



UNIVERSITY *of the*  
WESTERN CAPE

**University *of the* Western Cape**

**Annual Report**

**2008**

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## 1. REPORT FROM THE CHAIRPERSON OF COUNCIL

It has been my privilege to report on behalf of the Council of the University of the Western Cape (UWC) since 2006. My term as Chairperson came to an end with the yearend and in preparing this report it has given me great pleasure to reflect not only on the work of Council during 2008 but to look back on the past three years and to be able to report that UWC has been very successful in achieving most of its goals in all of the institution's strategic focus areas. 2008 has again been a year where we can report that UWC is able to celebrate institutional success in all areas of the university project: sound governance; dynamic leadership; high demand from potential students and stable student numbers; continued student success; ever-increasing numbers of higher degree graduates; strong community outreach programmes; and a financially successful year.

As part of my 2007 report I reported on the tragic death of the Deputy Chairperson of Council, Mr Don Pasquallie, early in 2008. He had served on Council since 2001, became Chairperson of the Tender Committee of Council in 2002 and was also a member of the Executive Committee of Council, the Senior Appointments Committee of Council, the Remuneration and Conditions of Employment Committee of Council and the Honorary Degrees Committee. Council sorely missed his presence in our deliberations. Following the untimely passing of Mr Pasquallie, Council appointed Mr Brian Williams, the President of the Convocation, as Deputy Chairperson and Mr Sedick Jappie as the Chairperson of the Tender Committee.

### Strategic Focus

Council is satisfied that the University's strategic management processes in 2008 focused on giving effect to the vision and priorities articulated in the Institutional Operating Plan (IOP) that was approved at the beginning of 2005 and that articulates the institutional priorities for the period 2005 - 2009. In approving the IOP Council was satisfied that the approach to achieving and maintaining higher levels of excellence in the institution's major focus areas was realistic, the approach was viable and it was clearly linked to the institutional mission, the national higher education goals and that the institution has the capacity to deliver on the approach suggested.

Council has been informed that the process of updating the IOP (2010 – 2014) has commenced and will be concluded by mid 2009.

### Governance and Leadership

Council annually approves the Five Year Financial Plan (FYP) and the annual budget and it performed its fiduciary function within the established accountability framework. Through its Finance Committee and the internal and external audit regimes, Council remained aware of risks and progress to mitigate risk in key areas. Council was also informed that an Executive Risk Management Committee was established to improve senior managers' ability to identify and manage operational risks. During 2009 attention will be given to the relationship between this executive structure and the committees mentioned above. Council also provided strategic focus and sanctioned strategic plans and initiatives. In addition to its scheduled annual meetings Council also has set time aside for a Workshop to enable Councillors to have in depth discussions about key

institutional goals, strategies and developments and to familiarise specifically new Councillors with governance and procedural matters.

At the level of Council, several annual and multi-year processes provide structure, insight and focus for planning and quality improvement activities. Council is also required to submit Employment Equity Plans and progress reports to the Department of Labour and these reach Council via the Institutional Forum.

Annually Council, via its Finance Committee, receives a revised Five Year Rolling Financial Plan (FYP). The FYP provides updates on the latest financial indicators and forecasts, sets out projected student numbers, fee and salary increases and benchmarks ratios against which the budget will be measured. Council also monitors the income and expenditure as per budget to make sure that the university is adequately resourced to sustain normal operations. Council also receives annual audited financial statements on the prior year's expenditure. The Vice-Chancellor presents written progress reports at each Council meeting to apprise Council of issues in the internal or external environment and to seek advice, approval and shared ownership in matters of strategic significance.

Through its Audit Committee, Council is committed to ensuring that internal and external audits, in both cases by auditors outside the university, identify risks and validate progress and aspects of quality. Periodic evaluations of selected strategies, tactics, and interventions are used to measure current performance against previously set expectations.

Council is satisfied that during 2008 it was appropriately apprised of the key institutional risks via the Audit, Finance and Tender Committee reports and in person by the Chairpersons of these Committees. Council is also satisfied that it has competent and suitably qualified chairpersons in place for all three these Committees.

### **Policies, Standing Orders and Key Issues**

Council receives written reports from the Vice-Chancellor at all meetings and these reports are very valuable in terms of keeping Council informed of key events, challenges and successes that are not necessarily reported via the normal governance channels. Key challenges and successes are dealt with in detail in other reports that form part of this Annual Report, but Council is, amongst others, very pleased with the success of the University in terms of research development, student support activities, student performance, infrastructural development and administrative improvements.

Council approved amendments to the Institutional Statute in relation to quorum requirements of the Council, Senate and their sub committees as well as an amendment relating to the voting regulations of the Convocation.

Annually Council considers new policies or amendments to policies and in 2008 Council approved the: Procurement and Tender Policy in order to align it with amendments to the Broad Based Black Economic Empowerment Act; Policy and Procedure for Hazardous Chemical Waste to align this area of the university's operations with national legislation and amendments to the Medical Aid Policy.

Council also approved an investment strategy for annual surpluses and delegated authority to the Finance Committee of Council to appoint a Fund Manager. Council debated and approved that in terms of the remuneration of staff employees must receive pro-rata bonus payments on the date of their resignation. It was also approved that employees should be given a choice between pro-rata bonus payments as part of their monthly salaries or as a once-off annual payment.

Council reaffirmed its membership categories specifically that pertaining to organised labour and approved revisions to the Code of Conduct for Council and Members of Council.

The Senate of the University plays a crucial role in advising Council about academic affairs and as part of Senate reports, Council considered and approved the following matters: rule changes relating to promotions in the B.Cur programme and changes to the rules pertaining to credits required for condonation in an academic year; amendments to the General Rules regarding the governing and composition of assessment panels for Master's and Doctoral degrees; service level agreements for the provision of service modules at the University; and reconfiguring the Programme for Land and Agrarian Studies to an Institute.

In addition Council approved amended admission requirements for 2009 and a new academic programme and related modules in Dental Therapy, the Bachelor of Dental Therapy Degree (BDentTher).

Scrutinising the terms of reference of Senate and Council Committees is an ongoing process steered by the Registrar's office to ensure that committees are operating within changing legal requirements and that they are able to function optimally. Council approved the terms of reference of the Development of Physical Infrastructure Committee of Council and the Senate Health Research Ethics Committee. It also approved the amended terms of reference of the Senior Professor Status Committee, the Accelerated Promotions Sub-Committee, the Honorary Degrees Committee, the Risk Management Committee and an amendment to the Standing Orders of the Office of a Dean. Council also approved the establishment of the Senate Teaching and Learning Committee and an amendment to the terms of reference of the Senate Lifelong Learning Committee.

Council was informed of the appointment of a Ministerial Committee to investigate and report on Transformation, Social Cohesion and the Elimination of Discrimination in Public Higher Education Institutions. Council was pleased to note the range of actions and initiatives on campus to address the issues being investigated by the Ministerial Committee and participated in the proceedings of the committee when they visited UWC. We look forward to the Committee's final report and Council and Management will then consider the way forward.

Council noted the draft response from the Higher Education Quality Committee (HEQC) in response to the institutional quality audit it had conducted in September 2007 and in which various Council members participated. Council agreed with the approach that the response to the HEQC, which is due in 2009, should form part of the Institutional Operating Plan's planning process in order to ensure that the quality audit concerns are addressed appropriately in the longer term planning process of the institution and that strategies to address issues are institutionalised through that comprehensive process.

In recognition of their respective individual contributions Council approved the awarding of Honorary Doctorates to the following individuals: Professor Wally Morrow and Ms Pregaluxmi Govender. The University

and its Council are deeply honoured to be associated with these individuals. The bestowal of Ms Govender's degree took place at a formal graduation ceremony in 2009. In view of his deteriorating health, Professor Morrow's degree was conferred at a special ceremony which was broadcasted to his house in Port Elizabeth. It was with great sadness that the University community received the news that Professor Morrow passed away only weeks after the special ceremony.

It is a pleasure to be able to report that Council approved the appointment of a number of Emeritus Professors in 2008. The title of Emeritus Professor is bestowed on a Professor who retired from UWC, contributed significantly to the academic and administrative leadership and was involved in a variety of community activities. Such professors, who are nominated by faculties, are appointed because of their expertise in their discipline and their far-reaching involvement in the academic project at UWC. Council approved the appointment of Professors H Herman, C Julie, S Ridge, M Flockeman, A Redelinghuys, G Werle and E Braune as Emeritus Professors. Council is pleased that the formal association with these individuals, who served UWC with such distinction, can continue in this way.

In 2006, following an extensive process of consultation, Council approved the University's Employment Equity Plan as drafted by the Employment Equity Forum. The University has not had the desired success in attracting and retaining specifically African staff members. The EE Plan sets targets to address, amongst others, this situation. Council annually considers the University's results in terms of achieving EE targets and was pleased to note that UWC is making progress against targets. It was also noted that employment equity forms an important part of all employment procedures.

In terms of student equity Council was pleased with the proportionate rise in African students from 37% to 38%. Coloured students comprised 47% of the student body, Indian students remained at 8% and White students dropped to 4%. The remaining 3% of students are not classified per race categories and are mostly international students. During 2007, following a communiqué from the Minister of Education regarding Enrolment Plans and Infrastructure and Efficiency Funding, Council approved the increase in student enrolment from 15 000 to 17 500 over the next 3 years. In approving the expanded enrolment mandate Council was satisfied that the current infrastructural expansion and improvement would allow the physical plant to accommodate more students. Enrolment targets for 2008 were not achieved but Council is satisfied that Management is dealing with the matter responsibly through a targeted growth strategy.

Infrastructural development has been high on the planning agenda of the University the last few years and the latter part of 2006 and 2007 saw various projects gain significant momentum. Council is satisfied that the infrastructural developments are being managed well by the University and that appropriate measures are in place to limit risk in these projects.

During 2007 Council approved the R500m budget of the Life Sciences development and that the University could proceed with the entire development despite the financial shortfall. During the financial cycle of this report Council approved that the University enter into a long-term loan agreement with the Development Bank of South Africa to the value of R90m at a fixed interest rate in lieu of the financial shortfall on the Life Sciences development.

The construction of the Life Sciences and School of Public Health buildings commenced in the second half of 2007. The School of Public Health building was completed at the end of 2008 and will be occupied early in 2009. The School of Public Health building is fully funded by a generous donation of R66m from The Atlantic Philanthropies and Council wants to add its voice to that of the University in thanking The Atlantic Philanthropies for their generous support to both this building and the Life Sciences development. The University is very excited about the new buildings, the first to be constructed in almost a decade.

They year also saw the completion of the East link road development that involved the completion of the ring-road system and a new vehicular entrance to the University from Symphony Way as well as the provision of 5 new sports fields. Council also noted with appreciation the continued upgrading of lecture facilities that took place during the year. Council supports the continuation of these projects that upgrades existing facilities, attends to maintenance and identifies and addresses the shortcomings of the physical environment. Council also supports the University's long-term vision in terms of changing the surrounding landscape and establishing a collaborative research and knowledge hub in the area.

### **Senior appointments**

One of Council's key responsibilities is to ensure that the appropriate leadership is in place to manage the University. The Vice-Chancellor, all Deputy Vice-Chancellors, the Registrar, Executive Directors and Deans of faculties are appointed by Council. Following the required consultative process Council renewed the contract of Professor Lullu Tshiwula, the Deputy Vice-Chancellor: Student Development and Support. In extending her contract Council noted with appreciation the various initiatives that she has initiated and the way in which she has succeeded in shifting the focus of the portfolio.

In terms of the appointment processes for Deans, Council noted that Professor Hanief Moola, the Dean of the Faculty of Dentistry would reach retirement age at the end of February 2009. In view of the complexity of the Faculty that is, amongst others, responsible for two dental hospitals. Council indicated that it had no objection to extend the contract of Professor Hanief Moola to the end of 2009 in order to assist with some transitional matters with regard to the management of the faculty and negotiations with the Provincial Government of the Western Cape (PGWC) regarding the joint agreements relating to health education training and the service delivery associated with that. Council mandated management to pursue the matter with the PGWC.

Following an extensive search process, that commenced in 2007 for the appointment of a Dean for the Faculty of Arts, Council was pleased to conclude the matter through the appointment of Professor Duncan Brown, from the University of KwaZulu Natal, as from 1 January 2009. The Dean of the Faculty of Law, Professor Najma Moosa tendered her resignation as from 31 December 2008 and subsequent to the required processes, Council appointed Professor Julia Sloth-Nielsen, a seasoned UWC academic, as her successor as from 1 January 2009.

### **Financial Matters**

For the last 8 years the University has a five year financial planning (FYP) model in place. The financial plan is a rolling plan that gets updated as actual data, as State subsidy, becomes available. The Finance Committee of Council reviews the financial plans and Council receives quarterly reports on the finances of the University.

Council annually approves the revised FYP as well as the budget for the year. The financial model allows Council, upon the advice of its Finance Committee, to take decisions with a view of what the financial implications in the medium and longer term will be.

Council is pleased to report that the University yielded a surplus of 15.4% in unrestricted income, compared to the 1% DoE norm. Actual income exceeded budget by R57m and this was due to additional state subsidy and investment income as a result of unanticipated interest rate increases during the year. Council is appreciative of the extensive work that goes into the careful management of the salary budget which forms the largest component of expenditure from the general (unrestricted) fund. The University has been very successful in terms of increasing third stream income and especially in securing donor support for infrastructural development. Council is also grateful for the work done by its Finance Committee that continuously reviews that Five Year Financial plan and expenditure against budget to establish if the funding base provides adequate working capital.

### **Council Membership**

At the beginning of the year Council welcomed Dr Yvonne Dladla, Mr Hlengani Mathebula, Mmes Laura Schultz and Gugu Nyanda as new members, appointed by the Minister of Education. At the end of the year the terms of the Senate members, Profs Hirschsohn and Lehmann ended as well as that of Mr Reichert who represented Organised Business in South Africa. Thank you to these members for their contributions as Council members. During 2008, 68%, of Council members were neither employees nor students of UWC and we are particularly grateful to the external members of Council for the time and dedication with which they serve the University through their membership of Council.

### **HIV**

Council is appreciative of the University's continued commitment to fighting HIV and AIDS. Council is satisfied that the University exercises its responsibility with regard to HIV and AIDS in all the core areas of activity as confirmed by the annual HIV/AIDS audit of activities by the university. Council also noted with appreciation the work of the SANTED funded HIV/AIDS peer education project between UWC and the Universities of Zambia, Namibia and Malawi. The Council strongly supports the commitment of the University to neighbouring institutions within the SADC region.

### **Social Responsibility**

Council is satisfied that the university appropriately exercised its commitment to community engagement and community development during the past year. Community projects span all faculties as well as some institution-wide projects such as the Dynamics of Building a Better Society (DBBS) project and the SANTED funded peer education projects. The university, through its faculties of Dentistry and Community and Health Sciences delivers services to communities at numerous sites resulting in more than 300 000 patients being treated annually.

### **Self Evaluation**

As part of the ongoing process of self assessment Council continued to reflect on attaining a balance between representivity, capacity and delegation within the Governance system in order not to compromise sound governance principles whilst also ensuring the smooth operation of the institution.



In reflecting on and assessing 2008, Council:

- Continued to monitor the alignment of budget, planning and performance;
- Was satisfied that the Management and leadership of the university is stable and that all had been done to ensure stability and continuity in the existing vacancies;
- Was satisfied that there was improvement in the financial performance and the management of the institutional budget. The monitoring of the financial management remained a key item on the agenda of Council;
- Continued to deliberate on transformation issues, which remain high on the agenda of Council, including factors such as student and staff composition, the strategic institutional focus and the institutional culture;
- Was continuously informed of the institutional environment through written reports from the Vice-Chancellor;
- Was apprised of risks in key areas through reports from the Vice-Chancellor and the Audit, Tender and Finance Committees;
- Approved a number of policies, ensuring compliance with legislation, streamlining processes and aligning policy and procedure in certain areas; and
- Was confident that the financial strategies implemented in accordance with the IOP are realistic and address some key concerns. The monitoring of this is part of Council's continued fiduciary responsibility.

## Conclusion

On behalf of Council I wish to convey our appreciation and congratulations to Professor O'Connell and his leadership team for their continued efforts to take UWC forward, to achieve ever higher levels of excellence and for their commitment in preparing our country's future leaders.

A heartfelt thank you to my fellow Councillors for their continued enthusiasm, their commitment and the time and the energy they put into their governance responsibilities associated with UWC. Thank you for your support during the past three years which enabled me to fulfil my duties as Chairperson of the Council. Allow me to extend a specific word of appreciation to Messrs Christodoulou, Patel and Jappie the Chairpersons of the Finance, Audit and Tender Committees respectively, for their ongoing commitment and support to Council in executing its fiduciary and other responsibilities. Thank you also to Mr Brian Williams, the Vice-Chairperson of Council for his assistance and support. I trust that the new members of Council will enjoy the opportunity and that they will serve the best interest of the University and its Council in all their endeavours.

Thank you also for the opportunity to have led the Council the past three years. I will keenly follow the path of UWC into the future and my best wishes accompany the Council and university leadership in their future activities.



**Ms Beryl Kerr**  
**Chairperson of the Council**

## 2. REPORT FROM THE RECTOR AND VICE-CHANCELLOR

In 2008, the University of the Western Cape (UWC) continued to perform exceptionally well, measured against national indicators and benchmarks for higher education institutions. UWC has established and maintained effective organisational arrangements and made tangible progress in each of our eight areas of strategic focus. In spite of the difficult economic climate the university continued to grow and diversify its revenue base. It succeeded to balance organisational and employee interests and maintained and strengthened a professional relationship with organised labour. We embarked on large scale capital projects to address strategic infrastructure and efficiency issues in relation to growing student numbers and to direct resources to the areas of highest strategic concern to the university. And we continued to improvise business processes to take service levels one step further and enhance the experience and quality of life of students. Several technology-related projects were initiated as key levers for academic and administrative effectiveness and efficiency. Overall, the institution is on a positive trajectory and there is an external and internal awareness and growing confidence in UWC's strategic direction.

### Leadership and Planning

Successful change relies heavily on the quality of institutional leadership, vision, organisational structures, processes and relationships. UWC continued to be blessed by the longevity and courage of its Chancellor to challenge paradigms and be a key source of inspiration. With over two decades of uninterrupted chancellorship Emeritus Archbishop Desmond Tutu is probably the longest serving Chancellor in South Africa. The university is also fortunate to have attracted and retained a committed and trusted leadership team with a strong desire to build the institution and to create a strong and aligned cadre of leaders across levels of the organisation. To this end it embarked on a number of workshops with appointed leaders and managers to celebrate achievements and help build a shared framework and trusting environment responsive to change. Through an extensive electronic survey, linked to the workshops, strong agreement emerged among academic and staff leader-managers regarding UWC's vision, strategies, goals and desired leadership qualities. These activities helped to redefine UWC's leadership and followership and well as process management capabilities over the next five years.

UWC is entering its third strategic planning process since 1994. The current Institutional Operating Plan (IOP) expires at the end of 2009 and during 2008 UWC embarked on a process of revision that builds on the outcomes of the HEQC quality audit of 2007 which places a strong emphasis on academic quality, efficiency, viability, capacity enhancement and establishing a culture receptive to change. Twelve task teams have been established to help identify opportunities for setting priorities, negotiating resource trade-offs, and creating performance guidance for future activities and evaluations. The process provided a powerful opportunity to create the future together in a vision-driven yet practical and action-oriented way. The IOP for the period 2010-2014 will be adopted in 2009.

At the end of 2007 we successfully recruited Professor Ramesh Bharuthram as the new Deputy Vice-Chancellor: Academic and he joined our team in January 2008. Professor Bharuthram is a rare find in higher education; a seasoned administrator with vast management experience and an excellent rated researcher. The dedicated focus with which he approached his portfolio has already resulted in various new opportunities

and we look forward to the creation of new directorates for Teaching and Learning and for Postgraduate Studies in 2009. We are also grateful that Professor Stanley Ridge accepted Council's offer to stay on with us until 2009 in the position of Pro Vice-Chancellor. As Acting Deputy Vice-Chancellor Prof Ridge played a key role in managing the HEQC audit process and we are privileged that he remained on board to steer the process of preparing the Self Evaluation Report following the HEQC audit process of 2007. We managed to retain most of our senior staff and there is much evidence that continuity of leadership correlates strongly with success and the fact that we managed continuity in our leadership undoubtedly helped UWC to develop and sustain a shared understanding of the strategic framework developed by the entire institution since 2001.

Following the prescribed processes and in recognition of the work she has done during the past five years, Council appointed Professor Lullu Tshiwula, the Deputy Vice-Chancellor: Student Development and Support for a further five years. Professor George Fredericks acted as the Dean of Arts for the last few years and retired at the end of 2008. We successfully recruited Professor Duncan Brown from the University of KwaZulu Natal, to this position as from 1 January 2009. The Dean of the Faculty of Law, Professor Najma Moosa resigned as Dean as from 31 December 2008 and Council appointed Prof Julia Sloth-Nielsen, a longstanding staff member of the faculty to the position.

At the end of the year we were informed that Professor Derek Keats, the Executive Director: Information and Communication Systems (ICS) accepted the position as Deputy Vice-Chancellor: Knowledge and Information Management at the University of the Witwatersrand. This is a great loss to our institution as Professor Keats introduced a new focus to ICS, amongst others, he championed Free and Open Source Software development on our campus and established it as the leading institution on the continent in this area. We wish him well in his future endeavours.

### **Achievements of the Administrative Structures**

We are once again pleased to report significant progress with initiatives to improve the University's Administrative Services. Under the leadership of the Registrar, Dr Ingrid Miller, we have made significant changes in the area of academic administration, particularly student enrolment processes and systems and governance procedures.

Several projects that were initiated in 2006 to establish an integrated Student Enrolment Management System (SEMS) were implemented or refined. With the help of the SEMS Programme manager, system users and the ICS Department, a number of change initiatives were implemented or enhanced during 2008. The centralised Marks Administration System (MAS) that was implemented in 2007 to improve data integrity and accountability was refined. Further improvements will be made in the foreseeable future to produce management reporting and to optimise the institution's capacity to monitor and track students' academic performance throughout the year. The MAS and Tracking systems are critical to address institutional risks related to retention and pass rates and these systems will ultimately help to identify and support those at risk of failing or dropping out.

The development of an integrated application, selection, admission, registration and time-tabling system (SASI) was completed and the first roll-out of this solution will take place in 2009. The SASI solution will allow real-time web-based selection of applicants and more sophisticated management of enrolment planning targets. The development of a centralised tool for the maintenance and auditing of the university's curriculum

data was also completed this year. As a result of the implementation of this solution, data integrity has improved and the need for on-line curriculum and registration advising can be addressed more effectively.

The centralised Call Centre was rolled-out to faculties and other administrative departments and our ability to screen, manage and track telephonic enquiries has improved considerably. A Central Records and Archiving Department was also established and the development of physical infrastructure, policy and procedural guidelines, as well as an electronic system for document and records management, storage and retrieval received attention. This unit is expected to be fully functional by the end of 2009. The student portal project was also activated and further refinement of on-line web-based administrative transactions will take place during 2009. Special attention was given to the development of customised services for particular categories of students and interfaces with back-end system development initiatives.

In terms of governance the new committees that were established in 2007 were refined and particular attention was given to structures and processes for dealing with the appointment and promotion of academic staff. An Executive Risk Management Committee was established to improve senior managers' ability to identify and manage operational risks. The functioning of this management structure, and its relationship with formal governance structures concerned with risk such as the Audit and Risk Management Committees of Council, will receive close attention. New reporting formats for all central and faculty committee were explored in an attempt to improve alignment and informed decision-making and several workshops were also conducted with chairpersons and secretaries of Committees to improve capacity in the governance area.

