



**UNIVERSITY of the
WESTERN CAPE**

2016 Annual Report

University of the Western Cape



Table of Contents

UWC 2016 INSTITUTIONAL PROGRESS ASSESSMENT REPORT	2
REPORT OF THE CHAIRPERSON OF COUNCIL.....	5
REPORT OF THE RECTOR AND VICE-CHANCELLOR.....	10
REPORT OF THE CHAIRPERSON OF SENATE	21
REPORT OF THE INSTITUTIONAL FORUM.....	36
COUNCIL’S STATEMENT ON GOVERNANCE	38
COUNCIL STATEMENT ON TRANSFORMATION AND SUSTAINABILITY.....	42
REPORT OF THE AUDIT AND RISK COMMITTEE OF COUNCIL.....	45
REPORT ON INTERNAL SYSTEMS OF OPERATIONAL STRUCTURES AND CONTROL.....	47
REPORT ON RISK EXPOSURE ASSESSMENT	49
FINANCIAL REVIEW.....	53
COUNCIL’S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS.....	60
DRAFT INDEPENDENT AUDITOR’S REPORT	61
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016	66
ANNEXURES TO THE 2016 ANNUAL REPORT	107

UWC 2016 INSTITUTIONAL PROGRESS ASSESSMENT REPORT

In accordance with the Regulations for Reporting by Public Higher Education Institutions, as promulgated on 9 June 2014, the University submitted an Annual Performance Plan to the Minister of Higher Education and Training for 2015. The University of the Western Cape (UWC) has an entrenched culture of institutional and strategic planning, and the Annual Performance Planning process is now entrenched as part of the University's annual planning cycle. The table below clearly shows that all of the indicators that the University uses as the diagnostic metrics to understand progress against targets are embedded in institutional goals and speak to different objectives that constitute these as outlined in the Institutional Operating Plan (IOP). In the table below, the column "Actual against Target" reflects the variation between progress achieved and the target that was set, expressed as a percentage difference. As per the Department of Higher Education and Training's (DHET) guidelines in terms of the enrolment mandate to universities, a difference of up to 2% is considered to be within acceptable norms.

Goal	Objective	Indicator	Evidence Source	2016		Actual against Target	Comments
				Target	Actual		
1. Change the enrolment profile of UWC's student population to meet its enrolment mandate and strategic intentions	1. To increase the number of registered students at UWC in line with the University's enrolment mandate and 2025 vision	1.1 Overall annual student headcount	HEMIS	22 828	21 797	↓ 4.7%	The University was not able to meet its mandated enrolment target in 2016. The main contributing factor was under-enrolment in postgraduate programmes, especially at honours and postgraduate diploma level.
		1.2 Number of first-time entering students	HEMIS	4 200	5 059	↑ 17%	Annually the University plans for some over-enrolment in first-time entering students to allow for attrition, but the over-enrolment in 2016 was much higher than planned. This was mainly due to more students accepting offers to register than what the trend was in prior years.
		1.3 Overall retention rate of students in good academic standing	HEMIS	88.0%	90.5%	↑ 2.8%	The University is very pleased with the increase in the overall retention rate of students in good academic standing but continues to focus on specific modules that impact on progression rates.
	2. To change and balance the		HEMIS	SET: 37.5%	SET: 35.8%	↓ 1.7%	Overall, the enrolment mix across academic fields is very close to the planned mix. Enrolment in the Science, Engineering and

	enrolment mix across academic fields	2.1 % of FTE students in broad CESM categories		BUS: 13.5%	BUS: 12.5%	↓ 1.0%	Technology (SET) category, as well as Business and Management, was lower than planned, mainly due to the over-enrolment at first-time entering level of Education and Humanities students. Enrolment targets are always more difficult to reach in the SET and Business and Management categories, mainly due to the limited pool of matriculates who qualify for programmes offered in these areas.
				EDU: 7.5%	EDU: 9.3%	↑ 1.8%	
				HUM: 41.5%	HUM: 42.4%	↑ 0.9%	
	2.2 Number of FTEs	HEMIS	17 235	16 934	↓ 2.0%	This slight difference is mainly because of the under-enrolment at postgraduate level.	
	3. To grow postgraduate enrolment	3.1 % of PG students as a proportion of overall student headcount	HEMIS	23.0%	21.0%	2%	In addition to the fact that UWC did not meet postgraduate enrolment targets, the over-enrolment at first-time entering level further increased the proportionate under-enrolment at postgraduate level.
3.2 M&D enrolment as % of total headcount enrolment		HEMIS	13.0%	12.4%	0.6%	The University is pleased with the ongoing growth in Master's and Doctoral degree enrolment.	
2. Build and strengthen UWC as a significant research university with increased innovation capacity	4. To increase and strengthen UWC's research capacity	4.1 Annual weighted research output	HEMIS	950	994*	↑ 4.6%	The University is pleased with the performance against target in this area.
		4.2 Ratio of research publications to permanent academic staff	HEMIS	0.67	0.72	↑ 7.5%	The University is pleased with the higher than planned ratio of research publications to permanent academic staff.
		4.3 Number of M&D graduates per permanent academic staff	HEMIS	1.5	1.7	↑ 13.3%	We are very pleased with the growth in Master's and Doctoral degrees and the consistency in terms of good throughput rates.
		4.4 % of permanent academic staff with PhDs	HEMIS	55.5%	54.9%	↓ 0.6%	Despite the slight proportionate decrease in permanent staff with PhDs, the University is pleased with the overall increase in the number of staff with PhDs. Staff growth has led to the slight proportionate decrease.
		4.5 % of permanent academic staff 40 years and younger with PhDs	HR	22.6%	10.2%	↓ 12.4%	The University tracks this number, but is not overly concerned with the performance as there are many staff members in this category who are busy with their PhDs and there are various initiatives in place to support them.

		4.6 % of NRF rated researchers amongst permanent academic staff	Research Dev. Office	16.0%	17.8%	↑1.8%	The university is pleased about the fact that the number of staff members with NRF ratings continued to increase.
		4.7 % of permanent academic staff appointed at the level of Prof + Assoc Prof + Snr Lecturer	HEMIS	50.0%	53.8%	↑3.8%	The University is pleased to have exceeded the target. This speaks to increased supervisory capacity, which is critical when growing the postgraduate and research environment.
3. Provide students with excellent teaching and learning opportunities that facilitate academic success	5. To improve student progression and success	5.1 Overall annual success rate (degree credits)	HEMIS	81.0%	80.7%	↓ 0.3%	The university is pleased with the student success rate, which was achieved during very trying conditions at the end of 2016.
		5.2 Total graduates as % of total headcount enrolment	HEMIS	22.0%	21.5%	↓ 0.5%	The university is pleased with its performance in this category and the slight under-performance is because of the under-enrolment in honours and postgraduate diploma programmes.
		5.3 Doctoral graduates as % of doctoral headcount enrolment	HEMIS	13.0%	10.3%	↓ 2.7%	The increase in doctoral enrolment has resulted in the proportionate under-performance.
		5.4 % of UG degrees in scarce skills areas	HEMIS	50%	48.9%	↓ 1.1%	The below target result is mainly as a result of lower than projected enrolment in scarce skills areas in prior years.
4. Support the sustainable delivery of UWC's core functions and its long-term viability	6. To sustain the financial viability of the institution	6.1 Annual surplus (Council Controlled funds) as a percentage of annual income	AFS	1.0%	0.3%	↓0.7%	The underperformance is as a result of a once-off Pension Fund adjustment to accommodate the voluntary conversion from a defined benefit fund to a defined contribution fund to the extent of R73 million.
	7. To manage staff growth in accordance with UWC's enrolment mandate	7.1 Overall ratio of FTE students to FTE academic staff	HEMIS	21.2%	22%	↓ 0.8%	The University is satisfied with performance in this area.

* All data is unaudited at the time of reporting.

	Progress achieved is within the 2% margin or better than expected		Progress achieved is below the 2% margin but there is no reason for serious concern.		Progress achieved is significantly lower than planned and there is reason for concern.
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Mr Mthunzi Mdwaba
Chairperson of Council



Prof Tyrone Pretorius
Rector and Vice-Chancellor

REPORT OF THE CHAIRPERSON OF COUNCIL

INTRODUCTION

The year 2016 was a period of significant strategic activity and institutional advances at the University of the Western Cape (UWC). It was also a year of intense volatility across the higher education sector in South Africa. In my capacity as Chairperson, it is my honour to present this report on behalf of the UWC Council, reflecting on developments over the year.

The national student protest action in 2015, under the banner of the #FeesMustFall campaign, brought a number of important societal concerns into sharper focus. In its wake, the Council became much better informed about the growing political and economic pressures that threatened to jeopardise the financial sustainability of the university, and it took the initiative to explore innovative ways to respond to these pressures. 2016 mirrored and extended the previous year's anxiety and uncertainty. This demanded novel approaches and extraordinary resilience to bring the academic year to a successful close. Viewed retrospectively, the year as a whole was a great success and, despite some delays and setbacks, I am pleased to report that we were able to maintain strategic focus, meet key objectives, manage and mitigate key risks, and fulfil our governance and oversight obligations.

UWC continued to make remarkable progress in 2016. It did so in the context of massive shifts in the higher education environment across the globe, including the changing nature of work and technological advances, and in the face of local demands. This gratifying progress was registered in peer recognition for major academic advances in both teaching and research, and in the sustained provision of more affordable access to university education. In the course of the year, UWC strengthened its resilience and standing by maintaining and growing rich networks with local and international partners at many levels. A signal event in which UWC Council members and members of the UM Board of Curators participated was the 30th anniversary celebration of the historic and productive partnership between the University of the Western Cape and the University of Missouri System, in the United States of America.

We also experienced major internal challenges. The decision to suspend academic activities on the main campus during the protests and relocate them for extended periods to off-campus sites put considerable emotional strain on students and staff, and had significant resource implications. Un-budgeted expenditure is no small matter for an institution with a long record of underfunding and a historically determined position, which has prevented it from accumulating large reserves for such unforeseen situations. A complication in this period which could not have been foreseen, was that one of the outsourced security agencies terminating the services of a sizeable number of its security staff for engaging in an unprotected strike. This added to the volatility on campus.

Apart from these challenges, Council itself was troubled by internal tensions, conflicts of interest and rumbling dissent. This led to an erosion of trust, sub-optimal focus and unnecessary reputational damage. Members of Council once again formally recognise that the honour to be chosen to serve comes with a duty to care and with key fiduciary responsibilities, and Council is committed to overcoming all internal problems as it focuses on helping the institution to enhance its capacity and to realise its full potential.

VISION AND STRATEGY

Vision and strategy are crucial elements of responsible leadership and are fundamental to the success and sustainability of any organisation. Following the appointment of a new Vice-Chancellor and Executive Management team and the subsequent national student protests in 2015, Council agreed to extend the campus-wide consultative process on the future direction of the University. This extension emphasised the benefits of strategic thinking and stakeholder engagement with a plan. Located in the office of the Vice-Chancellor, the process allowed for structured exchange of views through Green Paper and White Paper stages in 2015 and 2016 respectively. It also gave Council sufficient opportunities for effective review and discussion of key components before the new Institutional Operating Plan (IOP) for the period 2016-2020 was approved towards the end of 2016. The extended planning timeframe yielded time needed for discussion through online and face-to-face engagements as well as periodic town-hall meetings. It has resulted in greater awareness and consensus across campus about the underlying assumptions and intentions of UWC's plans, and has assisted in aligning the perspectives of Council and the newly appointed leadership team with those of internal stakeholders to develop a shared vision of UWC's future.

The IOP 2016-2020 is structured around eight goals, three core and five enabling, and helps to clarify an aspirational vision and strategic direction for the university as a whole. It also helps Council to align annual budgets to strategy, assess progress against stated objectives and arrive at well-reasoned and effective decisions to support UWC's mandate, including those necessary to sustain its financial viability and achieve the transformative objectives of education.

Successful universities take advantage of emerging opportunities. This involves risk. The IOP provides Council with a useful indication of the amount of risk exposure needed for effective execution of the strategies it outlines. Against each of the strategic goals, Council has periodically updated its strategic risk register and appraised the Department of Higher Education and Training of the top ten strategic risks. In response to regulatory requirements, the IOP also provides the basis for Council's approval and monitoring of the Annual Performance Plan and for reporting on progress against stated objectives and timeframes.

A FULL LEADERSHIP COMPLEMENT

Strong leadership by the senior management as a whole is important to demonstrate a commitment to achieving the strategic objectives through accountable processes. Following Council's appointment of Professor Pamela Dube as Deputy Vice-Chancellor (DVC) for Student Development and Support as from December 2015, the University had a full senior management team in place for the greater part of 2016.

However, Professor Frans Swanepoel's resignation as Deputy Vice-Chancellor: Research and Innovation to assume a position at another institution resulted in a vacancy. This was temporarily filled by Professor Burtram Fielding from September 2016. Council was able to fill the vacancy quite speedily through a process of open competition, and I am pleased to report that Professor Jose Frantz, former Dean of the Faculty of Community and Health Sciences, was appointed in 2016 and has assumed the new role from April 2017.

At the next level of leadership, Council approved the appointment of Prof Vuyokazi Nomlomo as the new Dean of the Education Faculty for the period 1 January 2017 to 31 December 2021. This followed the retirement of Professor Zubeida Desai, who served UWC for 28 unbroken years, 11 of them as Dean of Education. Recognising his fine leadership, Council also extended the contract of Professor Mike Davis-Coleman, Dean of the Faculty of Natural Sciences, by another 5 years.

On behalf of Council, I wish to extend heartfelt appreciation to Professor Desai for her loyalty and dedication to UWC and trust that she will enjoy her retirement. We also thank Professors Swanepoel and Fielding for their contributions. And we wish the newly appointed senior leaders well as they contribute dynamically to UWC's development. Confident that with a full complement of Executive Management the University will successfully implement its short, medium and long term strategies, Council wishes Prof Tyrone Pretorius and his Executive team all success, and assures them of its full support and confidence.

MEMBERSHIP OF COUNCIL

Building and maintaining a stable membership of Council with the relevant professional skills, expertise and insights is important not only for effective governance, but also in assisting to build diversity and a strong team of chairpersons of sub-committees. In recent years, the University has been able to attract a group of people with a wide range of expertise and experience, whose diverse skill set has been important in making a number of the complex decisions that university councils face.

During the course of 2016 the University lost three members of Council whose terms of office came to an end and welcomed a new one. On behalf of Council I would like to extend our sincere appreciation to Messrs Michael Abel, Manene Samela and Oscar Solomons for their commitment and service to the University. It is good to have Mr Andre Kriel as a new addition to Council.

I reported above that Council had experienced internal struggles among its members. These resulted in the temporary suspension of two Councillors in December 2015 pending a disciplinary investigation. This focus on insular issues with attendant and consequent difficulties led to strained relations and an erosion of trust. In June 2016 Council resolved to expel one of the affected members and extend the temporary suspension of the other affected member pending the disciplinary process. Both individuals successfully challenged this decision in court. Prior to the judgement, Council rescinded the expulsion and suspension decision and fully reinstated the members. The judgement on the matter found that the planned disciplinary process by an internal committee of Council would have been substantially unfair as the committee members had been privy to and participated in the original suspension and expulsion decisions.

Council has acknowledged that these processes strained relationships and impacted on its effectiveness, and that ongoing negative media reporting on the matter adversely affected the University's public image. Meetings of Council were unnecessarily prolonged and punctuated by disruptions. These factors had the potential to result in the loss of members who voluntarily dedicated their time and energy for the common good. Recognising these things, Council committed itself to finding speedy resolutions, seeking ways of restoring relationships, regaining its focus on long-term strategic issues, and becoming more cohesive so as to be better advocates for the University. I am confident that all parties are determined to put the interests of the University first and not allow the differences of the past to jeopardise the business of Council and the future viability of the University.

COUNCIL RESPONSE TO SYSTEMIC CHALLENGES

The student protest has brought into sharp focus serious challenges facing our society – poverty, inequality and the grave shortage of decent work. All universities in South Africa have since been grappling with the student demands for free education, insourcing of workers and provision of accessible and affordable student accommodation, among others. All these challenges have huge financial implications for the State and for the university system. These challenges must be faced as a matter of urgency. Meanwhile, universities have responded to these challenges in different ways depending on their financial circumstances.

The UWC Council established an ad hoc committee on 28 January 2016 to explore ways to respond to emerging challenges while sustaining the economic viability of UWC. The ad hoc committee's brief was to advise Council on matters pertaining to the potential insourcing of key services, the plight of the so-called "missing middle" students who do not qualify for financial aid from the National Student Financial Aid System (NSFAS), and the provision of student accommodation. The ad hoc committee has spent many hours engaging with outsourced workers with a view to clearly understand their plight and to innovatively find ways of addressing their challenges, ensuring a good working environment as well as a sense of dignity for all, while ensuring that the University continues to operate in a sustainable manner. This requires quite a balancing act as getting involved in these matters sometimes sails very close to the wind with operational interference which, from a governance point of view, must be avoided at all cost.

There is no magic wand or silver bullet that can meet this challenge. As UWC we have been exploring options and interventions within our means to ameliorate the current circumstances of students and affected workers. Among these interventions was Council's decision to allow all students to be cleared financially to enable them to register even if they had not paid registration fees, to continue payment of a salary allowance for outsourced workers, and to engage the Department of Higher Education and Training to explore ways of expanding UWC's capacity to provide student accommodation. This work is ongoing. Having made these efforts, Council has also condemned the damage to campus property in the 2016 student protests and has called upon students to desist from acts that threaten the rights and safety of others and the continuation of the academic programme.

GOVERNANCE AND POLICY ISSUES

Senate is responsible and accountable to Council for the general academic and research functions of the University. It is required to submit relevant policies and strategic academic matters to Council for approval.

Name changes to programmes are also processed through Senate and approved by Council. In 2016 Council approved Senate's recommendations for the following name changes to programmes: the Interdisciplinary Centre of Excellence for Sports Science and Development has become the Interdisciplinary Centre for Sport Science and Development; and the Interdisciplinary Teaching and Learning Unit has become the Interprofessional Education Unit (IPEU).

Expanding and diversifying its academic offerings enables the University to meet the changing environment and the needs of the new dynamic student body. On the recommendation of Senate, the following programmes were approved by Council in 2016: the Advanced Diploma in School Leadership and Management; the Postgraduate Diploma in Computer Software and Media Applications (with specialisation in Data Analytics and Business Intelligence); and the Postgraduate Diploma in Digital Dentistry.

Standing Orders are processed by Senate and brought to Council for approval. The same applies to amendments to programmes and institutes. During 2016, Council approved the Standing Orders of the Institute for Poverty, Land and Agrarian Studies (PLAAS). Council also approved: amendments to the constitution of the South African Institute for Advanced Materials Chemistry (SAIAMC); amendments to the constitution of the Institute of Microbial Biotechnology and Metagenomics (IMBM); an amendment to the Delegation of Authority document and process to allow the Senate Academic Planning Committee to take final decisions on amendments to existing programmes; and amendments to the Information Communication Technology (ICT) framework and ICT governance. Assessment policy amendments were also approved. The disestablishment of the Senate Lifelong Learning Committee and incorporation of the functions of the Division for Lifelong Learning in the Teaching and Learning portfolio were also approved by Council during 2016.

The following appointments were approved by Council following recommendations from Senate: the appointment of Prof Y Fessha as Deputy Dean: Research and Postgraduate Studies in the Faculty of Law from 1 April 2016 to 31 December 2016; the appointment of Prof Cherrel Africa as Deputy Dean: Teaching and Learning in the Faculty of Economic and Management Sciences from 1 June 2016 - 30 May 2019; and the appointment of Deputy Deans in the Dentistry faculty, Prof GAVM Geerts and Prof VJ Wilson.

Senior Professor and Emeritus Professor status is awarded in recognition of a person's contribution to scholarship. It is a Senate prerogative to initiate the process with final approval of such titles confirmed by Council. During 2016, Council approved the promotion of Prof JJ Williams, Prof M Gibbons, and Prof R Maartens to Senior Professorships. It also approved the title of Emeritus Professor for Prof C Okujeni and Prof J van Bever Donker both of the Earth Sciences Department; Prof R Fray, Mathematics Department; and Prof S Naidoo, Prof VM Phillips and Prof JA Roelofse of the Faculty of Dentistry.

Council initiated a process to review the University Statute, which had not been reviewed for 10 years. Proposed amendments were tabled in Council for consideration. However, following requests by other stakeholders for more time for consultation and comments on the amendments, Council decided to postpone the finalisation of the amendments. This process is ongoing. The amendments will be submitted to the Minister of Higher Education upon approval by Council.

FINANCES

Council is satisfied with the financial report of the University under the circumstances. Council is pleased that despite the complex challenges facing the University, it ended the year in a sound financial position. Council is pleased that UWC remains a going concern. The financial results for the year and the University's performance in terms of national benchmarks are reported on in detail in the Financial Review section of this Annual Report. The financial discipline applied by all sectors of the University community and the oversight role of the Council Finance committee, are acknowledged with appreciation.

CONCLUSION

UWC continued during 2016 to be a symbol of striving for excellence in the midst of adversity. The substantial academic gains made by the University in 2016 (which *inter alia*, saw us being recognised at the best Physics university on the African Continent) in seriously difficult circumstances show that given appropriate resources and with all stakeholders working together, UWC can rise to greater heights. In my capacity as Chairperson of Council, I call upon all our stakeholders, within and outside the University, to join us in our efforts to sustain the momentum which is putting UWC in the top league. Let us work together for this remarkable institution.

On behalf of Council I wish to convey our appreciation and congratulations to the entire UWC community for their continued efforts to take UWC forward and for the significant progress that was made during 2016. Sincere appreciation to all of the Committees of Council and their respective chairpersons for their oversight role and enabling Council to fulfil its mandate and ensure effective governance oversight. A special word of appreciation to the Finance Committee and the Audit and Risk Committee for their role in ensuring that UWC remains financially viable and that we have adequate oversight of controls and risks and how they are managed.



Mr Mthunzi Mdwaba
Chairperson of Council

REPORT OF THE RECTOR AND VICE-CHANCELLOR

INTRODUCTION

The University of the Western Cape (UWC) is one of South Africa's leading institutions academically, both in meeting the transformational needs of undergraduates and in its internationally recognised excellence in certain areas of research and innovation. It has demonstrated the potential to achieve much more. As Rector and Vice-Chancellor it is my privilege to be part of the evolution of this dynamic institution. The 2016 Annual Report gives me the opportunity to reflect on my second year in office and to share some of the achievements and challenges of the past year.

Unlocking the constraints on development to enable the University to realise its full potential is a mark of visionary and responsible leadership. My leadership collective has embraced this task as its priority. The activities and achievements of 2016 should therefore be viewed in the context of a collective effort to enable our University to realise more of its potential.

LEADERSHIP MATTERS

At UWC, the changing of the guard that began in 2015, following the retirement of the former leadership team, came to fruition in 2016 when the full leadership complement was in place. I am pleased to report that the transition was relatively smooth. The extended timeframe allowed for extensive on-line and face-to-face engagements in which the incoming leadership helped determine the strategic direction of the institution while engaging with members of the wider UWC community. These efforts resulted in a Green Paper in 2015, a White Paper in 2016 and the final Institutional Operating Plan 2016-2020 (IOP) later in the year. The new IOP sets out eight strategic priorities - three core and five enablers- for investment over the next five years. The core goals are to: provide UWC students with a meaningful and stimulating university experience; provide opportunities for an excellent learning and teaching experience that is contextually responsive; and strengthen UWC's position as an excellent research and innovation university with local relevance, regional impact and global recognition. The plan is ambitious and future-orientated and serves as a roadmap to guide effective implementation. Each goal area is supported by meaningful diagnostic metrics against which to register progress and raise levels of accountability.

I am particularly pleased that, despite very challenging economic pressures that gave rise to national student protest, the UWC community is adapting well to changing yet tense conditions, and is working to make us more nimble while building on key strengths. I have detected a heightened awareness of the salient issues that affect us and an urgency to mitigate key risks, as well as an openness to embracing new opportunities.

What follows shows that the new leadership team has succeeded in putting a process in motion towards the development and implementation of a new strategic plan and securing the buy-in of key University stakeholders. This assists greatly in clarifying expectations and developing meaningful metrics to monitor progress, making it possible to hold people accountable and improve decision-making. In 2016 significant effort went into rethinking models that can help sustain the university while enhancing the transformative value of education. These always involved finding ways of balancing short-term solutions against what is necessary to achieve longer term goals to advance institutional excellence.

MEANINGFUL STUDENT EXPERIENCE

Understanding and improving the student experience in and out of the classroom is of critical importance to produce the quality of graduates needed for the 21st century. This goal area received a welcome boost when Professor Pamela Dube joined the leadership team as Deputy Vice-Chancellor for Student Development and Support in December 2015. Following the national student protests of the previous year and their continuation in 2016, this appointment could not have been timelier, enabling the University to attend to current and emerging issues facing students with the urgency and energy that they deserve.

The most pressing issue has been to work towards engagement both with the new student leadership and between students and professional student support units to foster and strengthen an inclusive culture of equity and diversity on campus.

- A second area of focus has been to gain a better understanding of students' experiences, expectations and aspirations, and to equip students to be constructive by fostering dialogue and building agency.
- At a more immediately practical level have been initiatives to attend to issues of hunger among indigent students and to introduce a nutrition project for those in need.

In 2016 we enrolled a total of 21 797 students, lower than the expected target of 22 300. The University exceeded its target of first-time entering students and remained a popular destination, with applications far exceeding our capacity to accommodate them. However, the returning pool of students in good academic standing declined, as did postgraduate enrolment. It would appear that this was attributable to returning students' concerns about safety on campuses emanating from the 2015 student protests and international students' difficulties in obtaining study permits. The higher than usual first-time intake and the drop of senior students adversely affected the projected undergraduate: postgraduate ratio and the proportion of international students. A key lever in UWC's aspiration to establish its position as a major player among South Africa's research-intensive universities is to build a critical mass in niche areas. Attracting and maintaining the right mix of students therefore remains an important objective.

We are pleased that the University's fee structure and lenient payment regimes continue to make it amongst the most affordable and accessible institutions in South Africa for students from diverse backgrounds: social, economic and educational. This allowed the university to deliberately recruit a very diverse student body, including many first generation students and people from homes with low household income, to be truly reflective of the world we live in.

For purposes of student registration and to ensure that there were no financial barriers to entering UWC we continued to use household income as a means of clearing students financially. Based on the 2016 enrolment it would appear that about 80 percent of our students would not be able to study without financial assistance.

Meaningful student experience is an educational necessity both in and outside the classroom. In the 21st century, making the classroom experience more exciting is a function of creativity and of embracing new technology. It is about understanding the needs and interests of 21st century students. During 2016, the University adopted initiatives to provide broad access to technology and a blended learning experience to our students. The capacity of the University to use technology to conduct teaching and assessments and to enable learning has been enhanced and more staff are embracing technology in their pedagogy. This has proved very useful during protest action when direct face-to-face contact was limited.

UWC participated in several national surveys to gain comparative insights from its students and alumni. According to the 2016 Universum Talent Research Report, the skills, mindset and confidence levels of UWC

students and alumni compare favourably with the national average among South African universities. An above average trait of UWC students is their team-orientation and desire for harmony which “makes them natural leaders”. About 62% of UWC participants had part-time jobs (including work-study) outside their areas of study compared to a national average of 49%, which might be more reflective of their economic status. Students’ top-of-mind associations with UWC are its creative and dynamic atmosphere, its student diversity and friendly, open environment whilst its affordable cost structure (tuition, accommodation and living expenses), ethical standards, leadership opportunities and high rankings within specific fields contribute to the University’s attractiveness. The survey also helped to identify areas where UWC is performing below the national average, such as entrepreneurship, where corrective measures may be warranted.

In 2016, the South African Graduate Employers Association released the findings of its study on the Best Career Fairs and Careers Services provided by Universities to prepare their students for career opportunities. The results of this study placed UWC in fourth (4) position in terms of the career fairs and sixth (6) in the career services it provides to its students. This, too, is an indication of the meaningful student experience that we provide.

During 2016 we launched the implementation of a co-curriculum strategy to enable the University to provide students with a documented portfolio of evidence of their outside lecture room experience. This makes UWC to be among the first five Universities in South Africa to have this co-curricular transcript as official testimonial of students’ out-of-class engagements to enhance their chances of employability.

