postgraduate teaching

In collaboration with representatives from Institutional Planning, Finance, and leadership in faculties, and under the leadership of the DVC for Institutional Innovation, a document entitled “Approach to Manage and Promote Inter- and Trans-disciplinary (ID/TD) Teaching and Research Supervision at the University of Cape Town” was drafted in 2016, for further institutional consultation.

The proposal was specifically developed as a set of guidelines for the development, management and support of ID/TD postgraduate academic programmes.

The guidelines set out principles and support for:

- enabling proposed new programmes, particularly with respect to central seed funding and the establishing of a resourcing committee to assess viability
- structuring and governance of proposed new programmes
- academic administration
- considerations for quality assurance
- considerations for the acknowledgement of performance and promotion criteria.

The proposed guidelines were vetted by the University Research Committee, Deans and their advisory committees, and committees in the teaching and learning cluster and were subsequently adopted by Senate. It is intended that the new guidelines will promote new ID/TD programmes that may have previously been inhibited by barriers such as course and programme administration and promotion criteria.

Postgraduate studies

The Office for Postgraduate Studies has continued to work on consolidating the various opportunities for academic and professional skills development for postgraduate students and postdoctoral research fellows.

A range of seminars, workshops, retreats and Massive Open Online Courses (MOOCs) for postgraduate student development continued to be available in 2016. This included the so-called ‘flagship events’ – retreats covering ‘Starting the PhD Journey’ (55 first-year PhD students), the ‘PhD Breakaway’ (115 second- and third-year PhD students). A new event for final-year PhD students, called the Three-minute Thesis competition, was planned for October 2016 but held over until February 2017 due to UCT closure (22 PhD entries, ±100 students and staff attended the event).

In addition to a number of departmental, faculty and student initiatives, 66 sessions (workshops and seminars) were offered during 2016. A number (47) of these were organised and presented fully through the Office for Postgraduate Studies, while others (19) were presented through the Libraries with the assistance of the Office for Postgraduate Studies.

Sign-ups and participation for these in 2016 were 1 295 and 1 066 students respectively. Attendance was spread across faculties but weighted in the direction of the Science and Engineering sectors. The overall number of students involved in these workshops and seminars is approximately 20% lower than in 2015, possibly due to a number of cancelled workshops during student protest action, and the purposeful reduction in the number of MOOCs on offer due to poor completion rates thereof.

Goal Four (Teaching and Learning): 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: Facilitate a review of the curriculum in an inclusive and socially just way, to deconstruct the manner in which the current curriculum may perpetuate dominant cultural assumptions and particular epistemologies, and reinforce existing social relations of power

Through the Vice-Chancellor's commitment made to heed the call for decolonising curricula at UCT, the Curriculum Change Working Group (CCWG) was established in 2016. The work of the CCWG is a university-wide process that is intended to facilitate both dialogue and a coherent response to this call. The core group commenced activities in February 2016 and developed a Concept Document and Plan of activities for 2016 and 2017, with the intention of enabling the development of a curriculum planning framework through a decoloniality lens.

The CCWG has engaged students, faculties and various constituencies to constitute a larger group to facilitate university-wide consultations on curriculum change, and has led formal workshops, with a view to building critical mass and creating an enabling environment through this structure. The group has hosted a seminar led by decoloniality scholar Nelson Maldonado-Torres (Department of Latino and Caribbean Studies and Comparative Literature Programme, Rutgers University) and has planned a series of curriculum change *indabas* for 2017, including an *indaba* that will be led by computer scientist and mathematician CK Raju.

The CCWG informally engaged student movement groups during the university shutdown period of 2016 in order to understand student demands and to probe underlying issues through a critical theoretical framework, and has subsequently been invited to engage with staff in various departments across the institution. The CCWG has also tried to respond on a practical level to student demands and experiences to deepen an understanding of levels of curriculum change needed in higher education. Finally, the CCWG is supporting the rollout of a pilot decoloniality project in the Faculty of Health Sciences that is planned to commence in early 2017.

Objective: Review the Academic Development Programmes (more accurately known as the Extended Curriculum Programmes) to ensure that they serve the purpose of providing flexible pathways to support retention and success and address concerns raised by students about the stigma associated with participation in these programmes

UCT's Extended Curriculum Programme (ECP), largely funded by DHET's Foundation Grant, refers to the suite of undergraduate programmes coordinated by the Academic Development Programme (ADP).

What follows is brief review of activities undertaken by ADP and the faculties in relation to UCT's Extended Curriculum Programmes during 2016.

Importantly, all the faculties agreed through their review processes that issues of reframing the ECP curricula need to happen at both faculty and institutional levels, and that strategies should be developed to address the problem of stigmatisation associated with being placed in an extended curriculum programme. There is also the ongoing problem of procuring sufficient funding to support these programmes.

- The Faculty of Commerce currently successfully offers a suite of flexible programmes with various forms of built-in augmentation and support, as well as multiple articulation points between programmes.
- The Faculty of Engineering and the Built Environment has changed from a system of admitting students directly to the ECP, to a system whereby students transfer to the ECP after tests in April and exams in June.
- The Science Faculty introduced a new approach to the Extended Curriculum Programme in 2013 whereby students may be advised to transfer into the Science ECP as a consequence of their performance in tests in April and exams in June.
- In the Faculty of Law, an ongoing complaint by students is the overall rigidity of the Law curriculum, which does not allow for flexible movement between streams or choice in placement onto the regular or ECP. A reframing of the undergraduate Extended Curriculum Programme will be undertaken at the beginning of 2017.
- Humanities Education Development Unit (EDU) underwent an internal review process in 2016. A Self-Review Report, prepared by Humanities EDU staff, made suggestions for future changes; such changes will have to be made bearing in mind that the faculty risks losing significant funding from DHET's Foundation Grant if such changes to the Extended Curriculum Programmes were to disqualify these programmes from further earmarked DHET funding.
- In the Faculty of Health Sciences, the Extended Curriculum Programmes (called the Intervention Programmes) placement criteria have been reviewed and data collection to track student progression has been planned.

Objective: Determine strategic priorities for expanding and enhancing blended and online delivery

An Online Education Task Team was first convened in 2014 in response to the increasing demand for flexible forms of provision and the move to combinations of blended and fully online provision in various configurations.

Through its deliberations, the task team developed a position paper that provides a proposed framework for online education at UCT, and sets out clear positions on institutional priorities for online education, appropriate governance mechanisms, policy coordination, building capacity, relationships with external providers and technology platforms. The document locates blended and online delivery within both the national and institutional policy contexts.

The framework document states that UCT remains committed to an undergraduate experience that is largely residential in character, and to providing an outstanding learning experience for undergraduate students with significant engagement, connection and contact by UCT academics, regardless of mode. Hence, without the permission of Senate, no undergraduate programme will consist of more than 20% of the total credits in fully online mode.

At the postgraduate level, the framework document proposes that there will be no limit on the number of courses and qualifications which can be provided as fully online offerings at a postgraduate level (NQF 8+) and for non-degree undergraduate programmes (NQF 7).

In terms of governance, the framework document proposes that online education will form part of the work of the Senate Teaching and Learning Committee and its subcommittees and the Senate Quality Assurance Committee. A subcommittee of the Senate Teaching and Learning Committee will be formed for online education and will include additional members with appropriate expertise as required including from IPD, Central Finance, Research Contracts and Innovation (RC&I), CILT and the Registrar's Office.

The Position Paper has been widely circulated for discussion across the institution. The document is currently being redrafted into a policy for implementation, and the Terms of Reference for the proposed subcommittee of the Senate Teaching and Learning Committee is also being drafted.

Objective: Strengthen institutional capacity to use data to improve planning and evaluation in the area of teaching and learning

In 2015, The Senate Teaching and Learning Committee established a Data Analytics Task Team (DATT) which was tasked with considering how UCT could achieve a more coordinated approach to the use of teaching and learning performance data for the purposes of improving the quality of teaching and learning. Specifically, the DATT was tasked with articulating the purpose, scope and key principles and priorities of such an approach, and assessing existing systems and resources, key priorities. The DATT was to make its recommendations to senior management through the Senate Teaching and Learning Committee

The members of the DATT agreed that the then recently implemented SAP BusinessObjects software provided an ideal platform for providing data and reports that could as envisaged within the Terms of Reference.

Subsequently during 2016, ICTS and the Institutional Planning Department (IPD) completed a review and optimisation of all reports currently available in the BusinessObjects Student Records universe, with a view to expanding their usefulness to the wider community. Also to this end, two workshops were held with a view to raising awareness of the data and reports

available on within BusinessObjects, and hence improving their accessibility. The second workshop included presentations from academic staff, demonstrating how they were currently making use of the resources in BusinessObjects.

ICTS and the IPD also undertook a roadmap exercise to develop strategies to expand the use of BusinessObjects within faculties.

The DATT has largely achieved the objectives set in its original terms of reference (ToR), and a new ToR is being devised in order to take the work of the team to a more strategic level going forward.

Objective: Implement the 'UCT Plus' to give recognition for students who actively participate in extracurricular and student leadership activities

UCT Plus is a programme that acknowledges the extracurricular leadership work students bring to communities, sporting arenas, elected roles and role-modelling portfolios on our campus. UCT Plus, first initiated by the Department of Student Affairs (DSA) in 2007, has been developed and piloted over the past two years, and is ready to launch to the whole student community.

UCT Plus rewards the extracurricular contributions by recording this work as a formal accreditation on a student's transcript. Through involvement in co-curricular activities, students can demonstrate key competencies that potential employers value, such as teamwork, leadership qualities and experience, communication skills, a passion for continuous learning and development, experience in working in communities and a track record of working on social justice issues.

A one-year pilot was conducted during 2015, making use of a Department of Higher Education and Training Teaching and Development grant to the UCT Careers Service. The programme was piloted with four distinct leadership pathways: active learning, service to the community, positions of responsibility at UCT and "role-modelling" within the university. The pilot was not only a test of interest, software for logging activities, and feasibility of assessing the individual student's activities, it was also an evaluation of the impact that such activities had on the student's personal development.

The results of the pilot and model modifications were approved by Senate in early 2016 for implementation. For 2016–2017 there is capacity to support a new cohort of students to access the UCT Plus system to benefit from transcript recognition and to pioneer a breakthrough way of transferring skills.

Objective: Expand multilingual concept glossaries, provide self-access online multilingual tutorials or study material to support EAL students, especially at first year level, and increase appointments of multilingual tutors

The Multilingualism Education Project (MEP) required that multilingual concept literacy glossaries be developed to support students for whom English is not their first language. The glossaries developed to date have been uploaded to Vula, UCT's Online Learning Environment. Although it is still too early to assess the success of the UCT multilingual concept

literacy glossaries, their interactive nature and associated elements such as pictures, podcasts and blogs make them valuable resources.

MEP has, during the period under review, adopted various strategies for multilingual tutor training. Tutors were needed, for example, for the isiXhosa communication skills courses and the multilingual concept literacy project. The etutor programme was also conceptualized, but has not yet been implemented because of a lack of capacity and resources.

Objective: Investigate the feasibility of requiring all students to do a communicative course in isiXhosa and ensuring that all students in professional disciplines take at least one semester course in an African language before they complete their degree programme

The idea of introducing a compulsory African language course for all students was raised during the UCT Strategic Planning Framework development in 2016, but was not supported at Senate and other structures. However, in professional disciplines such as the Health Sciences and teacher education in the School of Education, students are required to take a compulsory African language course. In 2016, MEP also offered courses in disciplines such as Philosophy, Psychology and Human Nutrition. The inclusion of language courses such as isiXhosa in the curricula of disciplines such as Psychology, Philosophy, Law, Education and Health Sciences contributes significantly to the decolonisation of the curriculum. The teaching of isiXhosa short courses also promotes social interaction and social integration.

Goal Five (Engaged Scholarship): To expand and enhance the scope, quality and impact of engaged scholarship with multiple social partners to advance economic growth, social justice and development.

Objective: Strengthen networks, infrastructure, and other mechanisms for engaging with the university's external stakeholders to foster an improved understanding of the needs of external stakeholders, enhance the knowledge generation and translation processes

Since its inception the Knowledge Co-op has facilitated over 100 research-based projects in partnerships between communities, UCT students and their supervisors. In this way, the Co-op provides an important gateway through which communities grappling with real life challenges are able to access the university's expertise, knowledge and skills.

The Knowledge Co-op works closely with the Social Responsiveness Unit, for instance to promote its partnership opportunities to those participating in the Engaged Scholarship programme.

The University's social responsiveness policy framework articulates UCT's commitment to strive to engage with external constituencies on the basis of a number of principles, including the following:

- mutual respect and recognition for the different contributions that parties from various constituencies make to the partnership
- recognition that knowledge is transferred in more than one direction from more than one source

- recognition that social contexts have a significant effect on the manner in which people engage with development challenges and on professional practices
- a commitment to social justice and engagement with unequal power relations.

These principles underpin the Code of Good Practice for Engaged Scholarship with External (non-academic) Constituencies (developed in 2012) and Student Guide: Working with Community Partners (developed in 2014). Workshops are offered to academics supervising Knowledge Co-op projects around the former, while the latter is used in support sessions to offer guidance to students involved in these projects regarding their interaction with community groups, and is also offered to all student development agencies.

During 2016 one workshop for academics and two support sessions for students were conducted.

Objective: Increase the number of UCT Knowledge Co-op projects through expanding the pool of staff and PG students involved in establishing new partnerships

In 2016, 49 new project topics were submitted to the Knowledge Co-op by 20 external partners, nine of these being new partnerships. A total of 45 projects (including 33 starting in the year and 12 continuing from 2015) were facilitated during 2016. These projects, under supervision of 28 academics, involved 83 individual students and one whole class.

The bulk of the projects (31) were research-based and about one third involved community service. Twenty-five dissertations/internship reports completed were at the Master's level; there were also five Honours "write-ups" as well as one Rapid Research paper. In addition, 14 community service projects (at second-year or honours level) offered more practical support. Here students, often in teams, offered their expertise to community groups for course credits.

Objective: Establish and maintain a database of social responsiveness activities to improve planning and monitoring of the nature and range of activities and improve visibility through website

The 2015/2016 Social Responsiveness (SR) Report captured a wide range of activities across faculties. This is in addition to other activities which were covered by the previous reports. It is always a challenge to build a database of SR activities but the 2015/2016 SR Report made a significant stride in eliciting this information from the faculties and also developed categories (the nature of partnership, organisation and output) which were useful in storing all the data on the website.

Objective: Implement the Engaged Scholarship Programme to develop expertise in building and nurturing partnerships with communities

UCT's Engaged Scholarship Programme provides a space for professional development for UCT staff who wish to embed high quality engagement in their research and/or teaching, and are interested in exploring the transformative possibilities of engaged scholarship. The programme is designed for staff who are already active in engaged scholarship and would like to deepen their practice, as well as staff who are not yet engaged scholars but would like to enhance their current research or teaching through engaged scholarship with external groups or organisations.