In terms of Human Resource management the tireless work of our Executive Director: Human Resources, Ms Amanda Glaeser has resulted in a strengthened and professional HR department that allowed us to build on the achievements of previous years. Continued development and maintenance of sound employee relations remains a key goal of all HR management practices. The Office of Staff Development now has an Annual Learning Schedule, clearly indicating the workplace learning opportunities which this makes continuous development opportunities for staff more accessible. The staff learning initiatives have become a valuable part of UWC's staff's quality of work life enhancement as well assisting with continuous improvements.

Through various HR initiatives there is a conscious shift to instil people engagement and to promote and facilitate leadership development. One of the major initiatives in 2008 was the introduction and implementation of a Performance Development System, (PDS), which was accepted for implementation in the administrative support sector. The process aims to enhance trust and to build departmental cohesion and engagement. We also embarked on a process to promote leadership capacity development and participative leadership through two workshops as part of the initial stages of developing a new Institutional Operating Plan. One hundred and sixty colleagues participated in the two-day initiative. Our employment equity processes have become more entrenched and there is evidence of positive trends in this regard.

The monitoring and management of leave has improved reducing the associated financial liability. We continue to attend to internal and external equity in relation to staff remuneration but this remains an area where UWC is vulnerable in terms of losing staff and our ability to recruit highly skilled staff. Employee Relations is an area that received dedicated attention the last number of years and I pleased to be able to report that we are receiving support from employees and the staff union, NEHAWU, for our strategies. We

were also to conclude the 2009 staff increases at the end of 2008 which will simplify the implementation process in 2009.

In the past we have noted the challenges of inadequate administrative support systems and particularly of having an outdated Management Information System (MIS). 2008 saw a major advance in the concerted attention given to developing a Student Enrolment Management System (SEMS) to facilitate recruitment, make e-enrolment possible and integrate all academic, financial and residential records. A pragmatic decision was taken to undertake this development on a proprietary software base. The project is ongoing, but the impact on recruitment and enrolment is already growing, and the implications for tracking student progress and giving early warning of difficulties will be felt by the end of 2009. As the project integrates all systems involving the records of students throughout their time from recruitment to graduation and beyond (in alumni records), it will be a major source of management information. The software to make this information available where needed is currently being developed.

In line with the development of WiFi access through major areas of the campus and the provision of general computing facilities in 74 laboratories across campus, UWC has been a participant in the International Association of Digital Publication (IADP) project, which gives students access to their textbooks in electronic form free of charge. Nursing and Social Work are participants in the pilot project in this regard, and students in those programmes are issued with excellent but economically priced laptops.

Significant attention has also been given to infrastructure and its effective use. The process of upgrading teaching and learning facilities is ongoing, and all new facilities in the new School of Public Health and Life Sciences buildings will meet the ambitious campus norms for supporting e-media in teaching. The status and allocation of central infrastructure was also reviewed preliminarily, leading to significant savings. That review continues, with a view to there being adequate blade space for mirroring, so that any system failure interrupts programme function by no more than five minutes. Matters relating to backup security and improved infrastructural environment management are also receiving attention, and links to our campuses in Mitchell's Plain and Tygerberg are under review. Finally, the first steps have been taken to prepare the campus infrastructure for the hugely increased broadband access which will be available in the second half of 2009.

The Finance Department again delivered an unqualified audit in 2008. The annual cycle of internal audits did not raise any serious concerns about our financial systems and controls which continue to improve. The recapitalisation of UWC by the State in March 2005 effectively restored UWC's capital base and this immediately placed us in a stronger position to compete in the post-apartheid and post-merger higher education system. We were able to maintain the levels of third stream income as well as affordable tuition and accommodation fees. There is a broad range of factors that influence our finances which include, amongst others: student academic performance against national benchmarks; our ability to maintain current student numbers and possibly increase enrolment; the attraction and retention of appropriate staff; third stream income; state subsidies; fee income; employment costs; and mandatory annual surpluses. Despite the complex environment in which we are operating, we are confident that our financial planning processes are sound and that they support key institutional objectives and goals. The report of the Executive Director: Finance and Services in this publication narrates in detail the University's noteworthy achievements in this area in 2008.

### **Student Fee Increase and Financial Aid**

UWC's approach to student tuition and accommodation fees has been particularly influenced by its mission of social equity and affordability. It is also institutionally aware that its demographic make-up will transform the profile of various professions in years to come. However, its fees have been demonstrably too low, amounting in some cases to less than half of the most expensive in the region. For this reason, fee increases over the past few years have exceeded inflation. The University Council has acknowledged that this will have to continue in order not to further increase the gap in relation to other institutions and to avoid the risk of under-funding. The year-on-year increase in tuition and residence fees was 8%. UWC will not attempt to match the fees of its neighbouring institutions; however, it must take into account that quality of provision and financial viability will be compromised if fees and subsidy together fall below actual cost.

UWC's Financial Aid Office administered a total allocation of R129.3m in bursaries in 2008. Of this total, the National Student Financial Aid Scheme (NSFAS) allocation was R56m which included bursaries administered by NSFAS. The University's allocation to bursaries was R6.4m. Of the 15074 students enrolled in 2008 almost 13000 received some form of financial assistance in 2008. In 2008 we were able to assist 86% of students through financial aid allocations compared to the 76% of 2007. This is an ongoing trend and with increased financial support and better collections the student debt position can only continue to improve.

### **Alumni Relations and External Communications**

The past few years we have spent considerable time reconnecting with our alumni across the country. UWC does not have an established tradition of alumni involvement and we are working very hard to change this and to keep our alumni informed of what is happening at their alma mater. During 2007 we launched an annual alumni publication *360 Degrees* and 2008 saw the second edition of this annual publication. The 2008 edition of *360 Degrees* focused on a number of our alumni, their achievements and contributions to building a better society. We also produced a new publication *Perspectives* that focused on high level research projects, community engagement initiatives and UWC's initiatives in giving effect to its vision as a university that participates in shaping the future of our country.

### **Infrastructural Developments**

UWC's last three annual reports reported extensively on infrastructural developments. To appreciate the current developments it is important to understand that the severe fiscal constraints the University faced in the late 1990's until 2002 resulted in backlogs in maintenance and infrastructural renewal. These backlogs began to compromise the teaching, learning, research and quality of campus life, and in sum the Master Plan had to be set aside while UWC tackled short-term priorities. Inadequate facilities negatively affect a University's efforts to recruit and retain students and staff and to promote academic excellence, hence it became very important to address these issues as a matter of priority. The IOP, which was implemented in 2004, seeks to advance a new vision for the physical development of the campus along the same tradition and to ensure continuity between the old and the new. The University is also experiencing increasing pressure for expansion as student numbers are rising and planned growth has been agreed to. In view of these realities the University started planning for future infrastructural development on campus, but also realised that there were huge opportunities in the area surrounding the campus, that would not only provide additional space, but would, more importantly, break the landlocked nature of the apartheid designed campus. The broader vision continues to be actively pursued at various government levels.

Planning for infrastructural expansion started in the absence of funding and our vision was turned to reality when The Atlantic Philanthropies, who has had a longstanding relationship with the UWC **School of Public Health**, requested the University to submit a draft brief and estimated costing for what would be required for a new School of Public Health building. Since its inception in the 1980's the School has been housed in prefabricated buildings that have since exceeded their useful lifespan. Funding of R66m for the construction and refurbishment of the building was granted and we started with construction in the middle of 2007. Occupation will take place early in 2009 and we have no doubt that the new facilities will greatly enhance the efforts of the School. We are proud to be able to report that this building was delivered on time and within budget. We will continue to express our gratitude towards The Atlantic Philanthropies for their support as it provided us with the confidence to actively pursue our vision to change the nature of our campus and to actively work towards changing the nature of the developments surrounding us.

The **Life Sciences** project at UWC is benchmarked internationally and compares very favourably with modern science facilities at major centres internationally. It was initially designed as a phased construction project to accommodate high-end teaching and research facilities over an extended period. To date, the life science project has generated grants from mainly three sources: the founder of The Atlantic Philanthropies, Mr Charles (Chuck) Feeney (R124 million); Kresge Foundation (R20 million); and the Minister of Education Ms Naledi Pandor (R200 million). The university acknowledge with appreciation the donations totalling R344 million, plus confirmed and anticipated interest earnings which increased the total project income to R365.9 million.

The Life Sciences building is under construction and will be in use at the beginning of the 2010 academic year. The estimated project costs is R520 million and we are actively fundraising for the shortfall on the building cost but have approval from the University Council to proceed with the entire construction.

During 2008 UWC successfully completed the **East Link project** on Symphony Road as a significant vehicular and pedestrian campus entrance for those who access the campus from the east. The project completes the university's ring road system and connects the east entrance with the entrance road on the northwest of the campus. The new entrance has greatly improved the vehicular flow, especially during peak times and turned an area that was derelict into an attractive vehicular and sports precinct. The East Link project added six additional sports fields and allows for a future underpass to connect the campus to the Belhar indoor sports facilities.

The 2007/08 end of year break also saw the third phase of the **modification of lecturing space** on campus. In accordance with the IOP strategy we embarked on the process of refurbishing lecture facilities in 2005. The process entails providing new and increased seating, painting, carpeting, air-conditioning, new built-in computer equipment, liquid crystal display (LCD) projectors as well as document cameras. This process will continue until all key lecture halls are upgraded to the same standard and quality. This upgrading has been an important step towards creating a pleasant intellectual environment supporting the e-learning strategy of the university.

**Metrology Laboratory:** PetroSA has awarded R10m to the UWC based South African Institute for Advanced Materials Chemistry. The grant is towards the construction of an applied research laboratory as part of a strategic partnership between UWC and PetroSA. This unit has been doing remarkable work over many years and has real potential to develop into a Chemical Engineering Faculty. It would require institutional support on



various levels and we are working closely with the Dean and others to ensure that we build and maintain the required capacity. The R10m donation by PetroSA will not cover the full cost of the required building, especially if it is constructed in a manner that allows for future expansion. Council approved that the University can continue with this project to prepare for construction, understanding that the shortfall would be presented to the Finance Committee for consideration and for a recommendation to Council in 2009.

**Proposed construction and management of additional residences:** UWC has residence places for approximately 3000 students across eight residences and is in dire need to increase its capacity to house additional students on campus. Three years ago Council authorised Kovacs Investments 670 (Pty) Ltd to secure funding to develop a student housing complex within the framework of a Public/ Public Partnership at no financial risk to the university. In 2008 Kovacs informed Council that it secured a long-term loan totalling R250 million from the Development Bank of South Africa. In response to a call infrastructure proposals UWC sought consent to let sections of university land on a long-term lease Build, Operate and Transfer basis to put up the proposed a student housing complex. Approximately 4.2 hectares have been identified between the existing residences and Symphony Road on the east edge of the campus. It is envisaged that the construction of 1800 beds will commence in 2009 and be phased over three years. Draft agreements and concept plans are in place and the proposed project offers an extraordinary opportunity to improve the academic and living environment of resident students and achieve better coherence and efficiency in campus layout.

### Higher Education Regional Developments

The regional relationships with the City of Cape Town and the Western Cape Province reported on last year have continued to develop. Working groups have sought to use every opportunity to foster healthy and mutually beneficial cooperation and prepare a formal basis for it. The colloquium with the Mayor of Cape Town has become an annual event. A further meeting with the provincial cabinet was arranged in this period to bring the political leadership up to date on developments. And there has been significant progress in the development of the region in ways which will promote innovation and knowledge transfer. In terms of 2010 the Department of Education requested all higher education institutions to schedule the 2010 mid-year holidays to coincide with world cup event between 11 June and 11 July 2010. Regionally, CHEC has set up a Working Group, which UWC chairs, to engage with the Province and to leverage opportunities for higher education related to 2010, matters that are being pursued include: The development of joint promotional material to promote the Western Cape as a higher education destination as part of the Local Organising Committee's promotional strategy; encouraging Student participation as volunteers; studies on how 2010 can provide a boost to cultural and quality of life initiatives on campuses and make institutions more accessible to communities; Offering skills training and service courses; and the coordination of research i.e. final draw impact studies, actual economic impact, and monitoring, tracking and exploring opportunities where postgraduate students could benefit from the experience of and increased exposure during the 2010

The Cape Higher Education Consortium (CHEC) continues to be central to organising meetings and keeping the parties focused. CHEC is able to hold before all parties that higher education is a major contributor to the region's economy and places the region as potentially the strongest in the country in the knowledge economy. The four public higher education institutions in the Western Cape enroll approximately 90 000 students (undergraduate and postgraduate) per annum and employ more than a third of all NRF-rated researchers in higher education institutions in South Africa.

UWC has contributed most to discussions on promoting innovation, science park development, and transformative planning. Both through its senior managers and its contacts in various international organisations, it has gathered information on successful innovation planning and has arranged a number of events to which the other role-players in the region were invited. Apart from working with City and Province, UWC has built strong links to business organisations: Accelerate Cape Town, the National Business Initiative, and the Cape Town Partnership. We have also had an active role in national planning for science parks. One proposal by UWC, accepted by CHEC, has gone to the City of Cape Town regarding the future development of the Transnet site which abuts on three universities (CPUT, Stellenbosch and UWC), seven hospitals and the Medical Research Council. This offers unparalleled opportunities for the development of a modern city centre hospitable to innovation and likely to assist in attracting and retaining talent for the region. Science Parks provide important scope for building to scale, an area of major weakness in the knowledge economy in South Africa.

The planning proposals by UWC have a common theme of the need for transformative planning which will reconnect the areas balkanised by Apartheid and create excellent conditions along what has been identified as a development corridor.

### **Student Development and Support**

The Student Development and Support (SDS) function has a mandate to optimise the learning environment and support the quality of life of students through a holistic approach to student development. The Deputy-Vice-Chancellor for this portfolio, Professor Lullu Tshiwula and her team continued to improve and expand on the range of services provided to students. The student development and support function is active in a broad range of activities and I am only able to reflect on some of those in a report of this nature. Early in 2008 they arranged a conference titled "Contesting with the past, citizenship in the new South Africa which received extensive coverage in the media. The Centre for Student Support Services continues to play an active role in attending to student leadership development, student development, support for students with disabilities and academic support. The Centre for Student Support Services has consolidated all mentoring in Residences and on Campus ensuring quality assurance by having all training and evaluation undertaken in the Academic Support Unit. The Leadership and Social Responsibility Unit facilitates all student co-curricular training which includes the Student Representative Council training as well that of different student projects such as the Students in Free Enterprise(SIFE) project training. The centre also offers an emerging leaders training programme.

For many years our students have set a wonderful example in terms of the community outreach projects they initiate and 2008 was no exception. Ruth First residence students arranged a sports day with offenders in Brandvlei prison as part of their efforts to integrate inmates with the community. The same residence continues to distribute clothing to families in need in the Joe Slovo and Delft residential areas. We were also fortunate to receive a donation of R10 000 from the Community Chest to assist communities in need. The funds were used to provide and distribute blankets to residents of the Wallacedene informal settlement.

RAG 2008 was another success in student development. The intent of RAG is not only to build and transfer holistic skills for responsible citizenship, but for RAG to also form the basis of a fundraising leg for a future

student Not for Profit Organisation, which will serve as a coordinating body for all student community development aspirations. UWC RAG 2008 built on the experience of the previous two years and RAG activities were steered by an elected student RAG Committee.

Student Representative Council elections were concluded during October and SASCO succeeded in securing ten positions with the other two positions going to the Pasma and MSA coalition. The 2008/09 President of the SRC is Mr Mxolisi Vilakazi. Maintaining a good relationship with the SRC is something we annually aspire to as this is in the best interest of both good governance and the academic project. We are very proud of the focus of the current and previous SRC's on academic excellence.

### **HIV and Testing on Campus**

UWC continues to play an important role within the higher education sector with regards to HIV and AIDS programmes. The many projects include: peer education, interactive drama, a condom distribution campaign, education, and the development of close relationships with relevant community organisations and schools. To strengthen its involvement in selected schools in the Cape Peninsula the HIV&AIDS Programme received an R8million grant from USAID to start a pilot project at 15 high schools from disadvantaged communities.

The 2003 UWC peer educator programme with the University of Zambia, where senior students were trained as peer educators for first year students was expanded into a joint, UWC led project in 2006 with the universities of Zambia, Malawi, and Namibia under the banner of "ZAMANAWE", a Zulu word meaning "let's give it a try". As part of a regional student exchange programme, four UWC students formed part of a staff-student delegation that visited University of Malawi.

UWC's excellently trained peer educators in HIV and AIDS continue to motivate and assist students to know their status and engage with them on all aspects of the disease. In 2008 the HIV and AIDS programme again held two major HIV testing campaigns where close to 2000 students tested for HIV. The institution also participated in the national HIV prevalence and KAP study initiated by HEAIDS. A process of reflecting on HIV in the curriculum has been initiated and started with a one day workshop. We also continue to do an annual audit of HIV/AIDS related research and teaching at UWC which confirms the dedicated attention that the University is giving to the pandemic on various levels.

### **Sport**

Once again our sports teams competed in various championships and many of our teams and individual athletes were very successful. One of the highlights of the year was when UWC student and Africa Junior Long Jump champion, Keenan Watson, upstaged World Indoor Champion Khotso Mokoena at the Yellow Pages South Africa Senior National Track and Field Championships in Stellenbosch in March.

Once again our cricket team did exceptionally well winning the top Western Province league and qualifying to compete for the first time at the Senior National Club Championships. We were also honoured to have Gerswan Rabie and Craig Williams competing in England at the Tri-Nations Varsity Cup, which the South African team won. What made this achievement extra special was the fact that the UWC cricket coach, Andrew Wylie, coached the winning South African team and our team's physiotherapist was also part of the support team.

We were fortunate to have three of our junior swimmers, Robyn Ferguson, Lyle Aloile and Dominique Drying competing in the South Africa at the Junior Commonwealth Games held in India. Robyn Ferguson ended fifth in the 100m breaststroke final. UWC's head coach, Cedric Finch was also the South African team coach for this event.

Our women's football team were unfortunately not successful in defending their Coca-Cola Cup title and ended second in the tournament. They also qualified to compete in the University Club Championships. We are proud of their efforts. Our men's football team played in the Northern Suburbs league and qualified for promotion during to the Super League in 2009.

Our women's rugby team continues to do exceptionally well and in 2008 we had 12 players in the provincial team and Celeste April, Claudia Davids and Nosipho Poswa played in the women's Springbok team.

Five of our athletes who competed as part of Team South Africa in the African University Games (FASU) that was held in Uganda. Team South Africa was the winning team and UWC's Keenan Watson won a gold medal in long jump at this event. A number of our administrators were also part of the management of the South African team.

The top UWC volleyball teams competed at the Senior National Top 10 Club Championships where the men claimed the championship title and the women ended in second position. One of our top players, Grant Goldschmidt, competed during the world tour and we were hoping that he would qualify for the South African Beijing 2008 team, but sadly did not make it. We remain very proud of his excellent performances.

UWC's boxing team was crowned champions at the National University Games in 2007, resulting in tow of our boxers, Lwandiso Kwababana and Konwabo Mbolekwa being selected to compete at the World University Championship held in Russia during September 2008. Edwin Wyngaard of our Sports Administration department was selected as the Team Manager and the South African team won the trophy for the most disciplined team.

At the University Sport South Africa (USSA) national tournaments UWC teams were ranked in the top 5 for cricket, football and volleyball, and athletics. UWC is the current champion in Dance Sport.

We occupied leadership positions in various committees relating to Athletics, Basketball, Boxing, Bodybuilding, and Football for University Sports Associations as well as senior provincial and national levels. Dumisani Mtwa was selected as a student assessor and the Director of our Sports Administration Department, Ms. Ilhaam Groenewald was elected as the first female Chairperson for University Sport South Africa's National Executive Committee.

In 2008 Koleka Makanda (football player) and Keenan Watson (long jump athlete) were crowned sportswoman and sportsman respectively. Both athletes have competed at various levels. Keenan Watson has an impressive record which include that of Africa and World Junior Champion, S.A. senior Champions, 2<sup>nd</sup> best jump in South Africa in 2008 at 8.26m and ranked in the top 50 in the world. Koleka has an equally outstanding

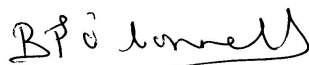
record which includes her participation in the African University Games and competing in both the 2007 and upcoming 2009 World Student Games.

On a sports development level we continue our partnership with Swimming South Africa as a National Training Centre (NTC) and we hosted for the first time the S.A. Women's National Cricket Team training camps. Services to our partners include sport science services, medical screening, life skills and capacity building seminars, sport psychology, hospitality and logistical support.

### **Conclusion**

The 2008 academic year proved to be challenging period of change where UWC found itself in a maelstrom of demands and tensions between quality and social concerns. Despite these demands much has been accomplished. There is amazing reservoir of energy in and around UWC that has brought the institution to this point and, if harnessed properly, can propel the institution towards a dynamic future. Its students and staff remain committed, donor and government agencies remain confident and alumni supportive of its intended direction.

During the processes of change UWC is transforming itself within a transforming social context which will continue to rely heavily on the quality of institutional leadership and partnerships at all levels. The change challenge is great and I often remind our students, staff and alumni that in many ways UWC is a metaphor for South Africa as a nation and Africa. It envisions an inspiring future that is shaped by the congruencies and contradictions between deliberate under-development and global competitiveness and technological advances. As leaders we must embrace change, manage the tensions and maintain that edge.



**Prof Brian O'Connell**  
**Rector and Vice-Chancellor**

### **3. REPORT FROM THE CHAIRPERSON OF SENATE**

The strategic direction of the University of the Western Cape (UWC) and practical means of giving effect to it were drawn together in its Institutional Operating Plan (IOP), which was passed by Senate and Council in 2004 for implementation from 2005 - 2009. In the IOP the university reaffirms its Mission Statement commitments and considers how it wishes to position itself in a changed national higher education landscape.

The national and African environments are characterised by huge socio-economic needs and an imperative to develop as much as possible the talent resources of the nations involved, often overcoming the challenges of inadequate schooling and vision-constraining home environments. This imperative is often in marked tension with the demands of the international environment, which requires high-end excellence in knowledge production. An engaged university must address both imperatives seriously, making strategic decisions in relation to them and within them for particular periods and purposes. Such decisions constitute a delicate balancing act, as they usually involve choosing between two or more good options for major support while attempting to affirm and nurture identified emerging priorities.

#### **Academic Structure**

The Deputy Vice Chancellor: Academic and the Deans are directly responsible for the leadership and management of the academic project. As mentioned in other reports, we were very pleased that we were able to fill the position of Deputy Vice-Chancellor: Academic at the end of 2007 and we welcomed Professor Ramesh Bharuthram, a leading plasma physicist, on campus at the beginning of the year. In a very short period of time he has already made huge strides in supporting existing research activities and in initiating new projects to support both research and teaching and learning activities, many augmented through the securing of external funding.

Changes to the academic structure in 2008 included the introduction of a Master's degree in Biokentics and a new three year Bachelor of Dental Therapy degree. As a result of its significant achievements, Council also approved that we change the Programme for Land and Agrarian Studies to the Institute for Poverty Land and Agrarian Studies, making it the leading such entity on the African continent.

#### **Composition of Senate**

The Senate of the university consists of members of the university executive; representatives of Council; deans; the professors of the university (along with specified visiting, extraordinary and honorary professors); directors of schools, centres and institutes in the university; all chairpersons of academic departments or similar academic structures; eight academic employees; eight non-academic employees; eight registered students of the University; 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.

## Composition and size of the student body

The table below shows the enrolment figures of 2008 and the previous 5 years in the various enrolment categories. We are satisfied that enrolment has stabilised and we are particularly pleased about the increase in postgraduate enrolment in the past 3 years. The temporary decline in postgraduate enrolment from 2004 to 2006 is largely the result of tightening up readmission requirements to improve time-to-degree. This focus continues, along with attempts to address the relatively high drop-out rates amongst Master's and Doctoral students. Like all South African universities, UWC will remain predominantly undergraduate but within that frame it has a vigorous and growing postgraduate and research sector. We have been informed by the Department of Education (DoE) that the growth plan we submitted in 2006 indicating our capacity to grow, has been approved and we now have a mandate from the DoE for a total student population for a total student population of 17 500 by 2010. Enrolment targets for 2008 were not achieved but we are confident that we'll be in a position to show a significant increase by 2010.