We share a goal of holistic development for our students both within and outside the formal teaching and learning environment. Experience outside the classroom helps to shape the character and perceptions of students, and in so doing, their ability to use knowledge. This experience may be of a campus environment that promotes social interaction and exchange among students and that enhances their lived experience of the University. It may also be of broader intellectual and cultural life through concerts, plays, readings, debates and public lectures on and off campus. Finally, it may involve University-facilitated exposure of students to the environments in which they may find themselves working and to major initiatives such as innovation parks. Many of these things are taken for granted in more affluent environments. It is a transformational imperative that they be part of the experience of UWC students. A range of social clubs, societies and sports clubs exists at UWC, along with a lively programme of campus intellectual events to enhance the student experience. However, the cultural programme needs working on, along with means of enabling students in an awkwardly situated campus to participate in the larger intellectual and cultural life of the city.

Optimising student potential

The most congenial student experience would be of little significance if it failed to heighten students’ ability to realise their potential as they excel in their studies and in their ability to use knowledge to good effect. In 2016, the University continued with several programmes to help our students in this regard. Details are provided in the Senate report. I shall concentrate rather on some of the outcomes, which testify to the rich educational experience that UWC provides. The year 2016 was a year of great success for our students and we are filled with pride at their achievements.

- Siyabonga Matshawule, a PhD candidate in Astrophysics was among the select few invited to the 66th Lindau Nobel Laureate meeting in 2016. On another occasion, Siyabonga was honoured for his achievements by Deputy President Cyril Ramaphosa.
- Freddy Kido and Yolanda Bam-Mguye were the top two among the top 100 law students from South Africa’s universities in the national GradStar awards.

- Four undergraduate computer science students, Kyle Jordaan, Daniel Collins, Mishka Mohammed and Liam Doult, made headlines in the local newspapers for their development of a voice-activated online banking app to help the visually impaired.
- The UWC undergraduate team won the national Student Cluster Competition at the Centre for High Performance Computing conference in East London in December 2016. The app, Sistahood Watch, to address safety and health challenges for their fellow female students, was developed by Yandisa Citwa, Noluthando Ntshaba, Janine Anthony and Sibabalwe Kweza, from our Information Science department.

These are a few of the many examples of high student achievement in 2016. They testify to the truth of our motto that we are a place of quality: a place to grow from hope to action through knowledge.

Enhancing student experience through sport

Sport is a great unifier and facilitator of social cohesion. At UWC we provide opportunities to thrive for both professional student athletes and non-professionals who engage in sports as a pastime. The provision of high quality sporting facilities has become a major factor when excellent students choose which university to study at, so it is very important for UWC to continue improving its sporting facilities if it is to be increasingly a destination of choice. In this regard, it is also true students generally want to be associated with an academically excellent institution which has a good sporting profile. To manage both aspects, UWC has worked hard at developing its office for sport administration. The appointment of Mandla Gagayi as Director of Sports has brought energy and zeal into the office.

The UWC gym was the major development in facilities in 2016. It is now fully equipped and open to students and staff, providing training opportunities for both professionals and non-professionals. The Gym membership has increased exponentially, reaching 900. This is 80% above the annual target of 500, and shows great interest among students and staff, and an awareness of the importance of exercise and a healthy lifestyle.

UWC's performance in various sporting codes in 2016 was very impressive, with our teams receiving six (6) gold medals, one silver and qualified to participate in two USSA codes in 2017. Below is a summary of our student athletes' achievements.

Team	Tournament	Position	Medal
Women's Beach Volleyball	Varsity Beach Volleyball	National Champions	Gold
Men's Volleyball	Varsity Volleyball	National Champions	Gold
Indoor Volleyball	National club Championships	National Champions	Gold
Women's Football	Coke Cup	National champions	Gold
Chess	African Universities	African Champions	Gold
Dance Sport	USSA	Champions	Gold
7's Rugby	Varsity Spots	National position	Silver
Netball	USSA	National	Qualified

In addition, four of our students were selected for the national Banyana Banyana team. UWC Volleyball teams represented SA in the Zone 6 Games in Namibia and were crown-champions winning Gold. Two of our student

athletes, Pertunia Obisi and Tamzyn Thomas won Gold for 100m sprint running at the Federation of African Athletics. Our women's Basketball achieved top 8 position for the first time. Our Netball also qualified to enter the Varsity competitive cup. We are UWC and we are Champions.

Access to success

Gaining access to university is one thing. Staying the course and succeeding in one's studies is quite another. The first obstacles to success are the socio-economic and academic factors behind students' dropping out. The second set of obstacles relates to what has been called epistemological access. Addressing issues of successful access requires a three-pronged approach, attending to formal access issues, dealing within the University's capacity with socio-economic issues, and improving teaching-learning practice on an ongoing basis.

The past two years of student protest have highlighted the increasing cost of higher education as a strong factor in formal access. In this regard, it has to be recognised that UWC is one of the most affordable universities in South Africa. We have a low fee base and in 2016, no academically deserving student was denied formal access. In fact, the University assisted more than 13 000 students with financial clearance to enable them to study despite their financial challenges. This represented a significant proportion of our total enrolment. This action is in keeping with UWC's long record of providing equitable access.

The most serious challenge for the higher education sector, now and in the foreseeable future, is epistemological access. Many students come to university underprepared for the rigors of tertiary education. They despair and drop-out. There can be no question that a major improvement in public schooling is called for. However, universities cannot fold their arms until that happens. The students being produced by the school system need special programmes to help them succeed, and universities have to provide them. What is learnt in this process may actually help with the improvement of the school system. Providing support for learning does not take away the responsibility of the student for his or her success...

Most students who study at UWC come from poor socio-economic backgrounds and are dependent on student financial aid for their studies. UWC administers a range of programmes to provide support to deserving students each year. These include the National Student Financial Aid Scheme, UWC bursaries and other bursaries from philanthropic organisations and individuals. Cumulatively, the funds administered by the UWC financial aid office have increased year on year from R304.5 million in 2013, R330.3 million in 2014 and R335 million in 2015 to R451 million in 2016. The NSFAS base funding constitutes a very large part of those funds. Although the DHET-NSFAS allocation to the university has increased on the basis of their annual increase per institution, it does not sufficiently cover all the NSFAS qualifying students resulting in UWC not fully funding the increased pool of applicants leading to the vexed question of top slicing. Another area of concern is that students who did not qualify for NSFAS funding at the start of the year are not incentivized or rewarded for their improved mid-year academic performance because allocations are made once-off at the start of the year.

Number of student beneficiaries per year				
Fund	2013	2014	2015	2016
NSFAS	5 890	4 676	5 838	7 185
UWC Bursaries	4 816	4 866	4 862	5 783
Other Bursaries	6 240	5 792	5 970	6 343
Total	16 946	15 334	16 670	19 311

ATTRACTING, RETAINING AND DEVELOPING EXCELLENT TALENT

The world of work is changing, and people are increasingly mobile and open to career changes. These things make it more challenging for universities to retain talent. With growing competition for limited resources, recruiting and retaining key staff and diversifying the work environment are becoming more difficult. In this climate, universities are challenged to rethink their recruitment and retention strategies beyond salary to retain staff.

Attracting and retaining excellent talent is one of UWC's institutional goals and was a key priority for 2016. Initiatives were put in place to position UWC as an employer of choice and to grow our own timber for strategic leadership positions into the future. These initiatives include dedicated programmes for talent stewardship initiated with funding support from the Mellon Foundation.

In 2015, UWC ring-fenced funds for targeted recruitment of black (African) professors to strengthen and diversify the profile of the University in line with the diverse demographic profile of the country. Although the intention was to employ 14 senior African academics in 2016, this target has proved to be daunting. However, 8 appointments were made in 2016 across several faculties in the university. Work is continuing in this regard.

The new-Generation of Academics programme (nGAP) initiated by the Department of Higher Education and Training has also boosted our recruitment into strategic fields that we are developing as academic and research niches for the University. In 2016, DHET approved phase two of nGAP giving us four lecturer positions under this programme, in the Department of Linguistics, Faculty of Arts; the Institute of Microbial Biotechnology and Metagenomics (IMBM), Faculty of Natural Sciences; the Institute for Water Studies, Faculty of Natural Sciences; and the Department of Physiotherapy, Faculty of Community and Health Sciences. Phase one of the programme was approved in 2015 and recruitment was completed in 2016. These appointments were in Astrophysics, Electrochemistry and History Education. We are grateful to DHET for this support.

One of the major achievements in our Human Capital Development in 2016 was the review of our Employment Equity compliance by the Department of Labour. This cleared the way for the design, facilitation and implementation of a new UWC Employment Equity Plan, which was put in place in the course of the year.

The digital revolution has placed new demands on, and opened up new opportunities for, the Human Resources Department. It has to be able to conduct its business electronically and as efficiently as possible. Under the able leadership guidance of Ms Amanda Glaeser, Executive Director Human Resources, UWC successfully implemented an e-Recruitment system in 2016. The automation of processes has taken efficiency to high levels and has improved our turn-around time on recruitment processes. It has also expanded our reach as we are able to tap into external sources and pools of talent that we wouldn't be able to reach without the help of technology.

A comprehensive staff development programme was rolled out in 2016 to give our employees access to the capabilities they need to deliver on the IOP goals. Among others, it included the Programme for Academic Leaders (P4AL), which was rolled out in the Faculty of Community and Health Sciences. In 2017 the programme will be extended across the university to involve both academic and professional support staff.

The use of performance development systems is gaining traction, but further effort is needed if these are to become the primary basis for identifying development needs. The focus over the next few months will be on seeing how this deliverable can be realised with optimal benefit to staff. Meanwhile a revised strategy for coaching practices was also initiated in 2016, forming an integral part of leadership development initiatives. The launch of this strategy is earmarked for 2017.

Staff safety is a major concern for universities in the context of ongoing protest. We are challenged to work out ways to minimise exposure to danger without reducing optimal levels of performance. This will become a major area of discussion during the next rounds of collective bargaining.

Sexual violence on campus is a deeply concerning threat to safety that has come into sharper focus during student protest. Universities are challenged to update their policies in line with the rapidly changing environment, to protect and safeguard both students and staff, especially the most vulnerable: the disabled and women. A process to review existing policies and frameworks to curb sexual harassment and to safeguard the needs of people living with disability was initiated in 2016.

Our permanent staff complement stood at 1 631 of which 857 were professional staff. This report, together with the Senate Report, highlights some of the activities and collective achievements of the University staff and students in the year 2016. I am honoured to be part of such a dedicated team.

Staff category	2010	2011	2012	2013	2014	2015	2016
Executive, management professionals	89	102	119	136	137	142	145
Instruction / Research professionals	509	536	559	574	615	645	678
Support professionals	34	3	43	42	29	43	34
Total professional staff	632	672	721	752	781	830	857
Technical staff	97	105	117	127	134	132	112
Non-professional administrative staff	482	514	557	580	612	630	589
Crafts / trades staff	43	48	47	43	40	41	40
Service staff	55	50	25	27	29	31	33
Total non-professional staff	677	717	746	777	815	834	774

STUDENT PROTEST SETS US BACK

Student protest has become a new normal. It would seem that university academic, financial and other planning must now factor in protest action as a possibility. The protest action that started in 2015 continued in 2016 and had huge sector-wide adverse impact.

At UWC, as in 2015, the 2016 protests started late and were violent. The demands that UWC students placed before management reflected generally what was demanded nationally. The 40 demands could be divided into four categories: financial demands, national issues, institution specific issues and third party issues. UWC responded in the most constructive way it could, taking into consideration the financial implications for the University and ensuring that no undertaking was made that would jeopardise the future sustainability of the institution. The central issues are national, not campus-specific: free higher education for all, scrapping of historical student debt and insourcing of cleaning, security and gardening staff. Education is a key transformation project and the consequences of jeopardizing it cannot be understated and needs to be spelled out:

- The 2016 protest at UWC started on 3rd October with a demand for shutdown of the campus. This followed a similar demand made at other universities like Wits and UCT a few weeks earlier. Following cases of intimidation and disruption, management decided to suspend classes on 5th October. The University then spent one and half months with operations continuing off-campus at considerable cost. Lectures, assignments and tests continued through online platforms to minimise loss of time on task for

the students. The timing of the protest was very challenging as examinations scheduled to start a month later, on 7 November. The impact of the protest made some students genuinely feel that they were not ready to write examinations. To meet their needs, the University let students choose to write either in November as scheduled, or in early January 2017. Examinations were written off-campus as it was considered unsafe and risky to do so on campus. The main victims of this aspect of the protest were students. Much of the successful completion of the examinations can be attributed to the proactive contingency arrangements and flexible scheduling done by the Registrar, Ms Lawton-Misra and her team.

- The impact of the student protest was not limited to disruption of teaching, learning and examinations; it also affected research and innovation. The protest put the university's ability to meet its research obligations for external funded research at risk. The potential financial loss in research is yet to be quantified as we may have failed to order research equipment and other resources on time. Protest action not only disrupts classes, it also affects student and staff access to laboratories, delaying the completion of valuable research that is time-bound and carries substantial financial implications. To mitigate these losses, the University worked in collaboration with iThemba Laboratories to move some research activities to off-campus facilities. However, there were deeper losses, working directly against transformation for excellence. The disruption of research activities harmed the emerging culture of research, dampening staff and student morale when they were unable to complete their work on time and it affected publication rates, reducing the staff and students' competitiveness, and impacting on subsidy.
- The protest action also affected the completion and rolling out of University infrastructure. Construction had to be stopped. This had considerable financial implications for both the service provider and the University as wages had to be paid regardless and the prices of building material do not remain static during protest. UWC's maintenance backlog and budget was also affected as planned maintenance work was delayed. The torching of buildings wasted huge sums of money which would have been used to improve the quality of the student experience on campus.

Finally, the violent nature of such protest undermined the noble ideals that students were fighting for.

For all of these reasons, I would like to condemn the violent and damaging nature of these protests in the strongest possible terms. They do not move us forward in attaining our transformational goals. They set us back.

INFRASTRUCTURE

The University is experiencing major physical expansion, a sign that it is growing and modernising its infrastructure. During 2016, work began on the repurposing and reconstruction of the former Science complex to accommodate Computational and Mathematical Sciences. The redevelopment of the former J S Marais hospital complex in the Bellville CBD has also commenced to relocate approximately 2000 students from the departments of Nursing, Physiotherapy, Occupational Therapy and Complementary Medicine. The construction of research facilities that will link the Old Arts and New Arts buildings has also commenced. All three projects are expected to be completed by the end of 2017. In addition, the construction and repurposing of facilities on the south campus to accommodate the consolidation of the Education Faculty is expected to commence towards the end of 2017.

One area that has become critical is student accommodation. UWC has limited bed spaces of about 2500 (excluding private leases) for its student population of over 21 000. While it is true that not all students want to stay on student residences, the demand is far higher than we have been able to meet. With significant support from DHET the university was able to secure sizeable pieces of land in close proximity to the campus to urgently

address this need. Council reached an agreement with the Ministry to participate in a feasibility study with the view to piloting an affordable student housing project in partnership with the private sector on a design, build, operate and maintain basis. The intention is to appoint the successful bidder in 2017 with a view to developing a student village over 24 months, and for UWC to occupy about 2600 beds at the beginning of 2020.

In another initiative, the Nagdee family, owning local businesses, generously donated a block of flats in Kuils River to help alleviate the shortage of accommodation. This property has 30 units that can accommodate 120 beds. The process of taking transfer began late in 2016 and the University will start a process of giving tenants notice and refurbishing the building during 2017. We wish to extend our heartfelt appreciation to the Nagdee family for this generous donation.

The growth in student numbers also puts pressure on ICT infrastructure. The 21st century student wants to stay in a residence with Wi-Fi access, and to access electronic study materials. That ICT has become a critical issue in the student experience was highlighted in the list of demands that student placed before the University during the 2016 student protest. Students have demanded that free data be provided to all students on and off campus. They have challenged the University to think differently about provision of access to internet for students. As a result, UWC, together with other universities has engaged with mobile phone providers to work in partnership to develop packages giving students access to increased data.

REPUTATION MATTERS

Institutional reputation is a tricky business of managing perceptions. Perceptions about an institution are like currencies in the trade markets; they fluctuate from time to time and are susceptible to the vagaries of internal and external influences. However, only a formidable reputation can withstand the tempers of passing whirlwinds. This is what is called resilience.

The drivers of university reputation are not the spokespersons nor the public relations specialists. Students, alumni and staff drive a university's reputation. Whether consciously or unwittingly, they are the true ambassadors and drivers of a university's image. Thus, a University's reputation must find anchorage in the academic project, research output, and the achievements of its students if it is to be formidable. This implies consistency of practice and concerted effort in the messaging that is aligned with this consistent practice. UWC has been consistent in its fine performance in research, sometimes even being ahead of historically advantaged institutions. That is why UWC has been able to cultivate a reputation as a highly competitive and research-led university over the past years. I should like to draw attention to two indices of excellence:

- During 2016, UWC was ranked number 1 in Africa and South Africa in physical science research and publications by the journal Nature Index.
- The Times Higher Education Supplement ranked UWC 102 among the Universities in BRICS & Emerging Economies in November 2016, placing it among the top 300 institutions in 50 countries.

These rankings confirms the position and image of UWC as a competitive, research-led institution. Maintaining and improving on this standard of performance is a challenge we must embrace.

It is far easier to destroy a fine reputation than to build it. In the environment in which we operate, characterised by instability and uncertainty, there will always be incidents that threaten to damage the image of the university. The violent protest action we have discussed is one of them. Internal dissent in the Council, discussed in the Chairperson's report, is another. These two incidents risk establishing an image of UWC as unsafe, unstable and at war with itself. That, in turn, damages the ability of the institution to attract the talent it needs to cultivate and maintain a positive image. Our future sustainability depends on our reputation. It is therefore crucial that

we avoid such incidents and manage our challenges in a responsible manner that redounds to the credit of the University. Coverage of the institution in the media also manufactures perceptions about it. It is therefore crucial to monitor media coverage to understand how the image of the University is projected in the public domain.

In 2016 UWC as a brand generated 2,9071 print clips, 1,052 broadcast clips and 3,630 online clips overall, with an Advertising Value Equivalence (AVE) of R532,005,097.89, a cumulative circulation of 164,900,451, an audience of 500,866,587 and a reach of 10,887,489. Overall, print generated 39% of all coverage, while broadcast and online generate 14% and 47% respectively. This means online received the most coverage for the year under Brand UWC. What is cause for concern, though, is that the larger part (56%) of UWC coverage was weakness-based: negative coverage, largely associated with fees protests. By contrast, opportunities generated 43% and strengths only 1% of coverage.

FINANCIAL SUSTAINABILITY

The economic situation in the country has a huge impact on the financial position of the University. When the country's financial position is in bad shape, it is a bad omen for the University. The truth is that 2016 was a very difficult year. The threat of downgrade and the removal of Minister Nene the previous year set financial speculators and investors in a tailspin. In the end, South Africa lost billions of Rands, setting our country's finances on a bad footing for the rest of 2016. The challenge is that public universities are dependent on state funding and private sector investments in research and development. Thus, when the public purse is depleted and private sector confidence in the country is eroded, universities suffer double jeopardy. They have no one else to rescue them. Our ability to fundraise remains a serious challenge despite the demonstrable indices of a University with a competitive edge. This is an area where we have not optimised our potential. An annual Survey of Philanthropy in Higher Education (ASPIHE) conducted independently by Inyathelo in 2016, shows we are performing below the national average mean in terms of our fundraising abilities. However, while the number of organisational donors is decreasing, the study found that there was an increase in the number of individual donors in 2016. This could be attributed to specific interventions made by the Alumni office to encourage alumni to pledge individually towards funding for students in financial distress.

Under the circumstances, UWC's finances remain reasonably sound. They are not anywhere near the ideal, but better than they could have been. This is due to the prudent and sound financial management system we have put in place. However, the demands knocking on the door – insourcing, clearance of debt, and free education – conjure up a troubling image for the future of this University. We have to do everything in our power not to compromise the future sustainability of this institution. It has too great a potential for South Africa's success.

Under the leadership of the Executive Director: Finance and Services, Mr Manie Regal, UWC has, for the past few years, managed to achieve remarkable results with ongoing annual surpluses. The trajectory we started in 2016 is pointing in the opposite direction. It is clear though, that going forward, the University needs to build its capacity for third stream income to guarantee its future sustainability. Additional information can be found in the Financial Review section of this Annual Report.

CONCLUSION

“It was the best of times, it was the worst of times;
It was the age of wisdom, it was the age of foolishness;
It was the epoch of belief, it was the epoch of incredulity,
It was the season of Light, it was the season of Darkness,
It was the spring of hope, it was the winter of despair....”

(Charles Dickens)

As I draw this report to a conclusion, I must express my deep gratitude for the dedicated support of the staff and their commitment and loyalty to UWC even during our most difficult times. I really appreciated their willingness to sacrifice and to work in very difficult conditions last year to enable us to complete the academic programme. Thank you to all of them, academic and administrative, and to my colleagues in the Executive Management team and the Deans who worked tirelessly to salvage the year.

It was a strange year. On the one hand it was a year full of hope and achievement for UWC. Fine work in teaching and learning, research, and innovation, placed us in the top league of South African universities and strengthened our relationships with international partners. It is tempting to stop there. Yet it would be wrong to downplay the student protests. They seriously damaged the university, wasting resources, and undermining much of what has been achieved by dedicated staff and student effort over many years. Facing the pressure of these realities, UWC remains committed to transformation and to excellence in all we do. It is a commitment that has enabled us to surmount many obstacles in the past. The huge challenges that face us, internally and externally will once again take the dedicated efforts of the whole campus community to meet. I am confident in our ability to be a model of the transformation South Africa needs: open, inclusive, rooted in our society, committed to justice, and with an unwavering hold on the need to excel in all we do.



Professor Tyrone Pretorius
Rector and Vice-Chancellor

REPORT OF THE CHAIRPERSON OF SENATE

INTRODUCTION

Senate is a statutory body accountable to Council on all academic and research matters of the university. This is my second year as its chairperson. I am pleased to report on the deliberations of Senate, key opportunities to advance our strategic academic goals, significant improvements in our approaches to learning, teaching and research, and key initiatives in strengthening our local and international relationships with key role-players and celebrating important achievements.

As with many universities in South Africa, 2016 was one of the most challenging years in recent times. Through all the challenges, our academic priorities continued to guide our actions and thinking. They framed and shaped our intellectual identity and highlighted areas of unmet need. However, we faced critical challenges during the year that adversely disrupted teaching, research and laboratory activities and contractual commitments to external agencies. At a critical point towards the end of the year we felt it responsible to move all operations and examinations off campus. It is only through the commitment and remarkable sense of purpose of staff and students that we completed the year successfully and achieved our broader academic objectives.

This report covers a broad range of activities under Senate's purview for the year 2016, demonstrating UWC's contribution to learning, teaching, research, innovation and society at large.

COMPOSITION OF SENATE

Senate is supported by its executive committee and a range of sub-committees. All its committees have clear terms of reference that set out their roles and responsibilities.

The UWC Senate consists of:

- members of the University executive
- Council representatives
- deans of faculties
- professors (along with specified visiting, extraordinary and honorary professors)
- directors of schools, centres and institutes at the University
- chairpersons of all academic departments or similar academic structures
- eight academic employees
- eight non-academic employees
- eight registered students
- the director of library services
- the director of teaching and learning
- the director of postgraduate studies
- and such additional persons, not more than eight in number, as the Council, on the recommendation of the Senate, may decide upon.

LEADERSHIP AND FACULTIES

Universities depend on capable leadership to respond appropriately to emerging challenges and opportunities generated by a changing environment. The most far-reaching leadership challenge for 2016 was the completion

of the Institutional Operating Plan (2016-2020), finding coherence as a team through articulating a coherent set of goals and objectives to guide the broad strategic thrust and sustain the proud intellectual tradition of the university.

Another important ongoing challenge is to develop a sophisticated shared sense of where the university is and where it is heading, and to interpret this to a range of publics. Under the guidance of Professor Vivienne Lawack, Deputy Vice-Chancellor Academic, a project on “(re)creating/ thinking the intellectual identity of the university” has been started. It deals, among other things, with matters of transformation, Africanisation, and the internationalisation of the curriculum and internationalisation at home. The rollout of this project will involve many cross campus dialogue sessions to engage with a variety of perspectives. One of the achievements of 2016 was successfully prioritising, negotiating and championing a set of meaningful change initiatives with the biggest potential to advance the university’s transformation and sustainability agenda and help it address new challenges with confidence.

Five change initiatives in areas of high strategic significance for the University are active and ongoing:

- the university in the digital age
- attributes of a 21st century graduate
- the research-intensive university
- innovation, and
- internationalisation

Under leadership of members of the Executive, they are helping to clarify direction and initiate changes which will help UWC establish its position more firmly as one of South Africa’s top teaching and research institutions, alert to the needs of the nation and the opportunities presented by a changing world. I would like to use this opportunity to thank senior management for their role in these initiatives and for steadily building UWC’s ability to adapt to new circumstances.

Our faculties remained the same in 2016 – seven in total. These are the faculties of: Arts, Community and Health Sciences (CHS); Dentistry; Economic and Management Sciences (EMS); Education; Law; and Natural Sciences. All faculties – with the exception of Dentistry – are located on the main campus in Bellville. The Faculty of Dentistry operates from two campuses, the primary campus at the Tygerberg Hospital Complex in Bellville and a satellite campus in Mitchell’s Plain. Another satellite campus site is being repurposed to house four academic departments of the Faculty of Community and Health Sciences in the Bellville Central District by 2018.

QUALITY ASSURANCE AND ACADEMIC PLANNING

UWC is committed to excellence. This is both because such commitment supports the most satisfying and significant intellectual activity and because the quality of our programmes is the magnet that attracts students to study with us, opening doors to employment for our graduates. Maintaining and enhancing the quality of our academic programmes is thus a standing priority for UWC. Our energetically driven internal quality assurance procedures go far beyond meeting the statutory obligation for Universities regularly to review the programmes they offer. Our programmes undergo rigorous reviews by internal peers, external advisors and statutory bodies. In addition the Higher Education Quality Committee (HEQC) conducts reviews of new programmes for accreditation and established ones for re-accreditation. Some programmes are also reviewed and accredited by professional bodies.

The Senate Academic Planning (SAP) committee oversees quality assurance and makes recommendations to Senate. SAP also considers proposals for new programmes, disestablishment of existing programmes and changes of names of departments or programmes and makes appropriate recommendations to Senate.

The LLB programme was re-accredited following a review by the HEQC in 2016. Internal academic reviews were conducted for programmes in the following areas:

- Educational Studies
- School of Government
- School of Natural Medicine
- Biotechnology
- Chemistry
- School of Science and Mathematics Education

In 2016, the DHET recognised two new qualifications in Education, namely, the Advanced Diploma in Science Education, and the Advanced Diploma in School Leadership and Management, both at NQF Level 7. These programmes are now included in our PQM and have been submitted to CHE for accreditation.

During 2016, on the advice of its Academic Planning Committee, Senate recommended the following which were approved by Council:

Name changes

- the Interdisciplinary Centre of Excellence for Sports Science and Development has become the Interdisciplinary Centre for Sport Science and Development
- the Interdisciplinary Teaching and Learning Unit has become the Inter-professional Education Unit.

New programmes

- the Advanced Diploma in School Leadership and Management
- the Postgraduate Diploma in Computer Software and Media Applications with specialisation in Data Analytics and Business Intelligence, and
- the Postgraduate Diploma in Digital Dentistry.

Amendments to

- the standing orders of PLAAS
- the South African Institute for Advanced Materials Chemistry (SAIAMC) Constitution
- the Institute of Microbial Biotechnology and Metagenomics (IMBM) Constitution
- the Information Communication Technology (ICT) framework and ICT governance
- the assessment policy
- the Delegation of Authority document to allow the Senate Academic Planning Committee to take final decisions on amendments to existing programmes.

As well as

- the disestablishment of the Senate Lifelong Learning Committee, and
- the incorporation of the functions of the Division for Lifelong Learning in the Teaching and Learning portfolio and the Institute for Postschool Studies.