The Engaged Scholarship Programme was in its third year in 2016 and to date it has assisted over 60 academics to navigate the complex and time-consuming process of engaging communities in the research process. Under the auspices of the Social Responsiveness Committee and the Research Office, the programme runs four workshops a year to assist academics in the following:

- how to work across boundaries
- how to theorise their engagement work and its intersection with scholarship
- how to craft a portfolio which captures the complexity of the process of engaging.

Objective: Establish the School of Design Thinking

Launched in February 2016 with seed funding from the HassoPlattner Trust, the School of Design Thinking at UCT is the third institute of its kind in the world, joining the well-established HassoPlattner Institutes of Design Thinking at the universities of Stanford and Potsdam. Its overall objective is to promote design thinking to meet the needs of users in complex socio-political and economic contexts through “collaboration, human-centredness, creative thinking and learning through doing”.

The school’s first pilot programme, for postgraduate students currently registered at UCT, began on 8 March 2016. The initial 30 students were from a range of academic backgrounds and spent two full days a week for 10 weeks completing the course. Further programmes were introduced during the course of the year, including short design-thinking bootcamps, training programmes for postgraduate students, introductory courses and open days for undergraduate students, and executive training.

In addition to the interest shown in its postgraduate programmes, the d-school has been approached by government, development organisations and the corporate sector to provide capacitation in design thinking. The school has engaged all sectors around these requests, and a range of introductory programmes were provided during 2016.

The d-school’s education programmes have attracted students from all over Africa, including Botswana, Cameroon, Democratic Republic of Congo (DRC), Egypt, Ghana, Kenya, Lesotho, Morocco, Nigeria, Tanzania, Zambia and Zimbabwe.

The UCT d-school team is composed of research-orientated design thinking educators and practitioners. In addition to their expertise as educators in design thinking practice, the team represents experience in education, research and practice in design-led innovation, in a wide range of disciplines and settings. These range from business, IT, entrepreneurship and public sector change management for innovation, to social justice development, sustainability, and democratic participatory models.

Objective: Promote access to research grants for engaged scholarship that advances development goals

The Community Engagement Awards are competitive grants that provide the space for research that contributes both to knowledge production within the ambit of community engagement as well as research on the processes and dynamics of engagement from the

perspective of the higher education sector. The awards support inquiry with some of the philosophical and conceptual challenges associated with the dynamics of community engagement and social responsiveness, as a field of research enquiry.

The NRF Community Engagement grant has been a useful resource for many of UCT's 'engaged scholars'. They have benefitted enormously from the grants which aided them to theorise their work. Professor Tania Douglas and Dr Jill Fortuin of the Division of Biomedical Engineering received 2017–2019 Community Engagement Awards from National Research Foundation.

Objective: Expand access for students to the Global Citizenship Programme

Amid the constantly changing context of the higher education landscape, the UCT Global Citizenship Programme (GCP) has been able to work very successfully on campus extending its presence from the short courses to a broader set of workshops, seminars and meetings. This is deeply gratifying, and shows the continued relevance of the programme at this very important time. The GCP has been able to increase its staff, bringing on board a number of young, mostly black, colleagues who have added hugely to the programme. It has also been able to put in place the staffing for the very important partnership with Sol Plaatje University (SPU) for which the DG Murray Trust sought funding on our behalf. In addition, a collaboration with the Department of Student Affairs has been initiated, assisted by funding from the DG Murray Trust.

During 2016, as in previous years, the Global Citizenship Programme offered three short courses and one credit-bearing course run through the Faculty of Engineering and the Built Environment (EBE).

The short-course “GC2: Service, Citizenship and Social Justice”, ran in the first semester, with 88 active participants and 58 completions. “GC1: Global Debates, Local Voices” ran in the second semester and despite the class sessions being cancelled due to the campus shutdown, 57 students were able to successfully complete the course. “GC3” continued to run throughout the year, with some students completing the 60 hours of community service and reflective portfolio required for this course.

In the Faculty of Engineering and the Built Environment (EBE), the GCP runs the credit-bearing course “Social Infrastructures: Engaging with Community for Change”. The course has run to a maximum capacity of 100 students for the past two years, and in 2016 it received one the four Collaborative Educational Practice awards at UCT. Furthermore, students who have completed the course have approached the Dean in the faculty to ask whether it might become a required course.

GCP Director Janice McMillan also received a Distinguished Teacher Award in 2016, which acknowledges the innovative teaching approaches on both the short-course programme and the Social Infrastructures course. This bodes well for increased staff development work in 2017 and going forward.

There were also important partnerships made with student societies and organisations, such as Ubunye, U-Turn, United Religions Initiative, Disrupting Whiteness, InkuluFreeHeid, as well

as the ResLife Programme. These partnerships have significantly expanded the reach of the GCP and contributed to the creation of new spaces for student engagements and deliberation on issues of social justice and citizenship. The relationships built in 2016 also led to the Global Citizenship Programme participating in the Orientation programmes of five different faculties in 2017, thus expanding exposure of the GC programme to more students.

Section Two: Performance against targets in the Annual Performance Plan

Student numbers

The actual enrolment in 2016 was 29 222 students, including 17 294 undergraduate full degree students, 3 280 postgraduates below the master's level, 5 184 master's students and 1 971 doctoral enrolments. The 2016 headcount enrolment target was therefore met and exceeded (by 2.4% overall) 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 2016. The 2016 headcount translated into 29 222 FTEs and 71 121 Teaching Input Units (TIU) (against a Ministerially approved total of 65 597 TIUs).

The undergraduate headcount enrolment in Engineering and the Built Environment was 3 146, which was markedly higher than the target of 2 780.

We enrolled 4 293 first-time entering undergraduates against a target of 3 901.

In terms of discipline, the 2016 enrolment was projected to be made up of 41% in Science, Engineering and Technology (SET), 25% in Business/Management, 3% in Education and 32% in the broad Humanities. The actual proportions for 2016 were as follows: 44% in SET, 26% in Business/Management, 2% in Education and 28% in the broad Humanities.

Demographic statistics

The targeted racial profile of the 2016 South African enrolment was 37% African, 14% coloured, 9% Indian and 40% white. The actual demographic profile of the 2016 South African enrolment was as follows: 28% African, 16% coloured, 8% Indian, 34% white and 14% 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 2016 enrolment is shown below:

Headcount Enrolments 2011 - 2016 showing percentage growth on base

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | % Change |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| SA African | 5 744 | 6 012 | 6 256 | 6 247 | 6 353 | 6 771 | 17.9% |
| SA Coloured | 3 687 | 3 530 | 3 608 | 3 620 | 3 622 | 3 830 | 3.9% |
| SA Indian | 1 671 | 1 701 | 1 731 | 1 819 | 1 848 | 1 934 | 15.7% |
| SA White | 8 992 | 8 814 | 8 483 | 8 141 | 8 155 | 7 982 | -11.2% |
| International | 4 268 | 4 802 | 4 290 | 4 686 | 5 030 | 5 384 | 26.1% |
| Unknown | 1 146 | 1 191 | 1 962 | 1 820 | 2 801 | 3 321 | 189.8% |
| Total | 25 508 | 26 050 | 26 330 | 26 333 | 27 809 | 29 222 | 14.6% |

A disproportionate but desirable increase in South African African enrolments (17.9% against an overall increase of 14.6%) is apparent. Over the 2011–2016 period white enrolments decreased by 11.2%, while international enrolments increased by 26.1%. There has been, however, a very marked increase in students with undisclosed race in the past six years.

| Headcount enrolments 2011 - 2016 by race, showing percentage of total | | | | | | |
|--|--------------|--|--------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| SA African | 5744 | 6012 | 6256 | 6247 | 6353 | 6771 |
| % of total incl. International | 22.5% | 23.6% | 24.5% | 24.5% | 24.9% | 26.5% |
| % of total excl. International | 27.0% | 28.2% | 29.0% | 28.9% | 27.9% | 28.4% |
| SA Coloured | 3687 | 3530 | 3608 | 3620 | 3622 | 3830 |
| % of total incl. International | 14.5% | 13.6% | 13.7% | 13.7% | 13.0% | 13.1% |
| % of total excl. International | 17.4% | 16.6% | 16.7% | 16.7% | 15.9% | 16.1% |
| SA Indian | 1671 | 1701 | 1731 | 1819 | 1848 | 1934 |
| % of total incl. International | 6.6% | 6.5% | 6.6% | 6.9% | 6.6% | 6.6% |
| % of total excl. International | 7.9% | 8.0% | 8.0% | 8.4% | 8.1% | 8.1% |
| SA White | 8992 | 8814 | 8483 | 8141 | 8155 | 7982 |
| % of total incl. International | 35.3% | 33.8% | 32.2% | 30.9% | 29.3% | 27.3% |
| % of total excl. International | 42.3% | 41.4% | 39.3% | 37.6% | 35.8% | 33.5% |
| International | 4268 | 4753 | 4753 | 4686 | 5030 | 5384 |
| % of total incl. International | 16.7% | 18.2% | 18.1% | 17.8% | 18.1% | 18.4% |
| Other/? | 1146 | 1240 | 1499 | 1820 | 2801 | 3321 |
| % of total incl. International | 4.5% | 4.8% | 5.7% | 6.9% | 10.1% | 11.4% |
| % of total excl. International | 5.4% | 5.8% | 6.9% | 8.4% | 12.3% | 13.9% |
| Total | 25508 | 26050 | 26330 | 26333 | 27809 | 29222 |
| | | | | | | |
| | | This is the % of total, including international students | | | | |
| | | This is the % of total, excluding international students | | | | |

Student Housing

Objective: Achieve 100% occupancy

The total student housing capacity for 2016 was 6 680 beds, and it was expected that 100% occupancy would be achieved. By 14 March 2016, 6 680 beds were occupied giving an occupancy rate of 100%.

| | Capacity | New Students - actual | Returning Students - actual | Total - actual |
|--------------------|-----------------|------------------------------|------------------------------------|-----------------------|
| Undergraduate beds | 6 054 | 2 124 | 3 958 | 6 082 |
| Postgraduate beds | 626 | 402 | 196 | 598 |
| Total | 6 680 | 2 526 | 4 154 | 6 680 |

Student success rates

Please note that specific four-year objectives linked to the Teaching Development Grants are discussed on page 68 below.

We expected in the region of 7 644 graduates in 2016. This target included a projected 3 772 undergraduate completions, 2 357 completions below the master's level, 1 283 master's graduates and 231 doctoral graduates. To date, we have recorded 7 231 graduates, made up of 3 795 undergraduate completions, 2 198 postgraduates below the master's level, 1 070 master's graduates and 168 doctoral completions. Among the graduates to date, 4 593 were in the human sciences and 2 547 were in the natural sciences.

The undergraduate course success in 2016 was 87.7%, which was very slightly higher than that of 2015 (87.6%). The 2016 undergraduate course success rates among South African students are shown below:

| | SA African | SA Coloured | SA Indian | SA White & Undisclosed |
|--------------------------------|------------|-------------|-----------|------------------------|
| UG course success rate in 2016 | 81.7% | 87.1% | 88.5% | 91.9% |

The undergraduate course success rates in 2016 thus varied between 81.7% (for SA African students) and 91.9% (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 84%.

Just less than 2.5% of all undergraduate students were refused readmission on academic grounds at the end of 2016. This proportion is almost identical to that in 2015, but slightly lower than in prior years.

Examination of the longitudinal performance of the 2011 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- 71% of the 2011 FU cohort (in comparison with 73% of the equivalent 2010 cohort) had completed an undergraduate qualification within five years of registering at UCT.
- 13% of the 2011 cohort (the same proportion as within the equivalent 2010 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 2011 FU cohort was 8% (also the same as within the 2010 cohort).
- 7% of the 2011 FU cohort was still busy with undergraduate studies at the end of 2015. This proportion has stabilised at between 6% and 8% among recent FU cohorts.

Academic staffing

UCT's 2016 HEMIS staffing submission shows that a total of 1 202 permanent instruction/research or academic staff were employed in the six faculties and in CHED. This represents a 2% increase over the 2015 figure of 1 179.

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2016 was 69%. A further 25% 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 Three: Report on Earmarked Grants

All universities receive a number of earmarked grants from the Department of Higher Education and Training (DHET). Earmarked grants are for specific purposes designated by the Minister of Higher Education and Training. The criteria for allocation of these grants is determined by the Minister and universities have little or no influence in the allocation process. Accountability for these grants is through narrative reports to the department which are supplemented by the audited financial certificates. This section focuses on funds provided to UCT in the 2015/16 financial year (the university's year 2016) by the DHET.

Teaching Development Grant: Council Objective 1.2

The 2016/7 Teaching Development Grant (TDG) covered 34 projects (four projects included in the original TDG Plan were completed in the 2015/16 cycle) spread across the institution. The funding is 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.

The total allocation of the TDG for 2016/17 amounted to R 10 707 681 (comprised of an overspend of R956 045 in the previous cycle and funds released of R11 503 000) and the total expenditure for the 2016/17 period amounted to R10 748 306. This represents a total overspend for 2016/17 of R 40 625. The overspend can be attributed to the carryover of the overspend in the previous cycle.

For the 2016/17 qualitative report covering the period 1 March 2016 – 31 March 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 March 2017. The University is gratified to see that projects have made major progress-related strides since the last cycle. We have conducted a meta evaluation for the last three years and key achievements include:

- increased opportunities for lecturer development, which ultimately increases opportunities for student success
- the establishing of a community of practitioners; this is an important first step to enhancing the status of teaching at a research-intensive university
- the development, piloting and refining of new courses, materials, and technologies for teaching and learning
- additional support – particularly for undergraduate students who may be vulnerable or at risk of failing – in acquiring content through revision tutors and developing academic and life-skills with mentors.

