



**UNIVERSITIES  
SOUTH AFRICA**

# Annual Report 2015

*New Strategic Direction*



**UNIVERSITIES  
SOUTH AFRICA**

**UNIVERSITIES SOUTH AFRICA**

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# PART ONE

LEADERSHIP OVERVIEW  
TRANSITION FROM HESA TO USAf



## 1.1. CHAIRPERSON'S FOREWORD

The year 2015 heralded a marked change for the higher education sector with several defining moments that spoke to both the transformation of the sector as well as our own internal transition from Higher Education South Africa (HESA) to Universities South Africa (USAf).

### FROM HESA TO USAF

The evolution from HESA to USAf in July was important because it placed firmly on the agenda our commitment to create a representative voice for South Africa's 26 public universities. We resolved to do things differently, to make an impact, to proactively participate in the national discourse and to establish an organisation that has the ability to act in the best interests of the South African academy.

We developed a strategic framework that emphasised the need for universities to undertake quality teaching and research; to secure adequate resources for universities; to significantly contribute to the socio-economic and cultural development of the country; and to enable internationalisation of our universities so that South Africa benefits from a mobile global student and academic talent pool. We further committed to promoting the value of universities to the economy and to ensuring that higher education policy is evidence-based and informed by high quality research. Finally, we agreed that we should strive to ensure that deserving students gain access to our universities regardless of their social, cultural and economic background.



*Prof Adam Habib  
Chairperson, USAf*

These are directives that we set for ourselves and to which we must forcefully commit in the coming years.

It is important for USAf to continue to strive to achieve consensual decision-making, to better understand our diverse requirements and to decisively address the material concerns, needs and expectations of our broad membership. These are the promises on which our stakeholders will hold us accountable.

### #FEESMUSTFALL

In October and November 2015, students around the country put the issues of affordable, quality higher education and the insourcing of vulnerable workers on the national agenda in a way that has not happened before. Many vice-chancellors had been lamenting the underfunding of higher education for over a decade with little effect and it was the students with their marches on Parliament and the Union Buildings that shook the state, changed the systemic parameters and began the process of fundamentally transforming higher education. As I suggested elsewhere, "they achieved in seven days what we had been talking about for over a decade".

Students not only achieved a freeze on tuition fee increases for 2016 - they also compelled the state to cover the fiscal consequence of that policy decision and to increase student financial aid funding for the poor. The students managed to secure at the highest levels of government, a distinct commitment to establish a new funding model, which ultimately led to the inauguration of the Commission of Inquiry into Higher Education and Training (also known as the Fees Commission), led by Justice Jonathan Heher.

The year 2015 was a watershed moment for transformation of the higher education sector influenced by a dynamic social movement over which universities and vice-chancellors had little control. This made leading higher education institutions extremely difficult under very challenging conditions. At the same time, it opened up the space for frank conversations between universities through USAf, despite our respective, distinct characters.

The propensity to violence by some strands of the student movement is alarming although it should be noted that the vast majority of protestors respected the boundaries of peaceful protest. Moreover, while students engaged in protests, at no time did they stop to consider that they were violating the rights of those who wished to work or learn, that they were restricting the rights of people to move freely when they blocked access points and that they were restricting the voices of those who wished to express alternative views.

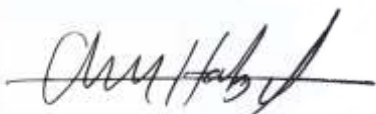
## THE WAY FORWARD

It is our responsibility as USAf to represent the diverse views of students, staff, academics and others who belong to our respective university communities. We must continue to place stakeholder engagement at the heart of our strategic and operational imperatives, and to find common ground so that we can build stronger universities and work towards developing a formidable sector that speaks with an influential voice.

## CONCLUSION

In conclusion, I wish to thank everyone who contributed to USAf being where it is today. I single out the Board of Directors for the effective leadership that they continued to provide under strenuous circumstances. I extend my gratitude to our Chief Executive Officer who keeps us grounded and who with his team gives effect to our strategic and operational plans.

I wish all of you a safe and peaceful festive season. I look forward to working with you in the near future.



Professor Adam Habib -- Chairperson



## 1.2. CHIEF EXECUTIVE OFFICER'S REPORT

It is with mixed feelings that we look back to 2015; a sense of accomplishment over what we managed to achieve but also deep concern, especially in the context of the challenges we experienced as a sector and how the year concluded.

### NEW STRATEGIC DIRECTION



Dr Oliver Seale  
Acting Chief Executive Officer

The fruition of our *Strategic Framework for 2015-2019* in October 2014, had been a fitting foundation and precursor to the identity changes we would assume in 2015. In the same year that Higher Education South Africa (HESA) was turning 10, we shed not only our old name, but equally important our identity as an association of higher education leadership. We took on the new name, Universities South Africa (USAf), a more accurate reflection of a representative and engaged association of the 26 public universities.

The name change was informed by:

- The need to define our distinct constituency from the broad church of entities represented in the *White Paper for Post-School Education and Training* (2014)
- The need for consistency with the naming convention of our similar organisations, such as Universities Australia; Universities UK and the Association of Universities and Colleges Canada, and, most importantly,
- To change the perception that we represent only vice-chancellors of public universities.

To this end, we dedicated the first half of 2015 to re-defining our new brand persona and deciding on the fundamental changes in our corporate identity. In line with the major changes that Universities SA was ushering in, our Board of Directors adopted, *first*, a completely new visual design that we explain in more detail to our stakeholders later in this Report. We drew our new visual identity from three objects, namely a *coat of arms*, an *open book* and a *woven basket*. The characteristic we retained from the old HESA logo was the open book.

### THE SIGNIFICANCE OF OUR NEW CORPORATE IDENTITY (CI)

The *coat of arms* is a historical symbol, traditionally used to create identities for educational institutions. The 'U' in the logo is shaped like a shield to represent the rich heritage of South Africa's educational institutions, and also the 'U' within universities. In this context, this symbol has been used to signify change. The *open book* signifies our association's openness and ability to respond to diverse stakeholders and constituencies. It also represents the fountains of knowledge that characterise our member institutions. These dynamic institutions have shaped an association that continues to evolve towards a great future; a future under a new banner of Universities SA.

Ultimately, the *woven basket* design denotes that USAf weaves public universities into one intricate whole - representing their diversity and complexity. Complementing these design changes are the bold new colours which signify a complete departure from the dark green and black shades of the HESA logo.

The complete departure from the old colours sends a powerful signal that USAf will be different from HESA in a number of ways. While elements of HESA will be continued, such as representing the sector and bringing together stakeholders to deliberate issues affecting us, USAf will entrench itself deeper into the university system and thus, become a lot more consultative. Whereas HESA was perceived as the body representing vice-chancellors, USAf will represent all constituents of the university sector. USAf is meant to be a lot more energetic, marshalling universities towards a common project of transformation of the sector. We will be much more advocacy-oriented and adopt a deeper lobbying agenda. We will be a lot more proactive in influencing higher education policy and we will become a lot more activist in our approach.

Noting that our name change took effect from 23 July, in this report, we speak in HESA/USAf terms, especially in respect of the activities which took place in the first half of the year. We change to USAf post the public launch period.

## OUR PERFORMANCE

Looking back at our performance, we pride ourselves for what has been achieved in the period under review by way of continued advocacy, policy influence and stakeholder engagement. Successes in advocacy and policy influence are, by nature, difficult to quantify. Nonetheless, HESA, and the North-West University (NWU), were able to notch a success when they emerged victorious from the Masisi vs NWU case during the year under review (see details on page 14). Our strategy groups also began to make headway in numerous projects such as:

- influencing the funding framework for universities
- an International Comparative Study of Funding Instruments for Research and Innovation
- continuing to push for the policy on internationalisation of higher education
- development of a transformation barometer
- development of a disability framework for the sector
- continuing to monitor value-add derived from the National Benchmark Tests Project (NBTP)
- continuing to exploring funding to execute the National Graduation Destination Study (NGDS)
- reaching a decision to establish two new communities of practice to support the teaching and learning of mathematics, and African Languages, at our institutions
- deciding to rekindle the South Africa-Japan Universities' (SAJU) Forum to utilise prospective funding and research collaboration opportunities that this relationship is inclined to offer

In addition to influencing policy in the making, USAf continued to interpret policy instruments with potential impact on the sector, with a view to enabling universities to optimise their compliance with emerging legislation. Cases in point are the Consumer Protection Act and the Protection of Personal Information Act (see page 24).

From our flagship programmes we noted a few milestones. Up to 38 middle-level to senior managers benefitted from the Higher Education Leadership and Management programme training in 2015. The Matriculation Board was able to issue exemption certificates to 36, 500 individuals, thus facilitating their entry to the university system. Within the Higher Education and Training HIV/AIDS (HEAIDS) Programme, the number of students testing for HIV during 2015 was 79% higher than in the previous year, with a total of 174 000 tests performed within the First Things First programme, in both the university and TVET sector combined.

By way of rendering technological support to teaching, learning and research, especially in our rural-based campuses, we're pleased to report that resulting from our sterling performance in 2014 on the Rural Campuses Connectivity Project (RCCP), the Department of Higher Education and Training granted HESA a further R71 million in addition to the initial R28million of 2010, to implement Phase 2 of the RCCP. As at 31 December, 2015, the start-up activities for RCCP II had been completed. Detailed planning for the identified sites would continue in 2016.