LEARNING AND TEACHING

Offering an excellent learning and teaching experience is a major priority for UWC. This means that teaching and learning must be contextually responsive to the challenges of globalisation and of a society in transition and must enhance students' capacity to be change agents in the 21st century. To give effect to this priority the Deputy Vice-Chancellor Academic, Professor Lawack, supported by Deans of faculties and key Directorates, developed a comprehensive framework around seven apex projects and began to implement them in a coordinated way and to document and report their effectiveness.

Four projects to enhance the success of the 21st century student gained traction in 2016: Operation Student Success, Project Y, Project X, and Digital and Multimodal Literacies.

- Operation Student Success includes baseline information, such as profiles of student cohorts and data analyses, to help predict and support student success.
- Project Y (why) is concerned with critical thinking. It established a multi-stakeholder reference group in 2016 to review available literature and to develop approaches to enhancing critical thinking and research skills in a university environment.
- Project X (for excellence) identified meaningful ways to promote and celebrate excellent student performance.
- Digital Literacies and Pedagogies developed a systemic framework to drive the adoption of emerging technologies and encourage critical reflection on student intervention models. The aim is to develop modes of adoption that are pedagogically sound and to develop an awareness of communities of practice of blended learning champions to promote a culture of learning.
- Multi-modal Literacies for Critical Citizenship completed a strategy document and an implementation plan for 2017.

In 2016 the Teaching and Learning directorate focused on enhancing and promoting the status of teaching and learning, developing and promoting the scholarship of teaching and learning, and professionalising teaching through formal and informal education for academics. During 2016, Prof Bozalek, the Director of Teaching and Learning at UWC, was an adviser for the Teaching Advancement at University (TAU) Fellowships Programme. This is a project of the Higher Education Learning and Teaching Association of Southern Africa (HELTASA) funded by the Department of Higher Education and Training. This role involved giving inputs at the face-to-face meetings of the programme where at least two teaching and learning champions from each higher education institution in South Africa (about 60 participants in all) participated. As adviser, Prof Bozalek was also expected to facilitate groups of teaching and learning champions across these institutions to assist them with their tasks towards their final teaching and learning research project.

Developing and promoting the scholarship of teaching and learning is critical to our ability to meet the needs of a South Africa in transition in a fast-changing world. UWC's leaders in this field are productive scholars and practitioners. The Director of Teaching and Learning is highly respected locally and internationally. During 2016, she was guest editor of several special issues of journals on teaching and learning in higher education, including the *British Journal of Higher Education* (with Jill Jameson and Dick Ng'ambi) and the *South African Journal of Higher Education* (with Michalinos Zembylas). The journal *Critical Studies in Higher Education* which was initiated the previous year by the UWC team applied for accreditation in 2016. A Society for Research in Higher Education Series Routledge book was edited by the principal investigator, Prof Brenda Leibowitz from UWC, with Vivienne Bozalek, and Peter Kahn (editor of the journal *Teaching in Higher Education*). As a further mark of its standing, the Directorate of Teaching and Learning was involved in a national NRF project on Professionalising Teaching

in Higher Education in South Africa. A comprehensive report on the findings of the project was prepared for the Council on Higher Education and will be published in 2017.

Regional partnerships in this field are very helpful. The Regional Extended Curriculum Programme Colloquium on 25 August 2016 was well attended by UWC Extended Curriculum programme staff. A three day follow-up workshop on Writing for Publication was held between 31 October and 1 & 2 November 2016 for ECP staff who had presented at the colloquium and wished to publish their work. In a further regional partnership initiative, UWC was involved in organising the International Consortium of Academic Development (ICED) bi-annual conference, held in association with HELTASA from 22 -25 November 2016. The timing of the conference coincided with the student protest. Alternative venues had to be arranged as a result. Despite this setback, the feedback from participants indicate that the conference was – in terms of its content, the quality of the papers and the robust nature of engagements – a resounding success. Finally, the Cape Higher Education Consortium (CHEC) *Quality Teaching in Higher Education* courses were particularly valuable. These included Designing Learning with Technologies, Research on Teaching and Learning: Preparing your Proposal, Reflecting on Curriculum Transformation, and Writing for Publication. These were mainly targeted at new academics to encourage them to publish.

There have been a number of initiatives internally. In 2016, the Directorate of Teaching and Learning and the Arts Faculty convened a colloquium on socially just pedagogies. This was particularly relevant amidst the debate on decolonisation of the curriculum. A series of lunchtime seminars was arranged, and two workshops were held to induct new academics into the ethos and values of teaching and learning and the professional environment of academia. A course focusing on *Professional Development of Teaching and Learning* was held during the second semester of 2016, somewhat disrupted by the student protest. Training the trainer is an established method to cascade information and to widen the scale of a programme. The Director of Teaching and Learning, working with teaching and learning specialists in faculties, co-designed, taught and facilitated courses for academics in probation.

The second iteration of the *Postgraduate Diploma in Higher Education Teaching and Learning* began in 2016, with 28 participants on the course. Two core modules were offered in 2016, taught through blended learning to accommodate participants from HEIs from outside the broader Cape Town area. These were *Teaching and Learning in Higher Education*, and *Assessment in Higher Education*. In addition to these core courses, an intensive pre-course for participants who had little experience with theorising teaching and learning in higher education was held from 17-19 February 2016 at a breakaway venue.

A university in the digital age

The benefits to teaching and to learning experiences brought about by advanced technologies are substantial, and universities across the world are challenged to leverage the opportunities brought about by the ICT revolution. UWC was bold in embracing this reality and has identified this theme as one of its key ongoing drivers of change to overcome barriers to learning. Digital media help overcome barriers inherent to the subject, as well as those relating to distance and time-bound physical presence, and they make key knowledge resources available.

In the newly adopted IOP a number of projects will contribute to a cross-cutting theme to support the university in the digital age. Three project teams established in 2016 under the leadership of the Deputy Vice-Chancellor (Academic) are:

- Infusion of emerging technologies in multi-modal teaching
- Establishment of flexible learning and provision pathways for improved articulation, and

- Change management for a connected campus.

These projects are well on track and will form part of a bigger suite of initiatives.

In 2016 the University pursued advanced discussions with international partners around technologies and digital library platforms that will bring virtual and immersive realities to enhance the learning experiences of students. These technologies and simulated environments will increasingly reduce the need for expensive physical infrastructure such as laboratories. UWC also embarked on an expansive rollout of Wi-Fi across the campus to connect indoor and outdoor learning spaces. This upgrade has significantly improved campus connectivity and allows more students with multiple devices to connect to the network. Students are pleased to be able to access and download material on campus free of charge and at a higher speed.

Changes in teaching and learning methods coupled with research demands to expand the virtual capacity of our libraries with more databases and software to enable students and staff to retrieve, navigate and disseminate information through technology are increasingly putting existing systems under pressure. These demands will require the university to accelerate the development of an integrated ICT strategy and significantly expand its infrastructure capacity. Plans are afoot to pilot a range of online programmes in 2017.

Over the past two decades, the University has continuously put initiatives in place for ongoing reform of its modes of educational provision and for techniques to complement face-to-face teaching methods. The Centre for Innovative Education and Communication Technologies (CIECT), directed by Dr Juliet Stoltenkamp, has now been established to champion this initiative. The centre, together with the ICS department, has put plans in place to enhance ICT infrastructure capacity to meet emerging needs in a rapidly changing environment. In 2016, CIECT conducted training workshops and consultative sessions (one-on-one office consultations) for academics across faculties - regarding the application of eTools for teaching, learning and assessment. CIECT's Instructional Design Team supported the effective design and development of interactive online learning environments. These efforts are aligned to critical discourses that have emerged from national and institutional policies, including: expanding student access and success, and successful integration of ICTs.

The integration of innovative practices across faculties has been another key priority for 2016. Lecturers across faculties have used various innovative communication, content creation and assessment eTools in Sakai/iKamva, the institutional Learning Management System (LMS), Google Applications and other Personal Learning Environments (PLEs), such as digital stories, podcasts, vodcasts, ePortfolios, surveys and screencasts. A total of 1133 modules for blended learning were created in iKamva (Sakai platform), the institutional Learning Management System, in 2016. This is a significant increase from 764 modules in 2014 and 1031 in 2015, indicating how fast online platforms are becoming alternative or augmentative platforms for teaching and learning at UWC.

It is one thing to introduce new approaches, but another for staff to embrace them. The increasing number of staff embracing blended learning approaches is encouraging. The instability, disruptions and uncertainty around the physical contact lessons has meant that more and more staff are requesting training and consultation sessions to equip themselves to operate in the digital environment. The Instructional Design (ID) Team conducted face-to-face, hands-on workshops with lecturers from across the seven faculties. These covered the creation of online environments within the institutional LMS (iKamva); setup of tutorial groups, assignments, tests and quizzes and related question pools. In 2016, 163 lecturers participated in hands-on workshops and 118 lecturers requested one-on-one office consultations.

Given the socio-economic status and background of our students, it goes without saying that many come to the University with minimal access to technology and knowledge of how to use it. This is the reality of the digital divide in our profoundly unequal society. Bridging the digital divide is therefore a key priority for UWC. Workshops for first and second years to help them to use the new technology enabled them to navigate the available online platforms. In 2016, the Instructional Design team conducted workshops and demonstrations (during a lecture or tutorial period) – for students across faculties. One thousand eight hundred and twenty eight (1828) students engaged in these hands-on workshops in 2016. These workshops equip students to use the LMS; Turnitin (Tii); Digital Storytelling and Google Applications (Blogger, Drive and ePortfolio) to good effect. iKamva, the LMS, is accessed by staff, students and external users. In 2016 the platform hosted 2,938,952 user-sessions, with a total of 23,955 users.

As a caring University conscious of its historic role in the quest for social justice, UWC is determined to close the digital divide for its students.

ENROLMENT MANDATE

Based on a headcount of 19500 in 2012 the projected enrolment growth for the six year period 2014-2019 was envisaged to be from 20500 to 25 623, a 3.9% increase over the period with an assumption that UWC would register 22 828 in 2016. The actual student headcount was 21 797, which is 1031 fewer students than the estimate. This decline is reflective of a national trend. However, other powerful factors were at work. The 2015 national student protest for fee-free education created an expectation among final year school learners that access would be easier in 2016 so UWC registered 5059 first-time entering students, exceeding the target of 4200 by 20%. This over enrolment, mainly in Education and the humanities, led to disproportionate growth in those areas, resulting in a CESM ratio of SET 35.8: Bus 12.5; Education 9.3: Humanities 40.4, respectively 2.2 below, 0.5 below, 1.3 over; and 0.4 over target. The student protests made it impossible or unattractive for a significant number of postgraduate students to return, so they registered at 2% below target. This is at odds with trends in prior years. In response, the university has proactively put in place a series of retention strategies to mitigate the risk of a repeat in 2017 and achieve an improvement in the overall retention rate of students in good academic standing. Specific modules that impact on progression rates will continue to receive attention.

The table below provides a breakdown of the enrolment trend over the past five years.

Student enrolment:

Enrolment categories	2012	2013	2014	2015	2016
First-time entering undergraduate students	3 866	3 897	4 109	4 048	5059
Total undergraduate	15 598	15 980	16 159	16 258	17321
Total postgraduate	3 992	4 404	4 424	4 123	4476
Total students	19 590	20 384	20 583	20 381	21797

Following a review of the original enrolment targets Council agreed to adjust the targets downwards for the remainder of the enrolment cycle with the understanding that it will lead to a likely reduction in the funded teaching input units and UWC's share of the funding purse.

We are a very diverse University, in terms of the demographic socio-economic profiles of our students, which reflect the complexity of our rainbow nation. Racially, we are a black University, with Coloured,

African and Indian students collectively constituting more 90 % of the population. The student population by gender is skewed in favour of female students, representing approximately 60% of the overall total.

Headcount by major field of study 2005 – 2016										
	2005	2007	2009	2010	2011	2012	2013	2014	2015	2016
Science, Engineering, Technology	2 477	4 613	5 043	6 648	6 837	7 118	7 633	7 794	7 716	8 118
Business / Management	2 150	2 046	2 524	2 367	2 526	2 667	2 577	2 512	2 437	2 715
Education	1 307	999	1 074	2 072	2 100	1 805	1 788	1 767	1 738	1 990
Other Humanities	6 646	7 270	7 562	6 972	7 304	8 000	8 387	8 510	8 489	8 974
TOTAL	14 580	14 927	16 203	18 059	18 767	19 590	20 384	20 583	20 383	21 797

An analysis of the 2016 enrolment by faculty and level of study shows where we are performing well and where we are not achieving the desired enrolment. In 2016, a 25 % of our students were enrolled in the Faculty of Economic and Management Sciences, 18 % in Arts, 16 % in Science, and 15% in Community and Health Sciences. Although EMS has the highest enrolment figure, our postgraduate students are highly concentrated in the Science Faculty. In 2016, 27 % of Masters students and 34% of Doctoral students were enrolled in the Science Faculty. A significant majority (63%) of our students are in the scarce skills programmes, showing the relevance of our programmes to national goals.

An overview of 2016 enrolment per faculty								
Category	Arts	CHS	Dentistry	Education	EMS	Law	Science	TOTAL
First-time entering students	1 322	655	100	592	1 138	459	793	5 059
Headcount UG diplomas and degrees	3 812	2 006	579	1 396	4 104	1 743	3 681	17 321
Headcount Honours degrees and PG diplomas	184	159	126	388	597	27	289	1 770
Headcount Masters degrees	195	493	79	127	275	215	437	1 821
Headcount Doctoral degrees	135	194	10	79	114	48	305	885
TOTAL headcount enrolment	4 326	2 852	794	1 990	5 090	2 033	4 712	21 797

Student success

All students enrol at the university hoping to pass. However, universities' dropout rates have been increasing and are reported to be above 50% across the system. Universities are therefore required to provide additional support to curb student dropout and increase success rates. Over the last number of years, UWC has been developing and refining its Student Management System which allows for the tracking of students and the proactive identification of students at risk. The tracking system serves as an early warning system enabling lecturers to implement appropriate interventions to assist students before it is too late.

The following table reflects a decline in the year-on-year degree credit rates and the number of undergraduate degrees awarded. Graduates as a percentage of the total student headcount also reflects a drop, mainly as a result of the higher than target first time entering numbers and increase in the attrition of senior students in good academic standing.

	2012	2013	2014	2015	2016
Degree credit rate	80%	81%	81%	84%	80.7%
Number of undergraduate degrees awarded	2 122	2 385	2 678	3 275	2 896
Graduates as a % of total headcount enrolment	19%	21%	22%	23.5%	21.5%

RESEARCH

Strengthening UWC's position as an excellent research and innovation university with local relevance, regional impact and global recognition is a vital priority. In 2016 the university continued to concentrate its efforts on supporting and nurturing identified niche areas through an enabling environment that promotes research and by building a critical mass of inspiring, productive researchers.

Two of the major contributors to our research development capacity have been the Department of Science and Technology and the National Research Foundation through the prestigious South African Research Chairs Initiative (SARChI). This initiative is designed to create a sustainable critical mass of world class academics and scholars to train future generations of South African knowledge producers for the growing knowledge-based economy. UWC has benefited tremendously from this programme over the past few years. There are currently 13 DST-NRF SARChIs at UWC. The broad scope of the Chairs points to the strength of the University in a number of areas and the relevance of our research agenda to the local and global challenges of our time. The SARChI Chairs are:

- Visual History and Theory – Professor Patricia Hayes
- Health Systems Governance – Professor Helen Schneider
- Bioinformatics and Human Health – Prof Alan Christoffels
- Poverty, Land and Agrarian Studies – Prof Ben Cousins
- Astronomy and Astrophysics – Prof Roy Maartens
- Cosmology and Multi-Wavelength Data - Prof Romeel Davé
- Observational Radio Astronomy (shared with UCT) – Prof Russ Taylor
- Nuclear Science Physics – Prof Smarajit Triambak
- Nano-Electrochemistry and Sensor Technology – Prof Emmanuel Iwuoha
- Microbial Genomics – Prof Marla Tuffin
- Multi-level Government, Law and Development – Prof Nico Steytler
- Mathematics Education – Prof Cyril Julie
- Health Systems, Complexity and Change – Prof Asha George.

UWC hosts one other major research chair: the SA-UK Bilateral Chair in Social Protection for Food Security in South Africa, led by Dr Stephen Devereux and hosted in the **Centre of Excellence in Food Security** led by Professor Julian May.

UWC was also named the **DST Flagship on Critical Thought in African Humanities**. This is a flagship initiative to enhance our research capacity and impact in the humanities and is led by Professor Premesh Lalu.

Institutes, Schools, Research Centres and research niches

The following is a snapshot of centres and institutes that contribute to our standing as a research-led university.

- The **South African National Bioinformatics Institute (SANBI)**, is a major centre dedicated to the development of bioinformatics and genomics in South Africa.
- The **School of Public Health** is a World Health Organization (WHO) Collaborating Centre for Research and Training in Human Resources for Health and builds the research capacity of African Ministries of Health through training courses at UWC.
- The Faculty of **Dentistry** is also a WHO Collaborating Centre for Oral Health. It trains Oral Health personnel in Africa and undertakes research on infectious diseases in Dentistry including Hepatitis, HIV and TB.
- The **DST/MinTek Nanotechnology Innovation Centre: Biolabels Unit** is working on the identification of molecular biomarkers for diseases such as cancer, diabetes and HIV.
- The **South African Institute for Advanced Materials Chemistry (SAIAMC)** has been designated by DST as a (HySA) Competence Centre in Systems Analysis, Integration and Technology Validation for Hydrogen and Fuel Cell Technologies.
- **SensorLab** is an electrochemistry, nanoscience and sensor research laboratory. Research involves the design, synthesis and analysis of soft organic and hard inorganic electroactive ‘smart’ nanomaterials
- The **Institute for Microbial Biotechnology and Metagenomics (IMBM)** conducts research on the exploitation of microbial genome diversity, cloning and expression and researches biofuels technology.
- The DST/NRF Research Chair in Poverty, Land and Agrarian Studies focuses on property rights, rural production systems and the politics of land and natural resources and is based in the **Institute for Poverty, Land and Agrarian Studies (PLAAS)**.
- The **UNESCO Centre for Groundwater Studies** undertakes research and advocacy on sustainable groundwater use and management in Africa. It is a major advisor to the African Council of Ministers and trains water scientists in the SADC region.
- The **Astrophysics Group** conducts research using the data from the SALT optical telescope at Sutherland and the MeerKAT array of radio telescopes near Carnarvon to answer key questions about the universe. Their research focuses on probing the properties of stars, galaxy evolution, the dark universe and fundamental physics and super computer simulations.
- The **Environmental and NanoSciences group (ENS)** has a number of industrial projects in the areas of nanoscience, environmental remediation and water related research.
- In the Arts faculty the **Centre for Humanities Research (CHR)** promotes cross-disciplinary research in the Human and Social Sciences and its international standing is growing exponentially. In 2016 the CHR hosted a series of lectures on *“The Idea of the University in Africa”* as well as the International Critical Theory workshop.
- The **Dullah Omar Institute for Constitutional Law, Governance and Human Rights** (previously the Community Law Centre) played a key role in drafting the South African Children’s Act and the 2008 Child Justice Bill and currently enjoys observer status with the African Commission on Human and People’s Rights. The **African Centre for Citizenship and Democracy (ACCEDE)** undertakes research and policy advocacy in the broad areas of citizenship, democracy and development

- The **FirstRand Foundation South African Chair in Mathematics Education** is aimed at improving the quality of mathematics teaching and learning in schools, with the intention of addressing the crisis in Mathematics education in South Africa.
- The **Centre for Diversity in Counselling and Psychotherapy** was launched in March 2016 and it seeks to foreground interdisciplinary approach to address some of the challenges in this field.
- The **Institute for Post-School Studies (IPPS)** in the Faculty of Education focuses on activities that promote a holistic understanding of post-schooling challenges, actively inform policy, enhance implementation and improve desired outcomes, particularly in vocational and adult education and training.
- The **Desmond Tutu Centre for Spirituality and Society** was launched in 2015 and aims to enhance Archbishop Tutu's legacy on ethical leadership, reconciliation and spirituality.
- The **Interdisciplinary Centre for Sport Science and Development** uses high quality research to promote sport as a powerful tool for development, peace, health, wellbeing and social change, bringing together scholars in sport science, health sciences and community development

Research output

Maintaining the growth trajectory in our weighted research output has been a challenge. Over the past few years we have experienced steady growth in research publications. This has stalled in the last two years and should be a concern if we are to maintain our position as a research-led institution among the top eight universities in South Africa. The decline in our 2016 weighted research output as illustrated below is attributable to a number of factors, including but not limited to the disruptive nature of the student protest of the past two years and the low morale resulting from instability and uncertainty within the sector. The challenges with retention and recruitment of postgraduate students is also a factor not to be ignored as the graduation of postgraduates is one of the indices in the weighted research output.

	2002	2004	2006	2008	2010	2012	2013	2014	2015	2016*
Publication units	114	152	222	242	267	365	406	483	485	507
Research Masters	89	134	137	116	221	254	267	255	275	215
Doctoral	15	23	28	42	60	75	111	104	100	91
Weighted total	248	355	443	484	667	844	1 006	1 050	1 060	995

* Unaudited

Another pleasing aspect is the increase in the number of NRF rated researchers. Over the past few years UWC maintained a moderate growth in the number of rated academic staff. This number increased from 124 in 2015 to 142 rated researchers in 2016. We shall be encouraging more of our staff to apply for rating as this has huge benefits for the profile and standing of the University.

NRF Ratings	2013	2014	2015	2016
Number of staff with NRF ratings	92	117	124	142
A-rated researchers	1	3*	3*	3
B-rated researchers	22	24	25	33

Innovation

Innovation is another area in which we distinguished ourselves in 2016. Prof Vladimir Linkov's unit, SAIAMC, has made significant progress in bringing their patents into production. In March 2016, HySA systems and SAIAMC launched the first hydrogen fuel forklift in South Africa and hydrogen refuelling station. This work also highlights the importance of the links between industry and research leading to innovations that contribute to the development of industry. Impala Platinum Mines commissioned the production of the hydrogen fuel forklift, and the SAIAMC team continues to do important work with this strategic partner.

In June a team of UWC scientists in Bioinformatics came second at the Innovation Prize for Africa for their software programme, Exatype, which enables health-care workers to determine HIV + patients' responsiveness to ARV drug treatment. This too is the first of its kind.

International recognition

Peer review and appraisals are important means of bringing rigour to academic work and research. Recognition by academic societies and communities of practice is therefore generally welcomed by academics and institutions. In August 2016, UWC's reputation as a research-led university received a significant boost when we were ranked number one in Africa and South Africa in physical science publications by *Nature Index*. The ranking by the *Times Higher Education Supplement* placed UWC 102nd among the Universities in BRICS & Emerging Economies in November 2016. This placed us among the top 300 institutions in 50 countries. These rankings confirm the growing strength of our research programmes and outputs. A further significant achievement in 2016 was that we became the first African university to have an experiment to run at the extremely prestigious European Centre for Nuclear Research.

Recognition of excellence

Those who have made considerable contributions to scholarship may be recognised with the title Senior Professor, or, on retirement, Emeritus Professor. Senate proposes these honours, and Council approves them. In 2016 Profs JJ Williams, M Gibbons and R Maartens were made Senior Professors, and Profs C Okujeni, J van Bever Donker, S Naidoo, J A Roelofse and V M Phillips were given the title Professor Emeritus.

Postgraduate Support

The recruitment and retention of postgraduate students is part of the broad mandate of the DVC for Research and Innovation. However, given strategic nature and importance of this function, UWC has created the Division for Postgraduate Support (DPGS) to provide dedicated support to postgraduate students from honours to doctoral level. Professor Lorna Holtman is the Director, reporting directly to the DVC. In 2016, DPGS continued to offer academic training programmes, and proposal writing and writing for publication workshops. The Division has also started work towards the establishment of the Postgraduate School. A concept paper and proposal for the school was developed providing different permutations that the school could adopt drawing from international experience. The process for resource mobilisation towards the establishment of the school has already begun and it is hoped that this will be launched in 2017.

INTERNATIONAL PARTNERSHIPS

Development and harnessing of international partnerships has been one of the strategic objectives of the new leadership and a focus for 2016. This responsibility is located in the Rector's office.

International connectedness raises an institution's visibility and stature, improves the chances of securing large-scale joint funding for research, and broadens the experience of staff and students, equipping them better to

participate in the global knowledge economy. It also opens the way for engagement as partners in addressing the global challenges of our time, like climate change, food security, and a sense of common humanity. UWC is committed to ongoing development of its approaches to internationalisation, strengthening existing major partnerships, building on functional links, and giving focused attention to expanding relationships with universities in the developing world, with a particular focus on Africa.

Digital connectedness across a range of media is a characteristic of the 21st century university in a digital age. This connectedness facilitates rapid building of networks, efficient relationships with academic, industrial and community partners, rich internationalisation, making wider knowledge resources available, and providing for more frequent interaction between lecturers and students. UWC has already done a great deal in this area, but is committed to rapid ongoing development to further internationalization opportunities. UWC is pursuing a new approach to internationalisation with selected strategic partners, exploring opportunities for joint curriculum development and joint degrees; co-teaching and co-supervision of students; joint summer and winter schools; joint proposal writing to national/international funding agencies; student and staff exchanges; and internationalisation at home.

A number of engagements were held in 2016 to forge new collaborations and consolidate existing partnerships. These include the visit to Sweden in September 2016 and our participation in the SANORD Conference. In Sweden fruitful meetings dealing with critical niche areas for UWC were held with the universities of Lund, Karlstad, Malmo, Stockholm and Uppsala. The Rector of Uppsala invited us to be part of a North – South Proposal to STINT with a focus on emerging researchers within the UN sustainable development goals. There is a budget of 10m Sw Krona for 3 years (equivalent to R15m) to be used among the 6 Swedish and 20 SA partners. In Lund, a new partnership is being explored between our Desmond Tutu Chair – and the Lund Missionary Society and the NRF. In Karlstad there is a focus on ICT and logistics and teacher education. Our engagements in Stockholm focused on linguistics and language education. In Malmo we explored collaboration around innovative approaches to education, the use of technology and blended teaching, as well as the internet of things and people. There is much to learn from Malmo considering that it is recognised as the 4th most Innovative City in the World.

A major highlight of 2016 was the 30th anniversary celebrations of our partnership with the University of Missouri (UM) in the United States of America. Started in 1986 by icons of our universities, President C. Peter Magrath of UM and UWC Rector Professor Jakes Gerwel, this relationship has flourished in a number of areas, testifying to the mutual benefit that the two institutions have enjoyed over these years. By 2016, more than 600 staff and students from the two universities had participated in exchange visits, many of which issued in collaborative programmes. The anniversary was aimed at consolidating the work done over the years, and to expand the partnership into new areas and all four campuses of the UM. The focus of expansion is to exploit opportunities for collaboration in dentistry with UMKC, neuroscience with UMSL, water studies with UMC, a joint engineering degree with MS&T, and science & mathematics education with UMC. A new memorandum of agreement was signed in December 2016 and co-signed by Chancellors of all four UM campuses. As a personal beneficiary of the University of Missouri South African Education Program, I wish to acknowledge the rich contribution that this Partnership has made to the emergence of UWC as a research-led university.

Several engagements with other institutions around the world are worthy of mention. UWC visited the University of Minnesota in October 2016 and a return visit is expected in 2017. The immediate goal is to optimise the Mellon funded partnership of the UWC's Centre for Humanities Research (CHR) and the ICGC, and to broaden research cooperation in research in plant sciences, agricultural sciences and water studies. Our visit to the University of Toronto also focused on the Mellon-funded partnership between the Jackman Humanities Institute and the CHR, as well as the cooperation between the Ontario Institute for Studies in Education and the

Centre for Diversity in Counselling and Psychotherapy at UWC. A visit to the University of Chicago explored opportunities in humanities, ICT and natural sciences with a focus on our niches in astronomy, medical biosciences and nuclear physics. We also had discussions with the Chinese University of Hong Kong exploring collaboration in humanities between our CHR and their Association of Humanities Centres in China.

UWC has long-standing collaboration with several universities and institutes in Africa. We have used some of our strategic partnerships to engage with and benefit our counterparts in the continent. For instance, we have taken advantage of our participation in the Mellon Funded projects to explore bilateral engagements with universities such as Makerere University and the University of Ghana. Our partnership with Ghent University helped to facilitate connections with Tanzania; our Uppsala connection has given us links with Kenya, Tanzania and Uganda; and Bergen connections are benefiting us in our relationship with Ethiopia, Kenya and Sudan. A UWC-led research project in Tuberculosis surveillance in Africa was initiated by SANBI with participating institutions including Noguchi Memorial Institute for Medical Research (Ghana), University of Ghana (Ghana), Makerere University (Uganda) and the African Institute of Biomedical Science and Technology (Zimbabwe).