Overall (institution-wide) targets set for the period 1 April 2014 – 31 March 2017

As of 1 June 2017, 2016 interim figures indicate that improvements in 2013 and 2014 were largely sustained in 2016, with a few minor exceptions.

| Target | Progress between 2013 and 2014 | Progress 2015 (as at 26 April 2016) | Progress 2016 (I June, 2017) |
|---|---|---|-------------------------------------|
| 0.6% average increase in success rate for contact students in the undergraduate FTE degree credit by course level (Table 26 of UCT's Enrolment Plan submission to DHET) | The 2013 figure was 84.2%; 88.4% in 2014. UG FTE degree credits 13 352 in 2013; 13 602 in 2014. The target was thus attained. | 87.7% in 2015 (very slight decline but within target). 13 733 UG FTE degree credits in 2015 to date. | 86.8% in 2016 12 402 |
| 2.5% average increase for contact students in the postgraduate FTE degree credits by course level (Table 26 of UCT's Enrolment Plan submission to DHET) | PG degree credits 3 671 in 2013; 3 618 in 2014 probably due to a decrease in enrolments at the PG diploma level. The target has not yet been attained. | 5 445 PG degree credits in 2015. Target achieved. | 5 046 |

Faculty-based targets set for the period 1 April 2014 – 31 March 2017

Targets for improvement were set for particular courses and/or years in Health and Rehabilitation Sciences, Commerce, Law, Science and Engineering and Built Environment (EBE), which were supported by the activities funded by the TDG's. Progress is as follows:

| Target | Progress 2013 and 2014 | Progress 2015 (as at 26 April 2016) | Progress 2016 (as at 8th May 2017) |
|--|---|--|---|
| Improve student success rates by 4% in Commerce initiatives; | Commerce pass rate: 88.4% in 2013, 88.5% in 2014; | Commerce pass rate (contact only): 87.6%, so a very slight decline; | COM pass rate 79.6% - a decline, although two Commerce TDG funded activities ended in the previous cycle. |
| Improve the pass rate to 85% in Property Law and Constitutional Law; | Constitutional Law pass rate: 80.4% in 2014; Law of Property pass rate 81% in 2014; | Constitutional Law pass rate up to 81.7% in 2015; Law of Property pass rate down to 77.4% in 2015; | Constitutional Law pass rate 72.1% - a decline Property Law pass rate 76.4% - a slight decline |

| | | | |
|---|--|--|--|
| | | | Neither of these targets were met in 2016. |
| Reduce exclusion rates to <5% in Science; | Science academic exclusion rate 5.1% in 2014; | Science academic exclusion rate 4% in 2015; | Science academic exclusion rate 4,6% in 2016; target met. |
| In Humanities the course pass rates will be improved so that 75% of the class achieve >55%; | HUM 78.8% with >=55% in 2014 i.e. target attained; | 75% of UG class with >=55% in 2015, so still attained; | 75,7% of HUM UG class with year average >=55% – success rate maintained and target met. |
| Improve the class average in third and fourth years of Health and Rehabilitation Sciences to 70% because of this programme; | Health and Rehabilitation Sciences third-year class average 64.4% in 2014; Health and Rehab fourth-year class average 66.3% in 2014; | Health and Rehab Sciences third-year average 63.5% in 2015; fourth-year average 66.8% in 2015; | Health and Rehab Sciences third-year average 66,5% – improved and the Health and Rehab Sciences fourth-year average 66,1% – somewhat maintained; Science UG academic exclusion rate 4,6% – slight improvement. |
| 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. |
| 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. | 2014 average time to degree for master's qualifications was 2.0 years and for doctoral degrees was 4.9 years. Hence the target for master's students has been attained but we have a long way to go to attain the doctoral target. | 2015 average time to degree for master's qualifications was 2.3 years and for doctoral degrees was 5.2 years. Neither target was attained. | 2016 data not available yet due to delayed processing as a result of the late start of the 2017 academic year. |

TDG Collaborative Projects

UCT completed the remaining two collaborative projects at the end of March 2017. The total available funds for collaborative projects amounts to R1 671 491 and R1 646 357. We therefore have a slight underspend of R25 132 (1,5% of the total available funds).

Research Development Grant: Council Objective 1.2

The aim of research development funds is to provide financial support mainly to universities with low research master's graduates, doctoral graduates and research publication units (books for the specialist, conference proceedings, and articles in accredited journals) with the view to increase these particular outputs. In some cases, universities would first be required to focus on increasing their percentage instruction/research staff with masters and doctoral degrees to achieve these goals.

This financial support is also conceptualized within a capacity building framework. At first, researchers are supported to develop their Thuthuka and NRF rating proposals. Then, throughout the grant period, they received ongoing guidance through the various research capacity building programmes of the Research Office including the ERP, as well as individual mentoring. The Research Development Grant for 2017 amounts to R3.168 million was allocated by the DHET to cover Seminars and workshops, Research Development, Exchange and Mobility and NRF top-ups.

In the proposal and budget approved by the Director-General of DHET in 2014, UCT undertook to use its Research Development (RD) Grant 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 RD grant 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. A narrative report that outlines what has been achieved by the University is available as a separate report.

Foundation programme grants: Council objective 1.3

Foundation provision funds complement teaching development funds. The primary purpose of foundation provision is to improve the academic performance of students who are at risk of dropping out due to their poor educational backgrounds. Such students are placed on Ministerial approved extended curriculum programmes, which are in most cases one year longer than the regular qualification. UCT offered nine extended curriculum programmes approved by the Minister in all its six faculties. UCT received an earmarked Foundation Grant of R12.997 million from DHET and spent a total of R24.231 million in 2016/17. The substantial

financial contribution that the University makes every year to ensure responsible delivery of programmes signals the importance that the institution attaches to supporting vulnerable students academically through provision of extended curriculum programmes. Headcount enrolment figures for 2016 were slightly down from the previous year but closer to the enrolment planning target of 685: 694 first-time entering students and an overall total of 739 first-year students were enrolled in foundation courses.

Full-time equivalent extended curriculum programme student enrolments in foundation courses were calculated as 383.15 FTEs, which represents a 5.7% increase over the 362.65 FTEs reported for 2015. The success rate of full time equivalent first-time entering foundation students was 85% in their foundation courses, compared with a success rate of 69% in regular courses related to their foundation courses. Class sizes are smaller and the relationship between lecturers and students is often more personal and closer in foundation courses than in regular courses. Many lecturers on foundation courses prepared extra materials for students when the University closed down and offered extra workshops and examination preparation sessions for both the November 2016 and the January/February 2017 deferred exams. UCT continues to act as a dedicated provider of foundation provision in extended curriculum programmes that offer students carefully structured opportunities to study successfully at a higher education level in all of UCT's faculties. Student enrolment figures were close to the enrolment planning target in 2016, and their success rates were on the whole satisfactory, given the serious disruptions that characterised South African Higher Education in the past two years.

The number of permanent staff involved in offering foundation courses remained similar over the past three reporting years (42 in 2014 and 41 in 2015 and 2016). The number of temporary staff was the same as in 2015, namely 24. 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: 58% of permanent full-time equivalent staff had doctorates (an increase of three percentage points compared to 2015) and 31% had Master's degrees while 85% of the full-time equivalent temporary staff had Master's degrees and 8% doctorates.

NSFAS allocations: Council objective 1.4

UCT is one of the universities that underwrites 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 be funded for not longer than N+2 (normal duration of their programme plus an additional two years). UCT has over the years extended this criteria to N+3 if the student is in their final year of study and will graduate if they pass all their courses.

In 2016, a total of 3 707 students were assisted with financial aid from NSFAS and UCT own funding, and a further 3 218 by external bursaries (corporate). This represents almost 40% of all undergraduate students in 2016. At undergraduate level financial aid provided amounted to R627 million and R351 million at postgraduate level. In the beginning of 2016 UCT developed a new approach to assist undergraduate students who incurred fee debt in 2013, 2014 or 2015 to proceed with their studies. This new approach, mostly funded from the allocations made available by government through NSFAS, but also from UCT's own sources and donors, meant that no NSFAS eligible student were prevented from continuing with their studies or from graduating due to unaffordability, provided they are academically eligible in terms of funding rules.

Details of UCT's modified approach to assisting students with fee debt, as well as those who lost their funding as a result of poorer than required academic performance, is elaborated on page 35 above.

Clinical training grant: Council objective 1.5

The Clinical Training Grant is essential for supporting the funding of clinical training for our clinical programmes. The University of Cape Town has been in the fortunate position of benefitting from the grant (CTG) since it was first introduced in 2008. The clinical training grant has allowed the 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 1 350 students. The target for 2016 is to continue to utilise the CTG to provide this additional teaching support to our cohort of 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 will support in 2016 are the third- and fourth-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. The total allocation from the DHET for 2016 was R34.615 million.

The CTG has a very positive effect on clinical teaching and training in the Faculty of Health Sciences (FHS) as indicated by the high pass rates in the various programmes each year. The aim is to continue to provide quality clinical teaching and training support to the Health Sciences programmes to maintain high pass rates. Overall expenditure for the period is R36.745 million which represents a total spent of 95%. The narrative report and audited financial statements show that UCT has used the grant in line with the programmes approved by the department.

As reported in last year's Annual Report, UCT's good track record in spending and accounting for this grant resulted in the University being requested by the DHET to lead a national review of this grant. The review was to be completed in 2016, but owing to student protests it was not possible to complete the task as planned, and revised timelines were provided for completing the review and publishing a report in the first half of 2017. The report once published will show the extent to which the University ensured that there was widespread buy-in from the sector. The report is the result of a comprehensive review of the CTG involving

key stakeholders, including the national departments of Higher Education and Training, Health and Finance as well as Higher Education Institutions (HEIs).

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 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. 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. Institutions 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 showed convincing evidence of this planning provision before they were awarded nGAP posts. The 2016 cohort was allocated R10.874 million by the DHET. 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.

Infrastructure and Efficiency Grant

The purpose of this grant is to provide funding to universities to assist them with the ability to expand their infrastructure so as to better cope with the growth in student numbers. The overall aim is to provide an environment conducive to teaching and learning in support of improved throughput and success rates. The last cycle consisting of three financial years covered the period 2012/13 to 2014/15. Over the past two years, the department has shifted its focus to deferred maintenance and student housing. In October 2015, universities were informed that from 2016/17 onwards a macro infrastructure plan will be used as a basis for individual university allocations. Universities were also informed that each (university) will receive an amount for deferred maintenance in early 2016 and will be required to submit a plan to the department detailing how the funds will be spent. Furthermore, universities were informed by the department that a working group comprised of various experts has been established and further details will be provided once the working group has completed its work.

For 2016, UCT received a once-off allocation of R74.5 million. From this amount, R50 million was allocated for student housing and R24.5 million for deferred maintenance backlog. For deferred maintenance, the University provided a plan of proposed projects to be

implemented in the maintenance and student housing categories. For student housing, the University plans to use this allocation together with the funds received in the third round of infrastructure funding 2012/13 – 2014/15 (R26, 779 million). The project involves the construction of a 332 bed student residence and decanted dining facility. The University has already appointed the professional team. Approval has been received from Heritage Western Cape and the latest Site Development Plan (SDP) has been approved by the municipality. While it was UCT's intention to fund this project as a Public Private Partnership (PPP), recent financial modelling by UCT's finance department and learnings from other institutions' developments indicate that a PPP is not feasible.

As part of the third cycle of infrastructure allocations, the DHET provided all universities with an equal amount of R2,474 million under the Information Communication Technology for the classroom renewal project and the densification of the wireless connectivity across teaching venues in late 2015. This project supplemented the UCT Classroom Renewal Project (CRP) to upgrade 172 centrally-bookable classrooms at UCT over 5 years in line with new standards developed in consultation with the Classroom Facilities Advisory Subcommittee (CFASC) and the Project Implementation Committee. To meet the needs of teaching and learning, amongst other critical aspects, UCT determined that increased wireless coverage density across 109 teaching venues is needed.

The densification of wireless connectivity is aligned with the timing of the classroom renovations to the extent that it is possible, so as to reduce duplication of logistics. Where it was not possible, wireless densification was done independently. During the reporting period ending 31 March 2016, wireless density in and across twenty lecture rooms and areas was improved at a cost of R1,304 million. It is anticipated that further expenses will be incurred during the course of 2017 and 2018 toward improving wireless density across campus.



Max Price: Vice Chancellor

24 June 2017

INSTITUTIONAL FORUM REPORT TO COUNCIL FOR 2016

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 Council a sense of the issues that arose in the IF and their significance for transformation in the University. The report itself is structured, as in previous years, into four sections. The first section provides an overview of the work of IF; the second emphasises specific matters raised during IF special meetings; the third section details the Executive appointments considered by IF and lastly, IF puts forward recommendations for 2017.

1. Institutional Forum Overview: 2016

In February, the IF held an induction meeting which focused primarily on improving the efficacy of the IF. Recommendations that were put forward by the IF Review Task Team were used as a guide for discussion. IF members were asked to consider the purpose of the IF; improving the efficacy of IF and IF representation at Council. Of notable importance was the distinction made between the IF and the University Transformation Advisory Committee (UTAC). IF felt that it was important that UTAC not duplicate the mandate of the IF, which is to focus on transformation. Further, that UTAC continue to focus on the Employment Equity aspects of the institution.

A key structure was called for by the IF members in order to improve efficiency and to become more responsive to transformation matters that arise at UCT. This structure would be a smaller representation of the current IF composition, which would be known as the IF Executive Committee (IF EXCO). The purpose of this IF EXCO would be to expedite discussion and form a collective decision on potential advice to Council and/or the Executive. This decision would be circulated electronically to the broader IF membership before submission.

2. Institutional Forum Meetings: 2016

In 2016 the UCT IF met six times. These meetings consisted of an Induction Workshop, the four required meetings for the year and one special meeting. The section below details notable outcomes from the IF meetings this year.

2.1 IF Induction Meeting 2016

This meeting was guided by the recommendations emanating from the report by the IF Review Task Team.

2.2. IF Considerations Meeting of 14 March 2016

In this meeting the IF considered, among other matters, the Interim Statement of the Council's Artworks Task Team and the review of the selection committee processes for appointments that require faculty board considerations and/or IF and/or Senate (Deans, DVCs, VC).

2.2.1 Interim Statement of the Council's Artworks Task Team

With regard to the Interim Statement of the Council's Artworks Task Team, the IF was informed that that Council had established the Council Artworks Task Team in September 2015, and mandated it, among others things, to conduct or commission an audit, an assessment and an analysis of statues, plaques and artworks on campus that may be seen to recognise or celebrate colonial oppressors and/or which may be offensive or controversial. From the outset the team has been mindful of the urgency of its work in the face of ongoing student protest, as well as of the complexity of the issues involved. Furthermore, the Task Team aims to foster and promote activities that engage and consult with the broader university community (students, PASS staff, academics) through workshops, interviews, colloquia and assemblies. Included in these initiatives would be the facilitation of the first public forum welcoming all interested parties in the university community to express their views. These will include engagement on the matters of symbolic significance, such as plaques, statues and artworks.

The IF supported the purpose and scope of the Artworks Task Team and accepted the interim statement without amendment.

2.2.2 Review of the selection committee processes for appointments that require faculty board considerations and/or IF and/or Senate (Deans, DVCs, VC)

During a previous IF meeting, IF members highlighted a problem in the selection committee policy that concerned putting forward more than one candidate to the Faculty Board. The current practices at the time allowed for two or more viable candidates to be recommended to the Faculty Board. The submission of two or more candidates was to expedite the process if, for example, the first candidate's appointment does not materialise, (for reasons related to salary; or the person's current employ gives them a better offer or the person is overseas, etc), then the committee would recommend the second person for the position. However, the policy was reviewed and changed, for appointments that need to be approved by Faculty Boards and Senate. The new policy states that only one candidate is recommended to the Faculty Board. If the first candidate declines, the request will go back to the Faculty Board, on a separate occasion, and put forward the second candidate for their consideration. Usually the selection committee will reconvene, however, if they have made a decision on who the second candidate is, then the meeting would not need to reconvene and the second candidate would be put forward for consideration of the Faculty Board.