## #FEESMUSTFALL AND RELATED PROTEST CAMPAIGNS

The leadership and management of our universities faced significant challenges in the guise of the #RhodesMustFall and #FeesMustFall protest campaigns, towards the end of the fourth quarter in 2015. Equally disconcerting for the sectors leadership was the unwelcome day-to-day disruption at a number of our universities, which seems to have morphed beyond the protests campaigns, and the particularly fractious and unnecessarily violent character, manifested at some of our institutions, at times. USAf made various statements on the campaigns and especially condemned the violence, destruction of property and intimidation experienced at some of our universities.

There are a number of contributing factors that led to what our Chairperson, Professor Adam Habib, coined as the 'perfect storm' in relation to the challenges of tuition fee increases and free education which culminated in the #FeesMustFall campaign. These include:

- Relatively low government funding levels of universities, amounting to about 0.7 percent of GDP (as pointed out earlier);
- Contribution of tuition fee income that, on average, amounts to about 30 percent of total income, compared to 40 percent for government subsidies, and the remaining 30 percent accounted for by third-stream income (research, projects, short courses);
- Rising costs of higher education as year-on-year inflation in all university systems worldwide, is typically 1 percent or even 2 percent higher than average consumer inflation;
- Inability of NSFAS to meet the growing demands for student financial aid in the wake of sustained increased access to universities; and
- The sector-determined remuneration levels for outsourced workers deployed in universities have been very low compared to those of other university support staff (Universities South Africa 2015).

What emerged from an investigation and report produced by USAf was that the protests and disruptions not only focused on student issues such as a freeze on tuition fee increase and free education; they also included labour issues such as the outsourcing of non-core services at universities and its impact on rewards and working conditions of affected workers.

Our universities are therefore dually challenged by having to address legitimate demands regarding tuition fees, while moderating those which require either radical policy shifts (i.e. free education for all), or more incremental solutions. Achieving operational stability and financial sustainability in the transitional phase to a more appropriate funding model still poses complex problems and dilemmas for the entire system. These require collective, innovative solutions from all stakeholders in the higher education sector.

In conclusion, although the year ended on a difficult note, we are grateful for the successes and more importantly lessons learned from the challenges experienced. As Acting CEO during the latter half of 2015, I would like to express my sincere appreciation to the Chairperson, Professor Habib, the Executive Committee and the Board of Directors, without whose unwavering support the implementation of the new strategic direction of USAf would not have materialised. I also would like to recognise and thank the management team and staff in the USAf Office for their advice, commitment and contributions to our higher education project.

May USAf continue to grow from strength to strength and achieve new heights in years to come.



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Dr Oliver Seale – Acting Chief Executive Officer

# PART TWO

## PERFORMANCE ON STRATEGIC INITIATIVES



**In keeping with the organisation's new strategic outlook, we report on initiatives, programmes and activities which Universities SA (USAf) undertook in 2015 in pursuit of the strategic goals and objectives adopted for the period, 2015-2019.**

## **2.1. PERFORMANCE AGAINST GOAL 1:**

*Inform and Influence the Future Policy Agenda to Foster the Continued Development and Strengthening of South African Universities*

### **2.1.1. POLICY RESPONSE**

Universities SA continued to respond to emerging policy directives and legislation with potential to affect staff, students, or university operations. Examples of policy instruments to which USAf responded are listed below:

#### **2.1.1.1. The Higher Education Amendment Bill:**

HESA/USAf continued participating in the Ministerial Task Team established by the Department of Higher Education and Training (DHET) to review the Higher Education Act. The first draft Higher Education Amendment Bill was released during September 2015 for further consultation with stakeholders. USAf, through its Legal Advisory Committee, prepared a detailed submission to the draft Bill for the DHET's consideration. It was anticipated that public hearings on the Bill would be arranged by the Parliamentary Portfolio Committee on Higher Education and Training during early 2016 in which USAf intended to fully participate.

#### **2.1.1.2. Immigration Regulations:**

HESA/USAf in 2015 continued its engagements with the higher education sector and relevant stakeholders around the impact of the 2014 Immigration Regulations on universities, and especially in relation to the attraction and retention of academic staff and researchers in South African universities. HESA/USAf also continued to work in partnership with the International Education Association of South Africa (IEASA) to address difficulties experienced by international students arising from these regulations.

#### **2.1.1.3. Online Regulation Policy:**

The Film and Publication Board (FPB), a public entity of the Department of Communications, issued for public comment a draft Online Regulation Policy by means of a *Government Gazette* dated 4 March 2015. In the main, this draft policy puts in practice the pre-classification and pre-approval of online content by the FPB. Due to the number of activities that universities undertake (utilising electronic technology), it was deemed important for HESA/USAf to understand how this policy could potentially affect institutions and, thus, respond appropriately to the draft regulation.

#### 2.1.1.4. The Draft National Liquor Policy:

The Department of Trade and Industry (DTI) published a draft National Liquor Policy for public comment by means of a *Government Gazette* dated 20 May 2015. With regard to universities, in particular, the abuse of alcohol often results in poor academic performance and is also a contributing factor in the case of students who fail to complete their studies. Furthermore, in a large number of disciplinary cases involving university students, which range from racial harassment to sexual offences, alcohol plays a major role. It was, therefore, imperative for HESA/USAf to respond to the draft policy.

## 2.2. PERFORMANCE AGAINST GOAL 2:

*Develop and Contribute to Policy Positions on Higher Education Matters to Strengthen Teaching and Learning, Research, and Community Engagement Activities*

### 2.2.1. ADVOCACY AND POLICY INFLUENCE

The activities listed below encapsulate HESA/USAf's contribution during 2015 in creating a conducive environment for teaching and learning, especially through policy influence and advocacy:

#### 2.2.1.1. Policy Dialogue:

The DHET's National Student Financial Aid Scheme (NSFAS) and Higher Education South Africa (HESA) held a joint colloquium in July 2014 to identify and address the funding challenges facing the sector in relation to the NSFAS. The key outcome of the colloquium was the establishment of a Policy Dialogue, the mandate of which was to take forward colloquium decisions and give effect to its resolutions. Among other functions, the Dialogue was tasked to generate ideas from stakeholder interests, actual experiences, and material concerns, and to channel these to the DHET – thus, informing future policy in order to regulate the fair distribution of loans and bursaries across the university system, notwithstanding budget shortfalls. The Dialogue was constituted by three representatives each of the DHET, the NSFAS, HESA, the National Treasury, the South African Union of Students (SAUS), and the University Council Chairpersons' Forum-South Africa. In the year under review, USAf continued to participate in the Dialogue through its representatives: Dr Max Price (University of Cape Town, UCT), Dr Mvuyo Tom (University of Fort Hare, UFH), and Mr Jaco van Schoor (University of Johannesburg, UJ).



*The 2014 deliberations over NSFAS challenges led to the formation of the Policy Dialogue, outcomes of which will be reported on in 2016.*

### **2.2.1.2. The Equality Court Finding in the Case of Masisi versus North-West University:**

Mr Masisi claimed that he was unfairly treated and discriminated against by the University of North-West (later to be merged into the new North-West University, NWU). This did not allow him to obtain credits for more than 50% of the courses he completed for a BProc qualification at the then University of the North (later to become the University of Limpopo, UL) towards attaining an LLB degree. The matter, which came before the Equality Court, resulted in a ruling in Masisi's favour. The Court went further to declare the Joint Statute, Paragraph 18(2), on which the rules of North-West University were purported to be based, unconstitutional, ordering that the Statute be struck down. NWU appealed the decision and HESA joined as *amicus curiae* (Friend of the Court). Masisi was also suing for damages from the parties concerned, including HESA, for lost income and potential future lost income to the tune of R10,5 million, as well as R450 000 for general damages.

At the appeals hearing in March 2015, Masisi withdrew his damages claim of R10,5 million against HESA. He confirmed that he was no longer pursuing any remedies through the High Court but would, rather, proceed with his actions through the Equality Court. The consequence of this decision was that he was unable to attack the validity and constitutionality of Section 74(6) of the Higher Education Act and Section 18 of the Joint Statute -- the Equality Court had no jurisdiction to strike down as invalid any Act of Parliament. Masisi's subsequent attempts to argue a new case of unfair discrimination also failed (judgement was passed in May 2015).

The outcome of this case affirms and preserves the principle of autonomy of South African universities to safeguard their brands, and to confer qualifications to students who have satisfied the requirements for those qualifications as provided for in the Joint Statute of the Higher Education Act 101 of 1997, as amended.

### **2.2.1.3. Meeting on Funding Matters with Members of the Executive Arm of Government:**

At the height of the #FeesMustFall campaign on 23 October 2015, the Executive Committees of USAf and the UCCF-SA met with the President on the challenges which threatened to cripple the higher education sector and to devise a plan to solve these problems. Delegations to this meeting were led by President Jacob Zuma and members of Cabinet, and Chairs of University Councils and University Vice-Chancellors led by Mr Mbulelo Bikwani and Prof Adam Habib, respectively.