Meanwhile, we have continued our participation in the EU funded programmes like the Erasmus+ and Horizon 2020. Prof Lorna Holtman continues to serve as the coordinator and a link for our participation in these EU-funded programmes. While 2016 was the last year of the Erasmus Mundus programme, UWC remain one of the leading universities in terms of the number of students and staff that have benefited from it. We hope to use our experience to our advantage in the now highly competitive Erasmus + programmes.

Another highlight of 2016 was the launch of the Brian O'Connell Fellowship programme. Its purpose is to facilitate visits to UWC of African-American and African scholars from the African continent and the Diaspora. The main aim is to expose the students and staff of UWC to distinguished African scholars from around the globe who are engaged in cutting-edge research in the field of science. It is hoped that the visiting Fellows will inspire, stimulate interest, sharpen the intellectual curiosity of the students and staff, and build a sense of confidence amongst the staff as individuals and as a collective. At its inception in 2016, the Brian O'Connell Fellowship programme selected three candidates to visit UWC, two of whom visited the University in the first semester and the third candidate was scheduled to arrive in the last term of the academic year. This third visit sadly couldn't materialise due to student protest. The other two, Prof Daniel Egbe from the Johannes Kepler University and Prof David Ledoux from Missouri University made valuable connections for the departments they visited, encouraged and inspired postgraduate students, and gave public lectures to spread the benefits of their knowledge more widely. We are grateful to the sponsors of this fellowship, The Kresge Foundation and Atlantic Philanthropy for their generosity.

COMMUNITY ENGAGEMENT

The role of universities includes engagement with society and responsiveness to the needs and challenges confronting the communities in which they operate. UWC defines itself as an engaged university reflecting our firm belief in the transformational potential of education as a public good. We have a dedicated team, under Prof Priscilla Daniels as Director, to develop strategies and programmes on community engagement. Prof Daniels and the team have over the years, developed programmes to engage with surrounding communities through partnerships and stimulating active citizenry. Our community engagement approach is curriculum-driven and project-based. Most of our academic programmes seek to promote a culture of community service and civic duty among students by including community engagement components in their curricula.

Among its community programmes there are two flagships - in education and in social development - that the University has run for a number of years.

- In education, UWC has been working in partnership with the provincial departments of education in the Eastern Cape, Northern Cape and Western Cape and with philanthropic organisations to promote mathematics and science in schools. The project involves building and equipping of Science Learning Centres in primary and secondary schools as well as training the maths and science teachers involved in the project. In February 2016, the University opened 3 new Science Learning Centres in Porterville, Kraaifontein and Samora Machel and handed them over to the schools to manage. Three more – in Dunoon, Blue Downs and Nyanga – were completed and handed over in August 2016. This brought to 36 the total number of Science Learning Centres that the University has participated in and contributed to. The target of 48 science learning centres by the end of 2017 stands, and we look poised to reach it. We are grateful to the social partners and investors without whom this would not have been possible, particularly to the Garden Cities Archway Foundation, Transnet, the Australian High Commission, Wartsila, Chevron. In 2016, UWC was selected by the Department of Science and Technology to host the National Science Week. This event generated a lot of interest and brought learners from across the province to our campus, giving them first hand exposure to our university, the programmes we offer, the innovations we have made and our staff.
- Our partnership with the Western Cape Department of Social Development and the City of Cape Town to curb substance and alcohol abuse has grown by leaps and bounds. UWC contributes through the training of professionals and community workers in this area. As our community- engaged approach is curriculum driven, we offer short courses on Substance Abuse as part of Lifelong Learning. During 2016, the department conducted six short courses to raise awareness about Substance Abuse, and the impact that this has on the individual, family and community. These courses aim to enhance the knowledge and skills of community workers to address the problem of substance abuse in communities. In total, six courses were conducted in 2016. In 2016 we also focused on foetal alcohol syndrome to equip community health workers with the knowledge and skills to deal with this growing scourge in communities. 300 community workers have been trained in partnership with the City and Province to deal with substance abuse and 68 with foetal alcohol syndrome.

CONCLUSION

The future of UWC will be determined by the quality of its programmes, the experience it offers to its students and the impact of its research and innovations. In 2016, the University made great strides to consolidate its work in this regard, but many daunting challenges lie ahead that will call for astute and sensitive management. Equally, there are a number of opportunities that the University cannot afford to miss if its to secure its rightful place in the South African and global higher education landscape. These include our readiness to operate in the digital space and taking advantage of strategic partnerships. Our 2016 achievements have raised our profile and are a proof that we have it within our reach to realise our full potential as a place of quality, a place to grow from hope to action through knowledge.

Thank you to all our staff for their commitment to excellence, demonstrated so clearly in the face of violent and destructive protest action. The effort put into continuing the research programme and enabling our students to complete the 2016 academic year was inspiring. I look forward with you to our being able to direct our energies more productively in taking our University from strength to strength.



Prof Tyrone Pretorius
Chairperson of Senate

REPORT OF THE INSTITUTIONAL FORUM

The Institutional Forum (IF) is an advisory structure established in accordance with Section 31(1) of the Higher Education Act (Act 101 of 1997), as amended, to advise the Council. The membership of the IF allows for equal representation of the University's management, Senate, Council, academic staff, non-academic staff, unions, and students.

The IF elects its Chairperson and Vice-Chairperson annually at its first meeting. However, in 2016, the IF could not conduct the election at its first meeting, as there was only one external member of Council present at that meeting. Members nominated me to serve as Acting Chairperson until the elections. Elections were held in August and I was unanimously elected as Chairperson together with Prof Lorna Holtman as the Vice-Chairperson. It is an honour to present this report on behalf of the IF and I wish to thank my predecessor and all members of the IF for their commitment and continued support during the year.

The IF considered a number of issues during this reporting period including the Institutional Operating Plan 2016 – 2020 (IOP), a number of senior staff appointments and some new policies proposals.

In 2016, the drafting of the University's new IOP, which sets out the strategic framework for the next five years, was at an advanced stage. The IF's engagement with the document focussed particularly on issues around teaching and learning. The IF also noted the proposed change initiatives that aim to address challenges and optimise opportunities confronting the institution. In addition, the IF expressed the view that attention should be given to improving certain student engagement processes. Acknowledging that the IOP is a high-level strategic framing document, the IF was of the opinion that through the implementation of the IOP and range of new opportunities can be unlocked and endorsed the White Paper for approval by Council.

As an important advisory structure to Council, the IF is represented in the Senior Appointment Committee of Council (SACC). The standing orders of the SACC requires the IF to designate three of its members, representing non-academic employees, academic employees and students. In 2016, the following representatives were elected to serve on the SACC: Messrs Bradley Thorne, Unathi Sigodi and Prof Burtram Fielding.

Playing its advisory role in the appointment of senior staff, the IF advised Council on the suitability of the candidates for the positions of DVC: Research and Innovation, the Dean of the Faculty of Education and the renewal of the contract for the Dean of the Faculty of Natural Science faculty.

Previously, Senate and IF expressed dissatisfaction with elements of the process that the University follows in the filling of vacancies for senior management positions. Perceptions of subjectivity of the process and inadequate reflection of the will of the majority of the University community on the outcomes were some of the concerns. Council duly requested Management to conduct a benchmarking exercise with other Universities and to recommend ways to streamline the current appointment process. Several options were identified following the benchmarking exercise. The IF preferred an option with a vote, which includes the ranking of preferences on candidates. These matters are still under consideration and will be finalised by Council.

Among the policies considered was the Employment Equity Plan of the University. The UWC draft Employment Equity Plan for the period 01 June 2016 to 31 May 2020 was presented to the IF for comment and a recommendation to Council. The IF welcomed and supported the Plan of the University. The creation of a Task Team to review policies on the prevention of sexual harassment and related abuses was also discussed in the

Forum's August 2016 meeting. The IF supported the process established and led by the Office of the DVC: Student Development and Support.

The Institutional Forum successfully carried out its consultative and advisory role as outlined in the Higher Education Act and the Institutional Statute. The IF can only fulfil its role if all stakeholder representatives are committed and I wish to express my appreciation to the IF members for their role in enabling the Council to make decisions based on a broader institutional understanding.



Ms Xolisa Bam
Chairperson of the Institutional Forum

COUNCIL'S STATEMENT ON GOVERNANCE

The University of the Western Cape (UWC) is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King III Report on Corporate Governance. Accordingly, the Council endorses the codes and practices as set out in the King III Report and applies them where practically possible.

In supporting the King III Code of Practices and Conduct and the Code of Ethical Behaviour and Practice, Council recognises the need to conduct the business of the University of the Western Cape, a public higher education institution, with integrity and in accordance with generally accepted practices.

The Council's Audit & Risk Committee monitors the University's compliance with the Code and it forms part of their responsibilities. Previously the Council, through this committee considered the University's self-assessment of compliance with the applicable King III requirements. This process indicated a very high level of compliance. Council noted that the King IV Report on Corporate Governance was released on 1 November 2016 to take effect for financial years starting from April 2017. As with the previous King Reports, Council will consider the implications of the Report as it applies to the public higher education sector. The King IV Code is outcomes based and therefore Council and the University will consider the outcomes related to the sixteen principles contained in the Code.

Council

The UWC Council comprises academic and non-academic persons appointed in terms of the Institutional Statute. The majority of Council members are neither employees nor students. The role of the Council Chairperson is separated from that of the Rector and Vice-Chancellor. The Council Chairperson is elected by Council for a term of three years.

The Council responsibilities are set out in the Institutional Statute and are in accordance with the stipulations of the Higher Education Act, 1997. The Council is responsible for the ongoing strategic direction of the institution and the approval of major developments which is facilitated by regular reports from management.

The Council meets at least four times per year and has several committees including a Remuneration Committee, Finance Committee, Audit & Risk Committee and a Membership Committee. All of the committees are formally constituted with terms of reference and, with the exception of the Finance committee, mainly comprise Council members, who are neither employees nor students of the University. Council committees meet at different intervals, but most of them meet before the scheduled quarterly Council meetings and report to the Council on their mandated areas of responsibility. A list of Council Committees and membership and attendance of Council, Finance and Audit and Risk committee meetings are attached in the Annexures to this Annual Report.

Council held four (4) meetings in 2016. One of these was a special meeting held in October and scheduled in accordance with the rules for such meetings.

Council members do not receive remuneration for the meetings they attend. The members are ultimately accountable to the Minister and are fully cognisant of their collective and individual responsibilities.

In line with the Code of Conduct for Council, members are requested at every meeting of Council to declare, in writing, any conflict of interest relating to matters on the agenda.

At its last meeting of the year, held on 14 December 2016, there were 27 members serving on Council with vacancies in the category representing organised business in the Western Cape, Donors and additional members. Of the members serving on Council, 18 (67%) were not in the employ of the University or students representatives.

Finance committee

The Council's Finance committee exercises control over all University funds and advises Council on financial strategy and financial progress against benchmarks and annual budgets. The Finance committee is also responsible for:

- advising Council on the overall financial management of the University;
- assessing the financial planning of the University with respect to its financial viability and ensuring that the University continues to operate as a "going concern";
- monitoring the ongoing performance of the University in relation to the approved operational and capital budgets;
- evaluating the annual financial statements of the University;
- advising the University on long-term financing strategy with respect to immovable capital projects; and

The Finance committee meets at least quarterly and continuously monitors and reports to Council regarding the University's financial performance.

Audit and Risk committee

The Audit and Risk committee reviews the findings and reports of the University's internal and external auditors. Both the internal and external auditors have unrestricted access to the committee, ensuring that their independence is in no way impaired. All members of the Audit Committee are independent of the University and the membership of the Committee only allows for Council members, or experts in the field, to serve on the committee.

The Committee held four meetings in 2016. The internal and external auditors and appropriate members of the executive management attended all the meetings. The Audit and Risk committee operates in accordance with Council-confirmed written terms of reference that clearly sets out the committee's responsibilities in relation to:

- the committee's integrated reporting responsibility;
- approval of annual internal and external audit plans;
- overseeing both the internal and external audit functions; and
- risk oversight and internal controls.

At UWC the internal audit function is managed by an external service provider, appointed by the Audit and Risk committee to fulfil the function. As part of its oversight role the committee is responsible for the performance assessment of the internal and external audit service providers. The Committee also performed a self-assessment on its own performance.

The Audit and Risk committee further assists Council in terms of exercising its information technology (IT) governance responsibility. In this regard the internal auditors conducted and reported on a general IT controls review, focusing on issues of control design and operating effectiveness as it relates to the key applications affecting data in the Annual Financial Statements. The external auditors relied on the work performed by the internal auditors.

The Finance and Audit & Risk committees of Council have one joint meeting per year to consider, for recommendation to Council, the Annual Financial Statements and the Report of the external Independent Auditors to Council. The Audit and Risk committee reviewed and recommended to Council the University's Strategic Risk Register.

Remuneration committee

The Remuneration committee has the authority to take final decisions regarding the remuneration and conditions of employment of Council appointed senior management, which includes the University executive and deans of faculties. The Remuneration committee conducts its business within formal parameters set by Council and stated in the committee's standing orders.

The UWC Remuneration and Reward Strategy aims to remunerate staff at the midpoint (50th percentile) of the higher education market, however this has not yet been achieved in terms of the Executive Management appointments.

There were no exceptional payments recommended by the Remuneration committee in the year under review. The Annual Financial Statements in this Annual Report reflect the earnings of the senior management separately with comparative figures for 2015.

Membership committee

The Council Membership committee considers nominations for Council vacancies in terms of the Institutional Statute and makes recommendations regarding suitable persons where applicable. The committee assigns Council members to the required subcommittees and is responsible for the implementation of the Code of Conduct for Council members.

Information Technology (IT) Governance

Council is responsible for information technology governance and is supported in fulfilling this function by the Enterprise Architecture and Information Systems Committee, a joint committee of Council and Senate, which is chaired by an external member of Council. The committee operates in accordance with approved terms of reference that outlines the committee's responsibilities in relation to:

- overseeing policy and strategic matters;
- monitoring of progress, compliance and risk; and
- advising Council and Senate on matters relating to information and communication technology (hardware and software).

Information technology forms an integral part of the teaching and learning, research, innovation and administrative operations of the University. The Council Audit and Risk committee also supports Council in terms of its IT governance responsibility, with oversight on IT-related reports received from the internal auditors.

Conflict management

Council agreed in its Code of Conduct to deliberate immediately on matters where conflict arises as a result of, for example, a declaration of vested interest, and to decide upon it in accordance with generally accepted practice. In 2015, Council adopted a Council Charter to regulate the conduct of Council members and to determine how it, in future, will enforce discipline in the event of a breach of the Code of Conduct.

In terms of the Council Charter, two members were suspended pending investigation in 2015. Subsequently, at its meeting in June 2016, Council decided to expel one member and extend the suspension of the other member, pending a disciplinary process. Both members challenged the decision in court. Prior to the judgement, Council rescinded its decision to expel and suspend the two members and consented to a judgement for the full reinstatement of the two members. (cf. Report of the Chairperson of Council).

National student protest action, under the banner of #FeesMustFall", started in October 2015 and continued during 2016. As a result of the 2016 student protest action, the University operated from off-campus sites for a period of approximately two months at the end of the year. Final examinations were also written at an off-campus venue and all students were also given the option to write exams in January 2017. The cost of the protest action in 2016, including the damage to property, amounted to R61.2 million (cf. Financial Review).

Executive Management committee

The Executive Management committee is responsible for implementing Council-approved strategies and for managing the University's affairs. The Executive Management committee is chaired by the Vice-Chancellor and meets twice a month. The committee's terms of reference encompass strategy development, collaboration between faculties and units, and maintaining and managing the University's operations in the most effective and efficient way. The Executive Management committee is responsible for ensuring that the accounting records of the University are maintained in good order by the accounting information systems and personnel complement and this is monitored by the Audit and Risk committee through the work of the internal and external audit functions.

Employee and student participation

The University uses a variety of participating structures to resolve issues that affect employees and students directly and materially. These structures are designed to achieve good employer/employee and student relations and for the effective sharing of relevant information, consultation and the identification and resolution of conflict. They embrace goals relating to productivity, career security, legitimacy and identification with the University. The University continued to draw on the counsel and wisdom of its Chancellor as an impartial and father figure to mediate during the 2016 student protest.

Code of Ethics

The University is committed to the highest standards of integrity, behaviour and ethics in dealing with all stakeholders, including its Council members, managers, employees, students, customers, suppliers, competitors, donors and society at large. Council members and staff are expected to observe the Institution's ethical obligations in order to conduct its business through the use of fair commercial competitive practices.

This Council Statement on Corporate Governance was approved by Council at its meeting of 29 June 2017 and is signed on its behalf by:



Mr Mthunzi Mdwaba
Chairperson of Council



Prof Tyrone Pretorius
Rector and Vice-Chancellor



Dr Raymond Patel
Chairperson: Council Audit and Risk Committee

COUNCIL STATEMENT ON TRANSFORMATION AND SUSTAINABILITY

The transformation of higher education in South Africa forms a key component of the broader processes of political, social and economic transformation of our society. Council recognises that public higher education institutions in South Africa, through their practices and the manner in which they make sense of their knowledge generation and dissemination roles, can either reproduce the patterns of inequality that shaped our society, or they can be critical levers of change. The University and its Council are committed to striving to be such a lever.

Transformation is at the heart of UWC's mission. It is strongly embedded in its history as a public institution actively working for the public good through its commitment to the transformation of the country, both pre- and post-apartheid. Transformation is woven into UWC's intellectual project, and its fruits are evident in the rich diversity of the University's student and staff composition. However, these aspects mark the early stages of an ongoing project. The University and its Council recognise that the transformation of higher education in South Africa is a dynamic project, both as part of the broader political, social and economic transformation of the country, and because universities are powerful agents of national transformation.

UWC's 2030 vision, as outlined in the Institutional Operating Plan 2016 - 2020 (IOP), indicates that "through its (UWC's) activities and practices it will strive to be an effective partner in the larger national project of building a sustainable and equitable non-racial, non-sexist, democratic, multilingual society..." The IOP continues to position transformation and sustainability as crosscutting themes across all eight strategic goal areas supporting UWC's efforts to "be a significant agent of transformation by playing a distinctive intellectual and academic role in building a just and equitable South Africa."

For UWC its concern with sustainability forms a critical aspect of the larger transformational concern. Sustainability is not primarily viewed as a technical or environmental matter, but it is regarded as a social necessity that speaks to a vision of the future in which elements critical to that future are sustained. On this basis, it requires the University to engage critically with its own institutional practices. Lasting transformation requires the University and its Council to pay rigorous attention to sustainability in the following broad areas:

The student environment

- Changing the size, shape and mix of the student population and the academic programme to facilitate greater access to higher education for previously disadvantaged learners and their participation in programmes in which they have previously been under-represented and in which, in most instances, the country faces a shortage of skills;
- Giving students the opportunity to engage meaningfully with the campus community and to create an environment in which student experience a sense of belonging; and
- Providing an appropriate environment in support of the academic success of students and their holistic development as graduates who are: able to continue to engage critically within their respective contexts; engaged and committed citizens and accountable agents of social good; and confident lifelong learners, capable of critical reflection in constantly changing contexts.

The workplace environment

- Developing and supporting engaged leadership, able to grapple with the challenges of building and shaping UWC's distinctive academic role as a public higher education institution in a fast-changing global context;

- Building and nurturing an institutional culture that is conducive to staff effectiveness and where the necessary autonomies of academic practice are respected within a framework of accountability and responsiveness to global challenges;
- Enriching the workplace through the attraction, development and management of diverse talent, which includes continued attention to the employment of staff in under-represented categories such as staff with disabilities and black African staff;
- Focusing on staff development, preparing and developing the new generation of academic and University leaders through focused programmes and interventions; and
- Refining and monitoring of a Reward Strategy that seeks to appropriately compensate employees.

The learning, teaching and research environment

- Improving opportunities for all students to succeed in their studies through teaching and learning practices that are able to meaningfully address the learning needs of students;
- Provide responsive and enabling academic programmes that will enable graduates to be better prepared to face 21st century challenges;
- Promote and facilitate enhanced learning opportunities through innovative use of emerging technologies; and
- Building and improving research capacity through targeted research development, creating a research-conducive environment and increasingly contributing to the production of new knowledge in support of the country's development.

The built and IT environment

- Ensuring coherent and sustainable infrastructural development that promotes safe and supportive living and learning conditions and that enhances the organisation in support of the delivery of high quality academic programmes as well as supporting the requirements of research excellence;
- Optimising infrastructure utilisation and ensuring the quality and effectiveness of the infrastructure through ongoing maintenance and addressing backlog maintenance; and
- Supporting stable and modern information technology infrastructure to facilitate greater operational efficiency and improving access to learning and research opportunities and material.

The natural environment

- Enhancing sustainable approaches to natural resources through institutional practices and ongoing academic inquiry through teaching, learning and research activities; and
- Protecting the natural environment and biodiversity on campus, especially as represented in the UWC Cape Flats Nature Reserve.

The financial environment

- Developing a strong and increasingly diversified financial base that is better aligned to the funding of institutional strategies in support of strengthening the core mandate of the University; and
- Promoting and conducting its business through the use of fair commercial competitive practices.

The public domain

- Enhancing the internal and external standing and reputation of UWC as a dynamic academic institution of high repute through an integrated communication approach and public engagement that seeks to

promote strong and enduring collaborations and partnerships between the university and its broad range of stakeholders.

The leadership, management and governance environment

- Consistently scrutinising the University's strategic direction;
- Nurturing a culture of meaningful change to enhance the University's ability to adapt to new and changing circumstances whilst remaining true to its values and the pursuit of intellectual excellence;
- Strengthen a culture of efficiency, accountability and good governance in the execution and oversight of strategic direction and strategy implementation.

Council is satisfied that the new IOP builds on the strengths of the previous IOP and brings appropriate focus to issues of sustainability and transformation as part of its focus on repositioning UWC as a vibrant and dynamic intellectual institution in the 21st century.

This Council Statement on Transformation and Sustainability was approved by Council at its meeting of 29 June 2017 and is signed on its behalf by:



Mr Mthunzi Mdwaba
Chairperson on Council



Prof Tyrone Pretorius
Rector and Vice-Chancellor

REPORT OF THE AUDIT AND RISK COMMITTEE OF COUNCIL

The University of the Western Cape's (UWC) Audit and Risk Committee of Council has written terms of reference (standing orders) that specify that members of the committee must be independent of the University. The terms of reference were approved by the UWC Council and the committee is chaired by an external member of Council.

In accordance with its standing orders, the committee was able to fulfil its role as an independent committee, with accountability to Council.

Key aspects of the Committee's Mandate

The Committee has oversight over the following:

- UWC's Integrated Reporting
- Internal audit
- External audit
- Risk management and internal controls

Composition of the Committee and Attendance

In accordance with its terms of reference, the Committee allows for a maximum of six members – three external Council members and three additional members – all of whom are independent of the University. The members of the Audit and Risk Committee have a blend of skills ranging from business, auditing, legal, governance, risk management to financial services. The names of members, their individual terms and qualifications are included in the annexures to this Annual Report.

Audit & Risk Committee Member	9/3/2016	2/6/2016	10/8/2016	26/10/2016
Dr Raymond Patel (Chair)	Present	Present	Present	Present
Ms Xoliswa Bam	Present	Present	Present	Present
Mr Ismail Matthews	-	Present	Present	Present
Mr Kariem Hoosai	Present	Present	-	Present
Mr Vincent Botto	-	Present	Present	Present
Mr John Matthews	-	-	Present	-

Attendance of meetings of the Audit and Risk Committee

The Committee held four meetings in 2016 during which they exercised their oversight responsibilities as outlined in the standing orders. All meetings were quorate and attended by the internal and external auditors. The auditors have unhindered access to the committee and at every meeting there is provision for the auditors to meet with the committee without management being present. The Office of the Auditor General also has a standing invitation to attend the Committee meetings.

Summary of the main activities undertaken during the year

The Audit & Risk Committee complied with key aspects of its mandate:

- Approved the 2016 internal audit plan and considered the progress reports
- Appointment of External Auditors

- Approved the 2016 external audit coverage plan and fees
- Considered and approved the updated risk register

Self-Assessment of the Committee

In terms of good governance practices, the Committee performed a self-assessment of its activities and performance against its terms of reference.



Mr Mthunzi Mdwaba
Chairperson of Council



Dr Raymond Patel
Chairperson: Council Audit and Risk committee

REPORT ON INTERNAL SYSTEMS OF OPERATIONAL STRUCTURES AND CONTROL

Systems of Internal Control and Processes

The University of the Western Cape maintains systems of internal control and processes which promote the safeguarding of assets against unauthorised acquisition, use or disposal. These systems are designed to provide reasonable assurance to the University and its Council that the operational environment supports the safeguarding of the University's assets and the preparation and communication of reliable financial and other information.

The systems of internal control designed by management include: the documentation of organisational structures, assignment of responsibilities and the establishment of policies and procedures in key areas. This is, in turn, communicated throughout the organisation.

Information Technology

Technology-enabled information systems are in use throughout the organisation. The managements' intention, is that the systems be designed in such a manner that balances ease of use for all users while meeting internal control requirements. In utilising electronic technology to conduct transactions with staff and with third parties, Management maintains that control aspects are subject to close scrutiny and that procedures are designed and implemented to manage the risk of fraud or error. Executive management have increased their oversight over IT systems because of the increased complexity, reliance on IT systems and an escalation in cybersecurity risks globally. The Audit and Risk Committee has also increased its scrutiny of the University's IT systems.

Internal Audit

Internal audit monitors the adequacy and effectiveness of internal control systems based on internal audit coverage plans discussed with management and approved by the Audit & Risk Committee. Internal audits' findings and recommendations are reported to management and the Council via the Audit and Risk Committee. Corrective actions are taken by management to address control deficiencies, and other opportunities for improving systems. The internal audit process includes a follow-up of agreed management action plans, the results of which are then reported to the Audit & Risk Committee. The Council, operating through its Audit & Risk Committee, provides oversight of the internal control process.

Internal Control Systems

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can only provide reasonable assurance with respect to the reporting of financial information and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances. Instances where it is detected that internal control systems have failed, it should be determined whether further investigation is required.

Audit and Risk Committee

The Audit & Risk Committee received reports from the internal auditors on various internal audit projects at each of its three meetings during the year. The internal audit coverage is based on a rolling three year plan and therefore not all processes are covered in each year. Internal audit performed certain IT audits during the year including follow-ups of previously reported findings.

Management undertook to address the findings and identified the corrective action plans with the responsible persons and due dates.

All Audit & Risk Committee meetings were quorate and constituted in accordance with the standing orders of the committee. The University updated its Strategic Risk Register and presented it with a Combined Assurance Plan to the Audit & Risk Committee.

Reports to the Audit & Risk Committee by both the internal and external auditors indicate that there are some outstanding items in terms of controls deemed to be inadequate or ineffective. These matters are reported to the Management, the Audit & Risk Committee and Council. The progress with addressing such issues will be reviewed in subsequent follow-up audits and duly reported.



Dr Raymond Patel
Chairperson
Council Audit and Risk committee



Mr Glenn Ho
Director
KPMG Services (Pty) Ltd

REPORT ON RISK EXPOSURE ASSESSMENT

This report presents the University of the Western Cape's risk exposure assessment and the management thereof.

Responsibility for risk management

The University of the Western Cape (UWC) is proud of its reputation as an institution that produces high-quality graduates, excellent research and renowned scholars. It also prides itself on being an institution known for sound financial management. The University Council takes ultimate responsibility for risk management, which includes evaluating key risk areas and ensuring that processes for risk management and systems of internal control are implemented.

The governance of risk management

The University embarked on an enterprise risk management process with the development of a Risk Management Framework in 2010. The University compiled a formal Strategic Risk Register which is updated annually and presented to Council via the Audit & Risk Committee.

The Audit & Risk Committee, Finance Committee and Executive Management, advise Council on key risks. The Council Safety and Health and Environmental Risk Committee reports key health & safety and environmental risk issues to the Audit & Risk Committee, who turn report on risk to Council.