UWC's enrolment plan is informed by the limited infra-structural expansion opportunities at some South African campuses and the relative cost of new facilities. The Enrolment Plan builds on the foundations set over the past years to stabilise enrolments, improve success rates, establish new niches and harness support for the strategic direction of UWC. The improved quality of the intake in recent years has resulted in an increased demand for postgraduate studies, consequently we allow for an increased intake in this area in our future planning. UWC is investing in considerable high-end research capacity to support this. We expect completion of a world-class Life Sciences building towards the end of 2009. It will offer state-of-the-art research laboratories, and will undoubtedly lead to a further increase in postgraduate enrolment in this area. We already have leading local and international scientists in several areas in this faculty and look forward to the positive impact of the new first rate facilities on their research and ability to attract more postgraduate students and post-doctoral fellows.

<b>Enrolment figures 2003 – 2008</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
First-time entering undergraduates	3019	2769	2694	3024	2948	2830
<b>Total undergraduate</b>	<b>11146</b>	<b>10920</b>	<b>11531</b>	<b>12020</b>	<b>12042</b>	<b>11946</b>
Postgraduate diplomas	412	595	599	514	550	402
Postgraduate bachelors	236	281	283	173	165	201
Honours	623	691	639	645	697	749
Masters	1381	1434	1217	1161	1105	1390
Doctorate	245	304	321	325	368	386
<b>Total postgraduate</b>	<b>2897</b>	<b>3305</b>	<b>3059</b>	<b>2818</b>	<b>2885</b>	<b>3128</b>
<b>TOTAL ENROLMENT</b>	<b>14043</b>	<b>14225</b>	<b>14590</b>	<b>14838</b>	<b>14927</b>	<b>15074</b>

The table below illustrates the composition of the student body in terms of race categories. The proportionate distribution has been fairly stable for the last few years and we are pleased about the diversity on our campus. There are areas where we would like to increase our student numbers to further enhance the diversity. The proportion of African students enrolling at UWC remains considerably higher than the proportion of Africans living in the Western Cape. Enrolment figures of Coloured students have stabilised and we are pleased about

the increase in White students since 2003. The majority of students listed as “unknown” are international students.

<b>Composition of the student body 2003 - 2008</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>African</b>	5420	5062	4873	5155	5464	5799
<b>Coloured</b>	6852	7056	7313	7279	7147	7020
<b>Indian</b>	1245	1384	1479	1302	1236	1139
<b>White</b>	356	576	761	691	683	649
<b>Unknown</b>	170	147	164	411	397	467
<b>TOTAL</b>	<b>14043</b>	<b>14225</b>	<b>14590</b>	<b>14838</b>	<b>14927</b>	<b>15074</b>

Proportionately, the gender composition of the campus has remained fairly stable, with some growth in the female intake. The table below shows that female students comprised 57% of the total enrolment in 2002 compared to 60% in 2008.

<b>Enrolment by Gender 2003 - 2008</b>						
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Female</b>	7955	8075	8509	8861	8871	9048
<b>Male</b>	6088	6150	6081	5977	6056	6026
<b>TOTAL</b>	<b>14043</b>	<b>14225</b>	<b>14590</b>	<b>14838</b>	<b>14927</b>	<b>15074</b>

### Quality Assurance

In accordance with the provisions of the Higher Education Act (No. 101 of 1997), ultimate responsibility for all matters pertaining to and associated with the quality of the institution’s core activities rests with the Council of the University. The Council is regularly advised in this regard by Senate, especially on academic affairs. There are various committees of Senate or joint committees of Senate and Council which advise Council on quality assurance matters through written reports on the areas specified in their standing orders.

UWC also has a rigorous process of academic review, using external advisors. Along with self evaluation through annual reports of departments and faculties, and external peer review through external examining, academic reviews of departments and programmes are at the heart of the institution’s means of promoting quality and continuous improvement. Departments undergo rigorous reviews of this nature every 5 – 7 years. Annually we review between 4 and 5 departments and in 2008 we reviewed the following departments: Afrikaans, Foreign Languages, Statistics, School of Pharmacy and the Department of Women and Gender Studies. In the case of professional programmes the review is generally externally conducted by the statutory boards concerned.

During September 2007 the University had its Higher Education Quality Committee (HEQC) institutional quality audit. The audit was valuable in a variety of ways: the institution had to document and do a self-evaluation of its quality assurance measures across the University; the process focused our energy on the importance of ongoing quality promotion as a key component of an institutional environment and culture that aspires to excellence; it resulted in the development and approval of a UWC Quality Policy that provides high-level direction in terms of the institution’s approach to quality. UWC welcomed the opportunity presented by the



HEQC Audit to benefit from external critique as it seeks, through its internal planning processes, to enhance its core business of teaching & learning, research and community engagement. During 2008 the HEQC presented us with the Audit Report which reflects the findings of the audit. Institutions are required to respond to the findings through the submission of Improvement Plans. The Audit Report has been a valuable resource as we have set about preparing our Institutional Operating Plan (IOP) for 2010 – 2014. The Commendations have enhanced our confidence in our areas of strength. The Recommendations have been fitted into a much larger framework of action which has directed our decision-making in the IOP process. UWC initially asked for an extension in submitting its Improvement Plan to enable us to have a complete match between core planning and our response to the Audit. This has been an important strategy to make sure that the Improvement Plan is in synergy with the key directions of the IOP.

### Teaching and Learning

UWC has continuously stated its committed to excellence in teaching and learning. This requires attention on several fronts. In an increasingly competitive environment one key challenge is the attraction and retention of excellent staff. In addition, we recognise the importance of the continuous assessment and revision of curricula and academic offerings in order to meet the needs of the changing intake and of society at large. An abiding challenge in a shifting educational environment is success rates. Faculties have succeeded in improving degree credit rates considerably through implementing a range of teaching and learning initiatives. Much of the creative work which is being done in teaching and learning improvement in all faculties is being shared through the Academic Development Forum. There are also regular staff development workshops and seminars in teaching and learning, often arranged in association with international partners. In addition, ongoing efforts are made to track students' progress in order to facilitate timeous interventions where required. This will be made easier through the University's recently developed Marks Administration System. New technology is a perennial challenge but also offers exciting opportunities.

The richness of UWC's teaching and learning experience points to the importance of certain common strategies that includes: formative assessment, provision of adequate course outlines and well-structured learning material, increased usage of e-media, careful interpretation of course assessments along with ongoing experimentation with approaches which vary widely between clusters of disciplines and collegial discussion of these. The development of teaching and learning has to create space for the dynamic interpretation of common strategies and best practices so that they meet the personal and collective needs of students and the demands of widely different disciplines.

As these processes and developments take shape within the institution we continue to recognise the shifting challenges of under preparedness of our students. It is important to avoid a sense of a stable, clearly defined challenge or set of challenges, however important such challenge or challenges may be at a given time. Constantly shifting factors include urbanisation/rurality, social deprivation and hermeticism, the prevailing attitudes to knowledge in the society, the varying quality of schooling, and the implications of the new school curriculum. This is a national problem for which there is no single, quick-fix solution.

UWC has built significant expertise in the field of e-learning to enable us to extend the effectiveness of traditional teaching practices. In the period ahead we will be challenged to take best advantage of these new technologies to augment teaching and make material accessible for learning. Our approach to such new

technologies is helped by having the strongest Free and Open Source Software development unit in Africa. Ensuring that committed academic leadership is in place is a key strategy we pursue as this not only supports our success in teaching and learning but, in most instances, also maintains the important balance between teaching and research activities which directly impact on the quality of the teaching content being offered. E-Learning has become a major factor in presentation of courses at UWC where 786 modules used e-learning elements in 2008, nearly three times the number in 2007. In addition, on request, roughly 5000 students and over 200 lecturers received special training in using the e-learning programme. At the end of the year the platform was upgraded to use KEWL III, a Free and Open Source Software product developed at UWC and used extensively in 17 countries. KEWL III made many new functionalities available. In this regard, UWC has attracted much attention internationally for the effectiveness of its podcasting module which makes it possible for students in participating courses to review the audio and video records of the lectures within 24 hours of their being delivered. The use of social media is also being explored. It is important to emphasise that the challenge of developing appropriate teaching methods for the electronic environment is clearly understood. Seminars are held to share best practice; a materials development team is available to assist lecturers; and the achievements and practices of particularly successful ventures on campus are given regular publicity through an e-mail newsletter linked to blogs. There is a strong emphasis on developing a community of practice.

As part of the institutional focus on Teaching and Learning the Deputy Vice-Chancellor: Academic has indicated the intention to establish a Teaching and Learning Directorate in 2009 to assist us in deepening our understanding of these complex challenges so as to be able to enhance our practice and levels of responsiveness.

### **Academic Support and Student Success**

UWC has continuously recognised that excellence in teaching and learning is crucial to the success of any university. The university's Foundation Year Programmes were launched in 2005, and 2008 was the fourth year of implementation in the Faculties of Arts, Law, Science and Economic and Management Sciences. As from 2007 we also introduced a Foundation Year Programme in the School of Nursing. The University receives earmarked funding from the DoE for these programmes, but is currently (and we hope temporarily) having to augment these funds from its own resources as the need is so great, particularly in mathematics and science. At the heart of these programmes is the university's commitment to assisting promising students who are inadequately prepared for tertiary education, to improve both their chances of success and their time-to-degree. All these programmes involve curricula extended beyond the normal time for a degree. The programmes are being monitored closely as they are seen as a key strategy in linking UWC's commitment to equitable access to success.

Foundation programmes do not, however, resolve all problems. Recognising that there is no single answer to under-preparedness, a number of mentoring and other programmes have been introduced in the residences, and faculties are using expanded and improved tutoring programmes and constantly evaluating and revising teaching approaches. In all faculties, for example, there was a stronger focus on teaching quality and on sharing promising innovative measures.

UWC is pleased that it has been able to improve graduation rates to 19,7%, compared to 16% in 2003. Degree credits rates have stabilised and were at 78% in 2007 and in 2008. We regularly measure our performance against national, system-wide and institutional targets and critically reflect on our approach to improving student success rates. UWC is an institution with a long history of promoting and facilitating student access, but this is done in a frame that recognises that for wider access to be defensible it must be followed by success. We are proud of our student success rates and of the accomplishments of our graduates. This approach is supported by the custom-made MAS system (marks administration system) that will increasingly enable faculties to monitor students' progress and evaluate assessment procedures.

In accordance with our mission UWC has the most developed After Hours Programme for working students in the Western Cape, providing flexible access to higher education. We continuously consider ways of improving the campus experience for our part-time students and through the initiative of the UWC Division for Lifelong Learning we launched in 2008 an 'After Hours Study Zone', which aims to be a sociable, safe, supportive, learning environment for students attending classes in the evenings.

### **Internationalisation and Regional Collaboration**

'Knowledge knows no boundaries', so the IOP recognises several reasons why UWC should pursue international activities vigorously, encouraging international students to enrol at UWC, and developing strong partnerships. UWC has a firm policy that institutional partnerships are entered into in keeping with the strategic priorities of the university and where collaboration holds the potential of real opportunities for UWC to grow. New partnerships require committed local participation before they are approved. This makes success more likely. We have longstanding and productive relationships with many universities across the globe and growing numbers of international students.

UWC, however, also realises that local partnerships are equally critical for the development of higher education in South Africa. Thus, there is a continued effort to seek for such opportunities. In this regard the existence of the Cape Higher Education Consortium (CHEC) continues to play a critical role. However, examples of local partnerships stretch beyond the provincial borders to include the following: the LLM in Labour Law run between Stellenbosch University, the University of Cape Town (UCT) and UWC; the MSc in Structural Biology in partnership with UCT; the Masters degree programme in Nanoscience involving UWC and the University of Zululand; the LLM programme in International Trade and Investment Law in Africa involving the University of Pretoria, an annual International Human Rights Academy involving Utrecht University, Universiteit Gent, American University, Washington, DC, Vrije Universiteit Brussel and the University of Pretoria; and the digital archiving of the Desmond Tutu papers with the University of the Witwatersrand (and King's College, London). The broad range of international partnerships include the following: The University of Missouri System (Columbia, Kansas City, Rolla, St Louis), with which there has been academic and student exchange for more than two decades, involving over 400 people and covering disciplines common to the two universities. The long partnership has been of great benefit to both institutions. Recently it has borne fruit in two institutional activities. (a) Hosting a major annual summer/winter law school with UM-Columbia. (b) Establishing The International Centre for Indigenous Phytotherapy Studies (TICIPS), a major NIH- funded initiative. TICIPS has an initial budget of over R24 million for the first phase, and is doing internationally pioneering work in drawing together indigenous healers from the oral tradition and empirical and social scientists in a project to explore how traditional healing regimes are effective.

Universities and University Colleges in the Nordic countries: There is longstanding cooperation with Norwegian institutions in NUFU- and Fredskorps- funded projects and exchanges in science and mathematics education, public administration, the performing arts, mother tongue instruction, public health, psychology, and the care of HIV-exposed infants. Recently, a NOMA award was given to Oslo and UWC for the development of a joint programme in Higher Education Studies. Similarly with Swedish institutions, the Swedish International Development Agency (SIDA) and Unitwin funding has supported a range of relationships in mathematics and science education, social transformation studies, linguistics, water studies and adult education. There is a joint international MA programme in Adult Education offered by the universities of Linköping, British Columbia, and UWC, and the University of Technology, Sydney. SIDA also funds a significant annual international linguistics seminar, organised by UWC and the University of Stockholm on issues of multilingualism. Relationships with Denmark, Finland and Iceland are more recent, but the strength of the Nordic connection is marked by the establishment by universities from nine countries of The Southern African - Nordic Centre (SANORD) in January 2007 at UWC. The Centre has certainly lived up to the expectations envisioned at its inauguration. As more Southern African institutions will join the network multilateral cooperation will be promoted, particularly in a development context.

The cooperation with the Flemish universities, in an innovative cross-faculty programme on “The Dynamics of Building a Better Society” (DBBS), supported by Vlaamse Interuniversitaire Raad (VLIR), has entered its second five-year period. This is a clear indication of the effectiveness and relevance of the outcomes thus far. This programme builds research capacity in areas vital to social transformation, and has engaged major scholars from Antwerp, Ghent, Leuven and Brussels in sustained cooperation with UWC staff and students. It supports prestige scholarships, research projects, co-supervision of theses, staff and student exchange and capacity building. VLIR also supports North-South-South cooperation, and this brings UWC into working relationships with Mozambique, Ethiopia, Cuba, and other countries.

Earlier we mentioned the collaboration with Kings College, London and the University of the Witwatersrand, on the digitisation of the archives of UWC Chancellor, Archbishop Emeritus Desmond Tutu, and wider work on computing and the humanities. King’s College, London is a world leader in computing and the humanities. This links well with UWC’s very considerable strength in Free and Open Source Software development and e-learning, and with the need to develop capacity to digitise the Mayibuye Archive at the University.

The cooperation with The Hogeschool Arnhem and Nijmegen (the Netherlands), on a unique service-learning initiative has been expanded to include collaboration with the Cape Peninsula University of Technology, local institution, and two local NGOs in the area of rural development. This project places health (physiotherapy, occupational therapy, nursing), education, business and engineering and social work students from the universities involved to work together in several rural communities in the Theewaterskloof Municipality to offer in the mentioned disciplines as part of the South African and Dutch students’ professional training.

The relationship with the University of Bochum (Germany), with which UWC jointly teaches a dual Master’s degree programme in Development Studies and Development Management has now grown to the establishment of a DAAD Centre of Excellence. At the same time the cooperation of the UWC Law Faculty with Humboldt University in Criminal Justice resulted in this new Centre be named the South African-German

Centre for Development Research and Criminal Justice. This allows UWC students to benefit from the input and supervision of German staff and vice versa. We also collaborate with Stanford University and a top-level network of bioinformatics institutes world-wide both in research cooperation and in training young bioinformaticists and with Howard University (Washington DC), in various projects, including the hosting of a summer/winter school programme in Law which is open to UWC students.

The University of Minnesota and universities in Turkey, India and South America in a major programme on globalisation and the humanities sponsored by the Mellon Foundation. A related Mellon-sponsored programme offers doctoral and postdoctoral fellowships in the Centre for Humanities Research.

Fifteen African universities in the African Virtual Open Initiatives and Resources Project (AVOIR) which involves capacity building in software engineering through the collaborative creation of Free and Open Source Software. The ZAMANAWA Project which links Zambia, Malawi, Namibia and UWC in a major intervention in peer education on AIDS.

UWC continues to enjoy its membership of a select network of 69 major universities across the world with an endowment for postgraduate scholarships in the Social Sciences and Humanities given by the Sasakawa Young Leaders Fellowship Fund (SYLFF) of the Tokyo Foundation. SYLFF supports a range of further activities between members of the network.

It is inevitable that new partnerships will be sought as UWC develops new niche areas. However, it has become very clear that linkages which are productive and assisting UWC to build strengths would be the supported as far as possible.

### **Conferences, Symposia, Workshops and Seminars**

During 2008 the University funded 85 of our academic staff members to present papers at international conferences. This number excludes the staff who presented at international conferences we hosted on campus, as well as the many who were self-supporting through external research grants. Many more attended local conferences and convened or were involved in convening significant events.

During the past five years we have steadily increased the number of conferences and seminars we are hosting and convening and UWC academics are doing remarkable work to bring international networks and stimulating debates in reach of our students and to create a vibrant research environment. This relates both to the increasing prominence of UWC in certain fields of research, and to the quality of facilities we are able to offer. Our investment over the past few years in the revamping and modernisation of major lecture halls has been primarily to provide students and staff with modern facilities that support the use of new technologies in teaching, but the project has had the added advantage that we are now have congenial facilities for conferences and seminars. It is impossible, in a report of this nature, to reflect on all the conferences, workshops, symposia and seminars that were hosted, but some are mentioned below to give an idea of the range of research activities that we are involved in.

*The Dynamics of Building a Better Society, Research Symposium* launched the second phase of the Vlaamse Interuniversitaire Raad (VLIR) sponsored project that includes 5 UWC faculties and that is structured around the overarching theme, *The Dynamics of Building a Better Society (DBBS)*. The symposium provided opportunity for the different projects within the DBBS programme to reflect on the first 5 years (Phase I) of the project and to share their vision for the next five years. In Phase II of the project we anticipate the creation of 5 new research centres.

Also funded by VLIR, the conference, *Contesting with the past: Citizenship in the new South Africa*, challenged us to revisit human rights in our democracy, rethink issues around race, identity, covert forms of racism and considered issues around democracy and citizenship. With Professor Kader Asmal and Mr Jody Kollapen of the Human Rights Commission as two of the key speakers, the conference also looked at diversity and racism in the workplace and on patriarchy and racism and its impact on women. This important conference reminded us of the fact that we have come a long way in our society, but that it would be disingenuous to ignore racism and the various forms that it takes amongst all groupings in society.

Another VLIR sponsored conference, *The impact of mega sports events on development goals: the 2010 FIFA World Cup in SA*, boasted 30 speakers on a range of topics associated with mega sports events and their potential role in development. It was interesting to note that many speakers emphasised that the impact of such events in terms of immediate tourism, economic and other developments are normally highly overestimated. The 2006 Football World Cup in Germany was often used as an example and various research findings from that and other World Cups were presented. There are, however, indications that for a developing country the impact of improved infrastructure, public transport, etc could differ vastly from a first world country's experience of such an event and we look forward to a follow-up conference after the 2010 Football World Cup.

In celebrating the contributions of Prof George Fredericks, acting Dean of the Arts Faculty, the Library and Information Science department arranged a conference entitled *The Future of Libraries in South Africa*. The conference covered a wide variety of topics and brought together academics, librarians and students. The importance of libraries as a part of a collective history was emphasised as well as the need for libraries to connect with other public knowledge and memory institutions, such as archives, that have also experienced destruction of materials and threats to curb freedom of expression. The conference highlighted the importance of libraries, especially in view of the vast educational needs of our country. This was indeed a fitting way of honouring a stalwart Library and Information Sciences professor, George Fredericks.

The South African National Bioinformatics Institute (SANBI) has a longstanding record of research relating to the tsetse fly that causes "sleeping sickness". During 2008 the Institute hosted their annual meeting and a workshop with other members of the *International Glossina Genome Initiative (IGGI)*, a consortium of which SANBI is a member. The workshop was attended by lecturers and PhD students involved in the research of the tsetse fly. Participants came from the USA, UK, Belgium Japan and many African countries including Uganda, Kenya, Tanzania, Burkina Faso, and Nigeria. The focus of the workshop was to interpret a large amount of data accumulated on the tsetse fly which is the vector of African sleeping sickness and impacts quite negatively on development across much of sub-Saharan Africa. We expect the knowledge gained from the workshop to result in a publication which will be a significant step forward in the understanding of tsetse fly biology, which should serve as a stimulus for further research in the area.

SANBI also hosted the 14<sup>th</sup> *International Bioinformatics Workshop on Virus Evolution and Molecular Epidemiology* and the *HIV Drug Resistance in Clinical Practice Workshop*. The objective of the Virus Evolution workshop was to equip virology students with mathematical and computation skills that can be applied to the phylogenetic analysis of viral sequenced through theoretical lectures and practical computer sessions. The Drug resistant workshop was also a practical workshop focusing on the usage and interpretation of the HIV-1 drug resistant genotyping in the management of HIV patients on anti-retroviral treatment. The workshop was attended by clinicians, clinical virologists, nurses, medical students, and researchers in the public and private sectors involved in the treatments of patients with ARV's. The workshop also presented results from the expanding and successful ARV treatments programme in the country, which to date, has been characterized by very low circulating levels of ARV drug resistance. SANBI continues to be a leader in respect of bioinformatics and these workshops reflect their efforts to share knowledge and knowledge application skills.

The UWC Linguistics department, in conjunction with VLIR, hosted a three day seminar on *Space, Culture and Language* as part of the DBBS programme. Three world renowned linguists from Australia, Canada and Belgium participated in the conference and focussed on topics such as "Popular cultures and the making of new multilingualisms" and "Globalisation and language vitality: Perspectives from Africa". The seminar brought together a wide range of national and international linguists and was geared towards exploring the current academic trends in the field and recognising possible research gaps.

UWC's Social Transformation Programme hosted the *South African Conference on Leadership, Social Transformation and Healing* which was attended by 220 delegates during June 2008. Presenters included, amongst others, Mrs Winnie Madikizela-Mandela, Prof Kader Asmal, Dr Tony Karbo, Father Michael Lapsley and Mr Achmat Dangor. Some of our students also participated and introduced an important discussion on xenophobia and the challenges of leadership facing young South Africans today. An important theme throughout the conference was the need for constant introspection as a requirement of building a democratic, just and caring society.

South African and Indian High Court justices, jurists and leading academics exchanged their experiences with regard to enforcing socio-economic rights in their respective countries. The UWC Law faculty co-hosted a prestigious one day seminar with the support of the Commonwealth Legal Education Association and the Social Justice Foundation. The aim of the seminar was to establish a dialogue between the two countries on the question of how to enhance the quality and breadth of justice dispensed by the courts. One of the outcomes of the seminar was the creation of the India-South Africa Legal Forum. A follow-up conference will be held in India in 2009 and we look forward to a strengthened relationship with our colleagues in India.