2.3 IF Considerations Meeting of 4 May 2016

The key focus of this meeting was UCT's responses to Safety, Violence, Sexual Harassment, Suicide and Assault. Presentations were delivered by the Safety and Violence Initiative (SAVI) and the Sexual Assault Response Team (SART). Following these presentations, the IF felt that visibility of information relating to safety and/or sexual assault was lacking and that more could be done to make information accessible to students and staff on campus.

2.4 IF Considerations Special Meeting of 7 June 2016

A special meeting was held, given the UCT survivors' concerns about UCT's response to sexual assault. SAVI provided guidance to the IF on how to improve safety on campus. Of notable

importance was the development of a mobile safety app which could help develop hotspots on campus where students feel unsafe and/or have been attacked.

Related to the theme of safety, and following on from the 2015 Rhodes Must Fall student movements, a Joint Committee was established by Council to develop a UCT Policy for Private Security and Police on Campus. Six members of the IF were nominated to be part of this Joint Committee.

2.5 IF Considerations Meeting of 17 August 2016

2.5.1 Curriculum Review

During this meeting the IF received a submission from the Curriculum Change Working Group (CCWG) which was formed to review the curriculum in light of the important developments in transformation. The CCWG works with interested students, staff and community members to define and where possible review the concerns with current course content. It was noted by IF that there was no PASS representation on the CCWG executive committee.

2.5.2 Fees

The Vice-Chancellor stated that UCT probably requires an 8% increase in revenue to continue at the same level in 2017 as in 2016. The VC shared his view that the government should supplement the shortfall of funding to universities and that this approach should be complemented by increased funding from fees, where this is possible without reducing access to the poor and “missing middle” income students. The VC is of the belief that the business sector can and should make a greater contribution to funding higher education and should contribute towards the 8% increase required.

The VC stated that the UCT Council will come to its decision independently on what the appropriate fee increase will be for our institution for 2017. The normal process will be followed: namely that the Student Representative Council (SRC) and management (after consultation) will bring proposals of fee increases (if any) to the University Finance Committee (UFC). The committee will consider the proposal/s and will then make a recommendation to Council.

IF noted the complexity of reaching a resolution for fees and noted the support of the SRC in working with the Executive on this matter.

2.5.3 Proposal for Council Commission to review Council constituted committees

A document was tabled by the SRC which proposed that a commission be established to review the composition of Council committees. This proposal is based on a Ministerial request to increase the number of Ministerial nominees on Council. It was concluded that the SRC would take the proposal to Council. Should any instructions and/or objection emerge from Council, then IF will table the document for further discussion.

IF awaits feedback from Council/SRC on this matter.

2.5.4 IF decision making power and process

At the meeting of 14 March 2016 it was noted that the IF is not a majority rule type structure; instead IF expresses the views of the members, and it is hoped that the views are unanimous. The concern then was that there needs to be a careful understanding of the types of consensus reached during the IF decision making process and to address urgent matters that require an immediate response.

IF members deliberated on this matter and suggested that where matters were not unanimous, all views (opposing and favourable) will be submitted to Council. A final decision about this process will be made at the first IF meeting next year, as the meeting was not quorate.

3. Executive Positions

This year the IF approved the job description, selection committee and the appointment of Professor Loretta Feris for the DVC for Transformation.

4. Recommendations

- The IF seeks to interrogate 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 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.
- The previous Council (March 2015) had approved recommendations to improve the functioning of the IF and its relationship with Council, viz
 - Meetings of the IF be aligned with those of Council
 - That the IF should designate one of the co-chairs to attend Council meetings for items submitted by the IF for a trial period of six months'



Anwar Mall

IF Co Chair

24 June 2017

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

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.

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. Furthermore, the effectiveness of an internal control system can change with circumstances.

The University's independent auditors, EY (Ernst & Young), 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. EY have reported on the progress made in addressing these issues, indicating where items have been resolved, partly resolved or not yet resolved. In certain instances, management may be comfortable to accept a particular risk; these instances require the assent of the UAC.

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 (UAC)

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 Council's term ended on 30 June 2016, which saw the committee chairpersonship change from Justice Farlam to Ms Mokgabudi. Council has stipulated that it requires a report from the UAC following every meeting of the UAC.

Attendance at UAC meetings during 2016 is presented in the table below:

| University Audit Committee (UAC) | | Apr | May | Sep* | Nov | % |
|----------------------------------|----------------------------|-----|-----|------|-----|-----|
| Justice I G Farlam ¹ | Chair & Council Member | P | P | | | 100 |
| Mr G Bloor ¹ | Council Member | Ap | Ap | | | 0 |
| Ms F Jakoet ¹ | Member (independent) | P | P | | | 100 |
| Advocate A C Mopp ¹ | Member (independent) | P | P | | | 100 |
| Dr M R Price | Member (Vice-Chancellor) | P | P | Can | P | 100 |
| Ms T Mokgabudi ² | Chair & Council Member | | | Can | P | 100 |
| Mr G Cavaleros ² | Deputy Chair (independent) | | | Can | P | 100 |
| Mr E Davids ² | Council Member | | | Can | P | 100 |
| Ms A Dlamini ² | Member (independent) | | | Can | P | 100 |
| Prof G Gray ² | Member (independent) | | | Can | P | 100 |

* Due to student protests the meeting scheduled in September 2016 was cancelled.

¹ Member of the previous UAC

² Member of the current UAC

P - Present

Ap - Apology

Ab - Absent

Can - Cancelled

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

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 factors considered in developing the internal audit plan are the key risk areas per the risk schedules and the requirements of management and the UAC, taking into account 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 in order to understand their key risks and adapt the audit plan accordingly.

Delegated Authorities

Schedules of delegated authority are set by Council after review by the UAC, and cover financial authorities, human resource matters, procurement, research contracts and legal matters and compliance. Internal audit periodically reviews and reports on adherence to these authorities.

During the year under review, the delegated authorities were substantially updated, and approved by Council in December 2016.

Going Concern

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

Rotation of the independent auditors

The University's policy is that, in the ordinary course of events, an audit firm will be appointed for an initial three-year period, followed by a full-scale review of performance after which, if the performance is judged satisfactory, there would be an expectation of annual appointments for a period of five additional years. The University is able to terminate the appointment at any time during the initial three or subsequent five-year period. At the end of the second period (i.e. after a total of eight years) the University will seek tenders for the audit appointment. The incumbent audit firm will not be debarred from competing for the appointment. The University will, in terms of its auditor appointment policy, again enter into a formal tender process following the 2017 audit.

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 reappointment for the 2016 audit. This recommendation was endorsed by Council and ratified by the AGSA.

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 (RMC)

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 (Teaching and Learning).

Attendance at RMC meetings during 2016 is presented in the following table:

| Risk Management Committee (RMC) | Mar | May | Aug | Oct* | % |
|---|-----|-----|-----|------|------|
| Dr M R Price (VC and Chair) | P | P | Ap | Can | 66,6 |
| Mr A Francis (Deputy-Chair) | P | P | P | Can | 100 |
| Professor S Klopper | Ap | P | P | Can | 66,6 |
| Professor I Woolard | P | P | P | Can | 100 |
| Professor P Andrews | P | P | P | Can | 100 |
| Mr R Pillay | P | P | P | Can | 100 |
| Dr M Khan | P | P | Ap | Can | 66,6 |
| Mr A Theys | P | P | Ap | Can | 66,6 |
| Ms G Kruger | Ap | P | P | Can | 66,6 |
| Judge Farlam (external member of UAC – assessor member) | P | P | | | 66,6 |
| Ms L Rhode (Director Internal Audit – assessor member) | P | P | Ap | Can | 66,6 |

* Due to student protests the meeting scheduled in October 2016 was cancelled.

P - Present

Ap - Apology

Ab - Absent

Can - Cancelled

Assessing and managing risk

Risk management 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. The University has identified risk domains, each with its own champion who is responsible for identifying risks and compiling the risk schedule for their area. Where appropriate, risks are transferred to third parties, including taking out insurance cover as a risk-mitigation measure for insurable risks.

The integrated approach to risk management allows the RMC to focus on any aspects of the University and its operations which might be a threat in attaining its strategic objectives. The

University's risk management objectives are to identify and manage existing and new risks in a planned and coordinated manner, with minimum disruption and cost.

The following are the risks that the RMC addressed during 2016:

Decline in State funding

The decline in Government subsidies continues unabated and presents a significant risk to the University. This has had a huge 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 and cannot be funded, which may compromise the quality and reputation of the University in the long-term. In 2016, the University embarked on the implementation of austerity measures which included early retirement and voluntary separation packages for certain staff members on the basis of applications from staff members.

Student protests linked to fee-free higher education

As in 2015, two central themes 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 radical 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.

The 2016 announcement by the Minister of Higher Education and Training, that Government would support fee increases of up to 8% for the 2017 academic year, intensified protests for free higher education. This resulted in the deferment of some of the academic programmes, with all undergraduate face-to-face classes suspended for the latter part of 2016. All faculties and departments ensured that the planned curriculum was made available to students in alternative and mixed teaching modes as determined by each faculty and department. For some faculties and departments the completion of the 2016 academic year was only possible at the beginning of 2017.

The student protests affected the operations of various departments but all the key operations managed to deliver on their key mandates. Departments such as HR and Finance had to deliver on their key mandates offsite.

National Student Financial Aid Scheme (NSFAS)

The rollout of the NSFAS central application system resulted in uncertainty in the application and admission processes within the University, regarding 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.

High levels of crime rates 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 a number of ongoing initiatives on and off campus aimed at increasing safety in the vicinity of the campus.

Cybercrime and information security breaches

Cybercrime and information security breaches affect all organisations. ICTS are 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 UCT. In addition to internal mitigation measures, external professional advice is sought where necessary. During 2016 cyber liability insurance cover was increased from R10 million to R50 million.

Health and Safety

The Executive Director: Properties and Services reports at each meeting of the RMC on the 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.

Insurance risk

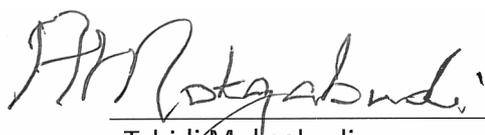
The University is a participant in a national consortium of Higher Education Institutions (TERISA), which provides both cost effective insurance and service expertise. The RMC was satisfied that all reasonable steps were being undertaken to ensure that the University had appropriate insurance cover. The University cover includes among others, all its assets, primary liability, management liability, umbrella 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 to protect assets in cases of imminent threat to the destruction of property.

Tax risks

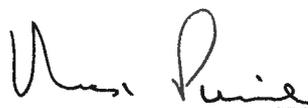
Both the RMC and UAC continued to assess the identification and management of PAYE and VAT compliance risk. As most of these issues are common to the Higher Education sector, a major intervention has been the University's involvement in a tax task team established under Universities South Africa (USAf). 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 performed a PAYE audit during 2016 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 University and the UCT Foundation and advises both bodies on investment strategies, the appointment of investment managers in terms of agreed strategy and in setting 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 reason of their expertise in the field of investments. 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.



Tshidi Mkgabudi
Chair of the University Audit
Committee



Max Price
Chair of the Risk
Management Committee



Liesle Rhode
Director of Internal Audit

24 June 2017

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
- cash flow planning.

Highlights of the 2016 Annual Financial Statements

- Increase in total income of 10.2% (2015:12.4% increase).
- Increase of 4.1% (2015: 15.6% increase) in fee income.

- Decrease in income from private donations of 16.8% (2015: 33.4% increase).
- An increase in income from research contracts and grants of 17.2% (2015: 11% increase).
- Recurrent expenditure increase of 13.2% (2015: 11.3% increase).
- Consolidated operating surplus of R663.7 million against a surplus of R658.8 million in 2015, a 0.7% increase (2.5% decrease in 2015).
- A surplus of R70.4 million (2015: R115.1 million) if investment income and realised gains on sale of investments are excluded.
- A decline in cash generated from operations to R220.3 million (2015: R348.2 million).
- An increase in total assets of 10.01% (11.5% in 2015).

Of the consolidated operating surplus of R663.7 million, R505 million is attributable to restricted funds. The balance of the surplus relating to council controlled activities can be largely attributed to investment income.

Consolidated Cash Flow

The operations yielded a net inflow of R220.3 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 16.1 %, the main contributing factors being a staffing volume increase as a result of the insourcing of services previously outsourced and the payment of Voluntary Separation Packages, amounting to R45 million, to permanent staff as part of the austerity project undertaken during the year;
- Fee income increased by 4.1 % compared to 15.6% in 2015;
- Student fees receivable increased by 50.4% from R87.7 million to R131.9 million.

Income and Expenditure

Continuing Educational Operations

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

Total recurrent operating income increased by R309 million (12.2%) to R2.85 billion, mainly due to an increase in state subsidy, the largest income source, of R184 million (16.4%) to R1.3 billion. The increase in state subsidy is due to a one-off additional allocation in lieu of the agreement to implement a zero-fee rate increase in 2016. Tuition and other fee income increased by R61 million (5%) to R1.26 billion. The increase in tuition fees is largely attributable to a growth in volume.

Expenditure grew by R333 million (12.7%) to R2.95 billion, mainly due to an increase in personnel costs of R272 million (16.1%) to R1.96 billion. The personnel costs include the

additional staffing costs associated with insourcing, and the austerity-related costs of incentivised packages, representing the main drivers. Expenditure other than personnel increased by R60 million (6.4%) to R993 million and reflects lower expenditure on outsourced services where costs have, in essence, moved from operating costs to staffing costs. Financial aid and scholarships from the operating budget decreased by R22 million (13.6%) to R140 million. This was as a result of additional NSFAS funding received for first year students. Other operating expenses increased by R78 million (10.7%) to R805 million.

Our undergraduate students received a total of R626 million in total financial support, up from R595 million in 2015. This support comes from various sources; corporate and other external bursaries support students to a value of R244 million, while NSFAS provided loans amounting to R202 million and UCT contributed R109 million from council controlled funds. In addition, income from endowments and other funds available to the University for the purposes of financial aid contributed R71 million.

The recurrent operations generated a deficit of R103 million, following a deficit of R79 million in 2015 and a deficit of R60 million in 2014. This slide is mainly a consequence of the reductions in student fee income; were it not for the additional state subsidy, the situation would have been significantly worse.