The risk management governance structure at UWC is represented below:



Risk exposure assessment

UWC uses the framework of a higher education business model as well as the objectives of its Institutional Operational Plan (IOP) to identify risk exposure. The higher education model defines the key aspects of risk in terms of its macro environment and then in terms of a university's key operational areas. These key areas can be summarised as research, learning & teaching, facilities and administrative services.

These risk exposures are first defined as inherent risks in terms of likelihood and impact and then as residual risk after taking into account controls or actions by management. These risks can be categorised in terms of financial and non-financial risks.

Financial risks



The University is exposed to a range of financial risks, which include interest rate risk, foreign exchange rate risk, and credit risk. The slow-down in the global economy and uncertainty could impact negatively on international donors' ability to fund research activities at current levels.

Foreign exchange risk

The weakening and fluctuation of the Rand impacts on the Restricted Funds, as a large portion of donor income is received in foreign currency. Changes in exchange rates often negatively impact on the institution as specialised equipment has to be imported.

Interest rate risk

The University has more than one long-term loan and, if there are increases in interest rates, these impact such loans. The expansion of major infrastructure projects and concomitant price escalation risk poses an additional risk to UWC's reserves. Downgrades in the country's sovereign rating may impact negatively on the cost of future borrowings.

Credit risk

UWC's applicant pool from disadvantaged communities poses a specific credit risk. Students who do not succeed academically, or succeed only partly, may not qualify for continued financial aid (NSFAS or donors) and may not be able to honour their financial obligations to the University. This often results in higher dropout rates, with serious financial implications in terms of debt collection and academic output rates.

Continuous improvement of academic support systems aims to mitigate this risk.

Financial risk management mitigation measures

UWC continues to manage financial risk by paying particular attention to effective financial planning, cash flow management and ongoing improvement of financial management systems.

Non-financial risks



Non-financial factors that pose risks to UWC include:

- reputation management;
- financial sustainability;
- attracting and retaining appropriately skilled employees;
- achieving student enrolment targets and throughput and retention;
- operational risks resulting from process failures;
- information technology systems; and
- the provision of sufficient and appropriate infrastructure.

Non-financial risk mitigation actions

These risk areas are of strategic importance as the materialisation thereof, can have a significant direct and indirect financial impact on UWC. They are being addressed by the various actions plans within specific departments.

UWC strives to link its strategy with governance, performance and risk management. There is an opportunity to combine risk mitigation measures with performance management information to achieve greater alignment and ultimately improved performance.

Macro risk factors in Higher Education

South African universities have experienced a great deal of disruption during 2015 and 2016 with the national #FeesMustFall campaign. Student unrest has become a reality for South African universities and is also linked to disruptions related to insourcing/outsourcing protests. In addition, the slowing economy has also placed a strain on the affordability of higher education.

A global increase in cybersecurity risk will also affect the University's risk profile. Greater dependence on IT and the need for greater IT system integration adds further risk to the effective and efficient university operations. These risks have been captured as context to UWC's Top 10 Risks.

The current UWC risk profile

The University management submitted an updated Risk Register to the Audit and Risk Committee in August 2016. The updated risk register was presented to Council during its September siting.

The Top 10 Risks identified by management's assessment of risk:

- UWC may fail to leverage its unique identity and thereby fail to realise its full potential.
- UWC's revenue and expenditure streams could be negatively affected by external fluctuations and volatility.
- Failure to maximise fundraising efforts.
- Failure to operationalise the new IOP and create a common vision and understanding of the strategic priorities for the UWC community at large.
- Resources on their own, rather than strategic intent, could increasingly dictate institutional decision making and planning.
- Research production and growth could be constrained by fragmented research activity and limited research capacity.
- UWC's institutional culture may be inflexible, unresponsive to meaningful change and not support UWC's strategic aspirations.
- Inability to meet expectations of " generation Z " student and their forms of engagement.
- The size of the student body and the participation mix across academic programmes could be misaligned with UWC's national enrolment mandate and its strategic intentions.
- UWC's ICT infrastructure could undermine the university's ability to deliver on its core functions and pursue its strategic intentions

Combined Assurance Plan

The process of combined assurance allows visibility over what assurance is provided and by whom within an organisation. Combined assurance aims at helping an organisation understand their levels of assurance and where they can improve or address these levels to manage organisational risk. UWC is in an iterative process of developing and embedding a combined assurance process to integrate risk management with the University's strategy and performance processes.

Risk maturity and the way forward

The identification of risk is crucial to organisational improvement and the Combined Assurance Plan assists in managing the strategic risks. As from 2015 there was a focus toward the development of a culture of detailed operational risk registers in all executive portfolios and this was further consolidated in 2016. Monitoring of risk will be intensified to ensure that emerging risks are managed.



Dr Raymond Patel
Chairperson
Council Audit and Risk committee



Prof Tyrone Pretorius
Rector and Vice-Chancellor

FINANCIAL REVIEW

The global economic climate has shown signs of recovery with positive data flow. US consumer confidence responded positively to political changes and the Eurozone has demonstrated a consistent positive outlook showing signs of good economic prospects.

The South African economy, in contrast, experienced turmoil with job losses, labour unrest and a dwindling currency. The Rand experienced notable devaluation during the latter part of the year and the perceived instability in the political landscape resulted in significant shocks to the local economy coupled with fair warnings from rating agencies that South Africa could risk “junk status”.

In 2016, due to the continuation of student protests under the banner #FeesMustFall, the higher education sector continued to experience some instability. In addition to the demand for “fee free” access to higher education, student expectations included a growing number of demands such as free student accommodation, the writing-off of student debt, free transportation and the permanent employment of workers of outsourced services (insourcing). The implementation of the demands would cost the state no less than R27 billion. Given South Africa’s economic realities and the range of demands from different sectors, it is unlikely that all of these demands can be met. On 14 January 2016, the President established a Commission of Enquiry into Higher Education and Training to be chaired by Justice Arthur Heher. The terms of reference of the Commission focuses on making recommendations on the feasibility of fee-free higher education in South Africa, taking into consideration a range of issues including the multiple facets of financial sustainability and the implications for institutional autonomy. It is expected that the Commission’s findings will be released by mid-2017.

In October 2015 the President announced that there will be no fee increases for students studying at public higher education institutions and the University of the Western Cape received support from the Department of Higher Education and Training to fund the shortfall resulting from this announcement. The support that the University of the Western Cape (UWC) received in this regard amounted to R56 million. During the latter part of 2016, the Minister of Higher Education and Training announced that fee increases for 2017 may not exceed 8% and that students coming from a household with a verified combined family income of less than R600 000 per annum, will not incur fee increases in 2017.

UWC was not immune to the impact of the ongoing student protest action in 2016 and there was significant pressure regarding the various demands. In terms of the demand to insource workers employed by outsourced companies, the UWC Council empathised with the plights of the outsourced workers for a more decent wage and implemented a R2000 site allowance per worker per month as from December 2015. The Council carefully considered the option and financial implications of placing the outsourced workers permanently on the University establishment (insourcing) and concluded that it is not a financially sustainable option and that such a decision would result in imminent insolvency and the University becoming a going concern risk.

Operating Results

In the year 2016, UWC university posted assets in excess of R4 billion (2015: R3.5 billion) with an operating surplus of R4.5 million (2015: R15.3 million). The operating surplus represented less than 1% (2015: 1.5%) of unrestricted income.

Abridged Income Statement - Council Controlled and Accommodation funds

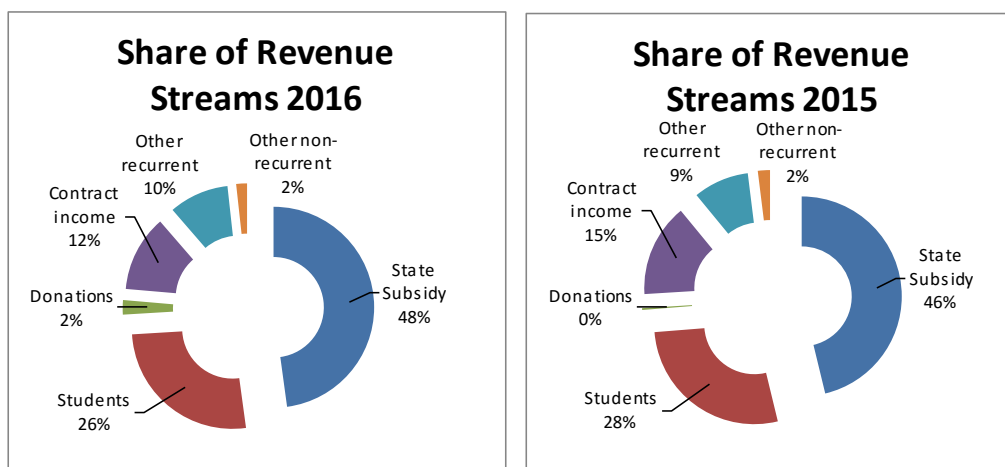
	2016 (Rmil)	% diff	2015 (Rmil)	% diff	2014 (Rmil)	% diff	2013 (Rmil)	% diff	2012 (Rmil)
TOTAL INCOME:	1 526.7	12%	1 365.1	10%	1 238.0	9%	1 133.5	9%	1 042.5
State subsidies and grants	802.3	14%	702.6	7%	655.2	4%	627.4	7%	589.0
Tuition and accommodation income	548.0	7%	510.1	9%	465.9	11%	420.2	14%	368.0
Other recurrent income	176.1	16%	152.3	31%	115.9	36%	85.4	10%	77.5
Other non-recurrent income	0.3	100%	0.1	100%	1.0	100%	0.5	100%	8.0
TOTAL EXPENSES:	1 522.2	13%	1 349.8	19%	1 138.2	11%	1 029.0	2%	1 008.4
Employment costs	810.0	4%	779.5	11%	701.9	9%	641.0	9%	586.8
Operating expenses	515.5	13%	455.1	26%	361.1	8%	335.0	7%	314.2
Depreciation	100.9	1%	100.0	23%	81.2	-13%	93.0	17%	79.7
Retirement funds' adjustment	73.0	0%	(00.4)	-97%	(11.6)	-75%	(45.7)	-320%	20.8
Disposal of property, plant and equipment	0.0	100%	0.1	100%	0.0	100%	0.0	100%	0.0
Finance costs	22.8	46%	15.5	178%	5.6	-3%	5.7	-17%	6.9
NET SURPLUS	4.5	-70%	15.3	-85%	99.8	-5%	104.6	206%	34.2

Abridged Income and Expenditure of Council-controlled and Student Accommodation Funds

The operating surplus for 2016, as shown above, is distorted by a once-off Pension Fund adjustment to accommodate the voluntary conversion from a defined benefit fund to a defined contribution fund to the extent of R73. million.

Revenue streams consolidated

The University is funded from many sources that can broadly be categorised in the revenue streams highlighted below. The graphs below depict the size of the different revenue streams in proportion to the aggregate on consolidation.

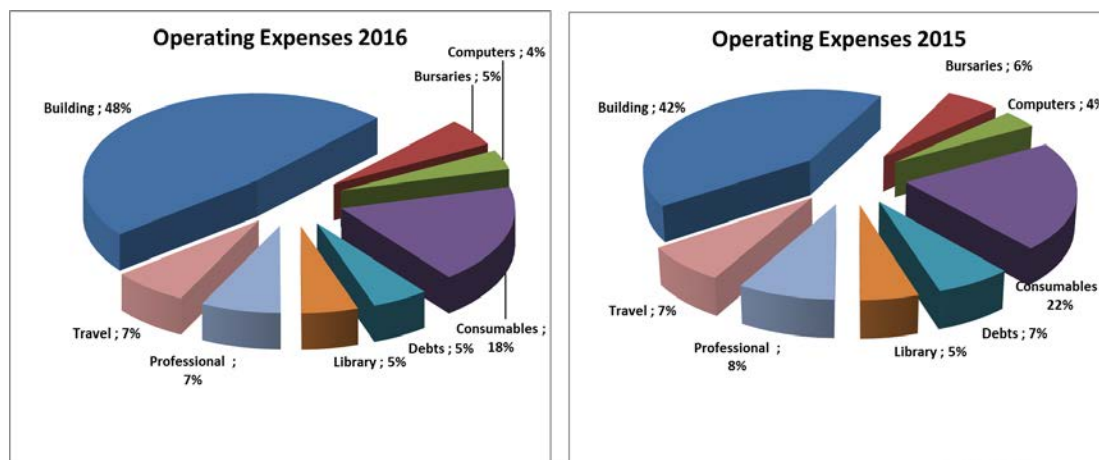


Comparison of income derived from different revenue streams in 2015 and 2016

State subsidy constituted the largest portion of UWC’s revenue streams, contributing 48% (2015: 46%) to income in proportion to the consolidated pool of funding and student income to the extent of 26% (2015: 28%). The remaining 26% (2015: 26%) is represented by third stream income items. The University has intensified activity in third stream income that will be available as distributable reserves in order to compliment the University’s operations and reserves. Many projects in this area are in force, with some in incubation phase. A UWC (Pty) Ltd commercial entity is in place that will form the platform for certain commercial projects.

Operating Expenses

Operating expenses increased by 18.5%. This is mainly due to tariff increases in utilities such as water, electricity and rates. There has also been a substantial increase in library subscriptions as the Rand US Dollar exchange weakened during the year.



Comparison of operating expenses in 2015 and 2016

Operating expenses include strategically funded intervention programmes that accelerate third stream income and supports teaching and learning initiatives as well as a range of research-related strategies. Depreciation remained in line with prior years as most of the current capital improvement and expansion projects are still in progress and only expected to reach completion during 2017.

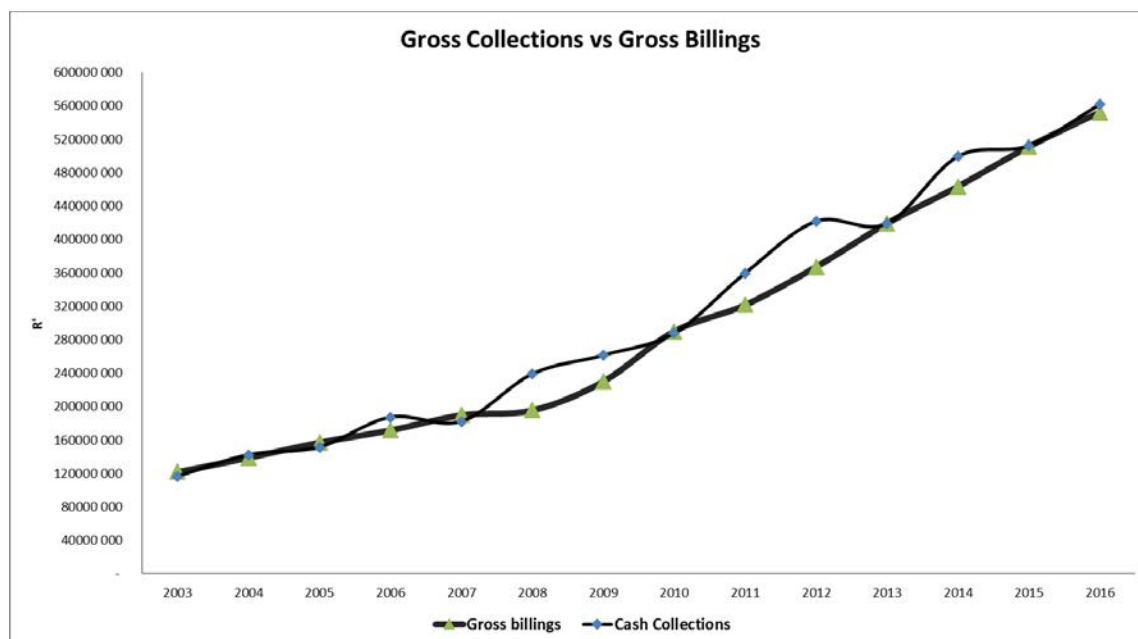
The Student Accommodation Fund yielded a loss of R8.5 million (2015: R6 million). The fund requires an acceleration in fee increases to breakeven. The October 2015 announcement of no increases in fees for 2016 extended to accommodation hence the notable increase in the fund deficit. Ideally, the fund should yield at least a 5% return on capital for reinvestment in infrastructure.

Student Debt

The University has consistently improved its collection rate over the years. This is due to numerous improvements in debt-collection processes, financial aid processes and direct engagement with individual students and their parents, student leadership, donors and stakeholders regarding the settlement of debt. The development of the Student Enrolment Management System (SEMS) has resulted in coherent management information and accessible interfaces that translate into improved efficiency and effectiveness.

However, student debt recovery slowed down since October 2015 after the Presidential announcement of no fee increases for 2016. As stated earlier the shortfall in fee increases, resulting from the Presidential announcement, were funded by the DHET to the extent of R56 million.

Despite a difficult year of collections, the University managed to recover student debt to the extent that its student debt book grew by R50.2m (2015: R34.1 million). The University impaired student debt to the value of R26.7 million (2015: R29.6 million).



2003 – 2016 Gross collections versus gross billings

UWC has a history of registering academically viable, indigent students without the necessary financial resources to pay tuition and resident fees upfront. This bodes well with UWC's Mission statement that commits the University to providing meaningful access. In return, the University's commitment to facilitate access is supported by students and families taking responsibility for the cost associated with higher education. At registration, all students are required to pay an upfront amount, which is less than 20% of the average student billing per annum. It would be more desirable to collect more fees at registration but it is a highly contested process at most universities in South Africa. Settlement agreements are entered into with individual students to stagger payments throughout the year. In most instances, these agreements are honoured by students. NSFAS, donors and various stakeholders have played a significant role in reducing student debt. In the current economic climate, we are very grateful to donors, parents, guardians and students for their unequivocal commitment to address student debt.

Restricted Funds

Restricted Funds represents donations, grants and contracts accounted for during the year. The University continued to do well in this area and the fund generated a surplus of R143.4 million (2015: R 114.8 million).

Significant Accounting Issues and Disclosures

The University's financial reporting and preparation of financial statements are based on International Financial Reporting Standards (IFRS). Below is an explanation of certain significant items in the financial statements.

Government Grants and Disclosure for Government Assistance

At year end, the Government Grants relating to assets (note 24) were valued at R949 million (2015: R561 million) in the Consolidated Statement of Financial Position. This is mainly as a result of grants received over the years from the DHET for infrastructural improvement and expansion projects. Although this is income received, in terms of IAS 20: Accounting for Government Grants and Disclosure for Government Assistance, the grant received is recognised as a liability (deferred income) and subsequently recognised as income over the period of the assets' useful life to match the costs to the related assets on a systematic basis. The DHET has committed funding for future years that will continue to influence this balance. The liability will not be discharged in full

when the buildings are brought into use but will be reduced annually to the extent of the related costs for which they are intended to compensate, on a systematic basis.

The net effect is paradoxical, the more the DHET supports the University in expanding its infrastructure, the higher our liability on the Statement of Financial Position. The University carries a liability for the lifetime of the building or asset that will be reduced systematically over this period of time, even though it does not represent an obligation to be settled in the future.

Service Concession: Property, Plant and Equipment

UWC adopted a process of capitalising the cost of student accommodation buildings, constructed on University land, on a “Build-Operate-Transfer” (BOT) basis on a registered notarial lease. The accounting policy requires full capitalisation of construction costs incurred and depreciating the building over its expected useful life. An equivalent liability is raised at the date of capitalisation and is derecognised over the life of the lease agreement as per note 2 and note 13. The payment obligation to discharge the loan for the construction is owned by the Developer, Kovacs, who has undertaken the full risk of planning, development, management of operations and maintenance of the full project over a phased-in approach. The liability is therefore similar to Government Grants accounting policy in that the liability will be reduced systematically over a period of time, even though it does not represent an obligation to be settled in the future by the University.

Interest Bearing Borrowings

UWC entered into a long-term loan agreement with the Development Bank of South Africa (DBSA) to finance the completion of the Life Sciences Building during 2010. The initial loan value was R90 million at inception and is repayable over 10 years. The capital outstanding on the DBSA loan amounts to R31.5 million (2015: R40.5 million). A further loan of R219m was entered into with ABSA Bank during 2015 for the completion of the Bellville Medical Centre, the Sports Stadium upgrade and expansion and the Chemical Sciences Building as detailed in note 9. The capital outstanding on the ABSA loan is R184.8 million (2015: R208 million).

University of the Western Cape Pension Fund – Conversion offer

The University of the Western Cape Pension Fund (UWCPF) is a defined benefit plan that is registered and governed by the Pension Funds’ Act, as amended, is held separate from the University’s assets and is controlled by an independent Board of Trustees (BOT).

On 28 November 2013, the UWC Council directed that an offer must be presented by UWC and the BOT to active members of the UWCPF to convert, on a voluntary basis, their benefits, with a 5% enhancement, from a defined benefit basis to a defined contribution basis. The decision further included that retired members be ceded to an insurer which would meet the current and future obligations. On 9 April 2015, Council mandated the closure of the Fund and on 30 June 2015, Council resolved that the Fund must be closed within 24 months of the date of conversion. The mandate of Council was duly executed and after extensive and protracted negotiations between the University and the BOT, the terms of the offer to members were agreed on and an Agreement and Rule Amendment was signed on 3 December 2015. Members were consulted extensively and the conversion date was set effective 1 December 2016. Of the active 168 members of the UWCPF, 41 members chose to stay in the fund.

The effect of the above resulted in a R173.4 million non-current Pension Fund Expense and a R100 million Re-measurement Gains on Defined Benefit Plan in the Council Controlled Statement of Comprehensive Income.

Infrastructure Improvement and Expansion Projects

The University continues its investment in infrastructure. Although a backlog of refurbishment and maintenance exists on existing infrastructure, annually UWC invests at least R20m from its operating budget for the upkeep of the campus. We are very appreciative of the ongoing support from the DHET and our donors who believe in UWC and who continue to fund a myriad of projects. It is noteworthy to mention the current projects.

Faculty of Community and Health Sciences: Bellville

Situated in the Bellville central business district, the University purchased the former Jan S Marais hospital building with its adjacent consulting rooms, to be renovated to house the School of Nursing, School of Natural Medicine and the Departments of Physiotherapy and Occupational Therapy. During 2015 an additional building, Salus House, was acquired and the architects were able to interlink the newly acquired building with the existing University property in Bellville. In essence, this project is a large-scale repurposing and modernisation project which expands the University's footprint into a town-setting and supports the initiatives of the City of Cape Town to regenerate the Bellville central business district and surrounds. This project received additional financial support, to the extent of R60 million, from the DHET in 2016. The project is scheduled for completion at the end of 2017 and the expected project cost amounts to R240 million.

Computational Sciences

The decanting process of the old Life Sciences facilities to the new Life Sciences Building freed up space to relocate the departments of Mathematics, Statistics, Computer Science and Information Systems into a Computational Sciences building that forms part of the new Science precinct on the North campus. Construction is progressing well, but the project was, unfortunately, affected by the 2016 student protest action and this has resulted in a two-month delay with works completion, which is now scheduled for December 2017. The project budget is R215 million and in 2016 the University received confirmation of additional support from the DHET to the extent of R110 million.

Arts

This is, in essence, an infill project between two existing buildings that house departments in the Arts Faculty. The three storey building will provide seminar and other facilities to support the UWC Centre for Multilingualism and Diversity Studies as well as the other research centres in the Faculty. The planning and design phases were concluded during 2015 and construction started 2016. This project was, unfortunately, affected by the 2016 student protests and it has resulted in a delay in the completion date. Originally the project was scheduled for completion at the end of March 2017, but the re-negotiated completion date is September 2017. This project is estimated to cost R32m.

Education

Funds were received from the DHET to support the Education Faculty. Some initial planning was done in 2015 and more detailed planning continued in 2016. The project will provide some new facilities and will also include the repurposing of existing infrastructure to better support the teaching and learning activities of the Faculty. It is expected that construction will commence in 2018.

Conclusion

The financial results for 2016 are a tribute to the efforts of the Council, its Finance and Audit & Risk committees, Executive Management, Finance department leadership, Infrastructure and Engineering and the campus community, who all applied sound fiscal discipline.

As a University, we will continue the annual strategic prioritisation in the budgeting process and provide the required financial support to sustain the strategic objectives of the University as per the Institutional Operating Plan 2016 - 2020.

The established financial planning processes, as articulated in the University's financial planning processes, will continue to be adhered to and will guide the financial decisions of the University. As we look beyond the current downturn, it is clear that we are very well positioned with a quality team of people. The future is exciting for UWC as it is steered to success, drawing on innovation, core competencies and leadership.



Ms Itumelleng Motau
2016 Chairperson: Finance Committee



Mr Abduraghman Regal CA (SA)
Executive Director: Finance and Services

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Council is responsible for the preparation, integrity and fair presentation of the financial statements of the University of the Western Cape (UWC).

The financial statements presented on pages 66 to 106 of the UWC 2016 Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Minister of Higher Education and Training in the regulations in terms of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by the management. The Council has noted all reports included in the 2016 Annual Report and has approved all Council Statements included in the Report. Council confirms the accuracy and consistency of the approved documents with the financial statements.

The financial statements have been audited by Ernst and Young Inc., who have been given unrestricted access to all financial records and related data, including minutes of meetings of the Council and its committees. The Council believes that representations made to the independent auditors during their audit were valid and appropriate.

Approval of Annual Financial Statements

The Annual Financial Statements on pages 66 to 106 of this Annual Report were approved by Council on 29 June 2017 and are signed on its behalf by:



Mr Mthunzi Mdwaba
Chairperson of Council



Prof Tyrone Pretorius
Rector and Vice-Chancellor



Ms Itumelleng Motau
Chairperson
Council Finance Committee

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE UNIVERSITY THE WESTERN CAPE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of the University of the Western Cape, set out on pages 66 to 106, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of 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 the Western Cape as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 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 the Western Cape 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 the Western Cape 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 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 the Western Cape'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 the Western Cape'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 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 increase the number of registered students at UWC in line with the University's enrolment mandate and 2025 vision	2
To change and balance the enrolment mix across academic fields	2 - 3
To grow postgraduate (PG) enrolment	3
To increase and strengthen UWC's research capacity	3 - 4
To improve student progression and success	4
To sustain the long-term financial viability of the institution	4
To manage staff growth in accordance with UWC's enrolment mandate	4

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 2 to 4 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 Chairperson of Council, the Report of the Rector and Vice-Chancellor, the Report of the Chairperson of Senate, the Report of the Institutional Forum, Council's Statement on Governance, Council's Statement on Transformation and Sustainability, the Report on the Internal Systems of Operational Structures and Control, the Report on Risk Exposure Assessment, the Audit and Risk committee's report, the Financial Review and the Council Statement of Responsibility for the Annual Financial Statements. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual 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 4 agreed upon procedure engagements during the year ended 2016. A further 17 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 1 special audit as requested by a donor funded entity during the year ended 2016. This audit was signed off in terms of the entity specific accounting policies and was performed at the request of an entity providing funds to the University of the Western Cape.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Tina Lesley Rookledge

Registered Auditor

Chartered Accountant (SA)

Cape Town

3rd floor, Waterway House

3 Dock Road

V&A Waterfront

PO Box 656

Cape Town 8000

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 circumstance.