UWC's Law Faculty hosted the *Sub-regional meeting on Disability Legislation: Decent work for persons with disabilities* focusing on the new Convention on the Rights of Persons with Disabilities. The meeting highlighted the need for dramatic paradigm shifts in the way in which we treat people with disabilities. The shift in focus introduces a move from rehabilitating disabled persons to rehabilitating society in its approach to persons with disabilities. The meeting, chaired by Mr Jody Kollapen of the South African Human Rights Commission, highlighted key requirements associated with such an approach. The meeting was a positive step towards the ultimate goal. The link between poverty and disability also received attention and called for disability to be

placed firmly on the economic development agenda. Keynote speaker Charlotte McCain-Nhlapo alerted to the fact that people with disabilities constitute one of the largest and poorest groups among people living in poverty.

A *Public Seminar on Finance and Development* brought two of the world's leading economists to UWC: Professor Michel Aglietta, a specialist in international monetary economy and the Executive Director of the Brooks World Poverty Institute at the University of Manchester, Prof Tony Addison. This seminar formed part of the second annual gathering of the African Programme on Rethinking Development Economics, a joint initiative between the Department of Trade and Industry, the French Embassy in South Africa and the French Development Agency. We were privileged to host this seminar that aimed to create space for participants to better understand the challenges of financing development in the 21<sup>st</sup> century.

The *South African contemporary History and Humanities Seminar* was hosted jointly by the UWC Programme for Land and Agrarian Studies and the UWC Centre for Humanities Research and focused on the impact of the Cahora Bassa dam. The need for the daily lives and historical memories of peasants and fishermen living around the Cahora Bassa Dam to feature prominently in any discourse on dams and development was one of the interesting topics that was discussed. The seminar challenged the audience to look beyond the scientific and engineering achievements of the Cahora Bassa development and focus on it from a humanities and historical perspective.

The Institute for Poverty, Land and Agrarian Studies (PLAAS) plays a very significant role in understanding issues and policies around land and land reform in our country. As part of their impressive range of annual activities they also organised the first of a series of public events focusing on the future of food and farming in South Africa. The question that formed the basis of the first public discussion was "*Hunger for food, Hunger for Land: Which way forward for Agriculture?*" The discussion was attended by trade unions, farm worker organisations, some farm dwellers and various researchers. These discussions will continue and we trust that PLAAS will play a constructive role in addressing the difficulties around land and agricultural reform.

The *Annual Conference of Anthropology South Africa* was also held on our campus and Prof James Ferguson of Stanford University, USA delivered the keynote address in which he focused on the introduction of a basic income grant. The event brought Anthropologists from across the country together and most of them agreed that one of the key challenges facing our nation at the moment is reconstituting the country's social fabric and that attention should be given to developing a social policy that looks at, amongst others, a basic income grant.

At the end of 2007 the UWC Division of Lifelong Learning (DLL) co-convened the *5th International Conference on Researching Work and Learning*. Following the very successful conference the DLL partnered with the Insurance SETA, South African Qualifications Authority (SAQA), and colleagues in higher education institutions in the region to arrange thirteen research seminars and colloquia in Cape Town, Pretoria and Durban. This drew nearly 1000 junior and senior researchers and practitioners into debates on key issues relating to learning and work. These seminars complemented the ongoing research into recognition of prior learning and the after-hours teaching programme.



UWC also hosted the second of a planned series of week-long *training workshops on HIV/AIDS for traditional healers*. The training workshop was funded through the Centre for Disease Control which has given UWC a 5-year grant of R20m for human capacity development to address HIV and AIDS in South Africa. This training was arranged by the Anthropology and Sociology department in collaboration with the UWC's Herbal Science and Medicine Institute (SAHSMI). To date 35 traditional healers have been trained.

The Institute for Microbial Biotechnology and Metagenomics (IMBM) celebrated its first birthday in true academic style. In September Professor Don Cowan, Director, of the IMBM co-hosted the international conference, *Extremophiles-2008*, in Somerset West. Over 20 researchers from the Institute presented their work, either as Oral or Poster presentations to the 250 delegates, over 180 of whom were from international laboratories. Immediately following the conference, IMBM hosted a 2-day Consortium meeting for Associate members of the Institute, of which 18 members attending the meeting. IMBM research was showcased for leading researchers from Spain, the UK, Germany, the USA, the Netherlands, China, Australia, Chile and New Zealand.

### **Inaugural and Public Lectures**

Universities are important spaces of knowledge creation and knowledge sharing. The process of knowledge sharing predominantly happens in classrooms and at academic seminars. In order to include a broader audience and to foster a wider understanding of the intellectual project, universities characteristically host public and inaugural lectures. Some of the highlights of the year are given below.

The fifth **Annual Julius Nyerere Lecture for Lifelong Learning** was delivered by Ms Pregs Govender and was once again a splendid event. Ms Govender reminded the audience that the best teachers, like Nyerere, know that you do not 'develop people' as if they are empty vessels waiting to be filled with your wisdom or clay to be moulded into the image you wish to carve out. The best teachers create the conditions in which people 'develop themselves', in which we recognise our own power and our beauty. Great teachers help us to develop the tools of analysis and understanding but it is through our own efforts that we reach clarity.

Prof Tiniyiko Maluleke, the President of the South African Council of Churches, delivered the second **Annual Desmond Tutu Lecture** and his lecture was entitled "*A Postcolonial (South) African Church: Problems and Promises*". Prof Maluleke reflected on the crucial role played by the church in the struggle against apartheid and posed challenging questions around the role of the church in South Africa today and the relationship between church and state. It was wonderful to again have our Chancellor on campus and to spend time rethinking the important role of churches in society.

The fifth **Annual Ashley Kriel Memorial Lecture** was delivered by Reverend Allan Boesak. The event also marked the founding of the United Democratic Front 25 years ago and was attended by an audience filling the UWC Great Hall. In true Boesak style various current issues were addressed in a forthright manner. The Ashley Kriel memorial lecture is a joint initiative between the University and the Institute for Justice and Reconciliation and it is encouraging to see how issues raised at that lecture have been taken further in various ways by inspiring debate around the role of society in a democracy.

During March the Community Law Centre hosted the 5<sup>th</sup> **Annual Dullah Omar Memorial Lecture**. UWC Chancellor, Emeritus Archbishop Desmond Tutu was the guest speaker and his lecture focused on “*The state of democracy in South Africa*”. The Archbishop’s moving address challenged the audience to critically look at the achievements and failures of our democracy since 1994. This memorial lecture has become a very special event and is annually attended by Mrs Farida Omar and other members of the Omar family.

We were also honoured to welcome Afrikaans poet **Breyten Breytenbach** to our campus for a meeting with students and staff, mainly associated with the Afrikaans department. This was an interesting meeting where thoughts around the importance of language were shared. The discussion that followed showed a strong commitment to the importance of multilingualism and diversity as a positive characteristic of our society. As to be expected, Breytenbach criticized UWC for giving up its status as an Afrikaans university, but was challenged by the audience who reminded him of some of the limiting consequences that are captured in what he was suggesting. Events such as these are important at universities; they challenge our notions of ourselves, our nation and our collective future.

**Dr Patrick Moore**, a world-renowned ecologist, environmentalist and the co-founder of Greenpeace delivered a lecture as part of a tour to South Africa to present a series of *public lectures on sustainable energy sources*. Moore, once a staunch opponent of nuclear energy discussed the impact of global warming and presented his views on the challenges and roles that nuclear power, renewable resources and energy efficiency can play in producing a new electricity supply and ensuring sustainable energy for the future. This was indeed a very interesting lecture and the questions that followed emphasized that there are many strong and widely varying opinions about the best option for sustainable energy in the future.

The presentation of an **inaugural lecture** is a time-honoured academic tradition, which was, sadly, neglected by UWC for a number of years but was re-launched in 2007. Traditionally such a lecture is delivered by a Professor within two years of appointment, providing him/her a formal platform to provide insight into a topic of significant academic and lay interest, as well as an opportunity for the audience to participate with questions and discussions. During 2008 Biotechnology Professor, Don Cowan, delivered his inaugural lecture, titled *Life on the edge? Biochemistry and Microbiology of extreme environments*. Professor Tobias van Reenen from the Faculty of Law presented his inaugural lecture on “*The Jurisprudential Meaning of the Concept ‘Sustainable Development’ in South African Environmental Law*”. Events such as these distinguish universities from other organisations, signalling our aspirations and our high regard for academic excellence and scholarship.

## Research

On recent measures of research productivity and quality, UWC continued to feature highly among South African universities, especially when the relative numbers of academic staff were taken into account. We were fifth in the proportion of researchers on the permanent staff who were rated as scientists by the National Research Foundation; and seventh in the proportion of academic staff holding doctoral research degrees. We were in the top three in the areas of biotechnology, history and development studies. The university has three World Health Organisation Collaborating Centres, more than any other African university.

UWC’s aspiration is to build and sustain a reputation for cutting edge research in a significant number of strategic areas. This aspiration is based on the assumption that, given a variety of constraints, high-end

success can be achieved and sustained only in recognised niche areas. Simultaneously, we identify emerging areas with the potential with institutional support to grow into internationally recognised centres of excellence. UWC's strategic approach has two aspects. First, postgraduate teaching and research across the board must be of high quality, academically challenging, intellectually coherent and sustainable. The second aspect is to identify and develop niche areas which already have some distinction and thereby to generate an intellectual environment able to attract world-class scholars and enable them to build capacity around themselves and achieve significant results. Almost all faculties have earmarked such emerging areas with the aim of achieving excellent national and international reputations. In most faculties this is now resulting in the establishment of research Centres. This approach helps retain emerging academic leaders, build critical mass, improve opportunities for talent development and pursue recruitment and internationalisation efforts.

As reported earlier, 2008 saw the launch of the second phase of VLIR sponsored programme, The Dynamics of Building a Better Society. As part of this new phase we envision the creation of the following five research centres: The African Centre for Citizenship and Democracy in the Faculty of Economic and Management Sciences; the Sports Centre for Development and the Centre for Community Based HIV Research in the Community and Health Sciences Faculty; and The Institute for Water Studies in the Science Faculty. In 2006 we already launched the Centre for Humanities Research in the Arts Faculty and the DBBS projects Cities in Transition and Multilingual Citizenship are located in it. During the past five years the DBBS project received approximately €3.5m and funding for Phase II amounts to €3m. The impact of this project on the university as a whole must not be underestimated. For the first time we had 5 faculties working together under one research umbrella and as one research leadership team. The project seeks to understand and overcome barriers on various levels within our society that prevent citizens from fully participating in our democracy. The project has assisted us in building research capacity and has funded 52 masters and doctoral scholarships. Of this number, 16 have graduated, and with the exception a few the rest will graduate within the next 18 months. We are extremely grateful for the trust that VLIR has in our institution, for the dedication of our own staff and their Flemish counterparts, and for the partnerships and valued friendships that have flowed from this project.

One of our well established centres, the Community Law Centre continues to grow in stature through its participation in the activities of international organisations. The Centre has played a major role of bringing the South African jurisprudence and practice on socio-economic rights to the international arena. The Centre's participation in the African Commission on Human and People's Rights 43<sup>rd</sup> and 44<sup>th</sup> Ordinary Sessions held in Swaziland and Nigeria during 2008, has lead to the request from the Commission for the conclusion of a formal cooperation agreement in terms of which the Centre would contribute to the research activities of the Commission. The international demand for the skills of the Centre flows from the long, sustained and productive role the Centre has been playing in law reform in South Africa. This is best illustrated by the passing of the Child Justice Bill, a law reform project that has been the focus of the Children's Rights Project since its inception 18 years ago. It is no coincidence that the passing of the law coincided with the 10<sup>th</sup> year of *Article 40*, the Centre's journal that popularised and advocated the new concept of child justice, and the production of two books by Professor Julia Sloth-Nielsen, a fellow of the Centre, with contributing chapters by Project staff and a doctoral intern. The *Local Government Bulletin*, also a Community Law Centre publication in its 10<sup>th</sup> year, remains a very successful publication, each of the five issues read by local government practitioners across the country. The 28 page *Bulletin* has a run of 11 500 copies per issue and over 60 percent of South African municipalities are paid up subscribers. Having established itself over the past decade

as one of the foremost research institution in South Africa on human rights and democracy, we were extremely proud of the Centre being nominated by the South African Department of Foreign Affairs for the international UNESCO/Bilbao prize for the promotion of a culture of human rights.

During 2008 the School of Government, together with partners at the Ruhr Universität Bochum's Institute of Development Research and Development Policy (IEE), submitted a collaborative proposal to the German Academic Exchange Service (DAAD) for selection as a centre of teaching and research excellence under DAAD's African Excellence Programme. The Law Faculty at UWC also submitted a proposal together with partners at Humboldt-University, Berlin. From over 70 applications these two proposals were accepted by DAAD, and were combined into one centre at UWC, the South African-German Centre for Development Research and Criminal Justice. This is the only centre to be supported in South Africa. Four other centres will be established in the DRC, Ghana, Namibia and Tanzania respectively. The UWC Centre will operate as two related divisions. The Criminal Justice Division based in the Law Faculty will present a new and innovative LLM programme for twenty African and German students a year on Transnational Criminal Justice and Crime Prevention—An International and African Perspective. The Development Research Division of the Centre will be based in the School of Government and will support the academic education and research-oriented training of future leaders in African economic, political and social development, through Masters and PhD programmes which will be presented in South Africa and Germany. Generous support will be provided by DAAD for a period of five years, with the possibility of a renewal for a further five-year period, for scholarships for masters' and doctoral students, for staff exchanges and development, for the development of new academic programmes, for collaborative research initiatives, and for the development of linkages with other tertiary institutions in the Southern African region.

It was a proud day for UWC when the *National Innovation Strategy on Hydrogen and Fuel Cells* was launched in Sandton by the Minister of Science and Technology. UWC is one of only three national *Centres of Competence* in this area, and has the duty of integrating and validating all the work nationally. The other two universities, that of Cape Town and North West, are respectively mandated to work on catalysis and infrastructure.

At the International Science and Technology Exhibition where the strategy was launched, the full display was of work already done at the highest level at UWC's South African Institute for Advance Materials Chemistry (SAIAMC).

Through the latter part of 2008, IMBM successfully negotiated a new 4-year Biofuels program with the KZN-based national BRIC, PlantBio. This R20m program, involving laboratories from UWC, CPUT, Stellenbosch and the CSIR, is being led by Professor Don Cowan and is an exciting example of collaborative research in the region.

The Minister of Science and Technology visited several departments in our Science Faculty on our campus working in the field nanotechnology. As we know the global dilemma of the digital divide, it is predicted that in the near future Nanotechnology will be cause for another technology-based divide between developed and underdeveloped countries. Nanoscience allows for the manipulation of matter at the atomic or molecular level resulting in materials and systems with drastically different physical, chemical, optical and biological properties.

UWC's nanotechnology capacity resides in: Biotechnology, using nanotechnology in extremophile research on organisms that flourish in extreme temperature and acidity conditions; The Bio-labeling unit housing the Genome sequencing machine; The electron-microscope, servicing research across the entire country; The Sensor laboratory, that produces biosensors, programmed to identify specific enzymes at nano-level for fast diagnosis; and the Nanoscience and environmental unit which combines two waste streams with byproducts used in hydrogen economy for energy storage.

UWC and the *African Virtual Open Initiatives (AVOIR)* project, a collaboration of 14 African universities, released the Chisimba/KEWL3 Realtime Virtual Classroom Tools version 1.0.1. This application contains various new features and enhancements improving the previous version and making it more functional for users. Some of the key new features include application sharing options, the direct import of presentations, support of graphics and multi-document file transfer options. UWC remains a leader in Free and Open Source Software development.

UWC was fortunate to receive in 2008 three grants totalling more than one million dollars from the Mellon foundation. Two are for staff and research development and the third for student development in academia.

## Publications

The year 2008 once again saw a significant number of books and chapters in books published by UWC academics. Jeremy Sarkin wrote on human rights in African prisons. Julia Sloth Nielsen had two edited volumes published, one on children's rights and the law in Africa; and one on the girl-child's rights to education. Martin Legassick wrote a life-summative work, *Towards Socialist Democracy*; Desiree Lewis published *Living on a Horizon*. JJ Williams and Betine von Lieres both published in a work on *Spaces for Change*, edited by A Cornwall and V Schattan-Coelho. Ben Cousins and Aninka Claasen edited a volume on *Land, Power and Custom*; Cousins, Ruth Hall and Thembele Kepe also wrote a chapter on land as a new keyword. Wendy Woodward published *Animal Gaze*; and a chapter on ecological masculinities. Susan Newton-King wrote on the history of a dog. Aslam Fataar had a chapter on education policy reform, while Miranda Pillay had one on HIV/AIDS stigma.

Nico Steytler and Jaap de Visser wrote on local government law; Jacqui Gallinetti and Daksha Kassin wrote on children and sexual offences; Lillian Chenwi tackled the death penalty. Julia Sloth Nielsen and Benyam Mezmur examined the notion of free compulsory education in international law; Nancy Stiegler analysed under-five mortality; and Helene Combrinck dealt with issues of victims' rights in the sexual offences law. Yonatan Fessha wrote on the law and ethnic diversity; Darcy du Toit on sexual harassment at work; and Leslie Witz on the End/s of Apartheid. David Sanders, Mickey Chopra, Ute Lehmann and Thandi Puoane as well as Nicky Shay all wrote chapters on aspects of public health.

Julia Martin published *A Millimetre of Dust*. Andrew Bank wrote two chapters on the historical photographer Gustav Frisch, while Ciraj Rassool gave his views on the District Six Museum, as did Premesh Lalu. Pierre de Vos and Mary Hames each wrote on same-sex marriage.

The university's auditors approved 214 journal publication units for accreditation by the Department of Education in Pretoria, contained in some three hundred peer reviewed international academic journal articles.

These are too numerous to list here, but examples may be given below for the Humanities and Social Sciences and the Natural and Medical Sciences. They include publications in *The Lancet*; *Higher Education*; *Journal of Adolescence*; *Stress and Health*; *Journal of Pragmatics*; *Work*; *Oral Diseases*; *Journal of Craniofacial Surgery*; and the *Journal of Adolescent Health*. Others wrote in three related journals, *Child Abuse and Neglect*; the *South African Journal of Economics*; and the *Journal of Interpersonal Violence*.

Humanities and Social Sciences: *Journal of Southern African Studies*; *Kronos*; *Sexualities: studies in culture and society*; *International Journal of Educational Development*; *Journal of Pragmatics*; *Research Papers in Education*; *International Business and Economic Research Journal*; *Journal of developing Societies*; *South African Journal of Economics*; *African Human Rights Law Journal*; *Comparative and International Law Journal of Southern Africa*; *Industrial Law Journal*, *Journal of Adolescence*; *Journal of Psychology in Africa*; *Journal of Social Aspects of Aids*.

The scientists wrote in *Bioinformatics*; *BMC Genomics*; *Acta Crystallographica*; *British Journal of Neurosurgery*; *BMC Plant Biology*; *Extremophiles*; *Fuel*; *Fertility and Sterility*; *Genomics*; *Hydrobiologia*; *Journal of Molecular Biology*; *Journal of Virology*; *Marine Biology*; *Monthly Notices of the Royal Astronomical Society*; *Nature*; *Neonatology*; *Neuron*; *Nuclear Physics A*; *Physical Review C*; *Physics B*; *Physics of Plasmas*; *Plos Pathogens*; *Proceedings of the United States' National Academy of Sciences*; *Sensors*; *Solid State Ionics*; *Thin Solid Films and Zootaxa*.

Natural and Medical Sciences published in: *Nonlinear Processes in Geophysics*; *Nuclear Physics A*; *Nucleic Acids Research*; *Physics Review C*; *Physics of Plasmas*; *Phytochemistry*; *Planta Medica*; *Plos Pathogens*; *Sensors*; *Journal of Clinical Pediatric Dentistry*; *Journal of Craniofacial Surgery*; *Journal of Oral Rehabilitation*; *Journal of Prosthetic Dentistry*; *Oral Diseases*; *Oral Surgery*; *Oral Medicine*; *Oral Pathology*; *Oral Radiology*; *Endodontology*.

UWC's scholars also published in a very wide variety of South African peer-reviewed journals including *Law Democracy and Development*, *Kronos* and *New Contree*. Other articles appeared in *Law and Critique*; *Agenda*; *Journal of Contemporary History*; *Publius: The Journal of Federalism*; *International Journal of Children's Rights*; *Review of African Political Economy*; *Security Dialogue*; *Feminism and Psychology*; *Journal of Southern African Studies*; *Sexualities: Studies in Culture and Societies*; *English in Africa*, and *Southern African Journal of Medieval and Renaissance Studies*.

### **NRF research funding**

The University's partnership with the National Research Foundation (NRF) has been very successful. UWC probably gets more research money per capita from the NRF than any other university in the country. The NRF has an international evaluation (rating system) for academics and as previously reported, UWC is 5<sup>th</sup> nationally when considering our rated academics as a proportion of the total academic staff complement. The four universities that proportionately perform better than us are University of Cape Town, Stellenbosch University, University of Witwatersrand and Rhodes University. It is interesting to note that all four of the Vice-Chancellors at these universities are former UWC staff members and/or students.

The NRF has two basic funding schemes, one currently caters for focus areas and is funded in open competition, the other focuses on capacity development and started as a scheme for historically disadvantaged institutions (HDIs). UWC played a major role in originally having this fund established. We have been very successful in the capacity development scheme and continuously get more money than any other university from this scheme, which is now also in open competition and no longer restricted to HDI's. Our success in the research development scheme has enabled us to compete well in the focus areas scheme. The NRF also has a scheme called "Thuthuka" which means "to advance or to make progress. Under the encouragement of our new Deputy Vice-Chancellor, Professor Bharuthram, 20 UWC staff members received Thuthuka grants. Thuthuka grants are up to R200 000 per person of which the University contributes half. The purpose of all the capacity development schemes is to enable staff to develop to the appropriate level and move into the open competitive schemes of the NRF. We have seen a significant number of staff move from capacity development schemes into the open schemes and also obtain the precious NRF ratings.

### **Community Outreach**

UWC's mission makes the student-in-communities the academic point of departure for its community engagement initiatives. This means that, as a university, UWC is challenged to pursue ongoing engagement with the communities students come from and with those they are necessarily becoming part of, as they increasingly equip themselves to compete in a global environment. UWC's community engagement role involves academic work of the highest order that addresses community concerns and is in turn informed and enhanced by them. Institutional engagement with local and broader communities occurs through a range of activities and in a variety of forms, often combining teaching, research, advocacy and service. They range from faculty-specific programmes, organised and coordinated by faculty structures, to centrally coordinated, institution-wide programmes, led by either an academic structure or a student structure. These initiatives have in common a range of transformational concerns that are addressed through a variety of approaches.

Service learning is a key component of community outreach and has for many years been an aspect of professional programmes such as teacher training and social work. All faculties have examples of service learning modules which offer community engagement as an integral part of the curricula.

Community-based education can also take other forms. Partnerships with the neighbouring urban and rural communities contribute towards an enabling learning environment where students work in community settings as part of their course requirements. Good examples of community-based education as integral to the work and approach of students is found in the Faculties of Dentistry and Community and Health Sciences. Central to success of such programmes is the placement of students in varied clinical settings and assessment methodologies that evaluate competence in the field.

In another venture, the Faculties of Community and Health Sciences and Education engage collaboratively with hospitals and schools in the Health Promoting Schools Project.

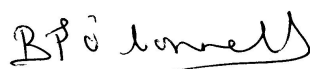
Apart from the activities listed above UWC also engages in a range of other community outreach activities, these include, for example, our students assisting communities through financial literacy programmes, engagement with learners on entrepreneurship and a variety of courses designed to address community needs relating to language issues.

As a further example, the Centre for Humanities Research under the auspices of the Global Issues Honours Consortium Programme, made it possible for UWC students to collaborate with students from four universities in the USA focusing on *Exploring issues of race across continents*. The aim of the programme is for the students to critically examine racial formation in both countries and to participate in various projects, lectures and workshops in and around Cape Town. As part of the programme students recently participated in a two-week project in Lwandle Township in Somerset West where they did research on oral and archival material in the Lwandle migrant labour museum for a textile design exhibition in the township. The students also redesigned the museums webpage and developed a collections management policy for the museum.