The table below shows that the Council-controlled unrestricted operations produced a deficit in 2016 of R103 million (2015: R79 million deficit). The actual surplus attributable to Council-controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 99, is R153 million, compared to R98 million in 2015, investment income R179 million (R155 million in 2015) being the major contributor in both years to the difference between this and the deficits referred to above.

| | 2016 | % change from PY | 2015 | % change from PY | 2014 | % change from PY | 2013 | % change from PY | 2012 |
|---|---------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Recurrent income | 2 848 | 12% | 2 539 | 9% | 2 335 | 8% | 2 167 | 7% | 2 024 |
| State appropriations - subsidies & grants | 1 306 | 16% | 1 122 | 2% | 1 104 | 3% | 1 069 | 4% | 1 027 |
| as a % of recurrent income | 46% | | 44% | | 47% | | 49% | | 51% |
| Tuition and other fee income | 1 260 | 5% | 1 199 | 17% | 1 025 | 11% | 920 | 11% | 830 |
| as a % of recurrent income | 44% | | 47% | | 44% | | 42% | | 41% |
| Sales of goods & services | 277 | 32% | 210 | 6% | 198 | 17% | 169 | 10% | 153 |
| Private gifts & grants | 5 | -38% | 8 | 0% | 8 | -11% | 9 | -36% | 14 |
| | | | | | | | | | |
| Recurrent expenditure | 2 951 | 13% | 2 618 | 9% | 2 395 | 8% | 2 224 | 11% | 2 010 |
| Personnel | 1 958 | 16% | 1 686 | 9% | 1 543 | 11% | 1 393 | 9% | 1 283 |
| as a % of recurrent expenditure | 66% | | 64% | | 64% | | 63% | | 64% |
| Other operating expenses | 805 | 11% | 727 | 7% | 677 | 0% | 676 | 15% | 587 |
| as a % of recurrent expenditure | 27% | | 28% | | 28% | | 30% | | 29% |
| Bursaries | 140 | -14% | 162 | 17% | 139 | 9% | 127 | 11% | 114 |
| as a % of recurrent expenditure | 5% | | 6% | | 6% | | 6% | | 6% |
| Depreciation and minor capital items expensed | 48 | 9% | 44 | 22% | 36 | 29% | 28 | 8% | 26 |
| | | | | | | | | | |
| Recurrent Operating Surplus (Deficit) | (103) | 30% | (79) | 32% | (60) | 5% | (57) | -507% | 14 |

Cash flow planning

The Cash Flowcycle 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 is a function of recurrent operations and free cash reserves. While the operating margins are low, the 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 some 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 reductions in 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 R664 million reflected in the Consolidated Income Statement, R505 million arises from specifically funded restricted activities. While these activities contribute to the mission of the university, they do not often provide for sustainability and instead have additional implications for expenditure of the Council-controlled activities.

Austerity measures

The growing national problem of higher education funding reached critical proportions in 2016. In UCT's case its state subsidy increased at only 3.5% per annum on average over the past five years. This was about two and a half percentage points behind inflation and four percentage points behind UCT's cost increases (largely due to its growing salary budget). This resulted in UCT having a 20% smaller 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 net savings from this first phase of the austerity process yielded a permanent reduction of ongoing annual costs which amounted to R93 million. This recurrent saving, however, came at a one-off cost of R45 million.

Research and other operations similarly dependant on specific funding

Transactions in relation to Research and other Specifically Funded Activities are usually outside the decision rights of 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, accounts receivable management and infrastructural support.

Revenues increased by 8.3% to R2.47 billion. Government-related grants increased by 4.7% from R492 million to R515 million, while contract research continues to expand, growing by 13.3% to R1.1 billion. The University has now experienced substantial growth in research activity for an extended period which has placed significant demands on core administrative departments, which in most cases have received little in the way of real increases in resources. As these departments become over-stretched the risk of reputational damage increases.

In terms of key metrics, the total income from IP commercialisation was R 15.2 million and where once again two new UCT spin-off companies were formed. Sixty-seven new patent applications were filed and are at different stages of patenting and 59 patents were

granted. Of note, 56 new inventions were disclosed to Research Contracts and Innovation (RC&I), which was 33.3 % above 2015 and sets a new high-water mark.

Income from donations and gifts amounted to R368 million compared to the R441 million raised in 2015. The primary reason for the decrease is due to a significant one off donation of R65 million received in 2015.

Staff and Student Housing operations

The Staff and Student Housing unit is required to cover its costs, provide resources for long-term maintenance and to contribute towards the expansion of housing stock thereby providing greater access to students and staff.

Total revenues increased by 5.4% to R400.5 million, while the recurrent deficit of R26.5 million, when added to the provision for loan repayments of R22m, means the housing sector failed to make any significant progress in respect of its debt repayment obligations related to OBZ Square. The increased fee revenue in student housing resulted primarily from the government grant received in lieu of the zero-fee increase for 2016. The continual failure to capitalise on the vacation accommodation opportunities and the commercial space has compromised the servicing of the debt and maintenance.

Consolidated Statement of financial position

The consolidated assets increased by 10.01% with the following as significant contributors:

- Increase of 7.3% in non-current investments (2015: 89.1%).
- Current assets increased by 20.5% (2015: 21.9%), with student debt and cash and cash equivalents increasing by 50.4% and 22.1% respectively.

The majority of the non-current assets are designated and Council has no discretion over these. Immovable property cannot be alienated without the approval of the Minister of Higher Education and Training. This amounts to R2.1 billion or 20.8% of total assets for the current financial year (2015: R1.9 billion).

Approximately 75% of the investments are held by the UCT Foundation Trust and are designated for specific activities. The balance is held within the University operations with 82% thereof designated for specifically funded restricted activities.

The increase in the student fees receivable is characterised by the fact that 90.8% of this debt was incurred in 2016, with the equivalent 2015 position being 88.9%. This means that we have improved on the collection of the current year debt in comparison but we remain concerned about debts not being collected.

Capital expenditure of R260 million was similar in value to 2015 spend.

The University has a healthy gearing ratio, with a liability total of R1.67 billion against total assets of R10.1 billion; a debt ratio of 0.16.

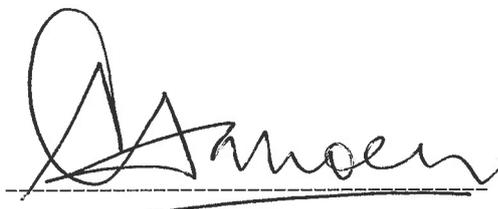
Future Challenges – 2017 and beyond

The South African economy has been facing a tough time over the past year, and the future looks worrying. The predicted GDP growth for 2017 is forecast at 1.0%. While we have an excellent fiscal policy in South Africa, the same can't be said for our fiscal discipline: Higher Education finds itself in this very tight financial corner. The Department of Higher Education and Training is being forced to compete with other government departments for increasingly scarce resources.

UCT, like other educational institutions, faces a very difficult situation – the state subsidy for universities has been increasing at rates lower than inflation for the past few years, yet university costs are increasing beyond inflation. UCT relies on government for 44% of its revenue stream whilst 47% comes from tuition fees and 9% from other sources.

It is also well understood that inflation in the higher education 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 higher education (HE) institutions. This situation is exacerbated by the growth in student numbers and enrolments targeted by the DHET and the recent establishment of two new HE institutions. The consequence of this is that additional volume into the national system is being funded by diluting the existing pool of funding. The result is that institutions such as UCT, which has limited opportunity for further student growth, will receive a lesser proportional share of state funding for the foreseeable future.

Amendments to the B-BBEE Codes of Good Practice have been amended in a significant way that has 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 ourselves 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.



P.P. Babalwa Ngonyama

Chairperson: University Finance Committee

24 June 2017



Ashley Francis

Executive Director: Finance

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

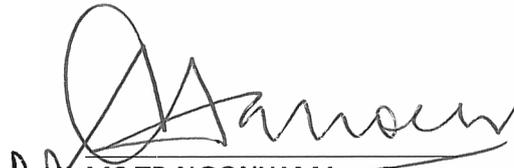
The annual financial statements for the calendar year 2016 presented on pages 93 to 146 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education and Training in terms of the Higher Education Act, 1997, and 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 statements. 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 93 to 146 were approved by the University Council on 24 June 2017 and are signed on its behalf by:


MR S PITJANA

CHAIR OF COUNCIL


MS TB NGONYAMA

CHAIR OF THE FINANCE
COMMITTEE


DR M R PRICE

VICE-CHANCELLOR


MR A FRANCIS

EXECUTIVE DIRECTOR: FINANCE

24 June 2017

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 2016

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF 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, set out on pages 98 to 146, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds, and consolidated 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 2016, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, Act No 101 of 1997.

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 for Auditors Code of Professional Conduct for 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 of Cape Town and its subsidiaries. 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 of Cape Town and its subsidiaries.

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

Responsibilities of the Council

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa 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) 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 report. We performed procedures to identify reportable 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 reliability of the reported performance information for the following selected strategic objectives presented in the annual report of the university for the year ended 31 December 2016:

| Objectives | Pages in the annual report |
|---|----------------------------|
| To achieve the approved enrolment targets for 2016 | 12 |
| To achieve the approved graduate outputs targets | 12 |
| To achieve the approved first-time entering undergraduate enrolment target | 13 |
| To adopt a five year-strategic plan (2016-2020) and mid-year performance reports to the Department of Higher Education and Training | 13 |
| To ensure that the 2016 earmarked teaching development grants are utilised for the purposes for which they have been awarded | 66-67 |
| To achieve the research output per instructional/research professional staff | 69-70 |

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not identify any material findings on the 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 73 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 identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Other information

The University's Council is responsible for the other information. The other information comprises the information included in the annual report, which includes the report of the Chair of Council for 2016, the report on UCT operations during 2016, the institutional forum report to council for 2016, annual financial review and the council's statement of responsibility for the annual financial statements for the year ended 31 December 2016. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual report that have been specifically reported on in the auditor's report.

Our opinion on the consolidated financial statements and 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.

Internal control deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance legislation, but not to gather evidence to express an opinion or conclusion on the effectiveness of the entity's internal control.

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 findings reported with regard to reported performance information or any matters identified as non-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 that are either in progress or have been completed. These reports did not form part of our opinion on the consolidated financial statements or our findings on the reported performance information or compliance with legislation.

Audit-related services and special audits

We conducted nineteen agreed upon procedure engagements during the year ended 2016. 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 audit as requested by a donor funded entity during the year ended 2016. Three additional special audits as requested by a donor funded entity 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 of Cape Town.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Tina Lesley Rookledge
Registered Auditor
Chartered Accountant (SA)
Cape Town
24 June 2017

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 specific key legislation in respect to selected subject matters.

Financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated 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 and 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 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.

UNIVERSITY OF CAPE TOWN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Note | 2016 R'000 | 2015 R'000 |
|---|------|---------------|---------------|
| ASSETS | | 10,098,747 | 9,179,553 |
| Non-current assets | | 7,661,987 | 7,158,105 |
| Property, plant and equipment | 5 | 2,815,917 | 2,656,632 |
| Investments | 6 | 4,826,852 | 4,496,803 |
| Investments in associates | 7 | - | - |
| Non-current receivables and prepayments | 8 | 19,218 | 4,670 |
| Current assets | | 2 436 760 | 2,021,448 |
| Inventories | | 970 | 924 |
| Accounts receivable and prepayments | 9 | 282,859 | 277,253 |
| Student fees receivable | 9 | 131,921 | 87,717 |
| Cash at bank and cash equivalents | 10 | 2,021,010 | 1,655,554 |
| ACCUMULATED FUNDS AND LIABILITIES | | 10,098,747 | 9,179,553 |
| Accumulated funds | | 8,426,683 | 7,670,372 |
| Non-distributable funds | | 3,736,228 | 3,500,929 |
| Endowed funds | | 2,335,852 | 2,168,869 |
| Revaluation reserve | | 1,400,376 | 1,332,060 |
| Restricted funds designated for specific activities | | 2,869,591 | 2,539,443 |
| Education and general | | 2,677,086 | 2,352,401 |
| Student and staff accommodation | | 192,505 | 187,042 |
| Unrestricted council controlled funds | | 1,811,377 | 1,630,000 |
| Non-controlling interests | | 9,487 | - |
| Non-current liabilities | | 1,154,004 | 988,806 |
| Deferred revenue | 11 | 550,012 | 481,336 |
| Provisions – employee benefits | 12 | 603,992 | 507,470 |
| Current liabilities | | 518,060 | 520,375 |
| Accounts payable and accrued liabilities | 13 | 362,071 | 361,344 |
| Deferred revenue | 11 | 21,502 | 21,703 |
| Student deposits | | 70,215 | 72,849 |
| Provisions – employee benefits | 12 | 64,272 | 64,479 |

UNIVERSITY OF CAPE TOWN
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in R'000)

| Education and General | | | | | | |
|--|---------------------------------------|--|-----------|---|---------------|----------|
| Note | Council Controlled Unrestricted | Specifically Funded Activities Restricted | Sub-Total | Student and Staff Housing Restricted | 2016 TOTAL | % Change |
| 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 | 658,236 | 5,463 | 663,699 | |
| Non-controlling Interests | - | 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 | 5,600 | - | - | - | 5,600 |
| 12.3 | | | | | |
| 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 | Non- controlling interests | TOTAL |
|---|-------------------|------------------------|---|---------------------------------|-----------------------|----------------------------------|-----------|
| | Endowed Funds | Revaluation Reserve | Education and General | Student and Staff Housing | Council Controlled | | |
| 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 INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in R'000)

| Education and General | | | | | | |
|---|---------------------------------------|--|-----------|---|---------------|----------|
| Note | Council Controlled Unrestricted | Specifically Funded Activities Restricted | Sub-Total | Student and Staff Housing Restricted | 2015 TOTAL | % Change |
| Recurrent revenue | 2,676,191 | 2,278,470 | 4,954,661 | 379,851 | 5,334,512 | 12.4 |
| State appropriations-subsidies and grants | 14 1,122,452 | 491,821 | 1,614,273 | - | 1,614,273 | 5.7 |
| Tuition and other fee revenue | 1,198,719 | - | 1,198,719 | 334,870 | 1,533,589 | 15.6 |
| Income from contracts | - | 924,672 | 924,672 | - | 924,672 | 11.0 |
| Rendering of services | 210,084 | 253,918 | 464,002 | 43,454 | 507,456 | 8.9 |
| Donations and gifts | 7,840 | 440,712 | 448,552 | - | 448,552 | 33.4 |
| Sub-total | 2,539,095 | 2,111,123 | 4,650,218 | 378,324 | 5,028,542 | 12.0 |
| Interest and dividends | 15 137,096 | 167,347 | 304,443 | 1,527 | 305,970 | 19.1 |
| Recurrent expenditure | 2,583,468 | 1,849,485 | 4,432,953 | 362,631 | 4,795,584 | 11.3 |
| Personnel | 16 1,685,598 | 768,877 | 2,454,475 | 49,956 | 2,504,431 | 12.6 |
| Other operating expenses | 17 727,022 | 698,995 | 1,426,017 | 272,779 | 1,698,796 | 7.8 |
| Financial aid and scholarships | 161,820 | 347,840 | 509,660 | - | 509,660 | 16.5 |
| Depreciation | 5 43,812 | 33,783 | 77,595 | 5,112 | 82,707 | 15.8 |
| Sub-total | 2,618,252 | 1,849,495 | 4,467,747 | 327,847 | 4,795,594 | 11.3 |
| Net finance costs | (34,784) | (10) | (34,794) | 34,784 | (10) | (0.1) |
| Finance costs | - | (10) | (10) | - | (10) | (0.1) |
| Interest on internal borrowings | (34,784) | - | (34,784) | 34,784 | - | - |
| RECURRENT SURPLUS | 92,723 | 428,985 | 521,708 | 17,220 | 538,928 | 23.7 |
| NON-RECURRENT ITEMS | 10,890 | 108,920 | 119,810 | 32 | 119,842 | (50.1) |
| Loss on disposal of property, plant and equipment | (1,665) | (1,226) | (2,891) | (161) | (3,052) | (39.3) |
| Realised profit on sale of investments | 12,588 | 206,762 | 219,350 | 220 | 219,570 | (24.5) |
| Fair value movement on fair value through profit and loss financial instruments | 5,331 | 12,725 | 18,056 | 88 | 18,144 | 940.0 |
| Impairment of available-for- sale investments | (5,364) | (109,341) | (114,705) | (115) | (114,820) | 166.1 |
| NET OPERATING SURPLUS | 103,613 | 537,905 | 641,518 | 17,252 | 658,770 | (2.5) |
| Transfer from endowed funds | (5,928) | (3,831) | (9,759) | 9,759 | - | - |
| SURPLUS FOR THE YEAR* | 97,685 | 534,074 | 631,759 | 27,011 | 658,770 | (2.5) |