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 the Western Cape 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 of the University to express an opinion on the consolidated. 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 THE WESTERN CAPE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Notes	ZAR 2016	ZAR 2015
ASSETS		4 027 239 235	3 516 605 608
Non-current assets		3 003 032 384	2 836 938 272
Property, plant and equipment	2	1 718 370 139	1 551 751 889
Intangible assets	2.1	6 329 903	6 329 903
Service concession: Property, plant and equipment	2.2	192 404 463	196 560 215
Investments		1 084 356 874	1 063 723 525
Available-for-sale investments	3.1	1 083 690 371	1 062 869 134
Held-to-maturity investments	3.1	666 503	854 391
Post employment fund surpluses		1 571 005	18 572 740
Retirement fund surplus	10.2	1 571 005	1 454 989
Pension fund surplus	10.1	-	17 117 751
Current assets		1 024 206 851	679 667 336
Inventories	5	979 116	1 119 991
Accounts receivable		193 576 348	150 084 725
Student fee debtors	6	124 352 519	100 813 281
Other receivables	7	69 223 829	49 271 444
Cash and cash equivalents	8	829 482 966	528 260 573
Staff loans	4	168 421	202 047
FUNDS AND LIABILITIES		4 027 239 235	3 516 605 608
Funds available		2 354 515 717	2 272 619 687
Council controlled funds		(142 871 415)	31 879 321
Restricted use funds		742 890 257	585 774 469
Student accommodation funds		(72 865 093)	(69 943 867)
Property, plant and equipment funds		1 724 700 043	1 558 081 792
Service concession: Property, plant and equipment fund		12 997 955	10 928 436
Fair value adjustments reserve		89 663 970	155 899 536
Non-current liabilities		1 388 093 151	1 033 018 611
Interest bearing borrowings	9	185 436 135	217 650 000
Service concession: Liability	13	143 181 238	149 406 509
Government grants relating to assets	24	949 221 691	560 965 093
Leave pay provision	11	110 254 087	104 997 009
Current liabilities		284 630 367	210 967 310
Accounts payable and accrued liabilities	12	158 888 920	135 818 343
Current portion of service concession liability	13	6 225 271	6 225 271
Current portion of government grants	24	39 327 921	25 199 294
Current portion of leave pay provision	11	15 992 210	12 508 357
Pension fund liability	10.1	32 980 000	-
Student deposits	14	316 045	316 045
Current portion of interest-bearing borrowings	9	30 900 000	30 900 000

UNIVERSITY OF THE WESTERN CAPE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	ZAR 2016	ZAR 2015
TOTAL INCOME		2 095 727 332	1 857 188 563
Recurrent revenue		2 059 332 620	1 820 791 425
State subsidies and grants	15	1 003 334 855	858 316 523
Student fee revenue		549 355 835	511 046 875
Income from contracts		270 622 270	279 128 973
Fee research		111 614 037	139 113 649
For other activities		159 008 233	140 015 324
Private gifts and grants		35 746 296	5 409 490
Other recurrent income	18.1	78 830 147	83 004 582
Sub-total		1 937 889 403	1 736 906 443
Interest income	16	108 745 883	73 565 492
Dividends income	16	12 697 334	10 319 490
Non-recurrent items		36 394 712	36 397 138
Realised gain of marketable securities	16	36 049 651	36 299 606
Profit on disposal of property, plant and equipment		345 061	-
Retirement fund surplus income		-	97 532
TOTAL EXPENDITURE		2 048 035 882	1 727 362 919
Recurrent items		1 874 604 048	1 703 700 075
Personnel		929 386 625	876 258 266
Academic professionals	17	483 741 122	453 964 009
Other personnel	17	445 645 503	422 294 257
Other operating expenses	18.2	821 596 815	711 867 226
Depreciation	2/2.2	100 868 269	100 043 525
Sub-total		1 851 851 709	1 688 169 017
Finance costs	19	22 752 339	15 531 058
Non-recurrent items		173 431 834	23 662 844
Pension fund expenditure	10.1	173 431 834	23 586 591
Loss on disposal of property, plant and equipment		-	76 253
NET SURPLUS FOR THE YEAR		47 691 450	129 825 644
Other comprehensive income		34 204 580	26 969 451
<i>Other comprehensive income to be reclassified to surplus or deficit in subsequent periods</i>		(66 235 566)	26 632 478
Fair value adjustment reserves realised	3	(33 666 980)	(36 299 728)
Unrealised fair value adjustment gains	3/16	(32 568 586)	62 932 206
<i>Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods</i>		100 440 146	336 973
Remeasurement gains on the defined benefit plan	10.1	100 440 146	336 973
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		81 896 030	156 795 095
The surplus for the year is analysed as follows:			
Council controlled funds		(87 235 984)	20 979 483
Accommodation funds		(8 521 226)	(5 983 645)
Restricted funds - Normal activities		143 448 660	114 829 806
NET SURPLUS FOR THE YEAR		47 691 450	129 825 644

UNIVERSITY OF THE WESTERN CAPE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		ZAR	ZAR
		COUNCIL CONTROLLED FUNDS	
	Notes	2016	2015
TOTAL INCOME		1 466 164 976	1 305 733 243
Recurrent revenue		1 465 819 915	1 305 635 711
State subsidies and grants	15	802 294 863	702 649 936
Student fee revenue		488 722 086	450 700 385
Income from contracts		32 520 743	30 534 319
For other activities		32 520 743	30 534 319
Private gifts and grants		10 760 000	-
Other recurrent income	18.1	46 223 939	52 042 044
Sub-total		1 380 521 631	1 235 926 684
Interest income	16	76 534 404	63 421 518
Dividends income	16	8 763 880	6 287 509
Non-recurrent items		345 061	97 532
Profit on disposal of property, plant and equipment		345 061	-
Retirement fund surplus income		-	97 532
TOTAL EXPENDITURE		1 553 400 960	1 284 753 760
Recurrent items		1 379 969 126	1 261 090 916
Personnel		795 157 541	742 088 194
Academic professionals	17	429 085 208	403 760 014
Other personnel	17	366 072 333	338 328 180
Other operating expenses	18.2	466 790 977	408 764 047
Depreciation		95 268 269	94 707 617
Sub-total		1 357 216 787	1 245 559 858
Finance costs	19	22 752 339	15 531 058
Non-current items		173 431 834	23 662 844
Loss on disposal of property, plant and equipment		-	76 253
Pension fund expenditure	10.1	173 431 834	23 586 591
NET SURPLUS FOR THE YEAR		(87 235 984)	20 979 483
Other comprehensive income			
Remeasurement gains on the defined benefit plan	10.1	100 440 146	336 973
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13 204 162	21 316 456

UNIVERSITY OF THE WESTERN CAPE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		ZAR	ZAR
		STUDENT ACCOMMODATION FUNDS	
	Notes	2016	2015
TOTAL INCOME		60 549 472	59 383 122
Recurrent revenue		60 549 472	59 383 122
Student fee revenue		59 297 315	59 359 677
Other recurrent income	18.1	1 252 157	23 445
TOTAL EXPENDITURE		69 070 698	65 366 767
Recurrent items		69 070 698	65 366 767
Personnel		14 773 606	13 767 957
Other personnel	17	14 773 606	13 767 957
Other operating expenses		48 697 092	46 262 902
Depreciation	18.2	5 600 000	5 335 908
Sub-total		69 070 698	65 366 767
NET DEFICIT FOR THE YEAR		(8 521 226)	(5 983 645)

UNIVERSITY OF THE WESTERN CAPE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		ZAR	ZAR
		RESTRICTED USE FUNDS	
	Notes	2016	2015
TOTAL INCOME		569 012 884	492 072 198
Recurrent revenue		532 963 233	455 772 592
State subsidies and grants	15	201 039 992	155 666 587
Student fee revenue		1 336 434	986 813
Income from contracts		238 101 527	248 594 654
For research		111 614 037	139 113 649
For other activities		126 487 490	109 481 005
Private gifts and gains		24 986 296	5 409 490
Other recurrent income	18.1	31 354 051	30 939 093
Sub-total		496 818 300	441 596 637
Interest income	16	32 211 479	10 143 974
Dividends income	16	3 933 454	4 031 981
Non-recurrent items		36 049 651	36 299 606
Realised gain of marketable securities	16	36 049 651	36 299 606
TOTAL EXPENDITURE		425 564 224	377 242 392
Recurrent items		425 564 224	377 242 392
Personnel		119 455 478	120 402 115
Academic professionals	17	54 655 914	50 203 995
Other personnel	17	64 799 564	70 198 120
Other operating expenses	18.2	306 108 746	256 840 277
Sub-total		425 564 224	377 242 392
NET SURPLUS FOR THE YEAR		143 448 660	114 829 806
Other comprehensive income		(66 235 566)	26 632 478
Fair value adjustment reserves realised	3/16	(33 666 980)	(36 299 728)
Unrealised fair value adjustments gains	3/16	(32 568 586)	62 932 206
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		77 213 094	141 462 284

UNIVERSITY OF THE WESTERN CAPE

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2016

Notes	Council controlled funds	Restricted use funds	Student Accommodation funds	Service Concession: PPE	Property, plant and equipment funds	Fair value adjustments reserve	Total Funds
FOR THE YEAR ENDED 31 DECEMBER 2016							
Accumulated funds at 1 January 2016 (ZAR)	31 879 321	585 774 469	(69 943 867)	10 928 436	1 558 081 792	155 899 536	2 272 619 687
Total comprehensive income for the year	13 204 162	143 448 660	(8 521 226)	0	0	(66 235 566)	81 896 030
Net surplus for the year	(87 235 984)	143 448 660	(8 521 226)	-	-	-	47 691 450
Pension Fund Surplus	10.1	100 440 146	-	-	-	-	100 440 146
Fair value adjustments reserves realised	3.1	-	-	-	-	(33 666 980)	(33 666 980)
Unrealised fair value adjustment gains	3.1	-	-	-	-	(32 568 586)	(32 568 586)
Transfers for acquisition/disposal of PPE	2	(263 330 769)	-	-	263 330 769	-	-
Transfer of depreciation on PPE		95 268 269	-	5 600 000	(4 155 752)	(96 712 517)	-
Transfers to eliminate dormant entities	22	(13 667 128)	13 667 128	-	-	-	-
Other inter-fund transfers	13	(6 225 271)	-	-	6 225 271	-	-
Accumulated funds at 31 December 2016	(142 871 415)	742 890 257	(72 865 093)	12 997 955	1 724 700 044	89 663 970	2 354 515 717
FOR THE YEAR ENDED 31 DECEMBER 2015							
Accumulated funds at 1 January 2015 (ZAR)	81 098 429	471 383 741	(69 296 130)	8 858 917	1 494 512 577	129 267 058	2 115 824 592
Total comprehensive income for the year	21 316 456	114 829 806	(5 983 645)	-	-	26 632 478	156 795 095
Net surplus for the year	20 979 483	114 829 806	(5 983 645)	-	-	-	129 825 644
Pension Fund Deficit	10.1	336 973	-	-	-	-	336 973
Fair value adjustment reserves realised	3.1	-	-	-	-	(36 299 728)	(36 299 728)
Unrealised fair value adjustment gains	3.1	-	-	-	-	62 932 206	62 932 206
Transfers for acquisition/disposal of PPE	2	(159 456 988)	-	-	159 456 988	-	-
Transfer of depreciation on PPE		94 707 617	-	5 335 908	(4 155 752)	(95 887 773)	-
Transfers to eliminate dormant entities	22	439 078	(439 078)	-	-	-	-
Other inter-fund transfers		(6 225 271)	-	-	6 225 271	-	-
Restated Accumulated funds at 31 December 2015	31 879 321	585 774 469	(69 943 867)	10 928 436	1 558 081 792	155 899 536	2 272 619 687

UNIVERSITY OF THE WESTERN CAPE

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

	Notes	ZAR 2016	ZAR 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus before interest and dividends	25.1	(50 999 428)	61 471 720
Adjusted for:			
Depreciation	2/2.1	100 868 269	100 043 525
Decrease in service concession: Liability	13	(6 225 271)	(6 225 271)
Net gain on disposal of investments	3	(33 666 980)	(36 299 728)
Government grants relating to assets recognised during the year	24	(22 728 681)	(11 184 631)
Pension fund cost/expenditure included in surplus	10.1	173 431 834	23 586 591
Pension fund contributions	10.1	(22 893 934)	(24 573 980)
Retirement fund income	10.2	(116 016)	(97 532)
Loss on disposal of property, plant and equipment		-	76 253
		137 669 793	106 796 947
Working capital adjustments			
Decrease in inventory		140 874	(124 134)
Increase in receivables		(43 491 623)	(23 204 606)
Decrease in staff loans		33 626	34 944
Increase in payables and provisions		31 811 510	8 102 795
Decrease in student deposits		-	(1 100)
Cash generated from operations		126 164 180	91 604 846
Interest received	25.1	108 558 002	73 128 691
Dividends received	16	12 697 334	10 319 490
Finance costs paid	19	(22 752 339)	(15 531 058)
Net cash flows from operating activities		224 667 177	159 521 969
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(265 229 552)	(160 603 553)
Proceeds on disposal of property, plant and equipment		1 898 783	1 070 312
Purchase of marketable securities	3	(376 129 616)	(606 246 879)
Proceeds on disposal of marketable securities	3	322 927 674	214 426 058
Proceeds on redemption of other investments	3	187 888	2 555 362
Net cash flows from investing activities		(316 344 823)	(548 798 700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Absa loan	9	-	219 000 000
Repayment of long term loan: Absa	9	(23 213 865)	(10 950 000)
Repayment of long term loan: PIC	9	-	(2 300 000)
Repayment of long term loan: Development Bank of Southern Africa	9	(9 000 000)	(9 000 000)
Government grants received relating to assets	24	425 113 904	17 488 913
Net cash flows from financing activities		392 900 039	214 238 913
Net increase in cash and cash equivalents		301 222 392	(175 037 818)
Cash and cash equivalents at beginning of year		528 260 573	703 298 391
Cash and cash equivalents at end of year	8/25.2	829 482 965	528 260 573

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements set out on pages 68 to 98 are prepared in accordance with and comply with International Financial Reporting Standards and in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended. The annual financial statements are prepared on the historical cost basis, except for marketable securities which are measured at their fair value.

Unless otherwise indicated, all amounts are expressed in South African Rands, which is the University's functional currency. All amounts are rounded to the nearest Rand.

Statement of compliance

The financial statements are prepared in compliance with both IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board.

Changes in accounting policy and disclosure

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those adopted in the previous year, except where the University adopted the IFRS amendments that became effective during the year.

The IFRS amendments that become effective during 2016 did not have an impact on the University's results.

1.2 Fund categories

The statement of comprehensive income is prepared on a segmented reporting basis in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended. Income shown as council controlled relates to funds over which the council has legal control and discretionary control. Income shown as restricted use relates to funds generated in terms of legally enforceable requirements by a donor or grantor. Income shown as Student Accommodation relates to funds generated from student accommodation. Management continuously reviews the classification of the various funds and periodically reclassifies them, where deemed appropriate, for changes in the circumstances and conditions relating to them.

The funds in the consolidated statement of changes in funds are grouped according to the same criteria as the statement of comprehensive income and also includes a property, plant and equipment fund and a fair value adjustments reserve. Funds for the acquisition of property, plant and equipment are transferred to the property, plant and equipment fund, which thereafter carries the funds representing the carrying value of the items of property, plant and equipment. The fair value adjustments reserve carries those gains and losses on available-for-sale investments that are not recognised in the profit or loss. The restricted use funds represent the unspent portion of funds received which the University has an obligation to spend in terms of a mandate.

1.3 Current versus non-current classification

The University present assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or sold or consumed in the normal operating cycle;
- Held primarily for trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

All other assets are classified as non-current.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

1 ACCOUNTING POLICIES *(continued)*

1.4 Revenue recognition

Revenue is recognised if it is probable that the economic benefits associated with the transaction will flow to the University and the amount can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

State subsidies and grants

The University receives state subsidies and grants each year to assist in covering costs that will arise during that year. State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates. Appropriations for specific purposes are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. If the funding is provided in advance of the specified requirement, the relevant amount is retained as a liability and accounted for as current or non-current as appropriate, and is released to the net surplus when the expenditure is incurred. When a grant relates to an asset, the recognition of revenue is deferred and released to income over the expected useful life of the relevant asset.

Student for revenue

Tuition, registration and residence fee revenue are recognised in income in the period to which they relate.

Income from contracts

Income from contracts for research activity is recognised over the duration of the associated research activity. Income from contracts for other activities is recognised when such activities occur.

Other service revenue

Revenue from services is recognised by reference to the stage of completion, determined on a cost or time apportionment basis, as appropriate, of the services involved.

Income from private gifts and grants

Income from private gifts and grants is recognised when it accrues to the University. Unless specifically indicated otherwise, income is considered to accrue to the University when it is received.

Other recurrent income

Other recurrent income is recognised when it accrues to the University.

Interest and dividends

Dividend income is recognised when the University's right to receive the payment is established and recorded as dividends received. Interest is recognised as it accrues on the effective interest method, according to the terms of the contract and accrued in interest received.

Government grants

Government grants not expected to recur on an annual basis are recorded in net surplus in the statement of comprehensive income and disclosed as non-recurrent items when they accrue to the University.

1.5 Financial instruments

Financial instruments recognised on the statement of financial position include investments, staff loans, accounts receivable, cash and cash equivalents, accounts payable and accrued liabilities, interest bearing borrowings and student deposits. Financial instruments are recognised when the University becomes party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on the trade date.

When financial assets and financial liabilities are recognised initially, they are measured at fair value, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised on derecognition or impairment as well as through the amortisation process.

Unless otherwise disclosed under the relevant statement of financial position item note, investment financial assets are carried at fair value while all other financial assets are subsequently measured at amortised cost. The methods and assumptions used to determine initial fair value, as well as measurement subsequent to initial recognition are as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Investments

- Available for sale investments

Marketable securities are considered to be "available for sale" where there is no specific date of disposal and are classified as non-current assets. Marketable securities are held at fair value. The fair value of marketable securities is their market value calculated by reference to stock exchange quoted selling prices at year end. Adjustments to the fair value of marketable securities are recognised in other comprehensive income until they are sold, where upon the surplus / (deficit) is recognised in net surplus or until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported is included in the statement of comprehensive income.

- Held to maturity investments

Other investments, where the University has the intention and ability to hold the investment to maturity, are considered to be "held-to maturity" investments and are subsequently measured at amortised cost using the effective interest method. The estimated fair value of fixed interest bearing deposits is based on discounted cash flow using prevailing money-market interest rates for instruments with similar credit risk and maturity.

Staff loans

Staff loans are considered to be "loans and receivables" and are subsequently measured at amortised cost. The loans are unsecured and attract interest at 15% with repayment terms varying from 1 to 12 months. An impairment is made, when there is objective evidence that the University will not be able to recover the loans for the full recoverable amount.

Student fee debtors

At year end management evaluates the debt based on the age profile of debts and past write-off experience. This data is used to calculate the provision. Student Fees debtors is shown at its carrying value, being the gross amount less the calculated impairment. This approximates its fair value.

Other receivables

Other receivables comprise non-interest bearing items with no fixed terms of payment. Other receivables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are considered to be "loans and other receivables". Cash on hand in banks and short term deposits are subsequently measured at amortised cost. In the cash flow statement these amounts are stated net of outstanding bank overdrafts.

Interest-bearing loans and borrowings

Interest bearing loans and borrowings are considered to be "financial liabilities at amortised cost". They are measured at amortised cost using the effective interest method, being original debt value less principal repayments plus amortisations. Gains and losses are recognised in income when the liabilities are derecognised as well as through the amortisation process. The interest expense is calculated using the effective interest rate and recognised in net surplus of the statement of comprehensive income in the year in which it is incurred.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise a variety of items, which are non-interest bearing and are considered to be "financial liabilities at amortised cost". Trade payables have settlement terms ranging from 7 to 30 days, and other items of accounts payable and accrued liabilities have no specific terms of repayment. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

Student deposits

Student deposits are amounts held to cover damages that may arise during use of certain University facilities by students and are considered to be "financial liabilities at amortised cost". These deposits are initially measured at fair value and subsequently measured at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Observable inputs are maximised and unobservable inputs are minimised when valuation techniques are utilised.

Offset

Financial assets and liabilities are offset and reported on a net basis when the University currently has a legally enforceable right to set off the recognised amounts as well as the intention to realise the assets and settle the liabilities on a net basis.

Derecognition of financial assets and liabilities

A financial asset is derecognised when:

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

A financial liability is derecognised when the obligation under the liability is discharged, is cancelled or expires.

Impairment

Impairment of financial assets

The University assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For financial assets measured at amortised cost, the University first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the University determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in net surplus of the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the University. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised in net surplus of the statement of comprehensive income. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has variable interest, the discount rate for measuring any impairment loss is the current effective interest rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the University assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its 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 on that investment previously recognised in net surplus – is removed from other comprehensive income and recognised in net surplus. Impairment losses on equity investments are not reversed through net surplus; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, 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 net surplus. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of ‘Interest and similar 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 was recognised in the net surplus, the impairment loss is reversed through the net surplus.

1.6 Property, plant and equipment

Purchased items of property, plant and equipment are initially recognised at cost, and thereafter stated at historical cost less accumulated depreciation (see below) and impairment losses. Certain property, plant and equipment acquired on gaining autonomy are recorded at a cost, based on South African Post Secondary Education (SAPSE) norms using replacement value as at April 1984 as the basis, less depreciation. Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for and depreciated as separate components of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount, or are recognised as a separate asset, as appropriate, only when it is probable that the 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 charged against income as incurred. Depreciation is charged to net surplus of the statement of comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Buildings		Vehicles	4 to 10 years
- Primary structure	10 to 50 years	Computer equipment	1 to 5 years
- Components	10 to 15 years	Furniture and equipment	3 to 50 years

Residual values and remaining useful lives, are reassessed annually.

Impairments

The University assesses at the end of each financial reporting period whether there is any indication that an asset may be impaired. Where there is an indication of an impairment the assets carrying value is compared to its recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell, or the value in use. Any impairment losses, being an excess of carrying amount over recoverable amount, are included in net surplus of the statement of comprehensive income. Where there is an indication that previously recognised impairment losses may have decreased or no longer exist, the carrying amount of the asset is increased to its recoverable amount, and the reversal of the impairment recognised in net surplus in the statement of comprehensive income. The reversal of impairment of property, plant and equipment is limited to what the carrying value would have been had the impairment never occurred. Gains and losses from the disposal of assets are determined by reference to their carrying amounts and are taken into account in determining the net surplus or deficit. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

1.7 Inventories

Inventory is valued at the lower of cost or net realisable value on a first-in-first-out basis. Net realisable value is the replacement cost of inventories.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES *(continued)*

1.8 Leases

All leases, where substantially all risks and rewards associated with ownership have not transferred from the lessor to the lessee, are treated as operating leases and are recognised on a straight line basis over the lease term, except for contingent rentals which are recognised as incurred or accrued.

1.9 Post-employment benefits

The University operates both a defined-benefit pension fund and a defined-contribution fund for its employees. The benefits in respect of the defined benefit pension fund are funded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in full when they are incurred. Past service costs are recognised in full in net surplus at the earlier of when the plan amendment or curtailment occurs or when the entity recognises related restructuring costs. Service costs including current service costs, past services costs, gains and losses on curtailments and non-routine settlements should be recognised in profit & loss in relation to the defined benefit plan. The defined asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on yield of the JSE Coupon Nominal Bond Curve) less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long term employee benefit fund. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any plan asset recognised is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. Net interest is calculated at the discount rate of 10%.

1.10 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest or expense in the statement of comprehensive income.

1.11 Personnel costs

Personnel costs comprise remuneration for services and other employee benefits. Remuneration and contributions in respect of defined contribution retirement benefit plans are charged to the statement of comprehensive income as the staff render their services to the University and costs relating to defined benefit retirement plans are charged to the statement of comprehensive income according to IAS 19 and as further detailed in note 10.

1.12 Operating expenses

Operating expenses, except where dealt with under a specific accounting policy, are charged to net surplus of the statement of comprehensive income in the year in which they are incurred.

1.13 Foreign currencies

The University's financial statements are presented in South African Rands, which is the University's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to net surplus of the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

1.14 Consolidation

Separate accounting cost centres are created for funds separately identified for specific research or operational activities. These cost centres are accounted for within the University's general ledger, and are consolidated in the preparation of the financial statements. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES (*continued*)

1.15 Service concession arrangements

Service concession arrangements are binding arrangements between a grantor and an operator in which the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and the operator is compensated for its services over the period of the service concession arrangement. When an agreement of this nature is entered into, the grantor recognises a service concession asset when the grantor controls the services that may be provided with the use of the asset and retains the beneficial interest in the asset. This asset is initially recognised at its fair value and subsequently accounted for in the same manner as property, plant and equipment. A corresponding liability is raised which is classified either as a financial liability, where the grantor has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, or deferred revenue in the form of a grant of a right to use, where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset. The university has entered into a right to use contract in respect of the construction and lease of a number of residences. This obligation to provide the operator with the right to use the asset is initially recognised at the fair value of the asset received. The revenue arising from providing the use of the asset is subsequently recognised in the net surplus over the period that the University is obliged to provide the operator with the right to use the asset, on a straight line basis.

1.16 Accounting standards and interpretation issued and not yet effective

IFRS and IFRIC Interpretations not yet effective

The 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

IFRS 9 Financial Instruments:

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. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Universities financial assets, but no impact on the classification and measurement of the Universities financial liabilities. The University plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and 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 new revenue standard is applicable to all entities and will supersede all current revenue requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on after 1 January 2018 with early adoption permitted. The University is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to re-measure 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).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1 ACCOUNTING POLICIES (continued)

1.16 Accounting standards and interpretation issued and not yet effective (continued)

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.

Other standards:

Improvements and amendments to the following standards became effective during the current year end did not have a significant impact on the university:

Standard	Improvement/Amendment	Effective date
IFRS 14	Regulatory Deferred Accounts	1 January 2016
IAS 16	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 1	Disclosure initiative amendments	1 January 2016
IFRS 5	Changes in methods of disposal	1 January 2016
IAS 19	Discount rate: regional market issue	1 January 2016
IFRS 10, IFRS 12 & IAS 28	Applying the consolidation exception	1 January 2016
IFRS 11	Accounting for acquisition of interests in joint operations	1 January 2016
IAS 16 & IAS 41	Agriculture: bearer plants	1 January 2016
IAS 27	Equity method in separate financial statements	1 January 2016
IFRS 7	Servicing contracts and Applicability of the offsetting disclosures to condensed interim financial statements	1 January 2016
IAS 34	Disclosure of information elsewhere in the interim financial Report	1 January 2016

1.17 Significant accounting judgements and estimates

Judgements

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

Estimation uncertainty

Key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 discussed below:

Impairment of available-for sale investments

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 income and expenses. An investment is considered impaired if either; the fair value at year end is more than 30% below original cost; or the fair value is below cost for a period greater than 12 months. At 31 December 2016 no impairment losses have been recognised for available-for-sale investments. The carrying value of investments that are carried at fair value at 31 December 2016 was R1 083 690 371 (2015: R1 062 869 134) refer Note 3.1.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.17 Significant accounting judgements and estimates (continued)

Property, plant and equipment

On an annual basis, management reviews the useful lives and residual values of immovable property, plant and equipment. In addition, management obtains the opinion of external building specialists regarding the estimation of their useful lives as needed. The useful lives and residual values of movable items of property, plant and equipment have been estimated with reference to historic information and market trends.

The carrying value of property, plant and equipment at 31 December 2016 was R1 718 370 139 (2015: R1 558 081 792).

Student fee debtors and other receivables

The present value of student debtors is determined by discounting expected cash flows using an appropriate discount rate. The probability and timing of cash flows are estimated based on historical trends.

The carrying value of Student fee debtors at 31 December 2016 was R124 352 519 (2015: R100 813 281).

Leave pay provision

The pattern of staff retirements used in the leave pay calculation were estimated with reference to actuarial data pertaining to the University's staff. The pattern of leave utilisation was estimated with reference to historic information.

The carrying value of the leave pay provision at 31 December 2016 was R126 246 297 (2015: R117 505 366).

Defined benefit fund

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions which are disclosed in note 10.

Held to maturity investments

Judgement is made with regard to investments classified as held to maturity. This judgement is based on management's intention and ability to hold the instrument to maturity at initial recognition.

The carrying value of endowment policies at 31 December 2016 was R666 503 (2015: R854 391).

Provision for bad debts

Debt is considered irrecoverable after taking into account collections subsequent to year end and historic patterns of collection by the University as well as by professional debt collectors. For student fee debtors, the impairment takes into account the present value of future expected cash flows.

The impairments raised for bad debts as at 31 December 2016 is found in note 4: staff loans – R463 300 (2015: R463 300); note 6: student fee debtors – R197 771 580 (2015: R171 080 899); note 7: provincial subsidies and grants – R7 675 742 (2015: R7 675 742) and note 7: sundry receivables – R6 571 289 (2015: R6 662 177).