The resultant discussions focused on (i) student financing and its impact on admissions, (ii) the cultural alienation experienced by black students at some universities, (iii) party-political activity on some campuses and its impact on SRC elections and governance, and (iv) the growing culture of violence across the higher education system. Consensus was reached on a number of issues which the respective delegations committed to action, supported by senior government officials. The main outcome of this engagement was the establishment of a Funding Task Team comprised of representatives from Universities SA (Prof Adam Habib and Dr Mvuyo Tom), the Directors-General of the Presidency and of the DHET, two student representatives, and the Chairperson of the NSFAS. The Task Team was given until 30 November 2015 to report back with recommendations.

In response to the Task Team's recommendations, the President mobilised over R6,5 billion for relief to universities in mitigation of the four major challenges raised above, which were identified as having the potential to spark further protests in 2016. This relief fund comprised:



- R2,3 billion disbursed to address the shortfall arising from the no fee increase moratorium;
- R2,5 billion of an identified R4,5 billion NSFAS shortfall to provide short-term debt relief to 71 753 students who were funded inadequately, or were unable to access financial aid in the 2013-2015 academic years.

The President also acknowledged that an additional R2,039 billion would be required during the 2016/17 financial year to ensure that student funding in 2015 would receive NSFAS support during the 2016 academic year. The President undertook to find these monies from the fiscus through a process of re-prioritisation.

In addition to the above, the USAf Board had engagements with the Ministry of Higher Education and Training towards the end of 2015, primarily to discuss a strategy and action plan for the sector in preparation for the start of the 2016 academic year. The Board also held additional meetings on 26 November and 12 December 2015, following which a guiding framework for institutions was adopted for 2016. This framework encapsulates numerous principles, including the following:

- A commitment to continue broadening access to university studies, and to accelerate institutional transformation;
- Recognition of the desperate financial plight of many students in the public university system and the need for significantly higher levels of funding for expanded student financial aid;
- A commitment for preserving institutional financial sustainability;
- Respect for, and recognition of, the human dignity, safety, and right of association or disassociation of students and staff;
- Recognition of, and commitment to, the application of the rule of law and institutionally approved codes of conduct in all interactions and functions of universities;
- A commitment to the integrity of academic programmes, and to the upholding of academic standards at universities.

#### **2.2.1.4. Nursing Education:**

In July 2015, the USAf Board had an engagement with the Minister of Health, Dr Aaron Motsoaledi, around the issue of the training of nurses. Deliberations focused especially on the curriculum and qualification structure in the training of nurses which, according to the Minister, were irrelevant to the present and future needs of the South African health system.

In order to develop a comprehensive response to the Minister, USAf subsequently consulted with universities and appropriate other stakeholders. USAf envisages continuing to engage with the Department of Health during 2016 in order to achieve an adequate resolution to this issue.

Other policy areas that USAf contributed to during the course of 2015 were:

- The Copyright Amendment Bill (Department of Trade and Industry);
- The Draft Policy Framework for Workplace-Based Learning in the Post-School Education and Training (PSETS) system – the South African Qualifications Authority (SAQA);
- The Draft National Innovation Framework (National Advisory Council on Innovation, NACI);
- The guidelines for good practices for learning that does not lead to a qualification (SAQA);
- The revised manual for programme classification structures (DHET).

## 2.3. PERFORMANCE AGAINST GOAL 3:

*Support South Africa's Universities to Effectively Perform their Core Functions of Teaching and Learning, Research, and Community Engagement*

### 2.3.1. ENABLING PERFORMANCE THROUGH STRATEGY GROUPS

Through work undertaken by Strategy Groups, USAF enables member institutions to perform their core functions of teaching and learning, research, and community engagement. As the name implies, Strategy Groups are groups formed around specific focus areas within the sphere of USAf activities. Their primary function is to identify, deliberate on, do research if necessary, and advise the Board on matters of strategic importance for the university sector. There are four such groups, each functioning under the chairpersonship of a vice-chancellor and composed of sectoral experts.

Projects undertaken by Strategy Groups during the course of 2015 are reported on per group below:

- Funding Strategy Group
- Transformation Strategy Group.
- Research and Innovation Strategy Group.
- Teaching and Learning Strategy Group.

#### 2.3.1.1. Funding Strategy Group

The Funding Strategy Group (FSG) pursued the following matters as top priorities during 2015:

- a) A revised funding framework for universities.
- b) Financial support for students.
- c) The VAT dispensation for universities.
- d) Student accommodation (housing).

#### *A Revised Funding Framework for Universities*

Following the Report of the *Ministerial Committee for the Review of Funding of Universities*, which was released in February 2014, the publication of a revised funding framework for universities was anticipated during 2015. The FSG developed a position paper for the higher education sector, which was presented to the HESA Board during a workshop on 21 July 2015. Some pertinent matters indicated in the position paper include the fact that Government expenditure on higher education, expressed as a percentage of gross domestic product (GDP), is relatively low in South Africa, and has been decreasing in real terms; financial support for academically deserving students from poor families is inadequate; university inflation is higher than consumer inflation, owing to its specific cost base; predictability of Government subsidies is essential for the financial sustainability of universities; and additional sources of funding, particularly from the private sector, should be leveraged. Towards the end of 2015 the revised funding framework for universities had not yet been published.

### **Financial Support for Students**

As agreed at a colloquium on the National Student Financial Aid Scheme (NSFAS) hosted by HESA in July 2014, the Department of Higher Education and Training (DHET) established a Policy Dialogue of key stakeholders in which HESA actively participated during 2015. The main focus of the Policy Dialogue was the issue of significant student historic debt. HESA assisted the DHET to gather data from universities in order to quantify this debt burden. Financial support for students whose household income was above the NSFAS threshold, but too low to qualify for commercial student finance, was also given attention. In this regard, discussions with the major banks were initiated during 2015. Towards the end of 2015 the #FeesMustFall campaign for fee-free higher education manifested itself in countrywide protests, violent in many cases, major teaching disruptions, and significant infrastructural damage at universities, resulting in an announcement by the President that fees for 2016 would not be increased. USAf assisted the DHET in calculating the loss of income for the higher education sector, and the Department announced that it would compensate universities for some of those losses during 2016.

### **The VAT Dispensation for Universities**

The Electronic Services Regulations published in terms of the Value-Added Tax Act of 1991 in *Government Gazette* No 37489 of 28 March 2014 came into effect on 1 June 2014. During the public consultation process prior to the publication of the regulations, the higher education sector realised that it had failed to comply with the Act's provisions on value-added tax (VAT) for imported services. With the acknowledgement that the sector had an historic liability in this regard, HESA and the DHET met with the South African Revenue Service (SARS) and the National Treasury in an attempt to manage the risk on behalf of the sector. In collaboration with HESA's Finance Executives' Forum (FEF), universities were advised on the way forward on the issue of VAT on imported services. All universities settled the amounts due by them during 2015 and implemented plans for future compliance.

The Davis Tax Committee (DTC) has been reviewing the effect of VAT on educational services. As a result of universities providing exempt *and* taxable supplies, they face extreme challenges in managing their VAT risk in a very complex environment. A formal submission to the DTC was made on 26 February 2015 requesting that a recommendation be made that educational and related services be subject to VAT at an as yet-to-be-determined reduced rate. This submission also emphasised that further investigations into the effect of a reduced rate on institutions needed to be conducted. It is important that the implications for the sector, students, and individual institutions are evaluated in order to find a VAT-rate that will be fair to all parties concerned. By the end of 2015 these investigations were at an advanced stage and were expected to be finalised early in 2016.

### **Student Accommodation (Housing)**

The Draft Policy on *Minimum Norms and Standards for Student Housing at Public Universities* was published for comment in April 2013. HESA-FSG regularly engaged with the DHET on the finalisation of the policy and minimum norms and standards, and cautioned that implementation should be affordable for universities. Finalisation of the policy and norms and standards was expected during 2014, but was delayed because the DHET had to give attention to its financial implications. Subsequently, the *Policy on Norms and Standards for Student Housing at Public Universities* was finalised and published on 29 September 2015 for immediate implementation with respect to the development of new student housing and, where practical, the refurbishment and renovation of existing student housing. The FSG will monitor the impact of the policy during 2016.

Throughout the year the FSG engaged with the DHET on the abovementioned matters.

During 2016 the FSG will continue to attend to the matters indicated above. It will also update the Higher Education Price Index developed in 2014.

### **2.3.1.2. Transformation Strategy Group**

During 2015 the top priorities for the Transformation Strategy Group (TSG) were as follows:

- a) Development of a transformation barometer for the sector.
- b) Regional workshops on transformation in the teaching and learning of African Languages and Mathematics.
- c) Development of a disability framework for the university sector.
- d) Organisation of a national conference on transformation in higher education in 2016.
- e) Participation in the 2nd National Higher Education Transformation Summit.

#### ***Development of a Transformation Barometer for the Sector***

The development of a transformation barometer for use by public universities to guide the institutional transformation process and to evaluate progress, which was initiated in 2014, was further improved upon during 2015. The conceptual framework for the barometer was developed and presented to the HESA/USAf Board during a workshop on 21 July 2015. This document was used as the basis for developing a discussion document for the 2nd National Higher Education Transformation Summit which took place from 15 to 17 October 2015. The Higher Education Amendment Bill, gazetted for public comment on 9 November 2015, seeks to, amongst others, empower the Minister of Higher Education and Training to determine transformation goals for the sector and to institute oversight mechanisms. This has provided new impetus to the development of the transformation barometer as a diagnostic and self-measuring tool for the sector. Further improvement of the transformation barometer will be a high priority for the TSG during 2016.