There are many more examples that speak of our pride in being an engaged university.

### Conclusion

In summary, 2008 was a highly successful year for UWC. The strategy to include leading academics and middle managers from the administration and support divisions of the University in the brainstorming workshops as well as in the different task teams for the development for the IOP: 2010 – 2014 will ensure a University wide ownership of the IOP. Staff development strategies initiated in 2008 will enhance the profile of our academic staff over the next five years with a substantial increase in academic staff with doctoral qualifications. The establishment of the Directorate of Teaching and Learning and the Senate Teaching and Learning Committee will place a focused attention on the quality of our academic programmes, student throughput rates and graduate attributes. These initiatives together with a planned separate division for the advancement of postgraduate education will create the necessary platform for UWC to become a centre of excellence in teaching and learning. Our researchers continue to grow in national and international prominence, increasingly attracting large external research grants. The development of our new research policy, initiated in 2008, will guide the strategic use of our research funds to support both capacity development and the niche areas engaged in cutting-edge research. Our community-based programmes have grown in number and strength and we shall continue to develop these as part of our core-business.



**Prof Brian O'Connell**  
Chairperson of Senate



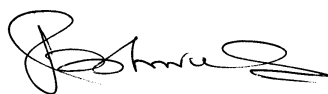
#### 4. REPORT FROM THE CHAIRPERSON OF THE INSTITUTIONAL FORUM

The Institutional Forum (IF) is an advisory structure which is established in accordance with section 31(1) of the Higher Education Act (Act 101 of 1997), as amended in order to provide the Council of the University with advice. The membership of the IF allows for equal representation of the University's Management, Senate, Council, academic staff union, non-academic staff union, and students. In 2002 the academic staff union, UWCASU, had to dissolve due to an inability to meet the legal threshold requirement. Members in this category are elected in accordance with the provisions for such elections as per the Institutional Statute.

During 2006 and 2007 the IF spent considerable time advising Council on issues relating to employment equity. The IF will continue to monitor the implementation of the Employment Equity Plan that Council approved in 2006 and will provide Council with advice on the matter should there be issues arising from implementation that requires Council's attention.

During 2008 the IF had two meetings where the meeting provided Council with advice relating to the suitability of candidates for the positions of Dean of the Faculties of Arts and of Law. The IF also provided the Senior Appointment's Committee of Council with advice in terms of the extension of the term of office of the Executive Director: Finance and Services. IF debates relating to appointments focus on considerations around the University's ability to deliver on its primary responsibility to offer academic and research programmes of high quality while, at the same time, being able to respond effectively to national and global challenges as well as the internal diversity issues.

In conclusion I wish to express my appreciation to all members who served on the IF, contributing to strengthening institutional governance and enabling Council to make decisions based on a broader institutional understanding.



**Prof Lullu Tshiwula**  
**Acting Chairperson of the Institutional Forum**

## 5. COUNCIL STATEMENT ON CORPORATE GOVERNANCE

### Governance Ethos

The University of the Western Cape (UWC) and its Council are committed to the highest standards of corporate governance and endorse the principles contained in the King II Report on Corporate Governance for South Africa 2002 (King II). There are, however, aspects of the application which do not readily translate into the public higher education sector.

In supporting the King II Report, Council recognises the need to conduct the business of the university with integrity and in accordance with generally accepted practices. Monitoring the University's compliance with King II forms part of the responsibility of the Audit Committee of Council.

The University's internal auditors, Deloitte and Touche, at regular intervals perform Corporate Governance reviews of the University's compliance with the corporate governance requirements of the Higher Education Act 101 (of 1997) and with respect to compliance with the relevant sections of the King II report. The findings of such reviews are presented to the Council via its Audit Committee and the last review was reported on at the beginning of this Annual Report's financial period. The report indicated that the level of compliance with the Higher Education Act requirements and guidelines of King II were assessed as high with a few areas still remaining for improvement. Those areas were receiving attention from the University Management.

### The Council

The Council comprises academic and non-academic members with an appropriate mix of skills and backgrounds. During 2008, 68% of its members are neither employees nor students of UWC and are appointed in terms of the Institutional Statute. The role of the Chairperson of Council is separated from the role of the University's Rector. Matters dealt with by Council are set out in the Institutional Statute and in the Higher Education Act, 1997 (Act no. 101 of 1997). Council is responsible for the ongoing strategic direction of the university, approval of major developments and the consideration of regular management reports on its day-to-day business. The Council meets at least four times a year and has several sub-committees, including Finance, Remuneration and Conditions of Employment, Membership and Audit Committees. All Council committees are formally constituted and have approved terms of reference.

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

### Finance Committee

The Finance Committee of Council 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 the following: assessing the financial planning of the University with respect to its financial viability; evaluating the Annual Financial Statements of the University; advising the University on long-term financing with respect to immovable capital projects and making recommendations regarding the

aforementioned to the Council. The Finance Committee meets at least quarterly and continuously measures, and reports on, the University's financial performance.

### **Remuneration Committee**

The Remuneration Committee considers and makes recommendations to Council regarding policies, remuneration and prerequisites, and contracts of staff appointed by Council which include the executive management and deans of faculties. The Annual Financial Statements separately reflect the earnings of the executive management.

### **Membership Committee**

The Council Membership Committee considers nominations for vacancies in the Council in terms of the Institutional Statute and makes recommendations to Council with regard to identifying suitable persons where applicable. The Committee takes decisions about Council members serving on the required sub-committees and is responsible for the implementation of the Code of Conduct for Council members.

### **Audit Committee**

The Audit Committee reviews the findings and reports of the University's internal and external auditors and monitors compliance with the King II code. Both the internal and external auditors have unrestricted access to the Audit Committee, ensuring that their independence is in no way impaired. Meetings are held at least four times a year and are attended by the internal and external auditors and appropriate members of the executive management. The Audit Committee operates in accordance with written terms of reference, confirmed by the Council, and provides assistance to the Council with regard to:

#### **External Auditors and External Audit**

- review the audit plan and consider areas of special concern, the procedures to monitor and contain risk, and the audit approach for these areas;
- review, with management, reports and letters from the external auditors concerning deviations from and weaknesses in accounting and operational controls and inform Council of the required action;
- review significant accounting issues pertaining to the application of International Financial Reporting Standards (IFRS); and
- obtain assurance that adequate accounting records are being maintained.

#### **Financial Reporting and Financial Control**

- review the University's audited Annual Financial Statements;
- review significant adjustments resulting from the audit; and
- review the basis on which the university has been determined as a going concern.

### **Internal Audit**

- review reports by the internal auditors detailing the adequacy and overall effectiveness of the University's internal control procedures, the scope and depth of audit coverage, reports on internal control and any recommendations, and confirms that appropriate actions have been taken; and
- review significant differences of opinion between management and the internal audit function.

### **Compliance**

- review reports detailing the extent of compliance with applicable legislation and governance codes.

### **Statement on Conflict Management**

Council agreed in its Code of Conduct to immediately deliberate on matters where conflict arises as a result of, for example, a declaration of vested interest and decide upon it in accordance with generally accepted practice in this regard. During 2008 it was not necessary for Council to give effect to this provision.

### **Executive Management Committee**

The Executive Management Committee is responsible for implementing strategies approved by the Council and for managing the affairs of the university. The Executive Management Committee is chaired by the Rector 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 has the responsibility of ensuring that accounting information systems and the personnel complement are maintaining the accounting records of the institution in good order.

### **Worker and Student Participation**

The university utilises a variety of participating structures on issues which affect employees and students directly and materially and which are designed to achieve good employer / employee and student relations. These structures are designed for the effective sharing of relevant information, consultation and the identification and resolution of conflicts. They embrace goals relating to productivity, career security, legitimacy and identification with the University. Academic staff is well represented in all applicable structures but not by virtue of union membership as the academic staff union dissolved in 2002 due to its inability to retain its membership.

Employment Equity is high on the institutional agenda and is steered through an Employment Equity Forum. The university's staff development plan includes gender action programmes.

### **Statement on Code of Ethics**

The Code of Conduct for Council members expects Councillors to observe the highest standard of integrity, behaviour and ethics in order to conduct business through the use of fair commercial practices. In 2008 there were no breaches in terms of the Code of Conduct in this respect. Council members and staff are expected to

observe the institution's ethical obligations in order to conduct business through the use of fair commercial practices.

### **Statement on Risk Exposure and the management thereof**

The Council is ultimately responsible for risk management, which includes evaluating key risk areas and ensuring that processes for risk management and systems of internal control are implemented. The Executive Management -, Finance - and Audit Committees play an extremely important role in advising the Council in terms of risk. The Council and Management will continue to consider ways to improve reporting on risk.

### **Financial Risks**

Through Government recapitalisation in March 2005 the financial risk position of the institution has changed significantly, specifically with regard to debt which was largely under-funded and required the university to borrow funds in excess of the prescriptions of the Higher Education Act and therefore previously required Ministerial approval. The recapitalisation has seen the university move from an unfavourable cash flow position to a favourable liquidity position in 2005. The 2008 Annual Financial Statements clearly indicate that since recapitalisation the institution has continued to further improve its financial position.

Financial risks facing the institution include interest rate risk, foreign exchange rate risk, and credit risk. The international economic crisis could impact on the ability of international donors to continue to fund research activities at the expected levels. The position of the Rand relative to foreign currency impacts on the Restricted Funds as a large portion of donor income is received in foreign currency. At times this requires projects to revise their work in order to function within the actual rand value of funds received. Interest rate risk has been largely eliminated by recapitalisation with regard to the cash flow position of the institution, but new long term loans are foreseen and if there are increases in interest rates it will impact on such loans.

UWC's applicant pool from disadvantaged communities poses a specific credit risk. Students who do not succeed academically, or only partly succeed, 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 drop-out rates with serious financial implications in terms of debt collection and academic output rates. Improved academic support systems are expected to yield better results in this mission-critical area. The current economic climate could also impact on our success in collecting prior year student debt.

Management of credit, currency and interest rates exposure is the responsibility of the Executive Director: Finance and Services. Monthly management reports contain detail of costs and market value of financial instruments and an analysis of exposures against limits established by Council is also provided. The limits principally cover the maximum permitted exposure in respect of:

- Finance lease debts limited to prime;
- Floating rate borrowings in terms of long terms loans; and
- Credit concentrations.

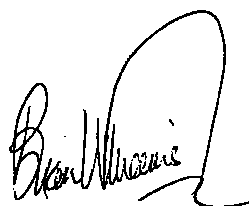
### Non-financial risk

The non-financial factors impacting on UWC include competitive attractiveness, the ability to perform in strategic priority areas, attracting and retaining appropriately skilled staff, reaching student enrolment targets, legislative risks, HIV/AIDS and operational risks resulting from process failures.

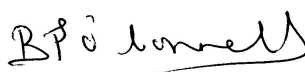
All the above-mentioned non-financial factors impacting on the institution do, however, also have financial risk implications. The University has identified a number of key priorities for the next three to five years and success in these areas will, amongst others, improve student success rates and research output which would reduce risk in terms of the portion of the state subsidy currently received as a development grant. Initial indications are positive, but performance in these strategic priority areas continues to pose a degree of risk. The University is also required to increase its student intake during the next few years and if it does not succeed in this area it would have implications for the University's proportionate share in the annual higher education financial allocation.

The competitive environment in terms of staff holds the risk of the institution losing highly qualified and skilled staff, which is not easily replaceable, to other higher education institutions or industry.

UWC remains vigilant of the challenge of HIV/AIDS and embarked on several initiatives to raise awareness, offers support programmes and influence students' behaviour through peer education. In the field of information technology much has been done to increase levels of security by addressing matters such as weaknesses in change control, firewall security and general-wide network security but in this area the institution is still exposed to a degree of risk.



**Mr B Williams**  
Acting Chairperson of Council  
2009



**Prof B P O'Connell**  
Rector and Vice-Chancellor

## 6. STATEMENT ON SYSTEMS OF INTERNAL CONTROL

The University of the Western Cape maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposition of such assets. Such systems are designed to provide reasonable assurance to the University and the Council that the operational environment promotes 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: documentation of organisational structures; division of responsibilities; and established policies and procedures in key areas which are communicated throughout the organisation.

Information systems utilising information technology are in use throughout the organisation. Management intend that systems are designed to promote ease of use for all users whilst balancing control requirements. In utilising electronic technology to conduct transactions with staff and with third parties, Management maintain that control aspects are given close scrutiny and that procedures are designed and implemented to minimise the risk of fraud or error. The development, maintenance and operation of all systems are under the control of competently trained staff.

Internal auditors monitors the adequacy and effectiveness of internal control systems based on coverage plans discussed with management and approved by the Audit Committee and report findings and recommendations to Management and Council via the Audit Committee of Council. Corrective actions are taken by Management to address control deficiencies and other opportunities for improving systems where identified. The Council, operating through its Audit Committee, provides oversight of the internal control process.

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 provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

Reports to the Audit 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 and Council, and progress with addressing such issues is reviewed in subsequent audits and is duly reported.



**Mr Shu'yab Patel**  
Chairperson  
Council Audit Committee



**Mr Munier Damon**  
Director-Enterprise Risk services  
Deloitte & Touche

## 7. REPORT FROM THE EXECUTIVE DIRECTOR: FINANCE AND SERVICES

During the 2008 financial year the University of the Western Cape (UWC) achieved its targets as endorsed by the Council. Since 2001 the fiscal policy of the University is guided by a five year rolling plan and during 2008 the Council approved the Five Year Plan 2008 (FYP08). The FYP supports the strategic direction of the University as articulated in the Institutional Operating Plan (IOP) and serves as the financial basis to achieve institutional goals. The FYP further provides the framework for budgeting purposes within which strategic financial interventions as per the IOP and annual prioritisation processes of the Management take place. The key areas addressed in the IOP are aligned with the University's Strategic Plan and set operational targets that are supported by ongoing financial planning. The FYP remains a valuable tool to measure current financial performance, predict future financial performance and serves a firm foundation on which to base future financial decisions. The alignment between financial and institutional planning objectives has paved the way for the University's favourable financial position.

The FYP08 set the following targets for the realisation of financial goals:

- Student enrolment to remain stable, with planned growth in targeted areas;
- Student debt collections to exceed 95% of annual billings;
- Employment cost not to exceed 60% of unrestricted income;
- Operating costs not to exceed 32% of unrestricted income;
- Net operating surplus to exceed 1% as a percentage of unrestricted income;
- Immovable capital expenditure is financed by long-term borrowings;
- Movable capital expenditure to be financed through the operations budget; and
- Borrowings to remain within the levels prescribed by the Higher Education Act for South African Universities.

### **Council Controlled and Student Accommodation Funds**

Global market volatility was unprecedented to say the least. Investor risk appetite is at a cyclical low with severe loss of employment and closing of listed companies and US government bailout.

As the year under review drew to a close, the South African economy experienced relatively small incremental increases in interest rates. This was partly due to national segments that required corrections and mainly due to significant external forces such as US and global interest rate hikes, increased oil price and the large deficit on our current account. The New Year is already showing prospects of a more stable market as corrections in the economy balances out.

The University was not unscathed by the effects of the market forces. Our donors, students, parents and stakeholders remained resilient and continued to show a firm commitment to the University. The University



experienced record achievements in operating net surplus, continued success in leveraging on expertise from its talent pool, proactively managed our capital structure, created a solid balance sheet and balanced the various tensions that prevail. We have managed to achieve this by focusing on a number of strategies which underpin the way the institution is run.

The net operating surplus for the year amounts to R102.1m (2007: R68.5m). The positive financial performance is a reflection of the University's ability to grow under difficult conditions without compromising quality and efficiency. The University achieved its financial targets which can be attributed to, amongst others, the following factors:

- Improved fiscal policy;
- Improved administrative efficiency supporting planned student administration and collections;
- Implementation of strategic special intervention programmes;
- Human capital investment; and
- Student academic performance.

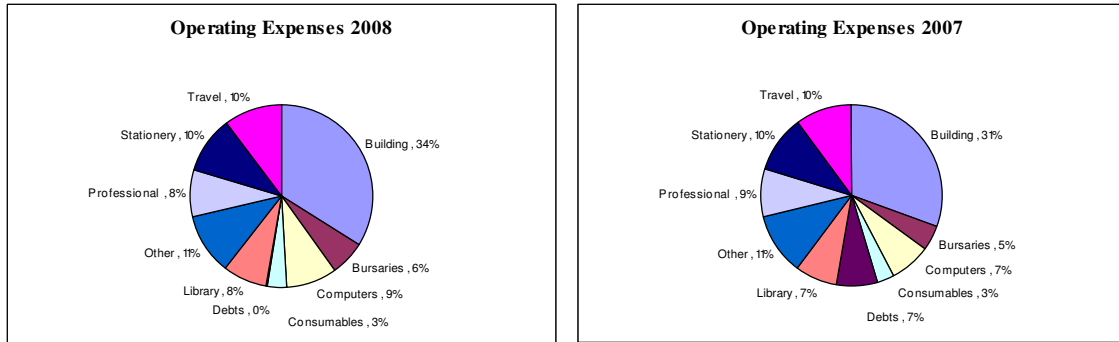
A strong focus within the IOP is the building of capacity to deliver quality and together with the strategic interventions employed by the University these translated into positive financial performance.

#### Abridged Council Controlled and Student Accommodation Funds Income and Expenditure

	2008 (Rmil)	% diff	2007 (Rmil)	% diff	2006 (Rmil)	% diff	2005 (Rmil)	% diff	2004 (Rmil)
<b>TOTAL INCOME:</b>	<b>662.0</b>	16%	<b>569.0</b>	11%	<b>512.0</b>	-21%	<b>644.3</b>	58%	<b>408.9</b>
State subsidies and grants	384.9	17%	329.1	9%	302.3	7%	282.4	11%	254.7
Tuition and accommodation income	200.0	10%	182.4	6%	172.1	11%	155.4	14%	135.9
Recapitalisation	0.0	0%	0.0	0%	0.0	-100%	170.4	100%	0.0
Other recurrent income	77.1	34%	57.5	53%	37.6	17%	32.1	76%	18.3
Other non-recurrent income	0.0	0%	0.0	0%	0.0	-100%	4.0	100%	0.0
<b>TOTAL EXPENSES:</b>	<b>559.9</b>	12%	<b>500.5</b>	19%	<b>422.2</b>	-9%	<b>462.2</b>	14%	<b>404.8</b>
Employment costs	348.8	12%	311.2	7%	290.4	12%	258.8	7%	242.2
Operating expenses	181.8	11%	163.5	15%	141.6	1%	139.7	5%	132.7
Depreciation	28.9	14%	25.4	12%	22.8	-3%	23.4	24%	18.8
South African Revenue Services	0.0	0%	0.0	-100%	(33.1)	-189%	37.3	832%	4.0
Finance costs	0.4	0%	0.4	-14%	0.5	-83%	3.0	-58%	7.1
<b>NET SURPLUS</b>	<b>102.1</b>		<b>68.5</b>		<b>89.8</b>		<b>182.1</b>		<b>4.1</b>

Total Income exceeded budget by 9% that amounts to R57m. The main reason for the excess of budget is state subsidy and investment income as a result of unanticipated interest rate increases during the year and additional subsidy received from the Department of Education (DoE).

Employment costs remain the largest cost component to the University. Cognisant of the continued global pressures and intense competition in the market, the University continuously seeks innovative ways to attract and retain skills as well as developing our internal talent pool.

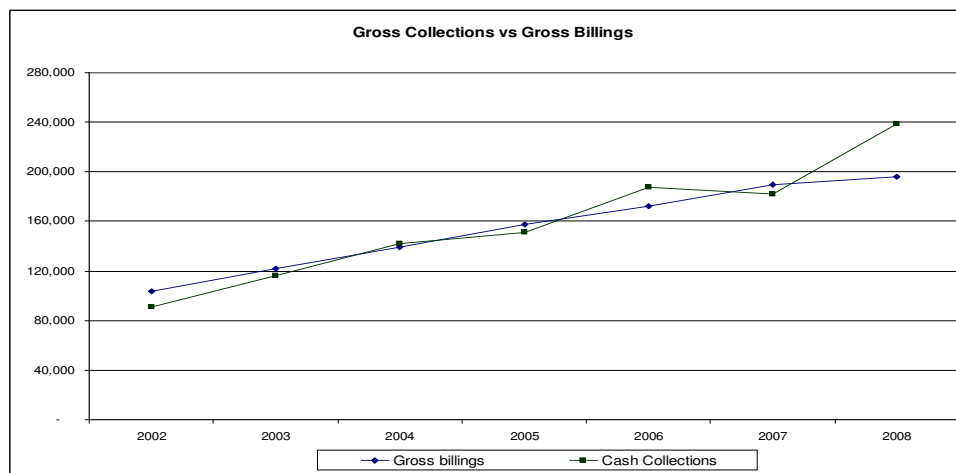


Operating expenses are stated at R181m (2007: R163.5m) that is within budget. Operating expenses include special intervention programmes that accelerate academic and research performance specifically designated to support the IOP.

Depreciation is stated at R28.9m (2007: R25.4m) as a result of property, plant and equipment revised useful lives and revised residual values as a consequence of the accounting treatment outlined in the International Financial Reporting Standards. It is expected that depreciation will increase significantly in the subsequent years as assets reach the end of its useful lives and a significant portion of additions to computer infrastructure and buildings is being brought into use. A noteworthy investment of operating expenses on existing buildings and computer infrastructure is employed to improve on the student experience at the University. This is evident from the increased proportionate share of the operating expenditure spend.

### Student Debt

The University has consistently improved its collection rate over the years. This is due to numerous improvements to debt collection 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. The SEMS programme will continue to be developed over the next year to better support the strategic objectives in this area.



The table above illustrates gross cash collections versus gross billings. Collections from students for 2008 exceeded budget by 10% that translates into a net decrease of the gross debtor book by R10.9m.

The University 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 its mission statement of providing access and being an engaged university augmented by students and families taking responsibility for the cost of higher education. At registration all students are required to pay an upfront amount of R3 100 for non-resident students and R3 500 for resident students. Payment settlement agreements are entered into with individual students to stagger payment throughout the year. In most instances these agreements are honoured by students. The National Student Financial Aid Scheme (NSFAS), donors and various stakeholders have played a significant role in the success of student debt collection at UWC. In the current economic climate we are very grateful to the parents, guardians and students for their continued commitment to address student debt.

### **Accommodation Funds**

The accommodation fund continues to accrue adverse financial results. The breakeven point for the fund can only be reached with the increase of residence fees as the current fee base is too low and continues to erode the reserves that should be used for further capital accommodation investment and maintenance. We continue to negotiate the balancing of good financial planning and engagement with the student leadership. The operating deficit for the year amounts to R6.3m (2007: R6m deficit). The operating deficit does reflect an improvement year on year when applying discounting for time value for money. However the situation is financially untenable. The accumulated deficit of the accommodation fund amounts to R33.3m (2006: R29.5m accumulated deficit) that requires further intervention.

### **Restricted Funds**

The University yielded an exceptionally favourable financial performance for the current year. The fund managed R278m income compared to R355m for the prior year. The net surplus for the year amounts to R103m (2007: R211m). The main reason for the decrease in income is the reduction of the infrastructure expansion projects year on year as a result of the completion and execution of the infrastructure and improvement projects. Maintainable income is represented by excluding infrastructure expansion projects and amounts to R200m (2007: R205m). Net surplus excluding the effect of infrastructure improvement projects amounts to R65.9m (2007: R61.6m). This confirms the University's strengthened research capacity, specifically in certain niche areas and world class teaching and learning activities.

### **Government Grants and Disclosure for Government Assistance**

The University's financial reporting and preparation of financial statements is based on International Financial Reporting Standards (IFRS).