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

2 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings ZAR	Furniture & equipment ZAR	Computer equipment ZAR	Vehicles ZAR	Total ZAR
Year ended 31 December 2016					
Opening net book value	1 230 826 998	194 509 625	118 728 746	7 686 520	1 551 751 889
Additions	205 204 446	23 610 479	34 831 877	1 582 750	265 229 552
Disposals	-	(1 744 797)	(43 546)	(110 441)	(1 898 784)
Depreciation charge	(47 295 566)	(28 038 367)	(19 949 266)	(1 429 319)	(96 712 518)
Closing net book value	1 388 735 878	188 336 940	133 567 811	7 729 510	1 718 370 139
At 31 December 2016					
Gross carrying amount	1 792 180 890	420 352 579	310 776 737	17 644 704	2 540 954 910
Gross accumulated depreciation	(403 445 012)	(232 015 639)	(177 208 926)	(9 915 194)	(822 584 771)
Net book value	1 388 735 878	188 336 940	133 567 811	7 729 510	1 718 370 139
Year ended 31 December 2015					
Opening net book value	1 192 608 391	180 307 529	114 914 922	6 681 735	1 494 512 577
Additions	86 300 929	38 746 683	26 702 890	2 523 148	154 273 650
Disposals	(7 109)	(352 393)	(511 761)	(275 302)	(1 146 565)
Depreciation charge	(48 075 213)	(24 192 194)	(22 377 305)	(1 243 061)	(95 887 773)
Closing net book value	1 230 826 998	194 509 625	118 728 746	7 686 520	1 551 751 889
At 31 December 2015					
Gross carrying amount	1 588 193 805	399 185 872	276 165 716	16 430 090	2 279 975 483
Gross accumulated depreciation	(357 366 807)	(204 676 247)	(157 436 970)	(8 743 570)	(728 223 594)
Net book value	1 230 826 998	194 509 625	118 728 746	7 686 520	1 551 751 889

UNIVERSITY OF THE WESTERN CAPE

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings

- Main campus, Robert Sobukwe Road, Bellville, described as whole or remainders of Erf numbers 14869, 17018, 40240, 40241, 40242, 40243, in Bellville Township, Province of the Western Cape.
- Rector's House, described as Erf number 563 in Bellville Township, Province of the Western Cape.
- Hector Petersen Residence, Amandel Road, Belhar, described as Erf number 29059 in Bellville Township, Province of the Western Cape.
- House in Observatory, Cape Town, described as Erf number 26498 in Observatory, City of Cape Town, Province of the Western Cape.
- Tygerberg Oral Health centre, described as Erf 15528 in Parow, City of Cape Town, Province of the Western Cape. (Legal transfer of this property took place in December 2011).
- Dentistry Building, Mitchells Plain Medical Centre, described as unit 2 of sectional title scheme 248 in Mitchells Plain, 29388, Province of the Western Cape.
- Bellville Medical Centre - Erf No. 39713 located in Bellville City Centre and Section 139, 141, 102-128 SS Bella Vista Bellville Township, Province of the Western Cape.
- Salus House – Erf No. 11044 located corner of Kruskal Avenue and Church Street Bellville Township, Province of the Western Cape.
- Riverpark Flats – Sectional Title units located corner of First and Hoop Streets, Kuilsriver, Province of the Western Cape.
- Riverpark Erf 20924 Kuilsriver located corner of First and Hoop Streets, Kuilsriver, Province of the Western Cape.
- Gorvalla Lodge, Modderdam Road, Bellville Township, Province of the Western Cape.
- Vacant Land – Erf No. 24020 located Proton Road, Belhar Township, Province of the Western Cape.
- Vacant Land – Erf No. 12015, 12016 and 40259 Bellville South Township, Province of the Western Cape.
- Vacant Land – Erf No. 62053 a portion of Erf 29387 located corner of First Avenue and Fourth Avenue, Mitchell's Plain Township, Province of the Western Cape.

Certain land and buildings that comprise the main campus of the University were brought to account with the granting of autonomous status to the University. Such land and buildings were valued on a replacement cost basis as at April 1984, based on SAPSE norms.

2.1 Intangible asset

The University has capitalised the development cost for the Alpha Dot Project which involves commercialisation of production for battery systems.

	Intangible Assets ZAR
Year ended 31 December 2016	
Opening net book value	6 329 903
Additions	-
Disposals	-
Depreciation charge	-
Closing net book value	<u>6 329 903</u>
At 31 December 2016	
Gross carrying amount	6 329 903
Gross accumulated depreciation	-
Net book value	<u>6 329 903</u>

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.1 Intangible asset (continued)

	Intangible Assets ZAR
Year ended 31 December 2015	
Opening net book value	-
Additions	6 329 903
Disposals	-
Depreciation charge	-
Closing net book value	<u>6 329 903</u>
At 31 December 2015	
Gross carrying amount	6 329 903
Gross accumulated depreciation	-
Net book value	<u>6 329 903</u>

2.2 Service Concession: Property, plant and equipment

Kovacs Student Housing Project

UWC has appointed KOVACS in terms of a financing agreement in a "Build Operate Transfer" (BOT) model whereby UWC leases land to KOVACS with a right to develop student residences exclusive to UWC students with a right to collect rentals at full risk. The financing agreement to UWC is regulated by a "Development Agreement", "Lease Agreement" and a "Management Agreement". The salient points of the agreements are: 1) The terms of the lease is 25 years plus 3 years of development; 2) KOVACS takes full risk of the business model; 3) The design and development of student accommodation stock is the responsibility of KOVACS with approval from UWC; 4) The total number of beds contracted amounts to 1100. The asset will be depreciated over its useful life. The obligation will be released to revenue on a straight line basis over the term of the lease. The land rentals will need to be recognised on a straight-line basis. At the end of the lease term only the asset will remain on the statement of financial position and this will continue to depreciate over the remaining useful life.

Phase 1 of the service concession agreement was completed with construction costs of R68 251 244 having been incurred. 334 beds were completed in this phase.

Phase 2 consists of the construction of 3 accommodation blocks with actual cost incurred of R53 696 848. A total of 288 beds were available for use at beginning of 2013.

Phase 3 comprises the balance of the development entailing the construction of 478 beds at a cost of R84 047 617.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of KOVACS Building

ZAR

Year ended 31 December 2016

Opening net book value	196 560 215
Depreciation charge	(4 155 752)
Closing net book value	<u>192 404 463</u>

Year ended 31 December 2016

Gross carrying amount	205 995 709
Gross accumulated depreciation	(13 591 246)
Closing net book value	<u>192 404 463</u>

Year ended 31 December 2015

Opening net book value	200 715 967
Depreciation charge	(4 155 752)
Closing net book value	<u>196 560 215</u>

Year ended 31 December 2015

Gross carrying amount	205 995 709
Gross accumulated depreciation	(9 435 494)
Closing net book value	<u>196 560 215</u>

**ZAR
2016**

**ZAR
2015**

3 INVESTMENTS

3.1 Non-current investments

3.1.1 Available-for-sale investments:

Marketable securities

Local equity and mutual funds	477 641 493	605 840 780
State stock and bonds	438 763 361	269 532 765
Offshore investments	162 952 317	183 350 270
	<u>1 079 357 171</u>	<u>1 058 723 815</u>

Reconciliation

Opening value	1 058 723 815	603 970 788
Additions	376 129 616	606 246 879
Disposals	(322 927 674)	(214 426 058)
Movement in fair value adjustments reserve	(32 568 586)	62 932 206
Closing value	<u>1 079 357 171</u>	<u>1 058 723 815</u>

Investments are administered by portfolio managers, are classified as available for sale financial assets. In the cash flow statement, proceeds from the disposal of marketable securities comprise:

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
3 INVESTMENTS		
3.1 Non-current investments (continued)		
Cost of marketable securities disposed	289 260 694	178 126 330
Realised gain on disposal of marketable securities	33 666 980	36 299 728
Proceeds on disposal of marketable securities	<u>322 927 674</u>	<u>214 426 058</u>
Endowment Policies (SANLAM)		
Opening net book amount	4 145 319	3 896 270
Fair value gains	187 881	249 049
Closing net book amount	<u>4 333 200</u>	<u>4 145 319</u>
The SANLAM endowment policy is an available-for-sale instrument and is carried at fair value.		
Total available-for-sale investments	<u>1 083 690 371</u>	<u>1 062 869 134</u>

3.1.2 Held to maturity investments:

	ZAR 2016	ZAR 2016	ZAR 2015	ZAR 2015	ZAR 2015
	Endowment policies (PLAAS)	TOTAL	Endowment policies (PLAAS)	Zero Coupon Bond	TOTAL
Opening net book amount	854 391	854 391	1 028 154	2 193 847	3 222 001
Redemptions	(187 888)	(187 888)	(255 362)	(2 300 000)	(2 555 362)
Interest accrued	-	-	81 599	106 153	187 752
Closing net book value	<u>666 503</u>	<u>666 503</u>	<u>854 391</u>	<u>-</u>	<u>854 391</u>

The Zero Coupon Bond is stated at initial amount invested plus capitalised interest and is security for the loan from Public Investment Commissioner as described in note 9. The Zero Coupon Bond has an effective interest rate of 9.56%, matured in June 2015. The Programme for Land and Agrarian Studies (PLAAS) endowment policy is a held to maturity instrument at a fixed interest rate of 8.45%, maturing in December 2019 and is stated at amortised cost.

3.2 Fair value hierarchy

The University uses the 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: Valuation techniques that use inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Level 3: Valuation techniques using inputs that are not based on observable market data.

	ZAR 2016	ZAR Level 1	ZAR Level 2	ZAR Level 3
Available-for-sale financial assets				
Local equity and mutual funds	477 641 493	477 641 493	-	-
State stocks and bonds	438 763 361	438 763 361	-	-
Offshore investments	162 952 317	162 952 317	-	-
Endowment Policy (Sanlam)	4 333 200	-	4 333 200	-
Total	<u>1 083 690 371</u>	<u>1 079 357 171</u>	<u>4 333 200</u>	<u>-</u>

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

3 INVESTMENTS (continued)

3.2 Fair value hierarchy (continued)

During the reporting period ended 31 December 2016, there were no transfers between level 1 and level 2 fair value investments, and no transfers into and out of level 3 fair value measurements.

The endowment policy values disclosed as level 2 are provided by the issuing financial institution which is a Guaranteed Capital Fund valued at fair value. The fair value of the policy is determined by the market value of the shares held in the policy and is impacted most significantly by the rate of inflation.

	ZAR 2015	ZAR Level 1	ZAR Level 2	ZAR Level 3
<i>Available-for-sale financial assets</i>				
Local equity and mutual funds	605 840 780	605 840 780	-	-
State stocks and bonds	269 532 765	269 532 765	-	-
Offshore investments	183 350 270	183 350 270	-	-
Endowment Policy (Sanlam)	4 145 319	-	4 145 319	-
Total	<u>1 062 869 134</u>	<u>1 058 723 815</u>	<u>4 145 319</u>	<u>-</u>

During the reporting period ended 31 December 2015, there were no transfers between level 1 and level 2 fair value investments, and no transfers into and out of level 3 fair value measurements.

	ZAR 2016	ZAR 2015
4 STAFF LOANS		
Gross amount	631 721	665 347
Less impairment	<u>(463 300)</u>	<u>(463 300)</u>
	<u>168 421</u>	<u>202 047</u>

These loans are unsecured and attract interest at 15% with repayment terms varying from 1 to 12 months.

5 INVENTORIES

Maintenance store (at cost)	<u>979 116</u>	<u>1 119 991</u>
	<u>979 116</u>	<u>1 119 991</u>

Amounts relating to inventory are included under other operating expenses.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
6 STUDENT FEE DEBTORS		
Gross amount	322 124 099	271 894 181
Less: Impairment	<u>(197 771 580)</u>	<u>(171 080 899)</u>
	<u>124 352 519</u>	<u>100 813 281</u>

AGEING OF STUDENT FEE DEBTORS

	More than 2 years	Between 1 and 2 years	Less than 1 year	Total Debtors
Debtors	3 802 982	14 076 402	106 473 135	124 352 519

Student fee debt is non-interest bearing. Minimum payments are required on registration and on subsequent prescribed dates as published in the University's fee handbook. The portion of student debt which is considered irrecoverable after taking into account collections subsequent to year end and historic patterns of collection by the University as well as by professional debt collectors, is impaired. The impairment takes into account the present value of future expected cash flows. The carrying value of student fee debtors is R124 352 519 (2015: R100 813 281) which approximates its fair value.

The debtors' book of the University is subject to collective impairment.

	ZAR 2016	ZAR 2015
At 1 January	(171 080 899)	(141 512 233)
Charge for the year	<u>(26 690 681)</u>	<u>(29 568 666)</u>
At 31 December	<u>(197 771 580)</u>	<u>(171 080 899)</u>

	ZAR 2016	ZAR 2015
7 OTHER RECEIVABLES		
Prepayments	13 897 223	9 679 252
Provincial subsidies and grants	15 827 680	12 474 040
Gross amount	<u>23 503 422</u>	<u>20 149 782</u>
Less: Impairment	<u>(7 675 742)</u>	<u>(7 675 742)</u>
Other receivables in respect of subsidies, contracts and grants	19 780 190	11 524 300
Sundry receivables	19 718 736	15 593 852
Gross amount	<u>26 290 025</u>	<u>22 256 029</u>
Less: Impairment	<u>(6 571 289)</u>	<u>(6 662 177)</u>
	<u>69 223 829</u>	<u>49 271 444</u>

The majority of the impairment of R7 675 742 (2015: R7 675 742) represents salary recoveries payable by the Provincial Government of the Western Cape in respect of inappropriate expenditure which is in the process of being resolved. The impairment of R6 571 289 (2015: R6 662 177) represents long outstanding sundry receivables. Other receivables comprise non-interest bearing items with no fixed term of repayment. They are not discounted and their carrying amounts approximate their fair value, due to the short term nature of the receivables.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
7 OTHER RECEIVABLES (continued)		
Impairment: Provincial subsidies and grants		
Movement in the provision for impairment of provincial subsidies and grants were as follows:		
At 1 January	(7 675 742)	(7 654 742)
Charge for the year	<u>-</u>	<u>-</u>
Closing balance at 31 December	<u>(7 675 742)</u>	<u>(7 675 742)</u>
Impairment: Sundry receivables		
Movement in the provision for impairment of sundry receivable was as follows:		
At 1 January	(6 662 177)	(6 662 177)
Release for the year	<u>90 888</u>	<u>-</u>
Closing balance at 31 December	<u>(6 571 289)</u>	<u>(6 662 177)</u>
8 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	806 139 480	514 415 883
Short term bank deposits	<u>23 343 486</u>	<u>13 844 690</u>
	<u>829 482 966</u>	<u>528 260 573</u>

Short term bank deposits comprise term deposits, the majority of which mature within 3 months. These deposits are at market related fixed rates of between 6.8% and 7.7% (2015: 6.8% and 7.7%), and their carrying amounts approximate fair value. They are classified as cash equivalents as management consider them to be accessible prior to prescribed maturity.

At year end the University had an unutilised overdraft facility of R15 000 000 (2015: R15 000 000).

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
9 INTEREST BEARING BORROWINGS		
Non-current		
Non-current portion of Development Bank of South Africa loan	22 500 000	31 500 000
Non-current portion of Absa Loan	<u>162 936 135</u>	<u>186 150 000</u>
Total non-current borrowings	<u>185 436 135</u>	<u>217 650 000</u>
Current		
Current portion of Development Bank of South Africa loan	9 000 000	9 000 000
Current portion of Absa loan	<u>21 900 000</u>	<u>21 900 000</u>
Total current borrowings	<u>30 900 000</u>	<u>30 900 000</u>

The University entered into a ten year term loan of R90 000 000 with the Development Bank Of South Africa, repayable by 30 June 2020 in half yearly instalments, with a floating rate of 6 months Jibar rate plus 305 basis points.

During 2016 the University entered into a loan agreement with Absa Bank, for an amount of R219 000 000, repayable by 2025 in half yearly instalments, with a floating rate of 3 months Jibar rate plus 202 basis points. R23 245 426 was repaid during the year.

Effective interest rates on long term loans	9.15%	9.55%
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Carrying amount

The carrying amounts of fixed interest-bearing long term loans are as follows:

	Carrying amounts	
	ZAR 2016	ZAR 2015
DBSA loan	31 500 000	40 500 000
ABSA loan	184 836 135	208 050 000

Maturity of interest bearing borrowings (including interest)

	Variable	
	ZAR 2016	ZAR 2015
Less than one year	51 265 810	70 566 100
Between year 1 and 2	48 181 078	48 107 981
Between year 2 and 5	113 278 489	123 393 475
Over 5 years	<u>90 800 162</u>	<u>104 216 288</u>
	<u>303 525 539</u>	<u>346 283 844</u>

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

10 POST EMPLOYMENT BENEFIT INFORMATION

The University contributes to the University of the Western Cape Retirement Fund, a defined contribution fund, and to the University of the Western Cape Pension Fund, a defined benefit fund. Both funds were established when the University took the decision to leave its previous fund. Members of the previous fund were given the option to transfer to either fund. These funds are registered under and governed by the Pensions' Fund Act, 1956 as amended. The assets of both these funds are held independently of the University's assets in separate trustee administered funds.

The Council approved the conversion of the University of the Western Cape Pension Fund from a defined benefit plan to a defined contribution plan. Active members were given the option to take up the University's conversion offer by 31 March 2017 with an effective date for the conversion as at 01 December 2016. 145 members elected to take the conversion offer which resulted in a settlement cost to the fund amounting to R121.9m with 39 active members who did not take up the conversion offer remain on the defined contribution plan.

Actuarial gains have been recognised as a result of the net return on the asset ceiling of the assets within the pension fund. The cumulative gains recognised in Other Comprehensive Income amounted to R100.4m.

The conversion of the members to the defined contribution plan has resulted in a deficit in the Fund, the shortfall of which the University is liable to cover amounting to R32.9m which has been recognised as a liability at the reporting date.

The University intends to close down the defined benefit plan within two years from servicing a notice to close down the fund. In the next stage of conversion, the University intends to cede active pensioners to an Umbrella fund ensuring that active pensioners are provided with at least the same benefits afforded under the current defined benefit plan.

Total employer contributions for the year were R72 561 918 (2015: R66 745 051).

10.1 University of the Western Cape Pension Fund

The following summarises the components of the net benefit expense recognised in the statement of comprehensive income, the fund status and amounts recognised in the statement of financial position for the plan.

	ZAR 2016	ZAR 2015
Net benefit expense		
Current service cost	20 728 070	22 377 596
Interest cost on benefit obligation	56 120 916	48 462 333
Interest on plan assets	(68 321 302)	(49 086 649)
Interest cost on asset ceiling	10 050 165	-
Transfer to defined contribution fund	121 873 985	-
Adjustment in respect of minimum funding requirement	32 980 000	-
Administration expense	-	1 833 311
Net benefit expense	<u>173 431 834</u>	<u>23 586 591</u>

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

10 POST EMPLOYMENT BENEFIT INFORMATION (CONTINUED) (continued)

10.1 University of the Western Cape Pension Fund (continued)

2016	Fund assets ZAR	Fund liabilities ZAR	Asset ceiling ZAR	Net asset/ (liability) ZAR
Balance at the beginning of the year	714 942 013	(597 322 911)	(100 501 351)	17 117 751
<u>Pension cost included in surplus for the year:</u>				
Current service costs	-	(20 728 070)	-	(20 728 070)
Interest income/(expense)	68 321 305	(56 120 916)	(10 050 165)	2 150 224
Administration expenses	-	-	-	-
Settlement cost	-	(121 873 985)	-	(121 873 985)
Minimum fund requirements	-	(32 980 000)	-	(32 980 000)
Pension cost included in surplus for the year	68 321 305	(231 702 971)	(10 050 165)	(173 431 831)
Benefit payments	(59 401 885)	59 401 885	-	-
<u>Remeasurement gains/(losses) in other comprehensive income:</u>				
Returns from plan assets in excess of interest	15 129 069	-	-	15 129 069
Actuarial gains and losses asset ceiling	-	(4 859 170)	90 170 247	85 311 077
Transfer to defined contribution	-	-	-	-
Actual gains and losses change in financial assumptions	-	-	-	-
Other comprehensive income	15 129 069	(4 859 170)	90 170 247	100 440 146
Contributions	22 893 934	-	-	22 893 934
Balance at the end of the year	761 884 436	(774 483 167)	(20 381 269)	(32 980 000)
2015	Fund assets ZAR	Fund liabilities ZAR	Asset ceiling ZAR	Net asset/ (liability) ZAR
Balance at the beginning of the year	691 911 176	(583 866 783)	(92 251 004)	15 793 389
<u>Pension cost included in surplus for the year:</u>				
Current service costs	-	(22 377 596)	-	(22 377 596)
Interest income/(expense)	56 743 482	(48 462 333)	(7 656 833)	624 316
Administration expenses	(1 833 311)	-	-	(1 833 311)
Pension cost included in surplus for the year	54 910 171	(70 839 929)	(7 656 833)	(23 586 591)
Benefit payments	(39 585 953)	39 585 953	-	-
<u>Remeasurement gains/(losses) in other comprehensive income:</u>				
Returns from plan assets in excess of interest	(16 867 361)	-	-	(16 867 361)
Actuarial gains and losses asset ceiling	-	-	(593 514)	(593 514)
Actual gains and losses change in financial assumptions	-	17 797 848	-	17 797 848
Other comprehensive income	(16 867 361)	17 797 848	(593 514)	336 973
Contributions	24 573 980	-	-	24 573 980
Balance at the end of the year	714 942 013	(597 322 911)	(100 501 351)	17 117 751

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

10 POST EMPLOYMENT BENEFIT INFORMATION (continued)

10.1 University of the Western Cape Pension Fund (continued)

	ZAR 2016	ZAR 2015
Major categories of plan assets		
Old Mutual Absolute Growth Fund	-	302 070 872
Prescient Yield Quantplus	324 637 500	-
ALM Focus Portfolio	106 988 829	-
Old Mutual Balanced Portfolio	-	34 090 485
Prescient Mergence	-	175 294 390
Mergence (Plife 00103)	8 552 886	-
Omigsa Premium Equity	-	83 935 399
Sanlam Dynamic Target Hedging Portfolio	-	123 821 819
Stanlib Institutional MM Fund	321 646 998	-
Stanlib SA Equity	58 221	1 917 225
Sanlam Cash Deposit account	-	2 811 237
Value of Assured pensions	-	(8 999 413)
	761 884 434	714 942 014

The principal assumptions used in determining plan obligations are:

	2016	2015
Pensioners	120 267 724	504 217 215
Actives	122 828 195	93 105 696
Minimum fund requirements	32 980 000	-
Defined contributions	498 407 248	-
	774 483 167	597 322 911

“Actives” refer to the defined benefit members who are current contributors of the fund and “Pensioners” refer to past contributors of the fund currently receiving retirement benefits.

The principal assumptions used in determining plan obligations are:

Discount rate	5.89%	6.00%
Future salary increases	7.00%	8.04%
Future pension increases	3.25%	3.77%
Life expectancy of pensioners	26 years 5months	22 years 8months

A quantitative sensitivity analysis for significant assumptions as at 31 December 2016 is shown as below

The sensitivity analyses below in respect of pensioners and actives have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of changes in the key assumptions occurring at the end of the reporting period.

Defined Contribution

Assumptions	Actives (R)		Pensioners (R)	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(7 935 195)	8 753 805	(4 767 224)	4 831 276
Future salary increases	2 986 805	(2 874 195)	N/A	N/A
Future pension cost increases	5 566 805	(5 184 195)	4 988 276	(5 214 724)
	Actives (R)		Pensioners (R)	
	Increased by 1 year	Decreased by 1 year	Increased by 1 year	Decreased by 1 year
Life Expectancy of Pensioners	(2 019 195)	2 140 805	(1 966 724)	1 491 276

UNIVERSITY OF THE WESTERN CAPE

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

10 POST EMPLOYMENT BENEFIT INFORMATION (continued)

10.2 University of the Western Cape Retirement Fund

The University of the Western Cape Retirement Fund is a defined contribution fund, of which the majority of permanent and long-term contract employees are members. The current year contribution to the Fund for the benefit of employees was R58 637 989 (2015: R41 674 851). The fund commenced with effect 1 March 1995. The fund is currently being administered by Sanlam. An independent Board of Trustees is responsible for the governance of the fund. The Board of Trustees consists of 4 member elected trustees and 4 Council nominated trustees.

The surplus apportionment date of the fund was 1 March 2004. The surplus apportionment exercise of the fund was completed and approved by the Registrar of Pension Funds on 22 September 2008. An amount of R2 622 000 was allocated to the employer at the surplus apportionment date (1 March 2004). The accumulated value of the employer surplus amounts to R1 571 005 on 31 December 2016 (2015: R1 454 989) after adding investment return.

	ZAR 2016	ZAR 2015
11 LEAVE PAY PROVISION		
Opening balance	117 505 366	98 658 382
Provision utilised during current year	(7 576 292)	(7 003 591)
Additional provision raised	16 317 223	25 850 575
	<u>126 246 297</u>	<u>117 505 366</u>
Total leave pay liability	126 246 297	117 505 366
Current portion shown under current liabilities	15 992 210	12 508 357
Long-term portion	110 254 087	104 997 009

Employee benefits in the form of annual leave entitlements are recognised and provided for when they accrue to employees with reference to services rendered up to 31 December 2016. Annual leave, being non-accumulative in nature, is considered to be a short-term employee benefit due to the leave being a short compensated absence where the compensation is due to be settled within twelve months after the period the employee renders their services to the University. These benefits vest with the employee in the year in which they accrue. Long term leave consists of study leave and sabbatical leave. The University has made the same assumptions regarding the pattern of future staff retirements as has been used for the calculation of retirement benefit information. These assumptions have been used to determine whether and when leave will be taken or encashed. These assumptions are based on historical information and are similar to those used for defined benefit plans. The leave liability is determined by applying probabilities determined from the retirement benefit assumptions to the value of leave days outstanding at year end.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
12 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Trade payables	71 281 189	61 483 150
Salary deductions	2 852 183	523 176
Students with credit balances for future cash collections - Registered	21 961 620	20 487 150
Students with credit balances – Unregistered	12 440 101	8 085 568
Bursaries control	9 071 888	11 432 300
NRF deposit	30 800 000	27 600 000
Other payables	10 481 939	6 206 999
	<u>158 888 920</u>	<u>135 818 343</u>

Accounts payable and accrued liabilities comprise a variety of items, which are non-interest bearing. Trade payables have settlement terms ranging from 7 to 30 days, and other items of accounts payable and accrued liabilities have no specific terms of repayment. The carrying amounts approximate their fair values due to the short term nature of the payables.

13 SERVICE CONCESSION: LIABILITY

A notarial lease arrangement with Kovacs (Pty) Ltd for the lease of land (Student Housing Project) was entered into in 2010. The payment in terms of the lease commenced on 1 January 2014 and the lease period is 25 years. This liability represents the obligation to provide Kovacs with a right to use the residences from availability for use to the end of the lease term. This liability will be released over the period that the residences are available for use. This lease is classified as a finance lease and therefore the leased asset is recognised. Refer to note 2.1 for further detail regarding Kovacs.

	ZAR 2016	ZAR 2015
Year ended 31 December		
Opening balance	155 631 780	161 857 051
Liability released during the current year	<u>(6 225 271)</u>	<u>(6 225 271)</u>
	<u>149 406 509</u>	<u>155 631 780</u>
Current portion	6 225 271	6 225 271
Non-current portion	<u>143 181 238</u>	<u>149 406 509</u>
	<u>149 406 509</u>	<u>155 631 780</u>

14 STUDENT DEPOSITS

Hostel deposits	<u>316 045</u>	<u>316 045</u>
	<u>316 045</u>	<u>316 045</u>

Hostel deposits are held to cover damages that may arise during use of hostel facilities by students. Their carrying amounts approximate fair value.