#### ***Regional Workshops on Transformation in the Teaching and Learning of African Languages and Mathematics***

Four highly successful regional transformation workshops, jointly hosted by the TSG and the Transformation Managers' Forum (TMF), took place during February and March 2015. These workshops, in which close to 200 delegates participated, focused on transformation in the teaching and learning of African Languages and Mathematics, and yielded not only valuable information on good practices but also on the challenges being encountered.



*Some of the delegates at one of the first regional transformation workshops hosted at the University of Pretoria in February.*

Delegates indicated that the opportunity to meet and share information regarding initiatives in response to national issues in the teaching and learning of African Languages and Mathematics was extremely valuable, and requested HESA to establish more formal networks for this purpose. HESA responded positively to this call. By the end of 2015 the establishment of Communities of Practice for the respective areas, which would be linked to the Teaching and Learning Strategy Group (TLSG), had been agreed upon, and Terms of Reference for the two new structures had been approved by the USAf Board. These will start functioning during 2016.

### ***Development of a Disability Framework for the University Sector***

The public university sector lacks a framework for addressing the needs of students and staff with disabilities in an equitable manner. The TSG commenced with the development of such a framework in 2015 and will continue this initiative during 2016.

### ***Organisation of a National Conference on Transformation in Higher Education in 2016***

During 2015 the TSG initiated the organisation of a national conference on transformation within higher education in order to reflect on achievements in this regard, to discuss and debate remaining challenges, and to reach a broad consensus on a transformation strategy for the sector. It was agreed that USAf will collaborate with the University of Fort Hare (UFH) and the DHET to host a national transformation conference in July 2016 at the UFH in Alice, as part of its centenary celebrations. Preparatory work in this regard was done during the second semester of 2015 in collaboration with a task team from the Transformation Managers' Forum.

### ***Participation in the 2nd National Higher Education Transformation Summit***

USAf's main contribution to the Summit, which was held in Durban from 15 to 17 October 2015, was the development and presentation of a discussion document titled "Reflections on Higher Education Transformation". This document was based on the conceptual framework for the transformation barometer that was developed and presented to the HESA Board in July 2015. USAf's presentation was well received by delegates.

The TSG will continue to pursue the priorities indicated above, and it will pay particular attention to giving effect to the resolutions adopted at the 2nd National Higher Education Transformation Summit.

### **2.3.1.3. Research and Innovation Strategy Group**

The Research and Innovation Strategy Group (RISG) identified six thematic priorities to be pursued in 2015:

- a) Funding for research and innovation.
- b) A system-wide policy for internationalisation.
- c) Research infrastructure.
- d) An innovation framework and measurement.
- e) Transformation and capacity development.
- f) Differentiation in relation to national co-operation.

### **Funding for Research and Innovation**

A researcher was commissioned to undertake an *International Comparative Study of Funding Instruments for Research and Innovation* with a view to making recommendations on contextually relevant instruments and measures to incentivise and strengthen research and innovation in South Africa, particularly in the university sector. During 2016 the following recommendations from the study will be attended to:

- Undertaking a study on the contribution of universities to the economy in order to develop a compelling case to Government for more investment in research and development in the university sector.
- Strengthening existing and establishing, if necessary, new programmes for sustaining Government-University-Industry partnerships.
- Supporting the strategic objective of the Department of Science and Technology (DST) to increase participation by South Africans in international human-capital development opportunities.
- Undertaking foresight exercises.
- Exploring ways in which emerging and converging technologies could be supported.
- The utilisation of levies and modest special taxes to protect research and development funding from budgetary variations.

### **A System-Wide Policy for Internationalisation**

An internationalisation policy framework that is being developed by the DHET was expected to be published for comment during 2015. This framework is still in-the-making. A South Africa-Japan Universities' Forum, established in 2007, provided a strong platform for bilateral partnerships between institutions for research and high-level skills development. While institutional partnerships were established and have continued, the Forum last met in 2008. During 2015, a mapping exercise was undertaken to provide an overview of current collaborations between South African and Japanese universities, an indication of possible areas for future collaboration, and an indication of funding that could be accessed for collaborative projects. Informed by the findings of this mapping exercise, the USAF Board decided late in 2015 that the Forum should be re-launched and the RISG will work towards this end during 2016.

### **Research Infrastructure**

Following a presentation to the RISG in July 2015 on the *Report of the International Committee for the Development of South Africa's National Integrated Cyber-Infrastructure System (NICIS)*, the RISG has been monitoring developments with regard to the implementation of its recommendations. During 2016, the RISG intends to assist all universities to put a Data Management Plan and/or e-Resource Strategy in place. The RISG also attended to concerns about the financial sustainability of the Research Information Management System (RIMS) developed by the National Research Foundation (NRF) and utilised by some universities. The viability of its funding model is dependent on the number of participating universities. Naturally, if the number of participating universities shows a decline, membership fees will also escalate. Furthermore, an increase in research output from a particular university will also increase its membership fees. In 2015 a number of engagements took place in this regard, but the matter has not yet been resolved and engagements will continue during 2016.

### ***An Innovation Framework and Measurement***

The National Advisory Council on Innovation (NACI) initiated a project in early 2014 to develop a framework for a National Innovation Information Portal. USAf submitted comments on the draft framework report that was released in 2015.

### ***Transformation and Capacity Development***

In October 2015 the Department of Science and Technology (DST) engaged the RISG on the “silent majority”-phenomenon amongst early-career academics (lecturer and senior lecturer level) who did not regard themselves as researchers, or did not have the desire to pursue such an avenue. According to DST figures there are about 12 000 academic staff at lecturer and senior lecturer level, and the DST and NRF was supporting only 650 emerging researchers through their programmes. However, many of these lecturers might be supported by other initiatives and programmes outside the ambit of the DST and NRF. In order to assist the DST and NRF to better understand the career positioning of the majority of emerging researchers within universities, the RISG offered to conduct a research project on this matter during 2016.

### ***Differentiation in Relation to National Co-operation***

The DVCs Research Forum assisted the RISG during 2015 to interrogate mechanisms and strategies for encouraging, incentivising and evaluating inter-institutional collaboration in research, as such collaboration is not being rewarded sufficiently in the current system. It is anticipated that this study will be concluded during 2016.

In addition to the above, the conceptualisation of, and agenda for, a Research and Innovation Conference planned for April 2016 were developed and its organisation was initiated.

In 2016, the RISG will host the abovementioned conference and continue to attend to the thematic priorities it focused on during 2015.

#### **2.3.1.4. Teaching and Learning Strategy Group**

The Teaching and Learning Strategy Group (TLSG) attended to the following priority matters during 2015:

- a) The National Benchmark Tests Project (NBTP).
- b) The National Graduate Destination Survey (NGDS).
- c) Education technology and higher education in South Africa.

#### ***The National Benchmark Tests Project***

The National Benchmark Tests Project (NBTP) is a key project of Universities SA, which is conducted in collaboration with the Centre for Higher Education Development (CHED) at the University of Cape Town (UCT). The NBTP reflects on the long-standing concern of the higher education sector about the academic readiness of first-year university students. It focuses on the extent to which universities are prepared to address the needs of first-year students through appropriate course development, programme planning, and placement decisions. Implementation of the NBTP was closely monitored by the TLSG during 2015 and a national consultative workshop to share progress, experiences, lessons learned, best practices and challenges with participating and prospective higher education institutions (HEIs) was held in November 2015. This project will continue during 2016.

### ***The National Graduate Destination Study (NGDS)***

The main purpose of the planned National Graduation Destination Study (NGDS) will be to better understand the varied pathways into the work environment for graduates of public universities, and how tertiary education relates to skills needs and general labour-market prospects. Regrettably, the required human and financial resources to undertake such a large-scale study could not be secured in 2015, but towards the end of the year initial discussions were held between USAf and the DHET to explore the possibility of conducting this study in partnership. These discussions will continue during 2016.

### ***Education Technology and Higher Education in South Africa***

In 2014, the TLSG launched a study on education technology and its impact on teaching and learning in South Africa with the objective of presenting recommendations to Vice-Chancellors and their Executives about how universities could institutionally adopt and integrate such technologies for teaching and learning purposes. This study was completed in 2015 and is available on the USAf website.

In addition to the above, the TLSG regularly engaged with the Council on Higher Education (CHE) on the following:

- The report it had commissioned on the reform of the undergraduate curriculum structure, and the advice it had subsequently provided to the Minister of Higher Education and Training.
- The development of a national framework to regulate the relationship between the Higher Education Quality Committee (HEQC), professional bodies, and universities.
- The implementation of the Quality Enhancement Project (QEP) that aims to improve the student success rate.

The TLSG also continued to engage with the DHET on the Staffing South Africa's Universities Framework (SSAUF), including the project on the Next Generation of Academics (nGAP).

During 2016, in addition to the abovementioned priorities, the TLSG will focus its attention on curriculum transformation, the student experience at university, and the professional development of academics in pedagogy.