During the year the University received R80m (2007: R40m) from the Department of Education (DoE) for the construction of the new Life Sciences Building. In terms of IAS20: Accounting for Government Grants and Disclosure for Government Assistance, the grant received shall be recognised as a liability (deferred income) and subsequently recognised as income over the period over the assets useful life to match the costs to which the asset relates on a systematic basis. The DoE has committed a total of R200m for the construction of the

Life Sciences Building. This means that the University's Reserves will not be increased as a consequence of the funds received from the DoE and subsequent receipts to the extent of R200m but rather a liability will be raised. The liability will not be discharged in full when the building is brought into use but will be reduced annually to the extent to the related costs which they are intended to compensate, on a systematic basis.

The net effect is that the balance sheet will carry a liability for the lifetime of the building that will be reduced systematically over the life of the building, even though it does not represent an obligation to be settled in the future.

### **Infrastructure Improvement Projects**

Due to prior years' financial position of the University, it could not make adequate provision for maintenance and upgrades. From 2005, the university invested significantly in infrastructure upgrade, specifically with regard to teaching facilities and in addressing the maintenance backlog. The University continued to improve teaching facilities during 2008 and has committed funds in terms of its FYP08 to further accelerate the improvement project systematically. This espouses enhanced student experience and excellence in academic and research activities.

### **New Buildings**

#### **Life Sciences Building**

The University has concluded with a donor, The Atlantic Philanthropies, a R123.7m grant to construct a new Life Sciences building. The 6 storey building will comprise of 4 levels for high-end research, with undergraduate teaching activities on the lower levels. The Minister of Education expressed her full support for this development and has contributed R120m with a further R80m receivable in 2009. The Kresge Foundation has contributed R20m towards the construction of the building. The full cost of the Life Sciences building amounts to R500m. It is expected that the bulk of the project will be externally funded with the University contributing the shortfall. Construction started during 2007 and the building will be ready for occupation for the 2010 academic year.

#### **School of Public Health Building**

The Atlantic Philanthropies has also committed funding for the construction of a School of Public Health building adjacent to Modderdam Road. The building cost is estimated at R58m and the donor has contributed R66m towards the construction and refurbishment of the facility. The building was brought into use during 2009.

#### **Metrology Building**

During 2008 the University received a R10m donation from Petroleum South Africa for the construction of a Metrology Building headed by the University's South African Institute of Materials Chemistry. Construction will commence during 2009.

#### **Residences**

The University has entered into a memorandum of understanding with a company, Kovacs, for the construction of 1800 beds at a cost of R280m on the east campus adjacent to Symphony Way. Negotiations are underway and the first phase of construction is expected to commence during 2009.

## Conclusion

The 2008 favourable financial results is a tribute to the efforts of the Council, its Finance and Audit Committees, Management and the campus community who applied sound fiscal discipline. We will continue the annual strategic prioritisation in the budgeting process and provide the required financial support to sustain the institutional objectives of the IOP. The established financial planning processes as articulated in the FYP will continue to be adhered to and will guide the financial decisions of the University. As we look beyond the current down turn, we are very well positioned with a quality team of people. The future is exciting for UWC steering it into success drawing on innovation, core competencies and leadership.



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

## 8. COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

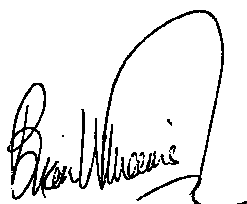
The Council is responsible for the preparation, integrity and fair presentation of the financial statements of the University of the Western Cape (UWC).

The financial statements presented on pages 56 to 85 of the 2008 Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Minister of Education in the regulations in terms of the Higher Education Act, 1997 (Act No 101 of 1997), as amended and include amounts based on judgments and estimates made by the management. The Council has also approved the Council Statement on Corporate Governance and confirms its accuracy and consistency 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 of pages 56 to 85 of this Annual Report were approved by Council on 18 June 2009 and are signed on its behalf by:



**Mr Brian Williams**  
Acting Chairperson of Council  
2009



**Prof Brian O'Connell**  
Rector and Vice-Chancellor

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF THE WESTERN CAPE

### Report on the Financial Statements

We have audited the annual financial statements of the University Of The Western Cape, which comprise the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 85.

#### *Council's Responsibility for the Financial Statements*

The Council are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, No. 101 of 1997 (as amended). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

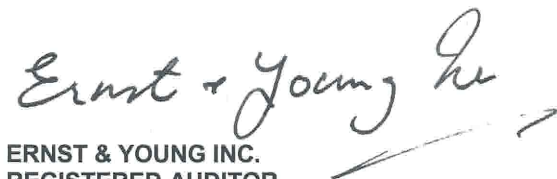
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as of 31 December 2008, and of the financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, No. 101 of 1997 (as amended).



ERNST & YOUNG INC.  
REGISTERED AUDITOR  
June 30 2009  
Cape Town

Chief Executive: Philip Hourquebie  
A full list of Directors is available from the website.



UNIVERSITY of the  
WESTERN CAPE

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

		ZAR	ZAR
	Notes	2008	2007
<b>ASSETS</b>		<b>1,306,224,491</b>	<b>995,942,775</b>
<b>Non-current Assets</b>		<b>737,104,895</b>	<b>496,482,450</b>
Property, plant and equipment	2	682,176,543	419,222,902
Investments		54,692,789	77,054,811
Marketable Securities	3	51,634,218	74,010,993
Other investments	3	3,058,571	3,043,818
Staff loans	4	235,563	204,737
<b>Current Assets</b>		<b>569,119,596</b>	<b>499,460,325</b>
Inventories	5	521,430	274,584
Investments	3	2,729,132	2,495,372
Accounts receivable		77,603,470	61,602,516
Student fee debtors	6	48,161,832	48,718,482
Other receivables	7	29,441,638	12,884,034
Cash and cash equivalents	8	488,265,564	435,087,853
<b>FUNDS AND LIABILITIES</b>		<b>1,306,224,491</b>	<b>995,942,775</b>
<b>Funds available</b>		<b>1,039,402,666</b>	<b>851,245,616</b>
Council controlled funds		196,618,967	167,193,957
Restricted use funds		186,646,580	270,182,231
Student accommodation funds		(33,345,393)	(29,546,491)
Property, plant and equipment funds		682,176,543	419,222,902
Fair value adjustments reserve		7,305,969	24,193,017
<b>Non-Current Liabilities</b>		<b>174,730,385</b>	<b>88,726,572</b>
Interest bearing borrowings	9	2,300,000	2,300,000
Government grant relating to assets	25	120,000,000	40,000,000
Leave pay provision	11	52,430,385	46,426,572
<b>Current Liabilities</b>		<b>92,091,440</b>	<b>55,970,587</b>
Accounts payable and accrued liabilities	12	79,100,200	43,204,190
Current portion of leave pay provision	11	9,580,782	8,927,428
South African Revenue Services Provision	13	1,279,320	1,279,320
Student deposits	14	2,131,138	2,143,146
Current portion of interest bearing borrowings	9	-	416,503



## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

Notes	Council controlled funds	Restricted use funds	Student accommodation funds	Property, plant and equipment funds	Fair value adjustments reserve	Total available funds
<b>FOR THE YEAR ENDED 31 DECEMBER 2008</b>						
	<b>167,193,957</b>	<b>270,182,231</b>	<b>(29,546,491)</b>	<b>419,222,902</b>	<b>24,193,017</b>	<b>851,245,616</b>
	<b>108,425,716</b>	<b>102,912,320</b>	<b>(6,293,938)</b>	-	<b>(16,887,048)</b>	<b>188,157,050</b>
	108,425,716	102,912,320	(6,293,938)	-	-	205,044,098
3	-	-	-	-	(3,863,533)	(3,863,533)
3	-	-	-	-	(13,023,515)	(13,023,515)
2	(100,856,266)	(190,475,643)	(461,853)	291,793,762	-	-
2	25,883,232	-	2,956,889	(28,840,121)	-	-
23	160,795	(160,795)	-	-	-	-
	(4,188,467)	4,188,467	-	-	-	-
	<b>196,618,967</b>	<b>186,646,580</b>	<b>(33,345,393)</b>	<b>682,176,543</b>	<b>7,305,969</b>	<b>1,039,402,666</b>
<b>FOR THE YEAR ENDED 31 DECEMBER 2007</b>						
	<b>106,870,247</b>	<b>121,940,053</b>	<b>(25,440,489)</b>	<b>343,576,896</b>	<b>24,057,252</b>	<b>571,003,959</b>
	<b>74,497,342</b>	<b>211,388,743</b>	<b>(5,993,569)</b>	-	<b>349,141</b>	<b>280,241,657</b>
	74,497,342	211,388,743	(5,993,569)	-	-	279,892,516
3	-	-	-	-	(7,791,225)	(7,791,225)
3	-	-	-	-	8,140,366	8,140,366
2	(35,922,313)	(64,316,251)	(800,514)	101,039,078	-	-
2	22,704,991	-	2,688,081	(25,393,072)	-	-
23	558,946	(558,946)	-	-	-	-
	(1,515,256)	1,728,632	-	-	(213,376)	-
	<b>167,193,957</b>	<b>270,182,231</b>	<b>(29,546,491)</b>	<b>419,222,902</b>	<b>24,193,017</b>	<b>851,245,616</b>



UNIVERSITY of the  
WESTERN CAPE

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

		ZAR	ZAR
		2008	2007
<b>TOTAL INCOME</b>		<b>940,224,814</b>	<b>924,482,647</b>
<b>Recurrent revenue</b>		<b>899,333,311</b>	<b>766,881,141</b>
State subsidies and grants	15	429,261,042	365,627,020
Student fee revenue		199,951,543	182,399,992
Income from contracts		112,512,995	83,687,522
For research		92,085,889	60,207,637
For other activities		20,427,106	23,479,885
Other service revenue		2,349,081	2,170,828
Private gifts and grants	20	58,175,872	67,213,794
Other recurrent income	18	22,033,252	22,401,969
<b>Sub-Total</b>		<b>824,283,785</b>	<b>723,501,125</b>
Interest received	16	70,975,299	41,649,794
Dividends received	16	4,074,227	1,730,222
<b>Non-recurrent items</b>		<b>40,891,503</b>	<b>157,601,506</b>
Profit on disposal of marketable securities	16	3,863,533	7,791,225
Other non-recurrent income	18	28,970	54,635
Private gifts and grants			
Infrastructure expansion projects	20	36,999,000	149,755,646
<b>TOTAL EXPENDITURE</b>		<b>735,180,716</b>	<b>644,590,131</b>
<b>Recurrent items</b>		<b>727,209,298</b>	<b>644,079,915</b>
Personnel		407,091,703	362,139,405
Academic professionals	17	209,992,060	186,852,778
Other personnel	17	197,099,643	175,286,627
Other operating expenses	18	290,832,251	256,101,979
Depreciation	2	28,840,121	25,393,072
<b>Sub-Total</b>		<b>726,764,075</b>	<b>643,634,456</b>
Finance costs	19	445,223	445,459
<b>Non-recurrent items</b>		<b>7,971,418</b>	<b>510,216</b>
Loss on disposal of PPE		7,971,418	510,216
<b>NET SURPLUS</b>		<b>205,044,098</b>	<b>279,892,516</b>
<b>Analysed as follows:</b>			
Council Controlled Funds		108,425,716	74,497,342
Accommodation Funds		(6,293,938)	(5,993,569)
Infrastructure expansion projects	20	36,999,000	149,755,646
Restricted Funds - Normal activities		65,913,320	61,633,097
<b>NET SURPLUS</b>		<b>205,044,098</b>	<b>279,892,516</b>



UNIVERSITY of the  
WESTERN CAPE

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	ZAR COUNCIL CONTROLLED FUNDS 2008	ZAR COUNCIL CONTROLLED FUNDS 2007
<b>TOTAL INCOME</b>		<b>633,775,521</b>	<b>543,427,257</b>
<b>Recurrent revenue</b>		<b>633,775,521</b>	<b>543,427,257</b>
State subsidies and grants	15	384,938,000	329,088,768
Student fee revenue		171,709,712	156,340,439
Income from contracts		11,809,928	10,628,724
For other activities		11,809,928	10,628,724
Other service revenue		2,349,081	2,170,828
Private gifts and grants	20	3,246,689	596,130
Other recurrent income	18	14,356,484	13,690,384
<b>Sub-Total</b>		<b>588,409,894</b>	<b>512,515,273</b>
Interest received	16	45,365,627	30,911,984
<b>TOTAL EXPENDITURE</b>		<b>525,349,805</b>	<b>468,929,915</b>
<b>Recurrent items</b>		<b>517,346,307</b>	<b>468,380,135</b>
Personnel		340,178,977	302,827,699
Academic professionals	17	183,192,261	165,912,328
Other personnel	17	156,986,716	136,915,371
Other operating expenses	18	150,838,875	142,401,986
Depreciation		25,883,232	22,704,991
<b>Sub-Total</b>		<b>516,901,084</b>	<b>467,934,676</b>
Finance costs	19	445,223	445,459
<b>Non-recurrent items</b>		<b>8,003,498</b>	<b>549,780</b>
Loss on disposal of PPE		8,003,498	549,780
<b>NET SURPLUS</b>		<b>108,425,716</b>	<b>74,497,342</b>



UNIVERSITY of the  
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## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	ZAR 2008	ZAR 2007
<b>TOTAL INCOME</b>		<b>28,270,801</b>	<b>26,114,188</b>
<b>Recurrent revenue</b>		<b>28,241,831</b>	<b>26,059,553</b>
Student fee revenue		28,241,831	26,059,553
<b>Non-recurrent items</b>		<b>28,970</b>	<b>54,635</b>
Other non-recurrent income	18	28,970	54,635
<b>TOTAL EXPENDITURE</b>		<b>34,564,739</b>	<b>32,107,757</b>
<b>Recurrent items</b>		<b>34,564,739</b>	<b>32,107,757</b>
Personnel		8,650,516	8,352,549
Other personnel	17	8,650,516	8,352,549
Other operating expenses	18	22,957,334	21,067,127
Depreciation		2,956,889	2,688,081
<b>NET DEFICIT</b>		<b>(6,293,938)</b>	<b>(5,993,569)</b>



UNIVERSITY of the  
WESTERN CAPE

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

		ZAR	ZAR
		RESTRICTED USE FUNDS	
		2008	2007
<b>TOTAL INCOME</b>		<b>278,178,492</b>	<b>354,941,202</b>
<b>Recurrent revenue</b>		<b>237,315,959</b>	<b>197,394,331</b>
State subsidies and grants	15	44,323,042	36,538,252
Income from contracts		100,703,067	73,058,798
For research		92,085,889	60,207,637
For other activities		8,617,178	12,851,161
Private gifts and grants	20	54,929,183	66,617,664
Other recurrent income	18	7,676,768	8,711,585
<b>Sub-Total</b>		<b>207,632,060</b>	<b>184,926,299</b>
Interest received	16	25,609,672	10,737,810
Dividends received	16	4,074,227	1,730,222
<b>Non-recurrent items</b>		<b>40,862,533</b>	<b>157,546,871</b>
Profit on disposal of marketable securities	16	3,863,533	7,791,225
Infrastructure expansion projects	20	36,999,000	149,755,646
<b>TOTAL EXPENDITURE</b>		<b>175,266,172</b>	<b>143,552,459</b>
<b>Recurrent items</b>		<b>175,298,252</b>	<b>143,592,023</b>
Personnel		58,262,210	50,959,157
Academic professionals	17	26,799,799	20,940,450
Other personnel	17	31,462,411	30,018,707
Other operating expenses	18	117,036,042	92,632,866
<b>Non-recurrent items</b>		<b>(32,080)</b>	<b>(39,564)</b>
Profit on disposal of PPE		(32,080)	(39,564)
<b>NET SURPLUS</b>	20	<b>102,912,320</b>	<b>211,388,743</b>
<b>Analysed as follows:</b>			
Net surplus		102,912,320	211,388,743
Less infrastructure expansion projects	20	36,999,000	149,755,646
Normal activities		65,913,320	61,633,097



UNIVERSITY of the  
WESTERN CAPE

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	ZAR 2008	ZAR 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net surplus before interest and dividends</b>	<b>26.1</b>	<b>130,439,795</b>	<b>236,957,959</b>
<b>Adjusted for:</b>			
Depreciation		28,840,121	25,393,072
Net gain on disposal of investments		(3,863,533)	(7,791,225)
Decrease on money market deposits		-	(41,786)
Impairment of computer software		6,948,028	-
Loss on disposal of property, plant and equipment		1,023,392	510,216
		<b>163,387,804</b>	<b>255,028,236</b>
(Increase) in inventory		(246,846)	(25,928)
(Increase) in receivables		(16,000,954)	(20,425,662)
(Increase)/decrease in staff loans		(30,826)	208,206
Increase in payables and provisions		42,553,177	1,714,615
(Decrease)/increase in student deposits		(12,008)	226,240
		<b>189,650,347</b>	<b>236,725,707</b>
<b>Cash generated from operations</b>		<b>189,650,347</b>	<b>236,725,707</b>
Interest received		70,471,424	41,200,905
Dividends received		4,074,227	1,730,222
Finance costs		(445,223)	(445,459)
<b>Net cash flows from operating activities</b>		<b>263,750,775</b>	<b>279,211,375</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(299,868,576)	(101,610,207)
Proceeds on disposal of property, plant and equipment		103,394	60,913
Purchase of marketable securities		(16,591,968)	(28,674,156)
Proceeds on disposal of marketable securities		25,945,228	19,886,292
Proceeds on disposal of other investments		255,362	255,362
<b>Net cash flows from investing activities</b>		<b>(290,156,560)</b>	<b>(110,081,796)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans		(416,503)	(485,636)
Government grant relating to assets received	25	80,000,000	40,000,000
<b>Net cash flows from financing activities</b>		<b>79,583,497</b>	<b>39,514,364</b>
<b>Net increase in cash and cash equivalents</b>		<b>53,177,711</b>	<b>208,643,943</b>
<b>Opening cash and cash equivalents</b>	26.2	<b>435,087,853</b>	<b>226,443,910</b>
<b>Closing cash and cash equivalents</b>	26.2	<b>488,265,564</b>	<b>435,087,853</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

UNIVERSITY of the  
WESTERN CAPE

## 1 ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION

The annual financial statements set out on pages 56 to 85 are prepared in accordance with and comply with International Financial Reporting Standards and in the manner required by the Minister of Education 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.

#### 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 as follows:

The University has adopted the following new and amended International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations during the year:

IFRIC 11 IFRS2 Group and Treasury Share Transactions

IFRIC 12 Service Concession Arrangements

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Adoption of these standards and interpretations did not have any impact on the financial performance or position of the University.

The principal effects of these changes are as follows:

#### IFRIC 11 IFRS2 – Group and Treasury Share Transactions

This interpretation concerns share-based payment arrangements that involve two or more entities within the same group and addresses certain share-based transactions with employees. This interpretation does not currently apply to the activities of the University.

#### IFRIC 12 Service Concession Arrangements

This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation does not currently apply to the activities of the University.

#### IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation addresses the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability by requiring an entity to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan. The adoption of this interpretation will have no effect on the financial performance or position of the University.

### 1.2 FUND CATEGORIES

The income statement is prepared on a segmented reporting basis in the manner required by the Minister of Education in terms 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 the 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 consolidated statement of changes in funds is grouped according to the same criteria as the income statement 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 investments that are not recognised in the income statements. The fair value adjustments reserve records fair value changes on available-for-sale investments. The Restricted Use Funds represent the unspent portion of funds received which the University has an obligation to spend in terms of a mandate.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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## 1 ACCOUNTING POLICIES (continued)

### 1.3 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, net of any discounts, rebates and related taxes.

#### 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. 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 fee 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.

#### Recapitalisation

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

### 1.4 FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet 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 carried at amortised cost using the effective interest rate method. Gains and losses are recognised on derecognition or impairment as well as through the amortisation process.

Unless otherwise disclosed under the relevant balance sheet item note, financial assets and liabilities are carried at fair value subsequent to initial recognition. The methods and assumptions used to determine initial fair value, as well as measurement subsequent to initial recognition are as follows:

#### 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. Other investments, where the intention of the University is to hold the investment to maturity, are considered to be "held-to maturity" investments and are measured at cost or amortised cost using the effective interest rate method where appropriate. Marketable securities are held at fair value after deductions for transaction costs of purchase or sale. 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 the statement of changes in funds until such time as the investment is sold, whereupon any surplus or deficit will be recognised in the income statement. The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments.

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.





# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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## 1 ACCOUNTING POLICIES *(continued)*

### 1.4 FINANCIAL INSTRUMENTS *(continued)*

#### **Staff loans**

Staff loans are considered to be "loans and receivables" and are carried at amortised cost. An impairment is made, when there is objective evidence that the University will not be able to recover the loans, for the full irrecoverable amount.

#### **Accounts receivable**

Accounts receivable are considered to be "loans and receivables".

#### *Student fee debtors*

Student fee debt is non-interest bearing, and minimum payments are required on registration and on prescribed subsequent dates. Student fee debt is carried at amortised cost using the effective interest rate method less an allowance for impairment. Amounts are impaired when there is objective evidence that the University will not be able to collect the debt.

#### *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 balance sheet comprise of cash at banks and in hand and short-term deposits with an original maturity of three months or less. Cash on hand in banks and short term deposits are carried 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 rate method, being original debt value less principal repayments and 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 the income statement 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 carried at amortised cost. Income received in advance is disclosed as non-current liabilities and represents cash received for income which will only accrue to the University in the subsequent year.

#### **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.

#### **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 balance sheet 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.

#### **Offset**

Financial assets and liabilities are offset and reported on a net basis when the University 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 where:

- The rights to receive cash flows from the asset have expired,
- The University retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or
- The University has transferred its right to receive cash flows from the asset, or either transferred substantially all the risks and rewards of the asset or neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the assets.

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



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

UNIVERSITY of the  
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## 1 ACCOUNTING POLICIES *(continued)*

### 1.4 FINANCIAL INSTRUMENTS *(continued)*

#### **Impairment**

Impairment of financial assets

The University assesses at each balance sheet date whether there is any objective evidence that a financial asset or a University of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and 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 carried at amortised cost, the University first assesses individually whether objective evidence of impairment exists individually 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 the income statement. 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 future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **Available-for-sale financial investments**

For available-for-sale financial investments, the University assesses at each balance sheet 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 the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

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. 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 income statement, the impairment loss is reversed through the income statement.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**ACCOUNTING POLICIES (continued)**

**1.5 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 balance sheet 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.

*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 periodically obtains the opinion of external building specialists regarding the estimation of their useful lives. The most recent external opinion was obtained in June 2006. 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 2008 was R682,176,543 (2007: R419,222,902).

*Student fee debtors and other receivables*

Appropriate rates for the discounting of student fee debtors are approximated with reference to prevailing market rates that would be available to the University on low risk deposits. The probability and timing of cash flows are estimated based on historical trends. The fair value of Student fee debtors at 31 December 2008 was R48,161,832 (2007: R48,718,482).

*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 fair value of the leave pay provision at 31 December 2008 was R62,011,167 (2007: R55,354,000).

*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.

*Accounts payable and accrued liabilities*

Appropriate rates for the discounting of accounts payable and accrued liabilities are approximated with reference to prevailing market rates that are being earned on cash deposits financed by these liabilities. The fair value of the accounts payable and accrued liabilities at 31 December 2008 was R79,100,200 (2007: R43,204,190).

*Held to maturity investments*

Judgement is made with regard to investments classified as held to maturity. This judgement is based on management's intention to hold the instrument to maturity at initial recognition. The fair value of endowment policies at 31 December 2008 was R1,820,222 (2007: R1,918,288).

**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 SAPSE norms using replacement value as at April 1984 as the basis, less depreciation. Property, plant and equipment transferred as part of the Tygerberg Oral Health Centre incorporation, were recorded at fair value at date of incorporation. 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 the income statement 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 years
- Primary Structure	10 to 66 years	Computer Equipment	3 to 10 years
- Components	10 to 15 years	Furniture and equipment	5 to 10 years

Library, museum and art acquisitions are expensed in the year of acquisition.