* 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 2015

(All amounts in R'000)

| | Council Controlled Unrestricted | Specifically Funded Activities Restricted | Revaluation Reserve | Student and Staff Housing Restricted | 2015 TOTAL |
|---|---------------------------------------|--|------------------------|---|---------------|
| Surplus for the period | 97,685 | 534,074 | - | 27,011 | 658,770 |
| Other comprehensive income: | | | | | |
| Other comprehensive income to be reclassified to surplus or deficit in subsequent periods | - | - | 175,033 | - | 175,033 |
| Unrealised movement in market value-available for sale investments | - | - | 279,783 | - | 279,783 |
| Reclassification adjustment for items included in income statement | - | - | (104,750) | - | (104,750) |
| Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods | 25,800 | - | - | - | 25,800 |
| Actuarial gains on post-retirement medical aid benefit obligation | 12.3 25,800 | - | - | - | 25,800 |
| TOTAL COMPREHENSIVE INCOME | 123,485 | 534,074 | 175,033 | 27,011 | 859,603 |

UNIVERSITY OF CAPE TOWN
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in R'000)

| | Non-Distributable | | Funds Restricted for Specific Activities | | Unrestricted Funds | TOTAL |
|---|-------------------|---------------------|--|---------------------------|--------------------|-----------|
| | Endowed Funds | Revaluation Reserve | Education and General | Student and Staff Housing | Council Controlled | |
| FUND BALANCES AS AT 1 JANUARY 2015 | 2,020,347 | 1,157,027 | 1,990,057 | 160,031 | 1,483,307 | 6,810,769 |
| Total comprehensive income | - | 175,033 | 534,074 | 27,011 | 123,485 | 859,603 |
| Surplus for 2015 | - | - | 534,074 | 27,011 | 97,685 | 658,770 |
| Other comprehensive income | - | 175,033 | - | - | 25,800 | 200,833 |
| Transfers between funds | 148,522 | - | (171,730) | - | 23,208 | - |
| FUND BALANCES AS AT 31 DECEMBER 2015 | 2,168,869 | 1,332,060 | 2,352,401 | 187,042 | 1,630,000 | 7,670,372 |

UNIVERSITY OF CAPE TOWN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 R'000 | 2015 R'000 |
|---|-----------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from students, government and private sources | | 4,932,374 | 4,441,585 |
| Cash paid to employees and suppliers | | (4,712,076) | (4,093,337) |
| Cash generated from operations | 20 | <u>220,298</u> | <u>348,248</u> |
| Investment income – interest | 15 | 307,150 | 256,001 |
| Investment income – dividends | 15 | 52,572 | 49,969 |
| Finance costs | | (3) | (10) |
| Net cash inflows from operating activities | | <u>580,017</u> | <u>654,208</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | 5 | (260,395) | (300,928) |
| Proceeds on disposal of property, plant and equipment | | 307 | 944 |
| Net additions to investments | | (38,304) | (73,631) |
| Net cash used in investing activities | | <u>(298,392)</u> | <u>(373,615)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Government grants received during the year | 11 | 83,831 | 10,875 |
| Net cash inflows from financing activities | | <u>83,831</u> | <u>10,875</u> |
| Net increase in cash and cash equivalents | | 365,456 | 291,468 |
| Cash and cash equivalents at beginning of period | | 1,655,554 | 1,364,086 |
| Cash and cash equivalents at end of period | 10 | <u>2,021,010</u> | <u>1,655,554</u> |

1. University information

The consolidated annual financial statements of the University for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of Council on 24 June 2017.

The principal activities of the University relate to teaching, research and the providing 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

Various new and amended IFRS and IFRIC interpretations that have been issued and are effective have been adopted by the University but have no material impact as they are not applicable to the University's current activities.

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 2016, 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.

2. Basis of preparation (continued)

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.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the University.

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.

2. Basis of preparation (continued)

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. Basis of preparation (continued)

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 has the ability to 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 measures 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 acquisition 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.

The University has controlled the Sports Science Share Block Pty Limited RF since [1994]. However, it has not been consolidated in prior years; the effect of consolidating the subsidiary is immaterial. The Sports Science Share Block Pty Limited RF manages a share block in respect of the Sports Science Institute building. Its primary activities are in respect of the maintenance, renovation and replacement of assets in the share block in terms of the Share Blocks Control Act.

In 2016, the University Council approved the formation of the Graduate School of Business Foundation, a Trust entity that would engage in fundraising for donations that would assist deserving students with funding for programmes at the Graduate School of Business. The University is the sole beneficiary of the Trust's variable returns. The activities of the Trust have been fully consolidated in the financial statements.

2. Basis of preparation (continued)

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. Basis of preparation (continued)

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. Significant accounting judgements and estimates (continued)

3.1 Judgement (continued)

3.1.1. Investments (continued)

The University has further determined that it has significant influence over PST (Pty) Ltd, as the University has the right to appoint a representative to a Board that consists of 3 individuals.

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 2016 an impairment loss of R12.3 million (2015: R114 million) had been recognised for available-for-sale assets. The carrying value of available-for-sale assets at 31 December 2016 was R4,827 million (2015: R4,497 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.

3. Significant accounting judgements and estimates (continued)

3.2 Estimation uncertainty (continued)

3.2.2. Depreciation (continued)

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 2016 was R73,2 million (2015: R64,6 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 2016, 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 2016 was R492,5 million (2015: R418,7 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 2016 was R131,9 million (2015: R87,7 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.

4. Summary of significant accounting policies (continued)

4.1 Foreign currency translation (continued)

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. Summary of significant accounting policies (continued)

4.2. Revenue recognition (continued)

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 expected 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.

4. Summary of significant accounting policies (continued)

4.3. Retirement benefits (continued)

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

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:

4. Summary of significant accounting policies (continued)

4.8. Property, plant and equipment (continued)

| | 2016 | 2015 |
|--|--------------|--------------|
| 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. Summary of significant accounting policies (continued)

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 amortisation process.

4. Summary of significant accounting policies (continued)

4.10.1. Loans and receivables (continued)

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:

4. Summary of significant accounting policies (continued)

4.11. De-recognition of financial assets and liabilities (continued)

4.11.1. Financial Assets (continued)

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. Summary of significant accounting policies (continued)

4.12. Impairment of financial assets (continued)

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 impairment 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. Summary of significant accounting policies (continued)

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. Summary of significant accounting policies (continued)

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 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 |

Year ended 31 December 2015

(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 2015 | 1,759,121 | 459,511 | 50,152 | 19,855 | 153,768 | 2,442,407 |
| Cost | | | | | | |
| Cost 1 January 2015 | 1,942,784 | 674,270 | 125,268 | 32,236 | 153,768 | 2,928,326 |
| Additions | 102,880 | 97,846 | 20,756 | 6,841 | 72,605 | 300,928 |
| Transfers | 126,262 | - | - | - | (126,262) | - |
| Disposals | (701) | (6,939) | (4,546) | (1,427) | (213) | (13,826) |
| Cost 31 December 2015 | 2,171,225 | 765,177 | 141,478 | 37,650 | 99,898 | 3,215,428 |
| Accumulated depreciation | | | | | | |
| Balance 1 January 2015 | 183,663 | 214,759 | 75,116 | 12,381 | - | 485,919 |
| Disposals | (424) | (4,257) | (4,371) | (778) | - | (9,830) |
| Depreciation charge | 26,901 | 38,026 | 15,423 | 2,357 | - | 82,707 |
| Balance 31 December 2015 | 210,140 | 248,528 | 86,168 | 13,960 | - | 558,796 |
| Carrying amount 31 December 2015 | 1,961,085 | 516,649 | 55,310 | 23,690 | 99,898 | 2,656,632 |

5. Property, Plant and Equipment (continued)

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 R15,4 billion (2015: R14,6 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R70,2 million (2015: R70,4 million).

| | 2016 R'000 | 2015 R'000 |
|--|---------------|---------------|
| 6. Investments | | |
| Investments comprise the following categories: | | |
| AVAILABLE FOR SALE INVESTMENTS | | |
| Listed investments | | |
| Local equities | 1,646,922 | 1,568,775 |
| Collective investment schemes | 60,443 | 55,737 |
| Local mutual funds | 36,715 | 44,115 |
| Local capital markets | 871,306 | 673,358 |
| International investments | 1,618,549 | 1,558,620 |
| Mutual funds | 1,083,079 | 1,099,991 |
| Collective investment schemes | 535,470 | 458,629 |
| Unlisted investments | | |
| Money market deposits — local | 563,602 | 581,016 |
| Money market deposits — international | 74 | 89 |
| Straight Access Technologies Holdings (Pty) Ltd (11.65%) | 24,000 | 7,500 |
| Total available for sale investments | 4,821,611 | 4,489,210 |
| FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS | | |
| Listed investments | | |
| Local equity-linked derivatives | 5,241 | 7,593 |
| TOTAL INVESTMENTS | 4,826,852 | 4,496,803 |

No investments have been pledged as security during the current year (2015: nil).

Fair value hierarchy

As at 31 December 2016, 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.

6. Investments (continued)

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 |

As at 31 December 2015, the University held the following financial instruments measured at fair value.

Assets measured at fair value

| Year ended 31 December 2015 | Total R'000 | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 |
|---|------------------------|--------------------------|--------------------------|--------------------------|
| Investments | | | | |
| Local equity shares | 1,568,775 | 1,568,775 | - | - |
| Collective investment schemes | 55,737 | 55,737 | - | - |
| Local mutual funds | 44,115 | 44,115 | - | - |
| Local capital market interest bearing investments | 673,358 | 673,358 | - | - |
| Local equity-linked derivatives | 7,593 | - | 7,593 | - |
| International mutual funds | 1,099,991 | 1,099,991 | - | - |
| International collective investment schemes | 458,629 | 458,629 | - | - |
| Money market deposits - local | 581,016 | - | 581,016 | - |
| Money market deposits - international | 89 | - | 89 | - |
| Local unlisted entities | 7,500 | - | - | 7,500 |
| Total | 4,496,803 | 3,900,605 | 588,698 | 7,500 |

Reconciliation of Level 3 investments

| | 2016 R'000 | 2015 R'000 |
|--|-----------------------|-----------------------|
| Balance beginning of period | 7,500 | 7,500 |
| Gains and losses recognised in surplus or deficits | - | - |
| Gains and losses recognised in OCI | 16,500 | - |
| Purchase sales and settlement | - | - |
| Total | 24,000 | 7,500 |

6 Investments (continued)

During the reporting period ended 31 December 2016 (2015: nil), there were no transfers between levels. 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 2016, 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 |
| PST Sensors (Pty) Ltd | 18 | PST Sensors (Pty) Ltd, is positioned as a technology solutions provider and works with its partners and customers to produce printed silicon electronics. | Cape Town, South Africa |

There have been no changes in percentage holding from the prior year.

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 R8,7 million (2015: R11,9 million) has been eliminated by profits earned.

UCT Medical Centre (Pty) Ltd

| | 2016 R'000 | 2015 R'000 |
|---|-----------------|-----------------|
| UCT Medical Centre (Pty) Ltd – trading as UCT Private Academic Hospital (26%) | 2,411 | 2,411 |
| Less: accumulated losses | <u>(2,411)</u> | <u>(2,411)</u> |
| Carrying value | <u><u>-</u></u> | <u><u>-</u></u> |

7. Investments in associates (continued)

UCT Medical Centre (Pty) Ltd (continued)

Summarised financial information is set out below. The financial information is based on the associate's management accounts as the financial statements of the associate are not yet available at the date of preparation of these financial statements.

Associate's statements of financial position:

| | 2016 R'000 | 2015 R'000 |
|----------------------------|-----------------------|-----------------------|
| Non-current assets | 41,950 | 44,432 |
| Current assets | 39,540 | 23,339 |
| Non-current liabilities | (84,699) | (80,746) |
| Current liabilities | (9,357) | (11,772) |
| Net liabilities | <u>(12,566)</u> | <u>(24,747)</u> |
| Equity | <u>(12,566)</u> | <u>(24,747)</u> |
| Accumulated losses | (33,796) | (45,907) |
| Non-distributable reserves | 21,230 | 21,160 |

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

| | | |
|--|---------|----------|
| University share of accumulated losses | (8,787) | (11,936) |
| University share of net liabilities | (3,267) | (6,434) |

| | 2016 R'000 | 2015 R'000 |
|-------------------------------------|-----------------------|-----------------------|
| Associate's revenue and losses: | | |
| Revenue | 123,741 | 106,476 |
| Cost of sales | (38,155) | (36,194) |
| Administrative expenses | (61,296) | (55,653) |
| Net finance costs | (7,609) | (4,007) |
| Profit before tax | 16,681 | 10,622 |
| Income tax income/(expense) | (4,572) | (123) |
| Profit for the year | <u>12,109</u> | <u>10,499</u> |
| University's share of profits (26%) | 3,148 | 2,730 |

7. Investments in associates (continued)

PST Sensors (Pty) Ltd

Summarised financial information is set out below. The financial information is based on the associate's management accounts as the financial statements of the associate are not yet available at the date of preparation of these financial statements.