### **2.3.2. PREVENTING, MANAGING HIV/AIDS WHILE PROMOTING GENERAL WELL-BEING**

During the year under review, the Higher Education and Training HIV/AIDS (HEAIDS) Programme achieved impressive results in output at the institutional level. This growth was ascribed both to Technical and Vocational Education and Training (TVET) colleges playing a stronger role, following their incorporation into HEAIDS in December 2014, and to universities gaining substantial ground as additional resources became available for the programme. Some key achievements were:

- The number of students tested for HIV during 2015 was 79% higher than in the previous year. The combined efforts of universities and colleges not only exceeded the 100 000-test mark for the first time, but did so convincingly -- with a total of 174 000 tests performed.
- Most HIV testing of students occurred during HEAIDS *First Things First* (FTF) activations, and this number topped the 2014 figure by 58%, thanks to an enormous effort by universities, colleges, a range of partner organisations, and the HEAIDS national and provincial teams.



- During activations, screening for tuberculosis (TB) and sexually-transmitted infections (STIs) was almost as extensive as HIV testing and, in fact, showed a somewhat higher year-on-year increase.
- Nearly 25 million male condoms were distributed in the higher education sector, mainly as a result of the Department of Health's decision to pilot the introduction of a new coloured, scented condom. The 2014 total of 114 650 male condoms distributed was rather insignificant in comparison.

The enthusiastic response from students speaks to the success of the FTF model in promoting a health-seeking culture on campus, which enables young people to assume responsibility for their own well-being. FTF focuses on prevention and early detection of a range of health conditions and risks. Initially, FTF focused exclusively on HIV, TB and STIs, and only later began to include contraceptive services, non-communicable diseases (such as hypertension) and certain forms of cancer.

As already pointed out, through FTF, HEAIDS aims to build a culture where youth take an interest in their own health, become knowledgeable about their well-being, and incorporate testing and screening into the normal course of their lives. HEAIDS aims to conduct at least two FTF activations a year on every campus and, during 2015, this target was within reach. Although activations differ slightly between campuses, each one encompasses:

- Health promotion, including condom promotion.
- Testing and screening for various health risks and health conditions.
- Individual counselling of students on health matters.
- Referral for treatment and care, further testing, and medical male circumcision.

In addition to FTF, HEAIDS facilitates four focused programmes that were already established within universities in the year under review, but were just being started at colleges. These programmes were aimed at:

- Women's health empowerment.
- Men's health empowerment.
- Drug and alcohol abuse prevention.
- The lesbian, gay, bisexual, transgender and inter-sexed (LGBTI) communities.

While peer educators are primarily responsible for convening discussion groups and dialogues on these programmes, their efforts are reinforced through two additional delivery platforms: the *Future Beats Youth Development Programme*, which uses radio and social media to engage students on relevant topics; and a Curriculum Development Programme, which strives to build student competencies on HIV (for later application in the workplace) through curricula taught at universities and colleges.

In reality, FTF and these four additional programmes overlap and reinforce each other. Activation may include a specific emphasis on one of the other campaigns if that is particularly relevant to the campus where the activation takes place. Demands from institutions for FTF activations and the capacity of HEAIDS to deliver on its mandate were both expected to increase significantly during 2015. The number of activations conducted at university campuses was 44% higher than in 2014, while TVET campuses saw a 66% increase during the same year. Only 5% of planned activations in the university sector failed to materialise, and these were all due to on-going student protests.

In conclusion, the escalating response to FTF during 2015 was an indication of HEAIDS contributing specifically to the UNAIDS 90:90:90 campaign, ensuring that 90% of people living with HIV know their status, 90% of these receive antiretroviral treatment, and 90% of those on treatment achieve viral suppression.

## 2.4. PERFORMANCE AGAINST GOAL 4:

*Provide Value-Adding Services to Member Institutions*

### 2.4.1. UNPACKING AND INTERPRETING POLICY INSTRUMENTS FOR THE SECTOR

#### 2.4.1.1. The Consumer Protection Act

In 2014, HESA commissioned a project to develop guidelines for universities to comply with the Consumer Protection Act, 2008 (the CPA). This was aimed at protecting institutions from severe penalties and reputational harm that could result from non-compliance with the CPA. Following extensive consultations with universities, HESA/USAf finalised and published the *Consumer Protection Act – Guide for Higher Education Institutions* in June 2015. The document was widely circulated within universities and is available on the USAf website.

#### 2.4.1.2. The Protection of Personal Information Act (POPI)

POPI is aimed at safeguarding personal information and also provides protection against the unlawful collection, retention, dissemination and use of personal information belonging to both natural and juristic persons. In the context of higher education institutions, personal information includes information relating to students, alumni, suppliers, human-resources management, academic programmes, research reports and the use thereof, etc. During 2015, USAf, through its Legal Advisory Committee, created awareness at all universities of the eight conditions for the lawful processing of personal information, which forms the core of POPI and which universities are obliged to comply with. In summary, the eight conditions are:

- (1) *Processing Limitation*: Personal information must be processed in accordance with the law, taking care to not intrude, to an unreasonable extent, upon the privacy of the data subject or person.
- (2) *Purpose Specific*: Personal information must be collected by a higher education institution for a specific, explicitly defined, and legitimate purpose. Personal information may not be kept for longer than is necessary for archiving purposes.
- (3) *Further Process Limitation*: Personal information must not be further processed in a way incompatible with the purpose for which it had been collected in the first place.
- (4) *Information Quality*: The institution collecting and processing personal information must take practical steps to ensure that the personal information is complete, accurate, and not misleading.



- (5) *Openness*: Personal information may only be processed by an institution that has notified the Information Protection Regulator. Furthermore, certain prescribed information must be provided to the data subject or person by the relevant institution, including what information is being collected, the purpose for which that information is collected, and whether or not the supply of information by that data subject or person is voluntary or mandatory.
- (6) *Security Safeguards*: Appropriate technical and organisational measures must be taken to secure the integrity of personal data through safeguarding against the risk of loss, damage, or destruction of personal information, and against the unauthorised or unlawful access to, or processing of, such information.
- (7) *Individual Participation*: Where personal information is collected, the data subject or person is entitled to obtain, free of charge, confirmation on whether and what personal information is being kept.
- (8) *Accountability*: The institution concerned must ensure that these eight information processing conditions are complied with.

If a higher education institution were to breach the duties imposed by POPI, it could be faced with an administrative fine of up to R10 million or a ten-year prison sentence. Owing to the serious consequences arising from non-compliance, it is crucial that HEIs adhere to the provisions of POPI and establish compliance procedures which will ensure that the obligations imposed on them are suitably adhered to.

## 2.4.2. CREATING APPROPRIATE CONDITIONS FOR THE SUSTAINABILITY OF UNIVERSITIES

As indicated in its *Strategic Framework 2015-2019*, USAf will initiate and implement projects and programmes to create appropriate conditions for the sustainability of universities. The main initiatives in this regard are indicated below:

### 2.4.2.1. Broadband Connectivity

The objective of the Rural Campuses Connection Project (RCCP) is to provide access circuits to connect rural university campuses to the South African National Research Network (SANReN). The first phase of the project, for which the former HESA received a grant of R28 million from the DHET, was implemented by the Tertiary Education and Research Network of South Africa (TENET) and successfully completed in 2014. Based on the proposal for a further phase of the project, which was informed by data provided by universities, Universities SA has been granted a further R71,127 million by the DHET for a second phase of the project that will be implemented over a four-year period from March 2015. Start-up activities for RCCP II have been completed, and these include:

- The establishment and two meetings of the RCCP II Steering Committee.
- The establishment and regular meetings of the RCCP II Technical Committee.
- Conclusion of a Memorandum of Agreement between Universities SA and TENET.
- Procurement of services by Universities SA to strengthen overall project management.
- The development of a Project Charter.

The RCCP II Steering Committee has approved the first group of sites for connection to SANReN. Detailed planning for these sites is in progress and will continue during 2016.

#### 2.4.2.2. Strengthening University Leadership And Management Capacity

The Higher Education Leadership and Management (HELM) programme's underlying aim is to provide enabling learning opportunities for middle and senior managers in both academe and administration at universities.

Its key purpose is for such individuals to gain the requisite knowledge and skills for playing a more effective leadership and managerial role in advancing overall institutional performance within the framework set by legislation, national higher education policies and governance arrangements, a variety of systems and institutional planning measures, including those related to teaching and learning and research, and the funding of higher education institutions.



*The 2015 HELM cohort, like all others, spoke highly of the empowerment programme, wanting it to benefit many more leadership aspirants in future.*

With significant financial support from the Education, Training and Development Practices-Sector Education and Training Authority (ETDP-SETA) and under the expert direction of an Advisory Committee, the HELM programme was delivered by means of three residential 2 to 2½-day workshops held in Gauteng in February, April and June 2015. The first workshop was dedicated to legislation, policy and governance, the second to planning, and the third to higher education funding matters. A total of 38 staff members (academics and professional and support staff) from 17 universities, selected from 103 applicants from 20 universities, participated in the programme. They were expected to do assignments between the first and second, and between the second and third workshops. These assignments were evaluated and appropriate feedback was given to all participants.