Residual values and remaining useful lives, are reassessed annually.

The University assesses at the end of each financial reporting period whether there is any indication that an asset may be impaired. 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 are included in the income statement. 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 the income statement.

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 estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 ACCOUNTING POLICIES (*continued*)

#### 1.8 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. Assets subject to finance leases are capitalised at their fair value or, if lower, at the present value of the minimum lease payments, with the related lease obligation being recognised at the same value. Finance charges are charged directly against income. Such assets are depreciated in terms of the accounting policy on property, plant and equipment. Lease finance charges are allocated to accounting periods over the duration of the leases by the effective interest rate method, which reflects the extent and cost of finance leases utilised in each accounting period.

All other leases 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 as income or expense in full when incurred.

Past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs not yet recognised and 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 sum of any past service costs not yet recognised and 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.

#### 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 a borrowing cost.

#### 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 income statement as the staff render their services to the University and costs relating to defined benefit retirement plans are charged to the income statement 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 the income statement in the year in which they are incurred.

#### 1.13 FOREIGN CURRENCIES

The University's financial statements are presented in 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 balance sheet date. All differences are taken to the income statement. 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 entities are created for funds separately identified for specific research or operational activities. These entities 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.

#### 1.15 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

##### **IFRS and IFRIC Interpretations not yet effective**

The University has not applied the following IFRS and IFRIC interpretations that have been issued but are not yet effective. They will be adopted no later than the effective dates.

##### **Annual Improvements to IFRS (2008)**

During the year the IFRS Committee approved various minor amendments to existing IFRS.

The application of these minor amendments will have no material impact on the University's financial statements. These amendments become effective for periods beginning on or after 1 January 2009 or 1 July 2009.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

UNIVERSITY of the  
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### 1 ACCOUNTING POLICIES (continued)

#### 1.15 ACCOUNTING STATEMENTS ISSUED NOT YET EFFECTIVE (continued)

##### **IFRS 1 First time adoption of IFRS – Cost of investment on first-time adoption**

This amendment allows first-time adopters to use an alternate cost of investment in the separate financial statements of a parent entity. This amendment becomes effective for periods beginning on or after 1 January 2009, but currently does not apply to the activities of the University.

##### **IFRS 2 Share-based Payments**

This amendment to this standard clarifies the terms ‘vesting conditions’ and ‘cancellations’, including that vesting conditions shall be restricted to service and performance conditions only and that all cancellations shall receive the same accounting treatment. This amendment becomes effective for periods beginning on or after 1 January 2009, but does not currently apply to the activities of the University.

##### **IFRS 3 Business Combinations**

This revised standard requires amendments to the scope of the standard as well as changes to the treatment of certain transactions within a business combination. The scope has been changed to include mutual entities and combinations without consideration and exclude entities under common control. Changes to the treatment of transactions includes the treatment of costs of issuing debt or equity instruments, contingent consideration changes, goodwill and non-controlling interests, partial disposals and accounting for pre-existing relationships. This revised standard becomes effective for periods beginning on or after 1 July 2009, but does not currently apply to the activities of the University.

##### **IFRS 8 Operating Segments**

This standard sets out requirements for disclosure of information about an entity’s operating segments and also about the entity’s products and services, the geographical areas in which it operates and its major customers. This standard becomes effective for periods beginning on or after 1 January 2009, but does not currently apply to the activities of the University.

##### **IAS 1 Presentation of Financial Statements – Disclosure of puttable instruments and obligations arising on liquidation**

This amendment sets out additional disclosure required if an entity has a puttable instrument that is presented as equity. This amendment becomes effective for periods beginning on or after 1 January 2009, but currently does not apply to the activities of the University.

##### **IAS 1 Presentation of Financial Statements**

This amendment sets out comprehensive revisions to the presentation of financial statements, including changes to the titles of financial statements, requiring a statement of comprehensive income and expanded disclosures of income tax and reclassification adjustments. This statement becomes effective for periods beginning on or after 1 January 2009. The revised standard will have no effect on the financial performance or position of the University, but will impact on the disclosures in the financial statements.

##### **IAS 23 Borrowing Costs**

This revised standard removes the option to expense or capitalise borrowing costs on qualifying assets, and now requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of the asset, provided that it is probable that it will result in future economic benefits to the company and the costs can be measured reliably. This revised statement becomes effective for periods beginning on or after 1 January 2009, but will not have a material impact on the University.

##### **IAS 27 Consolidated and Separate Financial Statements – Cost of investment on first-time adoption**

This amendment allows first-time adopters to use an alternate cost of investment in the separate financial statements of a parent entity. This amendment becomes effective for periods beginning on or after 1 July 2009, but currently does not apply to the activities of the University.

##### **IAS 31 Consolidated and Separate Financial Statements – Amendments arising from IFRS 3**

This revised standard arises from revisions made to IFRS 3 Business Combinations, in which the treatment of certain transactions within a business combination has changed. This revised standard becomes effective for periods beginning on or after 1 January 2009, but currently does not apply to the activities of the University.

##### **IAS 32 Financial Instruments: Presentation – Puttable instruments and obligations arising on liquidation**

This amendment sets out additional disclosure required if an entity has a puttable instrument that is presented as equity. This amendment becomes effective for periods beginning on or after 1 January 2009, but currently does not apply to the activities of the University.

##### **IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items**

This amendment clarifies the treatment of inflation in a financial hedged item and clarifies the value that should be assigned to a one-sided risk in a hedged item. This amendment becomes effective for periods beginning on or after 1 July 2009, but currently does not apply to the activities of the University.

##### **IFRIC 13 Customer loyalty programmes**

This interpretation explains how an entity should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. This interpretation becomes effective for periods beginning on or after 1 July 2008, but currently does not apply to the activities of the University.



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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 1 ACCOUNTING POLICIES *(continued)*

#### 1.15 ACCOUNTING STATEMENTS ISSUED NOT YET EFFECTIVE *(continued)*

##### **IFRIC 15 Agreements for the construction of real estate**

This interpretation standardises accounting practice across jurisdictions for the recognition of revenue by real estate developers for the sale of units before construction is complete. This interpretation becomes effective for periods beginning on or after 1 January 2009, but currently does not apply to the activities of the University.

##### **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

This interpretation clarifies that a parent entity may designate a hedged risk in relation to foreign exchange differences between functional currencies; that hedging instruments may be held by any entity within the group and that IAS 21 must be applied in respect of a hedged item. This interpretation becomes effective for periods beginning on or after 1 October 2008, but currently does not apply to the activities of the University.

##### **IFRIC 17 Distributions of non-cash assets to owners**

This interpretation clarifies the recognition, measurement and disclosure requirements when an entity distributes non-cash assets to its owners. This interpretation becomes effective for periods beginning on or after 1 July 2009, but currently does not apply to the activities of the University.

##### **IFRIC 18 Transfer of assets from Customers**

This interpretation applies to the accounting for transfers of items of property, plant and equipment by the entity that receive items of property, plant and equipment from their customers and must use the property, plant and equipment to either connect their customers to a network or to provide the customer with the ongoing access to a supply of goods or services or both. This interpretation becomes effective on or after 1 July 2009, but currently does not apply to the activities of the University.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**2. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land &amp; buildings ZAR</b>	<b>Furniture &amp; equipment ZAR</b>	<b>Computer equipment ZAR</b>	<b>Vehicles ZAR</b>	<b>Total ZAR</b>
<b>Year ended 31 December 2008</b>					
Opening net book value	325,017,692	55,065,176	36,370,368	2,769,666	419,222,902
Additions	255,894,570	15,338,241	26,572,876	2,062,889	299,868,576
Disposals	-	(911,816)	(6,992,156)	(170,842)	(8,074,814)
Depreciation charge	(12,877,588)	(5,657,551)	(9,866,191)	(438,791)	(28,840,121)
Closing net book value	568,034,674	63,834,050	46,084,897	4,222,922	682,176,543
<b>At 31 December 2008</b>					
Gross carrying amount	687,621,135	149,424,842	142,269,785	8,474,763	987,790,525
Gross accumulated depreciation	(119,586,461)	(85,590,792)	(96,184,888)	(4,251,841)	(305,613,982)
Net book value	568,034,674	63,834,050	46,084,897	4,222,922	682,176,543
<b>Year ended 31 December 2007</b>					
Opening net book value	276,840,512	36,691,596	27,276,226	2,768,562	343,576,896
Additions	60,114,855	23,136,895	17,534,293	824,164	101,610,207
Disposals	-	(63,827)	(39,106)	(468,196)	(571,129)
Depreciation charge	(11,937,675)	(4,699,488)	(8,401,045)	(354,864)	(25,393,072)
Closing net book value	325,017,692	55,065,176	36,370,368	2,769,666	419,222,902
<b>At 31 December 2007</b>					
Gross carrying amount	431,726,565	134,998,417	122,689,065	6,582,716	695,996,763
Gross accumulated depreciation	(106,708,873)	(79,933,241)	(86,318,697)	(3,813,050)	(276,773,861)
Net book value	325,017,692	55,065,176	36,370,368	2,769,666	419,222,902

**Land and Buildings**

- Main campus, Modderdam Road, Bellville, described as whole or remainders of Erf numbers 14869, 17018, 31230, 31229, 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 from the University of Stellenbosch has not taken place.)
- Dentistry Building, Mitchells Plain Medical Centre, described as unit 2 of sectional title scheme 248 in Mitchells Plain, 29388, 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.

Certain property, plant and equipment was transferred to the University as part of the Tygerberg Oral Health Centre incorporation in 2004. The valuation of the Tygerberg dentistry building was performed by independent professional property valuers.

**Components**

Components are separately identified and depreciated.



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**3. INVESTMENTS**

**3.1 NON-CURRENT INVESTMENTS**

**Available-for-sale :**

**Marketable Securities**

	ZAR	ZAR
	2008	2007
Opening net book amount	74,010,993	57,040,977
Additions	16,591,968	28,674,156
Disposals	(25,945,228)	(19,886,292)
Movement in fair value adjustments reserve	(13,023,515)	8,182,152
Closing net book amount	<u>51,634,218</u>	<u>74,010,993</u>

Marketable securities are administered by portfolio managers, comprise listed instruments and are classified as available for sale. They have no fixed maturity date or coupon rate.

In the cash flow statement, proceeds from the disposal of marketable securities comprise:

Net book amount	22,081,695	12,095,067
Net profit on disposal of marketable securities	3,863,533	7,791,225
Proceeds on disposal of investments	<u>25,945,228</u>	<u>19,886,292</u>

**Held to maturity :**

**Other Investments**

	Endowment policies	Zero Coupon Bond	TOTAL 2008	Endowment policies	Zero Coupon Bond	TOTAL 2007
Opening net book amount	1,918,288	1,125,530	3,043,818	2,009,558	1,022,729	3,032,287
Additions/(redemptions)	(255,362)	-	(255,362)	(255,362)	-	(255,362)
Interest earned	157,296	112,819	270,115	164,092	102,801	266,893
Closing net book amount	<u>1,820,222</u>	<u>1,238,349</u>	<u>3,058,571</u>	<u>1,918,288</u>	<u>1,125,530</u>	<u>3,043,818</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%, maturing in June 2015. The endowment policy is a held to maturity instruments at a fixed interest rate of 8.45%, maturing in December 2019 and is stated at amortised cost which is the fair value.

**3.2 CURRENT INVESTMENTS**

**Endowment Policies**

Opening net book amount	2,495,372	2,313,376
Interest earned	233,760	181,996
Closing net book amount	<u>2,729,132</u>	<u>2,495,372</u>

The endowment policy, stated at amortised cost, is an available-for-sale instrument.

The carrying value of the endowment policy approximates its fair value.

**4. STAFF LOANS**

Gross Amount	330,778	299,952
Less impairment	(95,215)	(95,215)
	<u>235,563</u>	<u>204,737</u>

These loans are unsecured and attract interest at 15% with repayment terms varying from 1 to 36 months.

**5. INVENTORIES**

Maintenance store (at cost)	521,430	274,584
	<u>521,430</u>	<u>274,584</u>

Amounts expensed relating to inventory are included under other operating expenses.





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**6. STUDENT FEE DEBTORS**

	ZAR 2008	ZAR 2007
Gross Amount	154,247,375	154,190,440
Less impairment	<u>(106,085,543)</u>	<u>(105,471,958)</u>
	<u>48,161,832</u>	<u>48,718,482</u>

Student fee debt is non-interest bearing, and 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 amounts approximates the fair value.

The gross value of debtors past due but not impaired at year end is R9,162,618 (2007: R7,911,711)

Movement in the provision for impairment of student fee debtors were as follows:

At 1 January	105,471,958	103,109,068
Charge for the year	613,585	2,362,890
At 31 December	<u>106,085,543</u>	<u>105,471,958</u>

**7. OTHER RECEIVABLES**

Prepayments	4,939,931	2,881,940
Government subsidies and grants	10,969,000	295,768
Provincial subsidies and grants	1,110,527	3,565,101
Gross Amount	<u>7,221,174</u>	<u>9,776,774</u>
Less Impairment	<u>(6,110,647)</u>	<u>(6,211,673)</u>
Other receivables in respect of subsidies, contracts and grants	11,263,589	4,910,145
Sundry receivables	1,158,591	1,231,080
Gross Amount	<u>1,334,248</u>	<u>1,551,038</u>
Less Impairment	<u>(175,657)</u>	<u>(319,958)</u>
	<u>29,441,638</u>	<u>12,884,034</u>

The impairment of R6,110,647 represents salary recoveries payable by the Provincial Government of the Western Cape of which the recovery rate of claims is being addressed and the impairment of R175,657 in respect of residence billings is in the process of being resolved. Other receivables comprise non-interest bearing items with no fixed terms of payment. They are not discounted and their carrying amounts approximate their fair value.

**8. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	14,751,141	46,531,204
Short term bank deposits	473,514,423	388,556,649
	<u>488,265,564</u>	<u>435,087,853</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 10.49% and 13.10% (2007: 9.6% and 11.9%) and their carrying amounts approximate fair value. They are classified as cash equivalents as management consider them to be accessible prior to prescribed maturity.



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**9. INTEREST BEARING BORROWINGS**

	<b>ZAR 2008</b>	<b>ZAR 2007</b>
<b>Non-Current</b>		
Non-current portion of long term loans	2,300,000	2,300,000
<b>Total non-current borrowings</b>	<u>2,300,000</u>	<u>2,300,000</u>
A R2,300,000 loan from the Public Investment Commissioner, repayable on 30 June 2015, is secured by a zero coupon bond of R300 000 currently valued at R1,238,349 (2007: R1,125,530),		
<b>Current</b>		
Current portion of long term loans	-	416,503
<b>Total current borrowings</b>	<u>-</u>	<u>416,503</u>
At year end the University had an unutilised overdraft facility of R15,000,000 (2007: R15,000,000).		
<b>TOTAL INTEREST BEARING BORROWINGS</b>	<u><u>2,300,000</u></u>	<u><u>2,716,503</u></u>
<b>Interest rates</b>		
Interest rate exposures are as follows:		
At fixed rates	<u>2,300,000</u>	<u>2,716,503</u>
	<u>2,300,000</u>	<u>2,716,503</u>
Effective interest rates on long term loans	14.15%	11.73%

**Carrying amount and fair value**

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

	<b>Carrying amounts</b>		<b>Fair Values</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Fixed interest bearing long term loans	2,300,000	2,716,503	2,413,732	2,897,820
The fair values are based on the discounted cash flows using a discount rate based upon the borrowing rate that the management expects would be available to the University at the balance sheet date of 13% (2007: 12.5%).				

**Maturity of fixed interest bearing borrowings**

Between 1 and 2 years	-	416,503
Between 2 and 5 years	-	-
Over 5 years	<u>2,300,000</u>	<u>2,300,000</u>
	<u>2,300,000</u>	<u>2,716,503</u>

**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.

Total employer contributions for the year were R30,163,929 (2007: R27,517,768).

**10.1 University of the Western Cape Pension Fund**

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



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**10. POST EMPLOYMENT BENEFIT INFORMATION** *(continued)*

**10.1 University of the Western Cape Pension Fund** *(continued)*

	ZAR 2008	ZAR 2007
<b>Net benefit expense</b>		
Current service cost	13,294,000	14,175,000
Interest cost on benefit obligation	26,352,000	22,734,000
Expected return on plan assets	(35,406,000)	(28,678,000)
Net actuarial gains recognised in the year	38,469,000	(18,730,000)
Limitation on surplus	(24,311,000)	28,609,000
Net benefit expense	<u>18,398,000</u>	<u>18,110,000</u>
Actual return on plan assets	12,505,000	55,830,000
<b>Net benefit liability</b>		
Net present value of future obligations	(311,867,000)	(281,843,000)
Net market value of plan assets	388,425,000	382,712,000
Surplus	<u>76,558,000</u>	<u>100,869,000</u>
Net benefit liability	<u>-</u>	<u>-</u>
<b>Movements in the defined benefit obligation</b>		
Opening defined benefit obligation	281,843,000	261,909,000
Interest cost	26,352,000	22,734,000
Current service cost	13,294,000	14,175,000
Benefits paid	(25,190,000)	(25,397,000)
Actuarial losses on obligation	15,568,000	8,422,000
Closing defined benefit obligation at 31 December 2008	<u>311,867,000</u>	<u>281,843,000</u>
<b>Changes in the fair value of plan assets</b>		
Opening fair value of plan assets at 1 January 2008	382,712,000	334,169,000
Expected return on plan assets	35,406,000	28,678,000
Contributions	18,398,000	17,973,000
Transfers into the fund	-	137,000
Benefits paid	(25,190,000)	(25,397,000)
Actuarial (loss)/gains on plan assets	(22,901,000)	27,152,000
Fair value of plan assets at 31 December 2008	<u>388,425,000</u>	<u>382,712,000</u>

The University expects to contribute R14,500,326 to its defined benefit pension plan in 2009.

**Major categories of plan assets**

Old Mutual Absolute Growth Fund	230,493,000	-
Old Mutual guaranteed fund	-	197,435,000
Oasis Market value Portfolio	89,736,000	104,365,000
Old Mutual Balanced Portfolio	67,382,000	75,775,000
Sanlam Cash Deposit account	(1,270,000)	2,131,000
Value of Assured pensions	3,443,000	3,176,000
Net Creditors	(1,359,000)	(170,000)
	<u>388,425,000</u>	<u>382,712,000</u>

The expected return on plan assets is determined with reference to the market yield on high quality corporate bonds as at the balance sheet date and is estimated at 8.41%.



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**10. POST EMPLOYMENT BENEFIT INFORMATION (continued)**

**10.1 University of the Western Cape Pension Fund (continued)**

	<b>ZAR</b>	<b>ZAR</b>
	<b>2008</b>	<b>2007</b>
The principal assumptions used in determining plan obligations are:		
Discount rate	6.38%	6.60%
Expected rate of return on assets	8.41%	9.35%
Future salary increases	5.56%	7.00%
Future pension increases	4.00%	6.00%

The investment return assumption is based on the yield of the R186 government bond plus a risk premium. The post retirement rate used targets pension increases of 50% of CPIX (2007: 50%), in line with the policy of the fund.

Amounts for the current and previous four years are as follows:

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Defined benefit obligation	(311,867,000)	(281,843,000)	(261,909,000)	(253,529,000)	(207,397,000)
Plan assets	388,425,000	382,712,000	334,169,000	257,015,000	203,972,000
Surplus/(deficit)	76,558,000	100,869,000	72,260,000	3,486,000	(3,425,000)
<b>Experience adjustments</b>					
On plan assets:	(21,441,000)	27,586,000	47,885,000		
On plan liabilities	11,317,000	1,532,000	16,996,000		

The above disclosures are according to an IAS 19 actuarial valuation performed as at 31 December 2008, and not a full statutory actuarial valuation. The most recent actuarial statutory valuation of the fund was performed as at 1 March 2008 liabilities for all members was determined at R368,336,000 and the actuarial value of the plan assets was R388,391,000. The fund therefore has a surplus of R20,055,000 at 1 March 2008.

The next statutory valuation is to be performed as at 1 March 2009.

**10.2 University of the Western Cape Retirement Fund**

When the fund was established, the transfer payments from the previous fund were significantly less than the benefits accumulated by the members. The most recent actuarial valuation of the fund was performed as at 1 March 2004. The actuarial value of liabilities for all members was determined at R148,540,000 and the actuarial value of the plan assets was R162,501,000. The fund therefore has a surplus of R13,961,000. The next statutory actuarial valuation was to be performed as at 1 March 2007, is still pending. The University contributed R15,418,728 (2007: R12,470,755) to the fund.

**11. LEAVE PAY PROVISION**

Opening balance	55,354,000	52,044,109
Provision released during current year	(2,443,316)	(2,865,942)
Additional provision raised	9,100,483	6,175,833
	<u>62,011,167</u>	<u>55,354,000</u>
Total leave pay liability	62,011,167	55,354,000
Current portion shown under current liabilities	9,580,782	8,927,428
Long-term portion	52,430,385	46,426,572

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 the balance sheet date. These benefits vest with the employee in the year in which they accrue. In the case of annual leave, the benefits are non-accumulative and in the case of study leave they are accumulative. 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.

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Trade payables	45,547,180	18,072,447
Salary deductions	2,160,807	189,400
Students with credit balances	13,841,437	9,370,756
Bursaries payable	2,810,539	3,118,026
Voluntary severance package and retrenchment cost liability	248,162	252,354
NRF Deposit	7,427,000	-
Other payables	7,065,075	12,201,207
	<u>79,100,200</u>	<u>43,204,190</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. Included in other payables are cheques not yet presented at the bank amounting to R7,077,178 (2007: R7,417,772). Accounts payable and accrued liabilities are not discounted. Their carrying amounts approximate fair value.



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**13. SOUTH AFRICAN REVENUE SERVICES PROVISION**

	ZAR	ZAR
	2008	2007
Opening balance	1,279,320	8,190,554
Provision settled	-	(6,911,234)
Provision for SARS assessment (payroll taxes)	1,279,320	1,279,320

During 2005, a letter of assessment was issued by SARS listing the University's various areas of exposure due to past practices and policies which SARS deemed to be in breach of taxation legislation and quantifying the associated liability, inclusive of interest and penalties.

Following a settlement of dispute process, SARS revised their assessment, reducing the liability to R8,190,554. The University settled a portion of the reassessed provision in the prior year. The outstanding provision of R1,279,320 is currently still in dispute.