15 STATE SUBSIDIES AND GRANTS

State subsidy for general purposes	802 294 863	702 649 936
Subsidy released on capital and clinical grants from the Department of Higher Education and Training (Restricted State grants and contracts for research) (Restricted use)	8 714 018	15 088 266
State grants and contracts for research (Restricted use)	161 037 278	128 050 426
Clinical training subsidy and foundation training subsidy (Restricted use)	<u>31 288 696</u>	<u>12 527 895</u>
	<u>1 003 334 855</u>	<u>858 316 523</u>

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

16 INCOME FROM INVESTMENTS

	Council controlled 2016 ZAR	Restricted use 2016 ZAR	TOTAL 2016 ZAR
Interest received			
Investments	11 924 901	24 856 625	36 781 526
Available-for-sale	11 924 901	24 668 744	36 593 645
Endowment policy	-	187 881	187 881
Held to maturity	-	-	-
Cash and cash equivalents	64 609 503	7 354 854	71 964 357
Total interest received	76 534 404	32 211 479	108 745 883
Dividends received	8 763 880	3 933 454	12 697 334
Total investment income	85 298 284	36 144 933	121 443 217
Realised gain on disposal of available for sale investments	-	36 049 651	36 049 651
Unrealised fair value adjustment losses	-	(32 568 586)	(32 568 586)

	Council controlled 2015 ZAR	Restricted use 2015 ZAR	TOTAL 2015 ZAR
Interest received			
Investments	-	10 127 595	10 127 595
Available-for-sale	-	9 690 794	9 690 794
Endowment policy	-	249 049	249 049
Held to maturity	-	187 752	187 752
Cash and cash equivalents	63 421 518	16 379	63 437 897
Total interest received	63 421 518	10 143 974	73 565 492
Dividends received	6 287 509	4 031 981	10 319 490
Total investment income	69 709 027	14 175 955	83 884 982
Realised gain on disposal of available for sale investments		36 299 606	36 299 606
Unrealised fair value adjustments gains		62 932 206	62 932 206

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

17 PERSONNEL COSTS

	Council controlled ZAR	Restricted use ZAR	Student accommodation ZAR	2016 Total ZAR
Academic professionals				
Salaries	403 670 884	53 367 169	-	457 038 053
Post employment benefit contributions	25 414 324	1 288 745	-	26 703 069
Total - academic professionals	429 085 208	54 655 914	-	483 741 122
Other personnel				
Salaries	346 134 805	63 430 980	13 358 490	422 924 275
Post employment benefit contributions	19 937 528	1 368 584	1 415 116	22 721 228
Total – other personnel	366 072 333	64 799 564	14 773 606	445 645 503
TOTAL PERSONNEL COSTS	795 157 541	119 455 478	14 773 606	929 386 625

Average monthly personnel employed by the University during the 2016 year:

Full time	1 446
Part time	2 002
	3 448

Remuneration of key management:

The following disclosures relate to compensation paid to the key management of the University.

Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

Name	Office held	Months in office	Short term employees benefits (1) R'000s	Post- employment benefits R'000s	Actual amount R'000s
Pretorius TB	Rector	12	2 732	286	3 018
Lawton-Misra N	Registrar	12	1 572	164	1 736
Regal A	Executive director: - Finance and Services	12	1 701	175	1 876
Glaeser A	Executive director: - Human Resources	12	1 685	-	1 685
Lawack VA	Vice Rector: - Academic affairs	12	1 964	208	2 172
Swanepoel FJC	Vice Rector: - Research	12	1 520	153	1 673
Dube PZ	Vice Rector: - Student Development and Support	12	1 978	206	2 184

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

17 PERSONNEL COSTS (continued)

Name	Office held	Months in office	Short term employees benefits (1) R'000s	Post-employment benefits R'000s	Actual amount R'000s
<i>Deans</i>	<i>Faculties:</i>				
Desai Z K	Education	12	2 449	51	2 500
Nomlomo V S	Education	12	766	162	928
Brown D	Arts	12	1 504	-	1 504
Osman Y I	Dentistry	12	125	-	125
Martin B S C	Law	12	1 222	272	1 494
Frantz J M	Community and Health Sciences	12	1 307	229	1 536
Visser K	Economic and Management Sciences	12	1 371	137	1 508
Davies-Coleman M T	Natural Sciences	12	1 353	143	1 496

Exceptional payment amounts – each exceeding in annual aggregate R249 999:

No exceptional payments were made during the year.

Payments for attendance at meetings of the council and its subcommittees:

It is not University policy to remunerate council members for attendance at meetings.

(1) This amount includes accumulated leave paid out upon retirement or when employee leaves the university.

	Council controlled ZAR	Restricted use ZAR	Student accommodation ZAR	2015 Total ZAR
Academic professionals				
Salaries	380 638 416	49 133 697	-	429 772 113
Post employment benefit contributions	23 121 598	1 070 298	-	24 191 896
Total - academic professionals	403 760 014	50 203 995	-	453 964 009
Other personnel				
Salaries	322 771 781	68 879 658	12 463 026	404 114 465
Post employment benefit contributions	15 556 399	1 318 462	1 304 931	18 179 792
Total – other personnel	338 328 180	70 198 120	13 767 957	422 294 257
TOTAL PERSONNEL COSTS	742 088 194	120 402 115	13 767 957	876 258 266

Average monthly personnel employed by the University during the 2015 year:

Full time	1 384
Part time	1 808
	<u>3 192</u>

Remuneration of key management:

The following disclosures relate to compensation paid to the key management of the University.

Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

17 PERSONNEL COSTS (continued)

Average monthly personnel employed by the University during the 2015 year:

Name	Office held	Months in office	Short term employees benefits R'000s	Post-employment benefits R'000s	Actual amount R'000s
Pretorius T B	Rector	12	2 615	274	2 889
Lawton-Mistra N	Registrar	11	1 354	140	1 494
Regal A	Executive director: - Finance and Services	12	1 390	142	1 532
Glaeser A	Executive director: - Human Resources	12	1 437	-	1 437
Lawack V A	Vice Rector: - Academic affairs	9	1 384	147	1 531
Swanepoel F J C	Vice Rector: - Research	12	1 545	159	1 704
Dube P Z	Vice Rector: - Student Development and Support	1	143	15	158
<i>Deans</i>	<i>Faculties:</i>				
Desai Z K	Education	12	1 267	131	1 398
Brown D	Arts	12	1 422	-	1 422
Osman Y I	Dentistry	12	128	-	128
Martin B S C	Law	12	1 145	245	1 399
Frantz J M	Community and Health Sciences	12	1 270	212	1 482
Visser K	Economic and Management Sciences	12	1 280	128	1 408
Davies-Coleman M T	Natural Sciences	12	1 264	134	1 398

Exceptional payment amounts – each exceeding in annual aggregate R249 999:

No exceptional payments were made during the year.

Payments for attendance at meetings of the council and its subcommittees:

It is not University policy to remunerate council members for attendance at meetings.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

18 OTHER OPERATING REVENUE AND EXPENSES

	ZAR	ZAR	ZAR	ZAR
	Council controlled	Restricted use	Student accommodation	2016 TOTAL
18.1 Other recurrent income	46 223 939	31 354 051	1 252 157	78 830 147

Other recurrent income arises from activities associated with the University's core teaching and research activities, but not directly derived there from such as hiring of facilities, conferences and preparatory courses.

	ZAR	ZAR	ZAR	ZAR
	Council controlled	Restricted use	Student accommodation	2015 TOTAL
	52 042 044	30 939 093	23 445	83 004 582

Other recurrent income arises from activities associated with the University's core teaching and research activities, but not directly derived there from such as hiring of facilities, conferences and preparatory courses.

18.2 Other operating expenses

	ZAR	ZAR	ZAR	ZAR
	Council controlled	Restricted use	Student accommodation	2016 TOTAL
Academic consumable material	23 237 038	21 104 493	1 016 686	45 358 217
Advertising	5 188 819	1 819 373	9 090	7 017 282
Bad debts written off	27 107 465	86 937	-	27 194 402
Bursaries and prizes	24 951 977	70 627 948	41 000	95 620 925
Cleaning	27 567 482	44 463	11 847 077	39 459 022
Computer maintenance and licensing	18 954 759	1 871 637	2 037	20 828 433
Electricity and water	38 727 105	28 896	11 248 100	50 004 101
Entertainment	6 522 872	3 882 694	444 875	10 850 441
Food provisions	588 630	115 388	22 556	726 574
Hire of equipment	506 041	60 425	-	566 466
Insurance	2 069 924	19 585	-	2 089 509
Journals and subscriptions	27 097 195	(48 789)	-	27 048 406
Library and art acquisitions	122 409	2 901 374	-	3 023 783
Postage and telephone	9 643 042	153 638	352 629	10 149 309
Printing and stationery	21 865 204	3 196 736	494 609	25 556 549
Professional services	38 417 940	9 820 831	26	45 738 797
Property rates	21 135 755	-	-	21 135 755
Protective clothing	320 120	11 280	81 957	413 357
Rebate on fees	1 543 662	6 840	-	1 550 502
Rent of buildings	1 317 559	743 695	3 742 126	5 803 380
Repairs and maintenance	31 727 472	(125 824)	2 338 451	33 940 099
Security contracts	82 783 568	106 901	11 438 972	94 329 441
Staff meals: Food services	2 977 803	1 242 916	81 910	4 302 629
Sundries	19 196 277	146 349 502	808 320	166 354 099
Travel and subsistence	31 826 786	42 034 737	4 624 261	78 485 784
Vehicle expenses	1 394 073	53 070	102 410	1 549 553
	466 790 977	306 108 746	48 697 092	821 596 815

Rebates on fees represent the cost to the University of certain policies, and are disclosed under other operating expenses instead of being set-off against tuition fees in order to better present the impact of these policies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

18 OTHER OPERATING REVENUE AND EXPENSES (continued)

18.2 Other operating expenses (continued)

	ZAR Council controlled	ZAR Restricted use	ZAR Student accommodation	ZAR 2015 TOTAL
Academic consumable material	15 010 759	20 141 053	586 271	35 738 083
Advertising	6 118 599	1 904 882	-	8 023 481
Bad debts written off	29 704 994	5 250	-	29 710 244
Bursaries and prizes	24 926 450	100 350 130	16 576	125 293 156
Cleaning	18 459 912	18 557	11 200 929	29 679 398
Computer maintenance and licensing	17 076 612	1 587 790	14 294	18 678 696
Electricity and water	42 328 571	128 974	10 675 427	53 132 972
Entertainment	8 926 630	3 649 824	438 099	13 014 553
Food provisions	626 070	151 573	-	777 643
Hire of equipment	725 722	207 524	-	933 246
Insurance	4 738 068	28 914	-	4 766 982
Journals and subscriptions	20 842 769	7 118	-	20 849 887
Library and art acquisitions	1 573 655	1 940 894	-	3 514 549
Postage and telephone	8 273 350	2 678 036	312 047	11 263 433
Printing and stationery	22 985 605	3 283 670	604 066	26 873 341
Professional services	37 373 976	10 403 435	89	47 777 500
Property rates	16 162 950	-	-	16 162 950
Protective clothing	293 432	192 336	1 490	487 258
Rebate on fees	1 498 205	-	-	1 498 205
Rent of buildings	999 526	927 260	3 791 556	5 718 342
Repairs and maintenance	26 650 643	282 261	1 119 632	28 052 536
Security contracts	42 105 560	75 576	11 626 202	53 807 338
Staff meals: Food services	3 341 046	1 602 228	70 663	5 013 937
Sundries	28 050 001	64 631 288	847 112	93 528 401
Travel and subsistence	28 455 142	42 502 875	4 823 785	75 781 802
Vehicle expenses	1 515 800	138 829	134 664	1 789 293
	<u>408 764 047</u>	<u>256 840 277</u>	<u>46 262 902</u>	<u>711 867 226</u>

Rebates on fees represent the cost to the University of certain policies, and are disclosed under other operating expenses instead of being set-off against tuition fees in order to better present the impact of these policies.

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
19 FINANCE AND RELATED COSTS		
Finance costs		
Long term loans	<u>22 752 339</u>	<u>15 531 058</u>
	<u>22 752 339</u>	<u>15 531 058</u>
Other related costs		
Portfolio administration costs	<u>8 901 631</u>	<u>6 730 399</u>
	<u>8 901 631</u>	<u>6 730 399</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University's financial liabilities includes long term loans, accounts payable and student deposits. The financial assets such as investments, student fee debtors, other receivable staff loans and cash and short term deposits arise directly from its operations. The main risks arising from the University's financial instruments are market risk, liquidity risk and credit risk. Management policies for managing each risk are summarised below.

Market risk

Market rate risk comprises interest risk, price risk and currency risk.

Liquidity risk management

The University manages its liquidity risk by maintaining a sufficient cash buffer and an overdraft facility at all times. Deposits are held at central banks that can be easily accessed for liquidity management purposes. At the year end the University had an unutilised overdraft facility of R15 000 000 available. Refer to note 9 and note 12 for contractual maturing of financial liabilities.

Credit risk management

Student fees receivable

The University has implemented various policies to recover long outstanding debt including using debt collectors and agreeing monthly payment schemes with students. 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 R124 352 519 (2015: R103 590 980), after the current year impairment provision. Refer note 6 for further details.

Other receivables

The University deposits only with major banks of high quality credit standing. At year end the management of the University did not consider there to be any significant concentration of credit risk which has not been adequately provided for. The maximum exposure to credit risk is the carrying amounts disclosed in note 3: held to maturity – R666 503 (2015: R854 391) note 4: staff loans – R168 421 (2015: R202 047); note 7: other receivables excluding prepayments – R55 326 605 (2015: R33 483 991) and note 8 cash and cash equivalents – R829 482 966 (2015: R528 260 573). No collateral is held in respect of the university's financial assets.

The University has no concerns over the credit quality of assets that are neither past due nor impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk management

Interest rate risk on investments, long term loans and cash is managed by utilising a mix of fixed and variable rate instruments that avoid a concentration of risk.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all variables held constant, of the University surplus. There is no material impact on the University equity.

Interest rate risk table

The effect on net surplus due to reasonable possible change in interest rates with all other variable rates with all other variable rates held constant is as follows:

	ZAR	ZAR
Interest rate changes	2016	2015
The effect of a 1% increase in interest rate on net surplus	14 531 650	10 122 213
The effect of a 1% decrease in interest rate on net surplus	(14 531 650)	(10 122 213)

Price risk

There is an exposure to price risk on listed and unlisted shares due to the fair value or future cash flows of financial instruments which will fluctuate because of changes in market prices. The risk is managed by the appointed portfolio manager.

Price risk table

The effect on equity due reasonable possible changes in equity indices, with all other variables held constant is as follows:

	ZAR	ZAR
Price risk changes	2016	2015
The effect of a 5% increase in interest rate on net surplus	32 272 222	39 709 538
The effect of a 5% decrease in interest rate on net surplus	(32 272 222)	(39 709 538)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The University's exposure to the risk of changes in foreign exchange rates relates primarily to the investments in foreign denominated investment funds.

Foreign currency sensitivity

The table below illustrates the effect of 10% increases in foreign currency rates on other comprehensive income for the year with reference to the University's available-for-sale investments.

The effect shown in the sensitivity analysis is on the net surplus of the University based on the changes to the exchange rates. The sensitivity analysis is prepared with all other variables held constant, and is based on the balances at year end taking into account the reasonable possible changes in the next 12 months. The actual results may differ from the sensitivity analysis and the difference could be material. The effect shown in the sensitivity analysis is on the net surplus of the University based on the changes to the exchange rates.

	Increase/Decrease in foreign currency rate	US Dollar Exposure	Pound Sterling Exposure
2016	10%	R15 221 780	R1 510 334
	-10%	R-15 221 780	R-1 510 334
2015	10%	R 17 136 330	R 1 510 334
	-10%	R-17 136 330	R-1 510 334

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

	ZAR 2016	ZAR 2015
21 COMMITMENTS AND CONTINGENT LIABILITY		
21.1 Capital commitments		
Amounts allocated for capital expenditure at reporting date, but not contracted	176 491 000	376 579 000
Capital expenditure contracted for at year end, but not yet incurred	<u>365 603 000</u>	<u>10 000 000</u>
Total planned capital expenditure	<u>542 094 000</u>	<u>386 579 000</u>
Capital expenditure approved relates to amounts formally designated for the acquisition, construction, improvement or major maintenance of items of property, plant and equipment. Capital commitments will be funded from state grants and UWC's own funds.		
21.2 Operating lease commitments – University as lessee		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	4 878 230	7 655 356
Later than 1 year and not later than 5 years	<u>717 889</u>	<u>8 599 528</u>
	<u>5 596 119</u>	<u>16 254 884</u>
Operating lease commitments relate to rental of buildings and of photocopy equipment. The amounts disclosed above are the minimum lease payments, in addition to which the photocopy equipment agreements provide for contingent rentals based on usage.		
21.3 Finance lease commitments – University as lessor		
The future minimum lease receipts under non-cancellable operating leases are as follows:		
No later than 1 year	94 874	86 249
Later than 1 year and not later than 5 years	484 340	440 309
Later than 5 years	<u>6 195 028</u>	<u>6 333 933</u>
	<u>6 774 242</u>	<u>6 860 491</u>

The university has entered into a "Build Operate Transfer" (BOT) model whereby UWC leases land to KOVACS with a right to develop student residences exclusive to UWC students with a right to collect rentals at full risk. The terms of the lease is 25 years plus 3 years development.

21.4 Commitments

The University has provided collateral security of R42 230 (2015: R42 230) advanced by the University to financial institutions to enable staff to obtain housing loans. Management is of the opinion that there is no transfer of significant risk to the University based on the historical behaviour of the beneficiaries and the fact that the University has security in the form of the staff member retirement fund.

UNIVERSITY OF THE WESTERN CAPE

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016**

22 TRANSFERS TO CLEAR DORMANT ENTITIES

Entities that comprise restricted funds have been reviewed to identify entities that have been inactive for a substantial period. The accumulated surpluses or deficits in such entities are represented by credits and debits, respectively, in the accumulated funds of these entities.

Where management is of the opinion that no claim or restriction will apply to the credit balances in such a fund, the amount in the fund is transferred to the council controlled funds of the University.

Where management is of the opinion that no recovery or settlement is likely of any debit balances in such a fund, an appropriate amount is transferred from council controlled funds to eliminate such debit balance.

	ZAR	ZAR	ZAR
	Restricted use	2016	2015
Transfers to clear entities with credit balances	523 888	523 888	(511 266)
Transfers to clear entities with debit balances	(1 128 383)	(1 128 383)	72 188
Other transfers	14 271 623	14 271 623	-
	<u>13 667 128</u>	<u>13 667 128</u>	<u>(439 078)</u>

Entities with debit balances mainly comprise entities previously cleared as dormant which were reinstated.

23 RELATED PARTIES

Due to the nature of the University's operations and the composition of its Council (being drawn from public and private sector organisations) it is possible that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's regulations and normal procurement procedures. The Department of Higher Education and Training is a related party and transactions with them comprise various subsidies and grants received amounting to R1 003 334 855 (2015: R858 316 523).

None of the University's Council Members declared having business interest with the University.

24 GOVERNMENT GRANTS

According to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, Government Grants related to assets shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. The deferred revenue will be recognised as income on a systematic basis over the useful life of the assets.

	ZAR	ZAR
	2016	2015
At 1 January	586 164 387	579 860 105
Received during the year	425 113 904	17 488 913
Recognised during the year	<u>(22 728 681)</u>	<u>(11 184 631)</u>
At 31 December	<u>988 549 610</u>	<u>586 164 387</u>
Total Government Grants relating to assets	988 549 612	586 164 387
Current portion	39 327 921	25 199 294
Long term portion	949 221 691	560 965 093

UNIVERSITY OF THE WESTERN CAPE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

		ZAR 2016	ZAR 2015
25	NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS		
25.1	Net surplus before interest and dividends		
	Notes		
	Consolidated net surplus for the year	47 691 450	129 825 644
	Separately disclosed items	(98 690 878)	(68 353 924)
	Interest received	16 (108 558 002)	(73 128 691)
	Interest earned and reinvested	16 (187 881)	(436 801)
	Dividends received	16 (12 697 334)	(10 319 490)
	Finance costs	19 22 752 339	15 531 058
	Net (deficit)/surplus before interest and dividends	<u>(50 999 428)</u>	<u>61 471 720</u>
25.2	Cash, bank and cash equivalents		
	Cash at bank and on hand	806 139 480	514 415 883
	Short term bank deposits	23 343 486	13 844 690
		<u>829 482 966</u>	<u>528 260 573</u>

At 31 December 2016 the University had available R86 650 000 (2015: R86 650 000) of undrawn committed in respect of which all conditions precedent had been met.

26 EVENTS AFTER THE REPORTING DATE

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. There were no other matters or circumstances arising since the end of the financial year that will have a significant impact on the financial statements.

**ANNEXURE 1: COMPOSITION, MEMBERSHIP AND ATTENDANCE OF KEY COMMITTEES
(31 DECEMBER 2016)**

COMPOSITION AND MEMBERSHIP OF THE COUNCIL OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises of the following categories:

The Rector and Vice-Rectors

Prof Tyrone Pretorius

Prof Vivienne Lawack

Prof Pamela Dube

Prof Frans Swanepoel (Resigned 30 September 2016)

Prof Burtram Fielding (Acting DVC: Research & Innovation) - (Term started 1 October 2016 ended 31 March 2017)

Five persons appointed by the Minister of Education

Ms Xoliswa Bam

Mr Onkgopotse Tabane

Mr Zamayedwa Sogayise

Mr Bhekinkosi Mvovo

Dr Raymond Patel

Two members of Senate

Prof Emmanuel Iwuoha

Prof Priscilla Baker

One academic employee

Prof Lorna Holtman

One non-academic employee

Mr Mahmud Mohamed

Two registered students

From October 2015:

Ms Akhona Landu (SRC President from October 2015 until September 2016)

Mr Unathi Sogadi

From October 2016:

M Asanda Bleki (SRC President from October 2016 until September 2017)

Mr Sibulelo Ganda

Two Donors

Mr Ismail Matthews
Vacant

One member of the City of Cape Town

Cll Antonio Van der Rheede

Two persons elected by Convocation

Mr Brian Williams
Mr Songezo Maqula

One member of organised business in the Western Cape

Mr Oscar Solomons (Term ended 31 December 2016)

One member of organised business in South Africa

Mr Mthunzi Mdwaba

One member of organised labour in South Africa

Mr Koos Bezuidenhout (Term ended 28 February 2016)
Mr Andre Kriel (Term started 5 August 2016)

One member of organised labour in the Western Cape

Mr Manene Samela (Term ended 28 February 2016)
Mr Koos Bezuidenhout (Term started 6 April 2016)

One person designated by the Premier of the Western Cape

Adv. Nazreen Bawa

A minimum of four and a maximum of six additional members

Mr Michael Abel (Term ended 31 March 2016)
Mr Lyndon Barends
Ms Hlokammoni Grathel Motau
Ms Yasmin Forbes
Ms Alayne Reesberg

COMPOSITION AND MEMBERSHIP OF THE AUDIT AND RISK COMMITTEE OF THE UNIVERSITY OF THE WESTERN CAPE WITH MEMBERS' HIGHEST QUALIFICATIONS

In accordance with the Institutional Statute, membership comprises of the following categories:

Three (3) members of Council

Ms Xoliswa Bam	MBA (Management College of South Africa)
Dr Raymond Patel	PhD (University of the Free State)
Mr Ismail Matthews	BSc (Hons) (University of the Western Cape)

Three independent members – not in the employ of UWC

Mr Vincent Botto:	LLM (University of the Western Cape); MPA (Harvard University)
Mr Kariem Hoosain	Chartered Accountant (SAICA); MBA (Stellenbosch University)
Mr John Matthews	BCOM (University of Cape Town)

COMPOSITION AND MEMBERSHIP OF THE FINANCE COMMITTEE OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises of the following categories:

The Rector

Prof Tyrone Pretorius

The Vice-Rectors

Prof Vivienne Lawack
Prof Pamela Dube
Prof Frans Swanepoel (Resigned 30 September 2016)
Prof Burtram Fielding (Acting DVC Research & Innovation)

The Executive Director: Finance and Services

Mr Manie Regal

An additional member of the Management Committee

Ms Amanda Glaeser

One Dean designated annually by the Executive Committee of Senate

Prof Yusuf Osman

Two members of Senate

Prof Leon Loxton
Prof Kobus Visser

A minimum of two and a maximum of four members of Council

Mr Onkgopotse Tabane
Ms Grathel Motau
Mr Zamayedwa Sogayise
Ms Akhona Landu

COMPOSITION AND MEMBERSHIP OF THE INSTITUTIONAL FORUM OF THE UNIVERSITY OF THE WESTERN CAPE, 2016

In accordance with the Institutional Statute, membership comprises of the following categories:

Three representatives of the Management

Prof Vivienne Lawack
Ms Amanda Glaeser
Prof Pamela Dube

Three representatives of the Senate

Prof Matthew Ocran
Prof Anthea Rhoda
Prof Brian Van Wyk

Three representatives of Council

Mr Bhekinkosi Mvovo
Mr Koos Bezuidenhout
Ms Xoliswa Bam

Three representatives of the academic employees elected by an organisation representing such employees

Prof Lorna Holtman
Prof Burtram Fielding

Three representatives of the non- academic employees elected by an organisation representing such employees

Mrs Enid Heynes (Term started January 2016)
Ms Liesl Leonard (Term started January 2016)
Mr Bradley Thorne (Term started January 2016)

Three representatives of the students elected by the Student Representative Council

Ms Akhona Landu (Term ended October 2016)
Mr Unathi Sigodi (Term ended October 2016)
Ms Lukhanyiso Matebese (Term started October 2016)
Mr Asanda Bleki (SRC President - Term started October 2016)
Mr Sibulelo Ganda (Term started October 2016)
Mr Nolukholo Mabharwana (Term started October 2016)

A maximum of four persons not being in the employ of the University

Not appointed

ANNEXURE 2: ATTENDANCE OF BY COUNCILLORS OF COUNCIL, FINANCE AND AUDIT & RISK COMMITTEE MEETINGS

COUNCILLOR	COUNCIL: 6 meetings	FINANCE: 5 meetings	AUDIT AND RISK: 4 meetings
1. Prof Tyrone Pretorius	6 out of 6	4 out of 5	
2. Prof Vivienne Lawack	6 out of 6	3 out of 5	
3. Prof Pamela Dube	6 out of 6	4 out of 5	
4. Prof Frans Swanepoel	2 out of 4	0 out of 4	
5. Prof Burtram Fielding (Acting DVC: Research & Innovation)	1 out of 2	0 out of 1	
6. Ms Xoliswa Bam	5 out of 6		4 out of 4
7. Mr Onkgopotse Tabane	4 out of 6	0 out of 5	
8. Mr Zamayedwa Sogayise	5 out of 6	2 out of 5	
9. Mr Bhekinkosi Mvovo	3 out of 6		
10. Dr Raymond Patel	6 out of 6		4 out of 4
11. Prof Emmanuel Iwuoha	5 out of 6		
12. Prof Priscilla Baker	5 out of 6		
13. Prof Lorna Holtman	5 out of 6		
14. Mr Mahmud Mohamed	6 out of 6		
15. Ms Akhona Landu (SRC President) Term ended Oct 2016	3 out of 4	1 out of 4	
16. Mr Unati Sigodi Term ended Oct 2016	4 out of 4		
17. Ms Lukhanyiso Matebese	1 out of 1		
18. Mr Asanda Bleki (SRC President) Term started October 2016	2 out of 2		
19. Mr Sibulelo Ganda Term started October 2016	2 out of 2		
20. Mr Ismail Matthews	4 out of 6		3 out of 4
21. CLL Antonio Van der Rheede	2 out of 6		
22. Mr Oscar Solomons	4 out of 6		
23. Mr Mthunzi Mdwaba	6 out of 6		
24. Mr Manene Samela	1 out of 1		
25. Mr Andre Kriel	1 out of 3		
26. Mr Jacobus Bezuidenhout	2 out of 5		
27. Adv Nazreen Bawa	1 out of 6		
28. Mr Brian Williams	1 out of 1		
29. Mr Songeqo Maqula	1 out of 1		
30. Mr Michael Abel	2 out of 2		
31. Ms Yasmin Forbes	6 out of 6		
32. Ms Grathel Motau	3 out of 6	5 out of 5	
33. Ms Alayne Reesberg	4 out of 6		
34. Mr Lyndon Barends	3 out of 6		

ANNEXURE 3: LIST OF COUNCIL SUB-COMMITTEES AND JOINT COUNCIL AND SENATE COMMITTEES

Council Committees:

- Audit and Risk Committee
- Executive Committee of Council
- Finance Committee
- Membership Committee
- Remuneration and Conditions of Employment Committee
- Senior Appointments Committee
- Senior Professor Status Committee
- Tender Committee
- Human Resources Committee
- Safety, Health and Environmental Risk Committee

Joint Council and Senate Committees:

- Honorary Degrees Committee
- Enterprise Architecture and Information Systems Committee
- Joint Appointments and Promotions Committee of Senate and Council
- Student Development and Support Services Committee