Overall, the participants indicated that they found this programme empowering. Exposure to the *White Paper for Post-School Education and Training*, and pertinent other higher education legislation and policies, had broadened their knowledge and understanding of the higher education sector, and also provided them with insights into a range of aspects of leadership within universities. Networking, establishing links with peers, and information-sharing ranked very high on the list of priorities. For several individuals, participation in the HELM programme had opened their eyes to new options for career development and/or placed them in a better position to compete for higher-level positions. Some said they could use the insights gained to participate more meaningfully in the implementation of institutional policies and processes. A good number of them also pointed out that exposure to this programme had given them the opportunity to reflect on their own role, abilities and aspirations, as well as on their own institution and its future. "This programme should most definitely continue as it has the potential to generate future university leaders", one of the participants in the 2015 HELM programme wrote in his final report.

Towards the end of 2015 a concept document for expanding the programme was developed. This document will be presented to the USAf Board for approval early in 2016.

### 2.4.2.3. Facilitating Inter-institutional Collaboration

During 2015, USAf provided financial and administrative support to five Communities of Practice that had been established to provide platforms for universities to share information and good practices, to discuss issues of mutual interest or concern, and to facilitate inter-institutional collaboration.

#### *Finance Executives' Forum*

The Finance Executives' Forum (FEF) is linked to the FSG and focuses on funding and financial matters relating to public universities in South Africa.

The FEF has established a Tax Task Team, which during 2014 and 2015 engaged extensively with the South African Revenue Service (SARS) in order to mitigate the financial risk related to the considerable liability of universities for VAT on imported services. In addition, the Tax Task Team supported USAf in its engagement with the Davis Tax Committee to utilise the opportunity for tax reform in order to create a better VAT dispensation for universities. These engagements are on-going. The Tax Task Team also entered into engagements with the Department of Co-operative Governance and Traditional Affairs (COGTA) on the matter of municipal rates and taxes payable by universities.

A Working Group of the FEF was established to develop guidance to universities on the interpretation and application of the revised Broad-Based Black Economic Empowerment (BBBEE) codes. Its work will continue during 2016. Guidelines for the full costing of research and development were developed in consultation with the National Intellectual Property Management Office (NIPMO).

The DHET was engaged regularly on such matters as the funding framework for universities, financial support for students, and university infrastructure. Discussions on pertinent matters were also entered into with the offices of the Auditor-General and the Statistician-General.

Towards the end of the year, the FEF assisted USAf and the DHET to calculate the initial financial impact on universities of the #FeesMustFall campaign and the President's announcement that university fees would not be increased in 2016.

#### *Transformation Managers' Forum*

The Transformation Managers' Forum (TMF) is linked to the TSG and during 2015 the two structures operated jointly.

Four highly successful regional transformation workshops on transformation in the teaching and learning of African Languages and Mathematics, funded by the DHET's National Skills Fund, took place during the first quarter of 2015. These workshops were held in Pretoria, Johannesburg, Durban, and Cape Town and received huge support from the sector. The overall strategic objective of the workshops was met, which was to focus on the challenges currently being experienced in the teaching and learning of African Languages and Mathematics, and to share relevant information on innovative initiatives being undertaken by universities. USAf will establish Communities of Practice for Mathematics and African Languages during 2016 to address the need identified during these workshops for a platform for the sharing of information and good practices, and the discussion of issues of mutual interest and concern.

In 2015, the TSG and TMF also developed a conceptual framework for a transformation barometer – an instrument that could be utilised by individual universities to plot and monitor their own transformation trajectory. The instrument itself will be developed during 2016.

Initial work was done towards the development of a disability framework for the university sector.

On 11 August 2015 the sector celebrated the National Common Campaign Day for 2015 by collectively focusing on a range of actions across various South African university campuses under the theme of the (constitutional) right to equality. Activities included dialogues, the hosting of a summit at institutional level, a conference, launching of a new gender forum, and so forth. The benefit of this common campaign day was that it allowed university communities to express themselves around this theme, celebrate significant achievements and experiments, and highlight the policy, funding and strategic challenges facing the sector.

### ***Human Resource Directors' Forum***

The finalisation of the Higher Education Competency Framework for Human Resource (HR) Practitioners and an HR Academy was high on the agenda of the Human Resource Directors' Forum (HRDF) in 2015. The underlying theme of these initiatives is capacity development as a basis for succession planning and career-pathing.

The Forum worked towards the finalisation of a benchmarking exercise within the higher education sector, using 2013-2014 data on matters such as employee benefits, leave, remuneration, etc. This exercise will provide information that will be to the benefit of the entire sector. In addition, the HRDF paid attention to the effects on universities of the recent amendments to labour legislation.

In 2016, the Forum will continue to attend to the abovementioned matters and will endeavour to strengthen its engagements with related structures, including the TMF, Skills Development Facilitators' (SDF) Forum, and the Employee Relations Forum.

### ***Skills Development Facilitators' Forum***

The Skills Development Facilitators' (SDF) Forum has been established as a vehicle for promoting good practice in the learning and development of staff within higher education institutions, and to maintain an effective working relationship with the ETDP-SETA from which it receives financial support. During 2015, the Forum dedicated time to strategic discussions on its role in institutions, in the higher education sector, and in national skills development. A substantial amount of time was also devoted to interaction with the ETDP-SETA on issues of skills development at a national level, compliance with work-skills planning and reporting, as well as feedback on the 2015 scarce and critical skills guide. The SDF Forum worked alongside the HRDF in interrogating and critiquing the proposed Higher Education Competency Framework for Human Resource (HR) Practitioners.

In order to broaden its horizons going forward, the SDF Forum is planning to reconfigure its agenda to include a more strategic, high-level component beyond the issues relating to compliance with South Africa's skills development legislation.

### ***Education Deans' Forum***

The Education Deans' Forum (EDF) is comprised of Deans of Education from all public universities in South Africa. In August 2015, the EDF hosted a colloquium, the theme of which was Teacher Content Knowledge: Practising Teachers and Professional Development. One of the successes of the colloquium was the establishment of a Special Interest Group (SIG) which is focusing on teacher-content knowledge for intermediate phase education.

The EDF has established strong relationships with other stakeholders, such as the DHET, the Department of Basic Education (DBE), the South African Council for Educators (SACE), and the JET Education Foundation. It engaged regularly with the DHET on a wide range of issues, including the Teaching and Learning Development Capacity Improvement Programme (TLDCIP) which has been allocated substantial funding by the European Union (EU) for the next five years. The DBE regularly provided feedback on its work on teacher-development priorities and programmes, such as the Funza Lushaka Bursary Programme and the implementation of the Continuing Professional Teacher Development (CPTD) programme. The JET Education Foundation has completed the first phase of the Initial Teacher Education Research Project, primarily focused on examining the curriculum for intermediate phase teachers for Mathematics and English, and it will embark on the second phase of the project during 2016. The EDF is in support of, and willing to partner with, the JET Education Foundation in the implementation of this project.

### 2.4.3. FACILITATING ACCESS TO UNIVERSITIES

#### 2.4.3.1. Issuing Of Matriculation Exemption Certificates

The Matriculation Board renders an important service, through the evaluation of applications for matriculation exemption, to prospective South African students who do not meet the statutory minimum admission requirements (matriculation exemption) to enter degree studies at public universities in South Africa, as well as to prospective foreign students who have obtained their school-leaving qualifications in another country. In 2015, the Matriculation Board issued matriculation exemption certificates to approximately 36 500 prospective students, thus affording them an opportunity to apply to study at a public university.

#### 2.4.3.2. Support for, and Engagement with, University Registrars

USAf supports Registrars by providing administrative assistance to their annual meetings. At these meetings, Registrars, as compliance officers of their respective institutions, share experiences, expertise and concerns related to their roles in the governance and academic administration of their universities. In 2015, the annual Registrars' *Imbizo* took place on 9 and 10 March, at the University of Cape Town (UCT). The agenda dealt with a range of issues including the National Student Financial Aid Scheme (NSFAS), immigration, matters pertaining to admission to universities, the proposed Central Application Service (CAS) and the performance management of university councils.

Regarding CAS, a workshop between the DHET and University Registrars took place on 28 July 2015. This afforded Registrars an opportunity to provide input on this important development; and to interact with DHET officials as well as representatives from Learning Strategies (the development agency for the CAS project).



*Dr Sidney Mufamadi (left), Director: School of Leadership in the Faculty of Management at the University of Johannesburg, receives on behalf of his son, a conditional exemption letter from Mr Clayton Lesufi, Regulations Officer in the Matriculation Board.*

Furthermore, a capacity-building workshop for newly-appointed or aspiring Registrars was held from 7 to 9 October 2015 for 14 delegates from both public and private higher education institutions. Among others, topics covered included the legal and governance framework of a university; the role of the Registrar as a compliance officer, attributes required of a University Registrar; academic administration and academic records.

#### **2.4.3.3. Research on the Predictive Value of the National Senior Certificate**

In 2015, the Centre for Evaluation and Assessment (CEA) was commissioned by USAf to investigate the predictive value of the National Senior Certificate (NSC) for first-year performance at three types of tertiary institution (the traditional university, the comprehensive university, and the university of technology) across all types of faculty. The overall objective of this research project was to assist USAf to develop an informed position on the predictive value of the NSC, based on empirical evidence. The specific aim was to use the findings to gauge the validity of the NSC, and how performance in matriculation examinations may be linked to that of first-year students at tertiary institutions. Intended to be a pilot study, it focused on data from a single cohort, the one that wrote NSC examinations in 2011 and enrolled at a tertiary institution in 2012. The study was completed in April 2016 and yielded interesting though inconclusive results, owing to its exploratory nature and lack of sufficient data. A general pattern that emerged from the analysis is that models of programmes that rely on mathematics and physical science for selection purposes often perform better than models of programmes that require only language for admission purposes. This was evident at subject level, as well as programme level. Another interesting pattern that emerged from the analysis was that language level proved to be of negligible importance for university subjects in which the curricular emphasis appeared to be on mathematics and physical science.