**14. STUDENT DEPOSITS**

Hostel deposits	2,131,138	2,143,146
	2,131,138	2,143,146

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	384,938,000	328,793,000
Subsidy on interest and redemption of state guaranteed loans	-	295,768
State subsidy (Council Controlled)	384,938,000	329,088,768
State grants and contracts for research (Restricted use)	44,323,042	36,538,252
	429,261,042	365,627,020

**16. INCOME FROM INVESTMENTS**

**Interest received**

	Council controlled	Restricted use	TOTAL 2008
Investments	-	25,609,672	25,609,672
- Available for Sale	-	25,339,557	25,339,557
- Held to maturity	-	270,115	270,115
Cash and cash equivalents	40,223,015	-	40,223,015
Student fee debtors	5,142,612	-	5,142,612

**Dividends received**

	-	4,074,227	4,074,227
	45,365,627	29,683,899	75,049,526

**Profit on disposal of marketable securities**

	-	3,863,533	3,863,533
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**TOTAL INCOME FROM INVESTMENTS**

	45,365,627	33,547,432	78,913,059
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Council controlled	Restricted use	TOTAL 2007
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**Interest received**

Investments	-	10,737,810	10,737,810
- Available for Sale	-	10,334,420	10,334,420
- Held to maturity	-	403,390	403,390
Cash and cash equivalents	27,262,586	-	27,262,586
Student fee debtors	3,649,398	-	3,649,398

**Dividends received**

	-	1,730,222	1,730,222
	30,911,984	12,468,032	43,380,016

**Profit on disposal of marketable securities**

	-	7,791,225	7,791,225
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**TOTAL INCOME FROM INVESTMENTS**

	30,911,984	20,259,257	51,171,241
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**17. PERSONNEL COSTS (continued)**

	<b>Council controlled ZAR</b>	<b>Restricted use ZAR</b>	<b>Student Accommodation ZAR</b>	<b>2008 TOTAL ZAR</b>
<b>Academic professionals</b>				
Salaries	160,832,418	26,013,016	-	186,845,434
Post employment benefit contributions	22,359,843	786,783	-	23,146,626
Total - academic professionals	183,192,261	26,799,799	-	209,992,060
<b>Other personnel</b>				
Salaries	141,332,477	30,750,450	7,581,810	179,664,737
Post employment benefit contributions	15,654,239	711,961	1,068,706	17,434,906
Total - other personnel	156,986,716	31,462,411	8,650,516	197,099,643
<b>TOTAL PERSONNEL COSTS</b>	<b>340,178,977</b>	<b>58,262,210</b>	<b>8,650,516</b>	<b>407,091,703</b>

**Average monthly personnel employed by the University during the 2008 year:**

Full time	989
Part time	1,229
	<b>2,218</b>

**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.

<b>Name</b>	<b>Office held</b>	<b>Months in office</b>	<b>Short term employee benefits R '000s</b>	<b>Post- employment benefits R '000s</b>	<b>Actual Amount R '000s</b>	<b>Annualised Amount R '000s</b>
O'Connell BP	Rector	12	966	143	1,109	1,109
Tshiwula L	Vice Rector: - Student Development and Support	12	644	98	741	741
Miller IM	Registrar	12	597	96	693	693
Regal A	Executive Director: - Finance and Services	12	666	114	780	780
Hambrook-Glaeser A	Executive Director: - Human Resources	12	694	-	694	694
Keats DW	Executive Director: - Information and Communication Services	12	643	103	746	746
Ridge S	Pro Vice Chancellor:	12	752	-	752	752
Bharuthram R	Vice Rector: - Academic	12	1,018	220	1,238	1,238
<i>Deans: Faculties:</i>						
Christie RL	Research Development	12	608	121	729	729
Desai ZK	Education	12	572	106	678	678
Fredericks GH	Arts - (Acting)	12	402	-	402	402
Brown D	Arts	1	179	9	187	749
Moola MH	Dentistry	12	111	-	111	111
Moosa N	Law	12	586	104	690	690
Mpofu RMB	Community and Health Sciences	12	553	121	674	674
Tapscott CPG	Economic and Manage- ment Sciences	12	785	62	847	847
Van Bever Donker JM	Natural Sciences	12	570	102	672	672

**Exceptional payment amounts - each exceeding in annual aggregate R249,999**

<b>Name</b>	<b>Reason for payment</b>	<b>Amount R '000s</b>
Bharuthram R	Recruitment allowance	585
Bharuthram R	Resettlement allowance	667
Smit PC	Leave gratuity	358

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

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



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**17. PERSONNEL COSTS (continued)**

	<b>Council controlled ZAR</b>	<b>Restricted use ZAR</b>	<b>Student Accommodation ZAR</b>	<b>2007 TOTAL ZAR</b>
<b>Academic professionals</b>				
Salaries	145,778,041	20,347,128	-	166,125,169
Post employment benefit contributions	20,134,287	593,322	-	20,727,609
Total - academic professionals	165,912,328	20,940,450	-	186,852,778
<b>Other personnel</b>				
Salaries	122,695,397	29,365,489	7,353,494	159,414,380
Post employment benefit contributions	14,219,974	653,218	999,055	15,872,247
Total - other personnel	136,915,371	30,018,707	8,352,549	175,286,627
<b>TOTAL PERSONNEL COSTS</b>	<b>302,827,699</b>	<b>50,959,157</b>	<b>8,352,549</b>	<b>362,139,405</b>

**Average monthly personnel employed by the university during the 2007 year:**

Full time	976
Part time	1,072
	<u>2,048</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.

<b>Name</b>	<b>Office held</b>	<b>Months in office</b>	<b>Short term employee benefits R '000s</b>	<b>Post- employment benefits R '000s</b>	<b>Actual Amount R '000s</b>	<b>Annualised Amount R '000s</b>
O'Connell BP	Rector	12	881	131	1,012	1,012
Tshiwula L	Vice Rector: - Student Development and Support	12	596	90	686	686
Miller IM	Registrar	12	549	87	636	636
Regal A	Executive Director: - Finance and Services	12	606	104	710	710
Hambrook-Glaeser A	Executive Director: - Human Resources	12	642	-	642	642
Keats DW	Executive Director: - Information and Communication Services	12	591	95	686	686
Ridge S	Acting Vice Rector: - Academic	12	610	69	679	679
<i>Deans:</i>						
<i>Faculties:</i>						
Christie RL	Research Development	12	529	85	614	614
Desai ZK	Education	12	525	96	621	621
Fredericks GH	Arts - (Acting)	12	422	64	486	486
Moola MH	Dentistry	12	102	-	102	102
Moosa N	Law	12	517	95	612	612
Mpofu RMB	Community and Health Sciences	12	501	111	612	612
Tapscott CPG	Economic and Manage- ment Sciences	12	668	57	725	725
Van Bever Donker JM	Natural Sciences	12	520	93	613	613

**Exceptional payment amounts - each exceeding in annual aggregate R249,999**

<b>Name</b>	<b>Reason for payment</b>	<b>Amount R '000s</b>
S Ridge	Leave gratuity at retirement	428

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

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

	Council controlled	Restricted use	Student Accommodation	ZAR 2008 TOTAL
<b>18. OTHER OPERATING REVENUES AND EXPENSES</b>				
<b>18.1 OTHER RECURRENT INCOME</b>	14,356,484	7,676,768	-	22,033,252
Other recurrent income arises from activities associated with the University's core teaching and research activities, but not directly derived there from.				
<b>18.2 OTHER NON-RECURRENT INCOME</b>	-	-	28,970	28,970
Other non-recurrent income arises from transactions that are not part of the normal activities of the University.				
<b>18.3 OTHER OPERATING EXPENSES</b>				
Academic consumable material	5,716,662	15,419,101	59,916	21,195,679
Advertising	3,502,228	1,391,522	7,600	4,901,350
Bad debts written off/Impairments	700,899	20	-	700,919
Bursaries and prizes	9,774,709	28,772,956	-	38,547,665
Cleaning	6,504,564	20,383	4,933,540	11,458,487
Computer maintenance and licensing	15,793,993	777,644	399	16,572,036
Electricity and water	9,181,784	46,558	3,273,425	12,501,767
Entertainment	3,725,507	2,233,399	870,148	6,829,054
Food provisions	93,564	181,808	2,857	278,229
Hire of equipment	169,437	71,440	35,604	276,481
Insurance	2,035,559	40,446	336,041	2,412,046
Impairments - staff loans	-	-	-	-
Impairments - provincial subsidies and grants	-	-	-	-
- other	-	-	-	-
Journals and subscriptions	12,020,766	24,664	-	12,045,430
Library and art acquisitions	1,513,156	606,102	-	2,119,258
Postage and telephone	4,447,503	2,379,290	367,720	7,194,513
Printing and stationery	11,983,799	4,025,925	305,176	16,314,900
Professional services	14,430,045	13,602,823	1,596	28,034,464
Property rates	6,795,616	-	-	6,795,616
Protective clothing	124,916	18,938	88,968	232,822
Rebate on fees	824,454	71,090	-	895,544
Rent of buildings	399,469	552,342	2,378,088	3,329,899
Repairs and maintenance	13,193,193	1,195,318	1,909,673	16,298,184
Security contracts	3,800,060	60,369	3,906,715	7,767,144
Staff meals: food services	1,118,213	530,945	79,984	1,729,142
Sundries	6,583,020	20,710,363	1,186,441	28,479,824
Travel and subsistence	14,937,327	23,838,280	3,029,116	41,804,723
Vehicle expenses	1,468,432	464,316	184,327	2,117,075
	150,838,875	117,036,042	22,957,334	290,832,251

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.





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**18. OTHER OPERATING REVENUES AND EXPENSES (continued)**

	Council controlled	Restricted use	Student Accommodation	ZAR 2007 TOTAL
<b>18.1 OTHER RECURRENT INCOME</b>	13,690,384	8,711,585	-	22,401,969
Other recurrent income arises from activities associated with the University's core teaching and research activities, but not directly derived there from.				
<b>18.2 OTHER NON-RECURRENT INCOME</b>	-	-	54,635	54,635
Other non-recurrent income arises from transactions that are not part of the normal activities of the University.				
<b>18.3 OTHER OPERATING EXPENSES</b>				
Academic consumable material	4,829,810	10,407,005	78,927	15,315,742
Advertising	3,763,959	726,164	6,139	4,496,262
Bad debts written off/Impairments	4,699,007	-	861,061	5,560,068
Bursaries and prizes	6,418,203	25,464,389	55,213	31,937,805
Cleaning	5,969,607	54,505	5,134,302	11,158,414
Computer maintenance and licensing	11,627,451	624,860	4,402	12,256,713
Electricity and water	6,663,930	32,117	2,425,585	9,121,632
Entertainment	3,032,703	2,744,552	459,013	6,236,268
Food provisions	9,976	180,393	87,817	278,186
Hire of equipment	84,005	64,531	64,887	213,423
Insurance	1,686,059	33,302	211,304	1,930,665
Impairments - staff loans	-	-	-	-
Impairments - provincial subsidies and grants	6,211,673	-	-	6,211,673
- other	319,958	-	-	319,958
Journals and subscriptions	10,365,532	3,483	629,046	10,998,061
Library and art acquisitions	916,742	683,697	(1,815)	1,598,624
Postage and telephone	4,684,879	2,210,600	315,739	7,211,218
Printing and stationery	11,366,266	4,359,633	335,255	16,061,154
Professional services	14,127,043	10,051,072	12,600	24,190,715
Property rates	6,124,753	-	-	6,124,753
Protective clothing	109,744	12,493	102,843	225,080
Rebate on fees	932,870	4,311	-	937,181
Rent of buildings	263,968	394,693	2,447,228	3,105,889
Repairs and maintenance	10,553,938	791,367	962,272	12,307,577
Security contracts	3,525,420	26,899	3,767,634	7,319,953
Staff meals: food services	973,890	505,408	32,426	1,511,724
Sundries	8,284,510	12,760,857	536,214	21,581,581
Travel and subsistence	13,837,200	20,196,407	2,419,962	36,453,569
Vehicle expenses	1,018,890	300,128	119,073	1,438,091
	142,401,986	92,632,866	21,067,127	256,101,979

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.



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**19. FINANCE AND RELATED COSTS**

**Finance costs**

Long term loans  
Bank and other borrowings

**Other related costs**

Portfolio administration costs

	ZAR 2008	ZAR Council Controlled 2007
	325,450	362,612
	119,773	82,847
	<u>445,223</u>	<u>445,459</u>
	<u>374,440</u>	<u>269,708</u>

**20. RESTRICTED FUND NET SURPLUS**

The University has commenced on a major infrastructure expansion program, which has been funded by grants specifically earmarked for these projects. The portion of net surplus attributable to these grants has been separately identified for meaningful presentation, amounting to R 36,999,000 (2007: R 149,755,646).

**21. 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, accounts receivable and cash and short term deposits arise directly from its operations. The main risks arising from the University's financial instruments are cash flow interest rate risk, liquidity risk, credit risk and market risk. Management reviews and agrees policies for managing each risk are summarised below.

**Credit risk management**

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 4: staff loans - R235,563 (2007: R204,737); note 6: student fee debtor - R 48,161,832 (2007: R48,718,482) and note 7: other receivables excluding prepayments - R24,501,707 (2007: R10,002,094). Credit risk in respect of student credit is managed by the application of credit monitoring procedures and enrolment processes. All student fee debtors at year end reflect debt that is past it's due date and not impaired.

**Interest rate risk management**

Long term loans are at fixed rates and therefore the associated cash flows are fixed. Interest rate risk on investments and cash is managed by utilising a mix of fixed and variable rate instruments that avoid a concentration of risk.

**Interest rate risk table:**

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

Interest rate changes	2008	2007
The effect of a 1% increase in interest rate on profit before tax	4,917,533	4,379,533
The effect of a 1% decrease in interest rate on profit before tax	(4,917,533)	(4,379,533)

**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 accessible for liquidity management purposes. At the year end the University had an unutilised overdraft facility of R15m available. Refer to note 9 and note 12 for contractual maturing of financial liabilities.



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**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Fair value**

The management of the University is of the opinion that the book value of financial instruments approximates their fair value except for fixed interest rate borrowings which are stated at amortised cost using the effective interest rate method and the fair value separately disclosed. Refer to note 3 and note 9.

**Price risk**

There is an exposure to price risk on listed 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 our portfolio agent.

**Price risk table:**

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

	<b>ZAR</b>	<b>ZAR</b>
	<b>2008</b>	<b>2007</b>
Price risk changes		
The effect of a 5% increase in price risk on equity	2,734,639	3,852,740
The effect of a 5% decrease in price risk on equity	<i>(2,734,639)</i>	<i>(3,852,740)</i>

**22. COMMITMENTS AND CONTINGENT LIABILITY**

**Capital commitments**

Amounts allocated for capital expenditure at the balance sheet date, but not committed	59,100,000	40,660,000
Capital expenditure contracted for at year end, but not yet incurred	277,000,000	377,937,000

Capital expenditure approved relates to amounts formally designated for the acquisition, construction, improvement or major maintenance of items of property, plant and equipment.

**Operating lease commitments**

The future minimum lease payments under non-cancellable operating leases are as follows:

Not later than 1 year	3,641,648	4,354,777
Later than 1 year and not later than 5 years	1,090,216	3,620,218
	<u>4,731,864</u>	<u>7,974,995</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.

**Contingent liability**

A contingent liability exists in respect of collateral security of R95,560 (2007: R95,560) 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's retirement fund.



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**23. 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.

	<b>Restricted use</b>	<b>ZAR 2008</b>	<b>ZAR 2007</b>
Transfers to clear entities with credit balances	(1,184,508)	(1,184,508)	(3,699,561)
Transfers to clear entities with debit balances	1,023,713	1,023,713	3,140,615
	<u>(160,795)</u>	<u>(160,795)</u>	<u>(558,946)</u>

Entities with debit balances mainly comprise entities previously cleared as dormant now being reinstated.

**24. 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 arms length and in accordance with the University's regulations and normal procurement procedures. The Department of Education is a related party and transactions with them comprise various subsidies and grants received amounting to R429,261,042 (2007:R369,088,768). St Patrick's Investment CC and Gorralla Enterprises (Pty) Ltd controlled by Dr Pat Gorralla, a council member provides residence and transport services to the students amounting to R1,819,270 ( 2007: R2,196,579).

**25. GOVERNMENT GRANT RELATING TO ASSETS**

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 government grant received of R120m earmarked for the Life Sciences Building being currently under construction. It is part payment of the R200m committed by government. The deferred revenue will be recognised as income on a systematic and rational basis over the useful life of the asset. The building is estimated to be completed in 2009.

At 1 January	40,000,000	-
Deferred during the year	80,000,000	40,000,000
At 31 December	<u>120,000,000</u>	<u>40,000,000</u>

**26. NOTES TO THE CASH FLOW STATEMENT**

**26.1 NET SURPLUS BEFORE INTEREST AND DIVIDENDS**

<b>Net surplus/(deficit) from</b>		
Council controlled funds	108,425,716	74,497,342
Restricted use funds	102,912,320	211,388,743
Student accommodation funds	<u>(6,293,938)</u>	<u>(5,993,569)</u>
<b>Consolidated net income</b>	<b>205,044,098</b>	<b>279,892,516</b>
<b>Separately disclosable items</b>	<b>(74,604,303)</b>	<b>(42,934,557)</b>
Interest received	(70,471,424)	(41,200,905)
Interest earned	(503,875)	(448,889)
Dividends received	(4,074,227)	(1,730,222)
Finance costs	445,223	445,459
<b>Net surplus before interest and dividends</b>	<b><u>130,439,795</u></b>	<b><u>236,957,959</u></b>

**26.2 CASH, BANK AND CASH EQUIVALENTS**

Cash at bank and on hand	14,751,141	46,531,204
Short term bank deposits	473,514,423	388,556,649
	<u>488,265,564</u>	<u>435,087,853</u>

At 31 December 2008 the University had available R47,700,000 (2007: R41,695,000) of undrawn committed facilities in respect of which all conditions precedent had been met.



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**27 RECLASSIFICATION OF COMPARATIVE FIGURE**

In prior years Profit / (loss) on disposal of PPE was disclosed under Non - recurrent Income in the Income statement. This item has been restated, due to the continued nature of losses being incurred on the sale of PPE, to be disclosed under Non - recurrent expenses in the Income statement.

	<b>Council Controlled Funds</b>	<b>Restricted use funds</b>	<b>Consolidated Income statement</b>
	<b>ZAR</b>	<b>ZAR</b>	<b>ZAR</b>
<b>INCOME STATEMENT</b>			
<b>Previously stated:</b>			
<b>TOTAL INCOME</b>			
<b>Non - recurrent items</b>			
(Loss) / profit on disposal of PPE	(549,780)	39,564	(510,216)
<b>Currently stated:</b>			
<b>TOTAL EXPENSES</b>			
<b>Non-recurrent expense items</b>			
Loss / (profit) on disposal of PPE	549,780	(39,564)	510,216

## 11. ANNEXURES: COMPOSITION, MEMBERSHIP AND ATTENDANCE OF KEY COMMITTEES

### 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 Brian O'Connell**  
**Prof Ramashwar Bharuthram**  
**Prof Lullu Tshiwula**  
**Prof Stanley Ridge (Pro-Vice Chancellor)**

*Five persons appointed by the Minister of Education*

**Dr Patricia Gorvalla**  
**Dr Yvonne Dladla (Appointed on 20 March 2008)**  
**Mr Hlengani Mathebula (Appointed on 20 March 2008)**  
**Ms Laura Schultz (Appointed on 20 March 2008)**  
**Ms Gugu Nyanda (Appointed on 20 March 2008)**

*Two members of Senate*

**Prof Philip Hirschsohn (Term ended 30 November 2008)**  
**Prof Uta Lehmann (Term ended 30 November 2008)**

*One academic employee*

**Prof Emmanuel Iwuoha (Term ended 30 November 2008)**

*One non-academic employee*

**Mr Zolile Mdekazi (Term ended 30 November 2008)**

*Two registered students*

**Mr S Maqula**  
**Mr Ala Alhourani**

*Two donors*

**Mr Nick Christodoulou**  
**Ms Estelle Yach**

*One member of the City of Cape Town*

**Cll Leon Jansen Van Rensburg**

*Two persons elected by Convocation*

**Mr Brian Williams**  
**Prof Desmond Roberts**

*One member of organised business in the Western Cape*

**Dr N Mathe**

*One member of organised business in South Africa*

**Mr William Reichert (Term ended 30 November 2008)**

*One member of organised labour in South Africa*

**Mr Bradley Skei**

*One member of organised labour in the Western Cape*

**Mr Jonavon Rustin**

*One person designated by the Premier of the Western Cape*

**Prof Edgar Pieterse (Term ended 30 November 2008)**

*A minimum of four and a maximum of six additional members*

**Ms Beryl Kerr**  
**Mr Ashiek Manie (Resigned on 18 December 2008)**  
**Mr Sedick Jappie**  
**Mr Shu'ayb Patel**  
**Mr Mbulelo Bikwani**  
**Mr Michael Abel**

## **COMPOSITION AND MEMBERSHIP OF THE AUDIT COMMITTEE OF THE UNIVERSITY OF THE WESTERN CAPE**

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

*Two members of Council*

**Mr Shu'ayb Patel (Chairperson)**  
**Dr N Mathe**

*Two persons appointed by Council*

**Vacant**  
**Vacant**

## **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 Brian O'Connell**

*The Vice-Rectors*

**Prof Lulu Tshiwula**  
**Prof Ramashwar Bharuthram**

*The Executive Director: Finance*

**Mr Manie Regal**

*An additional member of the Management Committee*

**Ms Amanda Hambrook-Glaeser**

*The Dean designated annually by the Executive Committee of Senate*

**Prof Christopher Tapscott (Term started 1 April 2008)**  
**Prof Jan Van Bever Donker (Term ended 29 February 2008)**

*The Dean of Research*

**Prof Renfrew Christie**

*Two members of Senate*

**Prof Ebrahim Arnold**  
**Prof Kobus Visser**

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

**Mr Nick Christodoulou (Chairperson)**  
**Mr Ashiek Manie**  
**Mr Mbulelo Bikwani**

## COMPOSITION AND MEMBERSHIP OF THE INSTITUTIONAL FORUM OF THE UNIVERSITY OF THE WESTERN CAPE

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

*Three representatives of the Management*

**Prof Brian O'Connell**

**Prof Lullu Tshiwula**

**Ms Amanda Hambrook-Glaeser**

*Three representatives of the Senate*

**Prof Frank Hendricks**

**Prof Uma Mesthrie**

**Prof Aslam Fataar**

*Three representatives of Council*

**Ms Estelle Yach**

**Vacant**

**Vacant**

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

**Prof Emmanuel Iwuoha**

**Dr Nomafrench Mbombo**

**Ms Bongazana Mahlangu**

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

**Mr Brian Minnis**

**Mr Arnold Josephs**

**Ms Lucille Teegler**

*Three representatives of the students elected by the Student Representative Council*

**Mr Muneer Abduraof**

**Mr Makabongwe Geweka**

**Mr Ala Alhourani**

*A maximum of four persons not being in the employ of the university*

**Not appointed**



### ATTENDANCE OF COUNCILLORS OF COUNCIL, FINANCE AND AUDIT COMMITTEE MEETINGS IN 2007

COUNCILLOR	COUNCIL: 4 meetings	FINANCE: 6 meetings	AUDIT: 5 meetings
1. Prof B O'Connell	4/4	4/6	4/5
2. Prof R Bharuthram	4/4	6/6	
3. Prof L Tshiwula	3/4	4/6	
4. Prof S Ridge	4/4		
5. Dr P Gorralla	4/4		
6. Dr Y Dladla	1/3		
7. Mr H Mathebula	2/3		
8. Ms L Schultz	3/4		
9. Ms G Nyanda	2/3		
10. Prof P Hirschsohn	4/4		
11. Prof U Lehmann	4/4		
12. Prof E Iwuoha	3/4		
13. Mr Z Mdekazi	3/4	0/6	
14. Mr S Maqula	4/4		
15. Mr A Alhourani	4/4		
16. Mr N Christodoulou	2/4	5/6	
17. Ms E Yach	0/4		
18. Cllr Van Rensburg	4/4		
19. Mr B Williams	3/4		
20. Prof D Roberts	4/4		
21. Dr N Mathe	2/4		5/5
22. Mr W Reichert	0/4		
23. Mr J Rustin	1/4		
24. Mr B Skei	3/4		
25. Prof E Pieterse	0/4		
26. Ms B Kerr	3/4		
27. Mr A Manie	0/4	1/6	
28. Mr S Jappie	3/4		
29. Mr S Patel	2/4		4/5
30. Mr M Bikwani	1/4	2/6	
31. Mr M Abel	4/4		

Attendance of Audit Committee meetings by non-Council members		
<b>Vacant</b>		

Attendance of Finance Committee meetings by non-Council members		
1. Mr M Regal (Exec. Director: Finance)	6/6	
2. Ms A Hambrook-Glaeser (Exec. Director: Human Resources)	6/6	
3. Prof E Arnold	3/6	
4. Prof C Tapscott	3/5	
5. Prof R Christie	6/6	
6. Prof K Visser	5/6	
7. Prof J Van Bever Donker	1/1	