Associate's statements of financial position:

| | 2016 R'000 | 2015 R'000 |
|----------------------------|-----------------------------|-----------------------------|
| Non-current assets | 8,034 | 6,706 |
| Current assets | 879 | 1,458 |
| Non-current liabilities | (16,967) | (11,902) |
| Current liabilities | (1,229) | (607) |
| Net liabilities | <u>(9,283)</u> | <u>(4,345)</u> |
| Equity | (9,283) | (4,345) |
| Accumulated losses | (9,283) | (4,345) |
| Non-distributable reserves | - | - |

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

| | | |
|--|---------|-------|
| University share of accumulated losses | (1,671) | (782) |
| University share of net liabilities | (1,671) | (782) |

| | 2016 R'000 | 2015 R'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Associate's revenue and losses: | | |
| Revenue | 1,036 | 157 |
| Cost of sales | (61) | (174) |
| Administrative expenses | (5,823) | (3,605) |
| Net finance costs | (90) | 40 |
| Loss before tax | (4,938) | (3,582) |
| Income tax income/(expense) | - | - |
| Loss for the year | <u>(4,938)</u> | <u>(3,582)</u> |
| University's share of losses (18%) | (889) | (644) |

8. Non-current receivables and prepayments

| | 2016 R'000 | 2015 R'000 |
|---|-----------------------------|-----------------------------|
| The University of Cape Town Ukukhula Trust | 4,925 | 4,670 |
| Non-current loans to Sports Science ShareBlock (Pty) Ltd shareholders | 14,293 | - |
| | <u>19,218</u> | <u>4,670</u> |

The loan to the Trust has no fixed terms of repayment and earns interest at a weighted average rate of interest of 6.53% (2015: 6.38%). 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

| | 2016 | 2015 |
|--------------------------------------|----------------|----------------|
| | R'000 | R'000 |
| Research receivables | 105,864 | 85,031 |
| Other trade receivables | 50,290 | 48,125 |
| Trade receivables total | 156,154 | 133,156 |
| Property deposits and guarantees | 519 | 505 |
| Prepayments | 4,573 | 1,925 |
| Research funding accrual | 73,647 | 94,069 |
| Sundry receivables | 47,966 | 47,598 |
| Accounts receivables and prepayments | 282,859 | 277,253 |
| Student fees receivables | 131,921 | 87,717 |
| | <u>414,780</u> | <u>364,970</u> |

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 |
|------------------|---------------|--------------|--------------|--------------|---------------|---------|
| 2016 | 96,635 | 30,016 | 9,596 | 15,125 | 4,782 | 156,154 |
| 2015 | 67,930 | 19,468 | 15,754 | 19,331 | 10,673 | 133,156 |

Debtors past 60 days are considered past due and individually considered for impairment. See note 18.5 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 R5,8 million (2015: R6,5 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 2014 | 4,342 | 232 | 4,574 |
| Charge for the year | 4,212 | 1 299 | 5,511 |
| Used | (82) | - | (82) |
| Unused amounts reversed | (3 504) | - | (3 504) |
| 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 | <u>4,303</u> | <u>1,531</u> | <u>5,834</u> |

9. Accounts receivable and prepayments (continued)

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% (2015:1%) 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 2016, the age analysis of student fees receivable, all of which are due, is as follows:

| 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 |
| All amounts in R'000 | 2015 Fees | 2014 Fees | 2013 Fees | 2012 Fees | Total |
| 2015 | 78,016 | 6,265 | 2,460 | 976 | 87,717 |

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 2017 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 R43,2 million (2015: R41,0 million) were impaired and fully provided for.

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

| | 2016 R'000 | 2015 R'000 |
|-------------------------------|------------------------------|---------------|
| | Collectively impaired | |
| Balance at 1 January | 41,080 | 36,076 |
| Charge for the year | 9,848 | 10,499 |
| Unused provision released | - | - |
| Used | (7,713) | (5,495) |
| Balance at 31 December | <u>43,215</u> | <u>41,080</u> |

10. Cash at bank and cash equivalents

| | | |
|----------------------------------|------------------|------------------|
| Cash at bank and in hand | 84,828 | 49,597 |
| Short-term bank deposits - Local | <u>1,936,182</u> | <u>1,605,957</u> |
| | <u>2,021,010</u> | <u>1,655,554</u> |

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 2016, the University has an undrawn loan facility of R950 million with the Development Bank of Southern Africa (DBSA) to be utilised over a period of time to finance potential infrastructure projects which are self-sustaining. Available undrawn borrowing facilities for 2015 were nil.

10 Cash at bank and cash equivalents (continued)

The weighted average effective interest rate on local short-term bank deposits was 6.59% (2015: 6.75%). 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

| | 2016 R'000 | 2015 R'000 |
|----------------------------------|-----------------------------|-----------------------------|
| At 1 January | 487,185 | 479,795 |
| Received during the year | 83,831 | 10,875 |
| Released to the income statement | <u>(13,204)</u> | <u>(3,485)</u> |
| | 557,812 | 487,185 |
| Current portion | <u>(7,800)</u> | <u>(5,849)</u> |
| At 31 December | <u><u>550,012</u></u> | <u><u>481,336</u></u> |

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 | | |
| At 1 January | 15,854 | 12,295 |
| Received during the year | 13,743 | 15,854 |
| Released to surplus for the year | <u>(15,895)</u> | <u>(12,295)</u> |
| | 13,702 | 15,854 |
| Current portion of government grant | <u>7,800</u> | <u>5,849</u> |
| At 31 December | <u><u>21,502</u></u> | <u><u>21,703</u></u> |

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

12. Provisions – employee benefits

| | | |
|--|------------------------|------------------------|
| Gratuity provision for academic staff | 73,192 | 64,572 |
| Leave provision for administrative and support staff | 102,572 | 88,677 |
| Post-retirement medical aid benefit obligation | <u>492,500</u> | <u>418,700</u> |
| Total provisions – employee benefits | <u><u>668,264</u></u> | <u><u>571,949</u></u> |
| Current portion – gratuity provision academic staff | (5,498) | (7,000) |
| Current portion – leave provision for administration and support staff | (42,174) | (40,879) |
| Current portion – post-retirement medical aid obligation | <u>(16,600)</u> | <u>(16,600)</u> |
| Total current provisions – employee benefits | <u><u>(64,272)</u></u> | <u><u>(64,479)</u></u> |
| Total non-current provisions – employee benefits | <u><u>603,992</u></u> | <u><u>507,470</u></u> |

12. Provisions – employee benefits (continued)

12.1. 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.

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 7% per annum (2015: 6.5%), while the discount rate that has been applied is 9.7% (2015: 10.8%).

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

| | 2016 | | 2015 | |
|---------------------------------------|---------|---------|---------|---------|
| | R'000 | R'000 | R'000 | R'000 |
| | +1% | -1% | +1% | -1% |
| Change in liability- salary inflation | 7,528 | (6,417) | 5,252 | (4,537) |
| Change in liability- discount rate | (6,417) | 7,528 | (4,537) | 5,253 |

12.2. Leave provision for administrative and support staff

An accrual is made for the estimated liability for annual leave as a result 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% (2015: 10.8%); expected inflation on medical aid contributions of 8.6% (2015: 9.8%). Post retirement mortality is based on PA (90) ultimate mortality tables rated down three years (2015: 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 members 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 (2015: 19 years).

12. Provisions – employee benefits (continued)

12.3 Post-retirement medical aid benefit obligation (continued)

| | 2016 R'000 | 2015 R'000 |
|--|-----------------------------|-----------------------------|
| Defined benefit obligation | <u>492,500</u> | <u>418,700</u> |
| The net expense recognised in the Income Statement is as follows: | 94,100 | 56,400 |
| - Interest on obligation | 46,600 | 37,300 |
| - Current service cost | 20,100 | 19,100 |
| - Past service cost | 27,400 | - |
| Actuarial (gains)/losses in other comprehensive income | (5,600) | (25,800) |
| Actuarial loss due to demographic factors | 5,000 | 4,600 |
| Actuarial gain on financial factors | (10,600) | (30,400) |
| Reconciliation of the change in the present value of the defined benefit obligation: | | |
| Defined benefit obligation at start of year | 418,700 | 401,800 |
| Interest on obligation | 46,600 | 37,300 |
| Current service cost | 20,100 | 19,100 |
| Past service cost | 27,400 | - |
| Actuarial gains | (5,600) | (25,800) |
| Benefits paid by the University in respect of funding obligations | <u>(14,700)</u> | <u>(13,700)</u> |
| Defined benefit obligation at end of year | <u>492,500</u> | <u>418,700</u> |

It is estimated that the benefits payable in respect of funding obligations for the year ending 31 December 2017 will be R16,0 million (2016: 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:

| | 2016 | | 2015 | |
|---------------|--------------|--------------|--------------|--------------|
| | R'000 | R'000 | R'000 | R'000 |
| | +1% | -1% | +1% | -1% |
| Liability | 79,100 | 63,500 | 67,100 | (54,100) |
| Service cost | 6,100 | (4,600) | 4,000 | (3,900) |
| Interest cost | 8,300 | (6,500) | 7,800 | (6,300) |

A 50 basis point change in the discount rate would have the following effect on the defined benefit obligation:

| | 2016 | | 2015 | |
|-----------|--------------|--------------|--------------|--------------|
| | R'000 | R'000 | R'000 | R'000 |
| | +0.5% | -0.5% | +0.5% | -0.5% |
| Liability | (40,400) | 38,400 | (28,900) | 32,600 |

The estimated liability for the current and previous four periods is as follows:

| | Post-employment medical benefits | | | | |
|-----------------------------|---|-------------|-------------|-------------|-------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| All amounts in R'000 | | | | | |
| Defined benefit obligation | 492,500 | 418,700 | 401,800 | 333,600 | 302,700 |

12. Provisions – employee benefits (continued)

12.3 Post-retirement medical aid benefit obligation (continued)

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

| | 2016 R'000 | 2015 R'000 |
|---------------------------|-----------------------------|-----------------------------|
| Within the next 12 months | 16,000 | 16,600 |
| Beyond 12 months | 476,500 | 402,100 |
| Total liability | <u>492,500</u> | <u>418,700</u> |

13. Accounts payable and accrued liabilities

| | 2016 R'000 | 2015 R'000 |
|--|-----------------------------|-----------------------------|
| Trade payables | 102,133 | 99,922 |
| Accrued expenses | 64,911 | 39,254 |
| National Research Foundation grant deposit | 103,000 | 98,600 |
| Payroll | 70,997 | 62,664 |
| Other payables | 21,030 | 60,904 |
| | <u>362,071</u> | <u>361,344</u> |
| Financial liabilities | 356,624 | 356,968 |
| Non-financial liabilities | 5,447 | 4,376 |
| | <u>362,071</u> | <u>361,344</u> |

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

| | 2016 R'000 | 2015 R'000 |
|-----------------------------|-----------------------------|-----------------------------|
| Subsidy for general purpose | 1,129,283 | 1,074,924 |
| State grants and contracts | 699,643 | 535,864 |
| Release of state grants | 13,204 | 3,485 |
| | <u>1,842,130</u> | <u>1,614,273</u> |

There are no unfulfilled conditions or other contingencies attaching to the subsidies and grants that have been recognised above.

15. Interest and dividends

| | 2016 | 2015 |
|---|----------------|----------------|
| | R'000 | R'000 |
| Bank interest | 167,133 | 114,547 |
| Interest income on accounts and other receivables | 39,340 | 38,432 |
| Interest on available-for-sale investments | <u>100,677</u> | <u>103,022</u> |
| Total interest | 307,150 | 256,001 |
| Dividends | <u>52,572</u> | <u>49,969</u> |
| | <u>359,722</u> | <u>305,970</u> |

16. Personnel costs

| 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 |
| Pension and provident fund costs | 160,670 | 169,046 | 329,716 |
| Post-retirement medical aid benefits | 45,855 | 48,245 | 94,100 |
| | <u>1,369,245</u> | <u>1,538,872</u> | <u>2,908,117</u> |

| All amounts in R'000 | 2015 | | |
|--------------------------------------|-------------------------------|------------------|------------------|
| | Academic Professionals | Other | Total |
| Wages and salaries | 1,014,916 | 1,122,505 | 2,137,421 |
| Termination benefits | 2,493 | - | 2,493 |
| Pension and provident fund costs | 150,144 | 157,973 | 308,117 |
| Post-retirement medical aid benefits | 27,484 | 28,916 | 56,400 |
| | <u>1,195,037</u> | <u>1,309,394</u> | <u>2,504,431</u> |

| Average number of persons employed during the year | 2016 | 2015 |
|---|---------------|---------------|
| | Number | Number |
| Full time | 5,859 | 4,876 |
| Part time | 1,016 | 994 |
| Students | <u>861</u> | <u>956</u> |
| Total | <u>7,736</u> | <u>6,826</u> |

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

| | 2016 R'000 | 2015 R'000 |
|--|---------------|---------------|
| The following items are included in the operating surplus: | | |
| Other operating expenses: | | |
| Library acquisitions | 86,800 | 68,874 |
| Repairs and maintenance | 136,013 | 141,160 |
| Software costs | 34,081 | 23,223 |
| Auditors' remuneration | 6,125 | 5,733 |
| Current year - annual financial statements | 3,755 | 3,694 |
| - prior year (over)/under provision | (14) | 228 |
| - other audit services | 2,384 | 1,811 |
| Lease expenses | 45,077 | 37,067 |

18. 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.

18.1 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.

18. Financial risk management objectives and policies (continued)

18.1 Market risk (continued)

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.

18.2 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

Market variance

At 31 December 2016

| |
|---|
| Local equities |
| Collective investment schemes |
| Local mutual funds |
| Local capital markets |
| Local unlisted equity investments |
| International mutual funds |
| International collective investment schemes |

| Impact of these variances on other comprehensive income | | | | | |
|---|------|------|--------|---------|---------|
| +10% | +5% | +1% | -5% | -10% | -20% |
| 119.0 | 59.5 | 11.9 | (59.5) | (119) | (238) |
| 5.3 | 2.6 | 0.5 | (2.6) | (5.3) | (10.6) |
| 44.9 | 22.4 | 4.5 | (22.4) | (44.9) | (89.8) |
| 0.2 | 0.1 | 0.0 | (0.1) | (0.2) | (0.3) |
| 3.4 | 1.7 | 0.3 | (1.7) | (3.4) | (6.7) |
| 108.3 | 54.2 | 10.8 | (54.2) | (108.3) | (216.6) |
| 83.9 | 41.9 | 8.4 | (41.9) | (83.9) | (167.8) |

Market variance

At 31 December 2016

| |
|---------------------------|
| Equity-linked derivatives |
|---------------------------|

| Impact of these variances on profit or loss | | | | | |
|---|-------|-------|-----|------|------|
| +10% | +5% | +1% | -5% | -10% | -20% |
| (10.7) | (5.3) | (1.1) | 5.3 | 10.7 | 21.4 |

All amounts in R millions

Market variance

At 31 December 2015

| |
|---|
| Local equities |
| Collective investment schemes |
| Local mutual funds |
| Local capital markets |
| Local unlisted equity investments |
| International mutual funds |
| International collective investment schemes |

| Impact of these variances on other comprehensive income | | | | | |
|---|------|------|--------|---------|---------|
| +10% | +5% | +1% | -5% | -10% | -20% |
| 156.9 | 78.5 | 15.7 | (78.5) | (156.9) | (313.8) |
| 5.6 | 2.8 | 0.6 | (2.8) | (5.6) | (11.2) |
| 4.4 | 2.2 | 0.4 | (2.2) | (4.4) | (8.8) |
| 67.3 | 33.7 | 6.7 | (33.7) | (67.3) | (134.6) |
| 0.8 | 0.4 | 0.1 | (0.4) | (0.8) | (1.6) |
| 110.0 | 55.0 | 11.0 | (55.0) | (110.0) | (220.0) |
| 45.9 | 23.0 | 4.6 | (23.0) | (45.9) | (91.8) |

Market variance

At 31 December 2015

| |
|---------------------------|
| Equity-linked derivatives |
|---------------------------|

| Impact of these variances on profit or loss | | | | | |
|---|-------|-------|-----|------|------|
| +10% | +5% | +1% | -5% | -10% | -20% |
| (9.6) | (4.8) | (1.0) | 4.8 | 9.6 | 19.3 |

18. Financial risk management objectives and policies (continued)

18.3 Interest rate risk

The University has a number of receivables (i.e. student fees and loans to employees) that are exposed to interest rate risk. For the 2016 year students were charged interest at a fixed rate of 1.0% per month (2015: 1.0%). Interest charged on loans to employees is linked to the prime interest rate. The amounts owed by staff are negligible.