#### **2.4.3.4. Abolition of the Committee of Technikon Principals, the Committee of University Principals, and the Matriculation Board**

Section 74 of the Higher Education Act 101 of 1997, as amended, provides for the abolition of the Committee of Technikon Principals (CTP), the Committee of University Principals (CUP), and the Matriculation Board. As no action has been taken to date by the DHET in this regard, and the CTP and CUP have been dormant for several years, USAf developed a set of proposals to give effect to the Section 74 provision and entered into discussions with the DHET on these proposals in 2015. These discussions will continue during 2016.



*Registrars who attended the 2015 workshop lauded it a necessary intervention which should be entrenched in USAf's annual calendar for sector support.*



#### 2.4.3.5. Enhancing the Work-Flow Process of the Matriculation Board

Development of a new electronic work-flow system was completed in September 2015, leading to the following enhancements to the process of issuing exemption certificates:

- An online assessment tool to assist institutional staff and individuals to make a preliminary assessment before submitting applications.
- A facility for both institutions and individuals to submit and track applications online.
- A comprehensive communication matrix allowing for the effortless management of application contacts.
- A communication to be sent to both the applicant and the interested institution.
- The generation of only one version of a certificate with a sequential number.
- Real-time updates, which will diminish queries on the status of applications to both institutions and the Matriculation Board.

#### 2.4.3.6. Annual NSC Results

By collaborating closely with the Department of Basic Education, the Matriculation Board facilitated the release of NSC 2015 results to universities as expeditiously as possible after their official release in January 2016 in order to assist HEIs in finalising placements of and offers to students.

#### 2.4.3.7. National Information Service for Higher Education

The National Information Service for Higher Education (NiSHE) project aims to provide information and guidance to prospective higher education students, the main focus being transition from the schooling system into the university system. As such, it produced a booklet titled *Know Your Options: Plan Your Future* in 2014 which provides information on fields of study and associated careers, admission requirements, and application processes to universities, as well as general information on South Africa's public universities. In 2015, information in the booklet was expanded to include 80 more fields of study, bringing the total number of profiled study fields to 140. Publication and dissemination of the booklet is scheduled for 2016.

A second important component of the NiSHE project is the Apply B4 U Enrol campaign aimed at sensitising prospective students to closing dates for university applications. During 2015, radio interviews were conducted with the Government Communication and Information Service (GCIS) for syndication across community radio stations, and an advertisement was placed in the *Post-Matric Magazine* which is distributed free of charge to 150 000 learners in more than 850 schools throughout the country.

### 2.5. PERFORMANCE AGAINST GOAL 5:

*Build and Strengthen Collaboration between USAf and Key Stakeholders, including Government, Parliament, Business, the Science Community, and International Partners in Pursuit of USAf's Objectives*

#### 2.5.1. LEVERAGING MUTUALLY BENEFICIAL COLLABORATIONS

USAf has developed solid relationships and continues to engage with numerous stakeholders for purposes of consultation, information-sharing and collaboration on mutually beneficial projects. The main stakeholders with which USAf engaged through its operational structures during 2015 included:

**2.5.1.1. The Academy of Science of South Africa (ASSAf)** regarding an investigation it was commissioned by the DHET to undertake into the feasibility of acquiring national site licences for academic journals, rather than universities purchasing journals individually.

**2.5.1.2. The Council on Higher Education (CHE)** on matters related to teaching and learning (see the Teaching and Learning Strategy Group) and on various other initiatives.

**2.5.1.3. CHE Working Group on Professional Councils:** In June 2014, the CHE convened a meeting of Professional Councils (PCs) and Higher Education Institutions (HEIs) in order to discuss its relationship with these bodies. At that meeting, a Working Group was established to take forward these discussions. USAf was represented on the Working Group by Dr Sizwe Mabizela and Prof Errol Holland. The Working Group met during the course of 2015 with a view to developing a draft framework for engagement (based on guiding principles), the aim of which is to promote consultation, collaboration and communication between these bodies in order to improve the effectiveness and efficiencies of professional programme accreditation and quality assurance processes. It is envisaged that the CHE will conduct further consultations on the draft framework during 2016 before its finalisation.

**2.5.1.4. Universities Chairs of Council Forum-SA (UCCF-SA):** The Executive Committees of USAf and the UCCF-SA meet at least twice a year to discuss issues of mutual interest and common concern. During 2015, the committees met in May and September. A broader engagement between the USAf Board and the UCCF-SA was held in November, primarily to discuss protests at university campuses and planning for the academic year commencing in January 2016.

**2.5.1.5. Parliamentary Portfolio Committee (PPC) on Higher Education and Training:** USAf had on-going engagements with the PPC on matters relating to transformation, funding, differentiation, and other issues of priority concern to the sector. USAf will endeavour to strengthen its relationship with the PPC and to build relationships with other PPCs on a general and on-going basis.

**2.5.1.6. Department of Higher Education and Training:** The USAf EXCO and Board had regular interactions with senior officials of the DHET to address, overall, matters of teaching and learning and transformation of the higher education sector. Key issues dealt with during 2015 included, but were not limited to, the Central Application Service, the National Site Licensing Agreement, the Staffing of Universities Project, Funding (including NSFAS related matters), the Ministerial Higher Education Summit, etc.

## **2.6. PERFORMANCE AGAINST GOAL 6:**

### *Support of the Internationalisation Agenda of South Africa's Universities*

As indicated in USAf's *Strategic Framework 2015-2019*, the organisation will, amongst others, participate in policy development for the internationalisation of higher education and give effect to international academic co-operation agreements on a case-by-case basis.

#### **2.6.1. PARTICIPATION IN POLICY DEVELOPMENT**

As indicated elsewhere, an internationalisation policy framework that is being developed by the DHET was expected to be published for comment in 2015. The publication of this document is still awaited.

## 2.6.2. THE INDIA-BRAZIL-SOUTH AFRICA MEMORANDUM OF UNDERSTANDING ON CO-OPERATION IN HIGHER EDUCATION

The India-Brazil-South Africa (IBSA) Memorandum of Understanding (MoU) on Co-operation in the Field of Higher Education was signed in October 2007. In broad terms the overall objective of the MoU is to create conditions for co-operation between higher education institutions, faculties, researchers and students of the three countries in the following agreed areas of mutual interest:

- Engineering, Computer Sciences, and Mathematical Sciences.
- Biotechnology, Agriculture and Livestock.
- Sustainable Development.
- Social Transformation and Empowerment.
- Higher Education Studies.

An IBSA Mobility Fund, financed by the South African Government, was established for this purpose. The fund is being managed by USAf and implemented by the NRF. Further to the publication of a 'Call for Proposals' for mobility related to research projects in the areas of co-operation in higher education agreed to by the three countries, grants were awarded in the second quarter of 2014 to five projects jointly selected by HESA (now USAf) and the NRF. These projects have a lifespan of three years and their implementation is being monitored jointly by USAf and the NRF by way of reviews and analyses of annual progress reports submitted by the grantees. The first reports, received in May, indicated that the projects were generally progressing according to plan, but inward mobility to India and Brazil was proving to be challenging because matching funding had not been made available by these countries. Despite this challenge the reports also indicate that, in most cases, new collaborations with good prospects for continuation beyond the duration of these projects had been established. USAf will continue to monitor the implementation of these projects during 2016.

## 2.6.3. THE USAF-HRK ACADEMIC CO-OPERATION AGREEMENT

This agreement, concluded in September 2013 between USAf (then HESA) and its sister organisation in Germany, provides amongst others for the exchange of students and researchers, facilitation and implementation of joint research projects, co-operation in curriculum and programme design, joint academic events, and publications.



*Up to 50 researchers from South African universities and 23 from universities in Germany participated in the first match-making conference that was hosted at the Durban University of Technology (DUT).*

A match-making conference for researchers was held at the Durban University of Technology (DUT) on 28 and 29 May 2015. Approximately 50 South African researchers, nominated by their respective universities, and 23 German researchers participated. Useful contacts were established, not only between South African and German researchers, but also between South African researchers of different institutions. A few projects to be undertaken jointly, e.g. in the field of human rights law, were identified during the event.

The Ruhr University Bochum obtained funding from the German Federal Ministry of Education and Research (BMBF) to host a workshop on doctoral training on 2 and 3 November 2015 at that university in collaboration with the HRK.

Fewer participants from South African universities than expected attended the workshop, as it coincided with action at local universities around the #FeesMustFall campaign. However, two DVCs for Research and one Dean, as well as representatives of the DST and NRF, participated in this meeting. During the workshop, information was shared on doctoral training reforms implemented in Germany over the past 25 years, the urgent need for and targets set by South Africa for increasing the number and diversity of doctoral graduates, and funding opportunities in Germany and South Africa for collaboration on doctoral training. Proposals for collaboration emerging from the workshop include linking South African centres of excellence to existing German consortia in agreed fields, fact-finding missions to explore possibilities for other types of collaboration in more detail, exchanges of research managers in universities (doctoral supervisors, doctoral candidates, and post-doctorates), joint seminars, and creating an international research-marketing mechanism for South Africa along the lines of Germany's Research Explorer. These proposals will be considered during 2016.