The University holds a substantial amount of interest bearing investments and interest earning bank deposits. Interest risks relating to the University's investments 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 Interest rate changes in basis points (BP) | Impact of interest changes on funds employed | | | | | |
|---|--|---------|--------|---------|---------|----------|
| | -200 BP | -100 BP | -50 BP | +50 BP | +100 BP | +200 BP |
| Holdings at 31 December 2016 | | | | | | |
| Interest bearing collective investment schemes and bonds | 157.84 | 74.91 | 36.52 | (34.75) | (67.92) | (129.70) |
| Holdings at 31 December 2015 | | | | | | |
| Interest bearing collective investment schemes and bonds | 97.0 | 48.5 | 24.3 | (24.3) | (48.5) | (97.0) |
| All amounts in R millions Interest rate changes in basis points (BP) | Impact of interest changes on net surplus | | | | | |
| | +200 BP | +100 BP | +50 BP | -50 BP | -100 BP | -200 BP |
| Holdings at 31 December 2016 | | | | | | |
| Money market and call deposits | 11.27 | 5.64 | 2.82 | (2.82) | (5.64) | (11.27) |
| Cash and cash equivalents | 4.0 | 2.0 | 1.0 | (1.0) | (2.0) | (4.0) |
| Holdings at 31 December 2015 | | | | | | |
| Money market and call deposits | 9.6 | 4.8 | 2,4 | (2,4) | (4.8) | (9.6) |
| Cash and cash equivalents | 2.0 | 1.0 | 0.5 | (0.5) | (1.0) | (2.0) |

18.4 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 R42,1 million (2015: R42,1 million) of trade receivables and had R0,6 million (2015: R0,8 million) of trade payables denominated in foreign currencies. As such, the University's foreign currency risk exposure is deemed negligible.

18. Financial risk management objectives and policies (continued)

18.5 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, creditworthy 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 R162 million (2015: R139,7 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 R131 million (2015: R87,7 million), after the current year impairment provision. Refer note 9 for further details. Due to student protests in 2016, the University was unable to proceed with planned year end graduation ceremonies which are traditionally an effective tool for debt recoveries. These graduation ceremonies are scheduled for May 2017 and are expected to reduce debt outstanding from 2016 graduands who wish to attend such ceremonies.

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.

18.6 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 2016 | | | | | |
| Trade and other payables | - | 356,624 | - | - | 356,624 |
| At 31 December 2015 | | | | | |
| Trade and other payables | - | 356,968 | - | - | 356,968 |

18. Financial risk management objectives and policies (continued)

18.7 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 | |
|---|---------------|---------------|----------------|---------------|
| | 2016 R'000 | 2015 R'000 | 2016 R'000 | 2015 R'000 |
| Financial Assets | | | | |
| Cash | 2,021,010 | 1,655,554 | 2,021,010 | 1,655,554 |
| Available-for-sale investments | 4,821,611 | 4,489,210 | 4,821,611 | 4,489,210 |
| Financial instruments at fair value through profit and loss | 5,241 | 7,593 | 5,241 | 7,593 |
| Account receivables | 282,858 | 274,763 | 282,858 | 274,762 |
| Student fees receivable | 131,921 | 87,717 | 131,921 | 87,717 |
| Financial liabilities | | | | |
| Accounts payable and accrued liabilities | 356,624 | 356,968 | 356,624 | 356,968 |
| Student deposits | 70,215 | 72,849 | 70,215 | 72,849 |

The 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.

18.8 Capital management

The capital of the University comprises both restricted funds designated for specific purposes and unrestricted 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. Commitments

19.1 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 | - | 84,600 | 84,600 |
| Classroom Facilities | - | 52,071 | 52,071 |
| Other | - | 58,073 | 58,073 |
| Total 2016 | <u>-</u> | <u>267,744</u> | <u>267,744</u> |
| Total 2015 | <u>54,919</u> | <u>125,658</u> | <u>180,577</u> |

These commitments will be funded in terms of the University's Capital Management Policy as outlined in note 18.8 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 R557,4 million (2015: R481,3 million) of Government grants reflected as deferred revenue in note 11.

19.2 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 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> |
| Year ended 2015 | | | | |
| Photo copying machines | 1,648 | 629 | - | 2,277 |
| Jammie Shuttle | 15,980 | - | - | 15,980 |
| Rental of properties | 20,061 | - | - | 20,061 |
| | <u>37,689</u> | <u>629</u> | <u>-</u> | <u>38,318</u> |

19.3 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 2016 | | | | |
| Rental of premises | 6,523 | 4,577 | - | 11,100 |
| Year ended 2015 | | | | |
| Rental of premises | 5,454 | 2,908 | - | 8,362 |

20. Cash generated from operations

| | Note | 2016 R'000 | 2015 R'000 |
|---|------|----------------|----------------|
| Reconciliation of net surplus to cash generated from operations: | | | |
| SURPLUS FOR THE YEAR | | 663,699 | 658,770 |
| Adjustments for: | | | |
| Depreciation | 5 | 91,136 | 82,707 |
| Non-cash donations | | - | (1 920) |
| Release of deferred revenue | 11 | (13,204) | (3,485) |
| Movement in employee benefits | | 101,914 | 45,409 |
| Loss on sale of property, plant and equipment | | 9,666 | 3,053 |
| Investment income – interest | 15 | (307,150) | (256,001) |
| Investment income – dividends | 15 | (52,572) | (49,969) |
| Finance costs | | 3 | (10) |
| Profit on sale of investments | | (223,384) | (219,570) |
| Fair value movement on fair value through profit and loss financial instruments | | (10,170) | (18,144) |
| Impairment of available-for-sale investments | | 12,378 | 114,820 |
| Changes in working capital | | | |
| Accounts receivable, prepayments and loans | | (49,866) | (71,893) |
| Inventories | | (45) | (340) |
| Accounts payable, accrued liabilities and deposits | | (2,107) | 64,821 |
| Cash generated from operations | | <u>220,298</u> | <u>348,248</u> |

21. 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 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 | - |
| Ms M Hoosain | Executive Director: Human Resources | 1,557,902 | 1,557,902 | 247,706 | - |
| 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 | - |

21. Remuneration of key management (continued)

| EXECUTIVE MANAGEMENT TEAM DURING 2016 | | | | | |
|---------------------------------------|---|---------------------------|--------------------------------|-------------------|--------------------------|
| Name | Job Title | Annualised salary for job | Amount paid or accrued for job | Performance bonus | Total for other services |
| 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 | - | - |
| Emer Professor G N C Bick | Acting Dean : Graduate School of Business | 1,015,628 | 592,450 | - | - |

| EXECUTIVE MANAGEMENT TEAM DURING 2015 | | | | | |
|---------------------------------------|--|---------------------------|--------------------------------|-------------------|--------------------------|
| 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 | - | *730,179 |
| Professor D P Visser | Deputy Vice-Chancellor | 1,917,734 | 1,917,734 | 50,000 | - |
| Professor S Klopper | Deputy Vice-Chancellor | 1,917,734 | 1,917,734 | 50,000 | - |
| Professor C A Soudien | Deputy Vice-Chancellor | 1,917,734 | 1 278 489 | - | 1,500 |
| Professor F W Petersen | Deputy Vice-Chancellor (1 January 2015 – 31 August 2015) | 1,917,734 | 1,917,734 | 196,568 | - |
| Associate Professor S Shay | Dean: Centre for Higher Education Development | 1,390,985 | 1,390,985 | - | - |
| Dr M A Sienaert | Executive Director - Research Office | 1,503,769 | 1,503,769 | 155,791 | 3,000 |
| Professor D Ross | Dean: Commerce (1 January 2015 10 May 2015) | 1,616,548 | 575,148 | - | - |
| Professor S Buhlungu | Dean: Humanities | 1,619,849 | 1,619,849 | - | - |
| Professor P J Schwikkard | Dean: Law | 1,503,767 | 1,503,767 | - | - |
| Professor W R J Baets | Director: Graduate School of Business | 1,827,708 | 1,827,708 | 94,675 | 426,982 |
| Professor E O Uliana | Executive Director: Finance | 2,046,457 | 2,046,457 | - | 232, 234 |
| Ms G Kruger | Executive Director: Communication and Marketing | 1,503,766 | 1,503,766 | 31, 158 | 3,000 |
| Dr R Ally | Executive Director: Development & Alumni Affairs | 1,503,766 | 1,503,766 | 38,948 | - |
| Mr I B Janse van Rensburg | Executive Director: Information & Communication Technology | 1,503,766 | 1,503,766 | 116,843 | 4,800 |
| Mr H T Amooore | Registrar | 1,504,162 | 1,504,162 | - | - |
| Mr A Theys | Executive Director: Property & Services | 1,503,766 | 1,503,766 | 233,686 | - |
| Dr M B M Khan | Executive Director: Student Affairs | 1,503,766 | 1,503,769 | 124,633 | 1,000 |
| Ms G M E Thomas | Executive Director: Libraries | 1,503,766 | 1,503,766 | - | - |
| Ms M Hoosain | Executive Director: Human Resources | 1,503,766 | 1,503,766 | 77,896 | - |

21. Remuneration of key management (continued)

| EXECUTIVE MANAGEMENT TEAM DURING 2015 | | | | | |
|--|---|----------------------------------|---------------------------------------|--------------------------|---------------------------------|
| Name | Job Title | Annualised salary for job | Amount paid or accrued for job | Performance bonus | Total for other services |
| Professor W De Villiers | Dean of Health Sciences (1 January 2015 – 31 March 2015) | 2,296,212 | 574,053 | - | - |
| Professor A P Le Roex | Dean: Science | 1,616,548 | 1,616,548 | 209,343 | - |
| Professor A E Lewis | Dean: Engineering (1 June 2015 – 31 December 2015) | 1,559,970 | 909,982 | - | 142,739 |
| Professor P Andrews | Dean: Law (Designate) (20 November 2015 – 3 December 2015) | 1,200,000 | 132,302 | - | - |
| Professor A Mall | Acting Deputy Vice-Chancellor (1 August 2015 – 31 December 2015) | 1,015,629 | 403,178 | - | 200,000 |
| Professor G Hussey | Acting Dean: Health Sciences (1 January 2015 – 31 December 2015) | 1,715,602 | 1,715,602 | - | 368,892 |
| Professor B J Downing | Acting Dean: Engineering (1 January 2015 – 30 June 2015) | 1,503,767 | 751,878 | - | - |
| Associate Professor M Wormald | Acting Dean: Commerce | 1,660,752 | 1,473,251 | - | 442,036 |
| Mr A Francis | Executive Director: Finance (Designate) | 1,853,514 | 1,853,514 | 98,892 | 12,000- |
| Mr R Pillay | Registrar (Designate) | 1,167,572 | 1,167,572 | 58,378 | 4,800- |

* Total for other services include R445,019 (2015: R423,151) 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.

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 |
|-----------------------------------|-----------------------|-----------------------------|---------------|
| 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 |
| 2015 | | | |
| Leave encashment at retirement | Professor E O Uliana | Executive Director: Finance | 661,062 |
| Study and research leave | Professor E O Uliana | Executive Director: Finance | 783,409 |
| Leave encashment at retirement | Mr H T Amoore | Registrar | 659,416 |
| Leave encashment at retirement | Professor C A Soudien | Deputy Vice-Chancellor | 409,963 |
| Study and research leave | Professor C A Soudien | Deputy Vice-Chancellor | 503,405 |

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.

21. Remuneration of key management (continued)

The following table represents the disclosure required in terms of IAS 24 in respect of key management:

| Compensation of key management | 2016 | 2015 |
|---|---------------|---------------|
| | R'000 | R'000 |
| Short-term employee benefits | 38,863 | 36,365 |
| Post-employment benefit | 8,531 | 7,982 |
| Termination benefits | 2,491 | 3,067 |
| Total compensation paid to key management personnel | <u>49,885</u> | <u>47,414</u> |

The post-employment benefit reflected above for key management represents payments made to the University's retirement fund.

22. Retirement benefits

University of Cape Town Retirement Fund

The University of Cape Town Retirement Fund is a defined 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 R330 million (2015: R308,1 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.

23. Lessee improvements

23.1 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 8 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 109 years, the University of Cape Town has not accounted for value relating to the improvements made on this land.

23.2 Pinewood 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 73 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.

24. 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).

24. Related party disclosures (continued)

The following related party transactions in respect of subsidiary and associate entities occurred during the year under review:

| | 2016 | 2015 |
|---|--------------|--------------|
| | R'000 | R'000 |
| University of Cape Town Foundation | | |
| <i>Related Party Balances</i> | | |
| Intercompany loan | 4,544 | 24,950 |
| <i>Related Party Transactions</i> | | |
| Grants | 114,096 | 104,152 |
| Unutilised funds reinvested | 18,722 | 15,943 |
| Management fee received | 2,899 | 2,735 |
| Endowed funds | 28,489 | 87,240 |
| University of Cape Town Lung Institute (Pty) Ltd | | |
| <i>Related Party Balances</i> | | |
| Investment | 9,995 | 8,960 |
| Trade receivables | 1,303 | 541 |
| <i>Related Party transactions</i> | | |
| Interest paid | 703 | 1,035 |
| Service rendered | 1,056 | 1,659 |
| Services received | 3,672 | 1,579 |
| Sports Science ShareBlock (Pty) Ltd | | |
| <i>Related Party Balances</i> | | |
| Loans to shareholder | 31,798 | - |
| <i>Related Party transactions</i> | | |
| Service rendered | 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.

25. Events after the reporting period

a) In March 2017, Council approved that with effect from 1 January 2018 all new staff will no longer qualify for a post-retirement medical aid subsidy. All current staff will have a choice of medical aid with effect from 1 May 2017. In order to qualify for the post-retirement medical aid subsidy, current employees will need to belong to a medical aid scheme while employed at UCT and provide proof of cover each year in order to accrue the years of service required to qualify for the post-retirement subsidy. Furthermore, staff will be required to move to the University's medical aid from the beginning of the second last year before retirement. The University will have an obligation for all existing members as at 31 December 2017.

b) Subsequent to year end, South Africa's sovereign credit rating has been downgraded. The impact of the downgrade on the University's investment portfolio is uncertain.