#### 2.6.4. USAf-IEASA MOU

A new Memorandum of Understanding (MoU) to formalise the relationship between USAf (then HESA) and the International Education Association of South Africa (IEASA) was signed in December 2013. The MoU provides, amongst others, for regular engagement, the hosting of joint symposia (conferences, workshops, and other events), joint monitoring of international student mobility, and joint publications. During 2015, USAf liaised with the IEASA on an on-going basis, particularly on immigration issues affecting international students and staff, and participated in meetings of IEASA's Management Council (in which it has a seat). USAf and IEASA will continue to co-operate as appropriate during 2016.

#### 2.6.5. COMMONWEALTH SCHOLARSHIPS

USAf acts as the national nominating agency for South African citizens who wish to pursue Master's or Doctoral studies in the United Kingdom (UK). South Africa was invited to submit 50 nominations to the Commonwealth Scholarship Commission in the UK.

The South African Selection Panel, convened by USAf, meets annually to evaluate applications and make a final selection for consideration by the Commission in the UK. Out of the 50 nominated candidates for 2015, 31 were finally selected to conduct their studies in the United Kingdom during the 2016 academic year.

# PART THREE

## GOVERNANCE



### 3.1. USAf BOARD OF DIRECTORS

The USAf Board of Directors is made up of the vice-chancellors of the 26 public universities, which constitute the USAf membership.

Newly-appointed vice-chancellors in 2015 were:

- Dr Albert van Jaarsveld, Vice-Chancellor, University of KwaZulu-Natal
- Prof Tyrone Pretorius, Vice-Chancellor, University of the Western Cape
- Prof Wim de Villiers, Vice-Chancellor, Stellenbosch University
- Prof Yunus Ballim, Vice-Chancellor, Sol Plaatje University
- Prof Lourens van Staden, Vice-Chancellor, Tshwane University of Technology
- Prof Tshepo Gugushe, Interim Campus Head, Sefako Makgathu University
- Prof Xoliswa Mtose, Vice-Chancellor, University of Zululand

The Board (see full names on p. 40) performs its oversight functions through five governance committees discussed below.

#### 3.1.1. EXECUTIVE COMMITTEE (EXCO)

EXCO is a seven-member committee that maintains general oversight of the organisation's business in between meetings of the Board of Directors. In 2015, the HESA/USAf Board amended its *Memorandum of Incorporation* to change the composition of its EXCO to include Chairpersons of respective Strategy Groups. Previously, EXCO was made up of Chairpersons of Governance Structures.

In 2015, members of EXCO comprised:

- Prof Adam Habib (**Chairperson**)
- Dr Max Price (Vice-Chairperson)
- Prof Derrick Swartz (Chairperson of the Transformation Strategy Group)
- Dr Mvuyo Tom (Chairperson of the Funding Strategy Group)
- Prof Cheryl de la Rey (Chairperson of the Research and Innovation Strategy Group)
- Dr Sizwe Mabizela (Chairperson of the Teaching and Learning Strategy Group)
- Prof Ahmed Bawa (Chairperson of the Finance and Investment Committee)
- Dr Jeffrey Mabelebele- HESA CEO and *ex officio* member until 30 June
- Dr Oliver Seale – USAf CEO and *ex officio* member until 31 December

#### 3.1.2. FINANCE AND INVESTMENT COMMITTEE

This Committee oversees the organisation's financial strategy and policy and the establishment and performance of internal controls at the Executive Office's operational level. It also ensures overall compliance with investment restrictions and the mandate as approved by the Board. In 2015, members of this Committee comprised:

- Prof A C Bawa, **Chairperson** - Durban university of Technology
- Dr D Tromp - Tshwane University of Technology Retiree
- Mr M Regal - University of Western Cape
- Ms Vuyokazi Memani - UNISA
- Dr Jeffrey Mabelebele - HESA CEO and *ex officio* member until 30 June
- Dr Oliver Seale - USAf CEO and *ex officio* member until 31 December

### 3.1.3. AUDIT AND RISK COMMITTEE

This Committee is the last independent line of review for the integrity of all major risk and internal control systems. The Committee supports the Board in its oversight functions as they pertain to financial reporting, systems of internal control, and management of financial risk, and the processes of audit and monitoring compliance with financial laws and regulations.

In the year under review, this Committee comprised:

- Prof D Singh, **Chairperson** – UNISA
- Ms M Faiza - Stellenbosch University
- Mr J Van Schoor - University of Johannesburg
- Dr J Mabelebele - HESA CEO and *ex officio* member until 30 June
- Dr Oliver Seale - USAf CEO and *ex officio* member until 31 December

### 3.1.4. HR AND REMUNERATION COMMITTEE

This Committee oversees the HESA/USAf strategy and policy; establishes and maintains a policy for competitive, fair, equitable and market-related compensation. It plans to attract, motivate and retain expertise; and reviews annual remuneration packages of employees and recommends adjustments, where necessary. The Committee also advises the Board on any human resources matters within the Executive Office.

- Prof M Mokgalong, **Chairperson** - University of Limpopo
- Ms A Glaeser - University of Western Cape
- Ms P Mushungwa - University of Pretoria
- Prof T De Coning - Stellenbosch University
- Mr V Mothobi - North- West University
- Dr J Mabelebele - HESA CEO and *ex officio* member until 30 June
- Dr Oliver Seale - USAf CEO and *ex officio* member until 31 December

### 3.1.5. JOINT ADMISSIONS AND MATRICULATION BOARD COMMITTEE

The only committee with a statutory function. It advises not only the Board but also the Minister of Higher Education and Training on the regulation of minimum requirements for admission into higher education. The Committee develops and maintains optimal strategies of admissions regulation in the transition period between the current Senior Certificate and the future National Senior Certificate (NSC). It monitors and reports on system readiness, enrolment trends, policies and best practice benchmarking and equivalence-setting activities. The Committee approves the budget and annual financial statements of the Higher Education and Enrolment Programme, and recommends exemption certification application fees to the Board for approval.

- Prof P Mbatl, **Chairperson** University of Venda
- Prof C Foxcroft - Nelson Mandela Metropolitan University
- Prof M Fourie - Malherbe Stellenbosch University
- Prof S Howie - University of Pretoria
- Mr H Amooe -University of Cape Town
- Prof G Zide - Vaal University of Technology
- Dr D Mokoena- Vaal University of Technology
- Dr J Mabelebele - HESA CEO, *ex officio* member until 30 June
- Dr Oliver Seale - USAf CEO and *ex officio* member until 31 December

### 3.1.6. LEGAL ADVISORY COMMITTEE

Formerly established in 2013 to advise the Board on matters of legislative nature, this Committee reviews legislation, policies and regulations that have implications for the higher education sector, and provides legal advice and /or input to HESA in order to respond to emerging legislative measures. The Committee enables USAf to promote the interests of the university sector and fulfil its advocacy and related responsibilities. In 2015, this Committee consisted of:

- Prof N Grové, **Chairperson**, University of Pretoria
- Mr J Botha - North-West University
- Mr H Amooe - University of Cape Town
- Prof D Singh - University of South Africa
- Mr N Bhula - Vaal University of Technology
- Dr J Mabelebele - HESA CEO and *ex officio* member until 30 June
- Dr Oliver Seale - USAf CEO and *ex officio* member until 31 December



# PART FOUR

## FINANCIAL REPORT AND STATEMENTS



## PUBLIC UNIVERSITIES SOUTH AFRICA NPC

(REGISTRATION NUMBER 2005/013211/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 4.1. GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Conducting of public-benefit activities in education and development
<b>4.1.1. Directors</b>	Dr Prinsloo Azwitevhelwi Nevhutalu Prof Thandwa Zizwe Mthembu Prof Ahmed Cassim Bawa Prof Mashupye Ratale Kgaphola Prof Derrick Ian Swartz Prof Ntate Daniel Kgwadi Dr Sizwe Mabizela Prof Yunus Ballim Prof Willem John Simon de Villiers Prof Lourens Rasmus van Staden Dr Max Rodney Price Dr Mvuyo Ernest Tom Prof Jonathan David Jansen Prof Ihron Lester Rensburg Prof Albertus Stefanus van Jaarsveld Prof Nehemiah Mashomanye Mokgalong Prof Thokozile Mayekiso Prof Cheryl de la Rey Prof Mandlenkosi Stanley Makhanya Prof Tyrone Brian Pretorius Prof Adam Mahomed Habib Prof Amunga Peter Mbatlana Prof Irene Nomhle Moutlana
<b>4.1.2. Registered Office</b>	UNISA Sunnyside Campus, Building 3 Cnr Rissik & Steve Biko Streets, Sunnyside, Pretoria, 0132
<b>4.1.3. Bankers</b>	ABSA BANK Limited
<b>4.1.4. Auditors</b>	PriceWaterhouseCoopers, Chartered Accountants Registered Auditors (SA)
<b>4.1.5. Level of assurance</b>	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No 71 of 2008.



# PUBLIC UNIVERSITIES SOUTH AFRICA NPC

(REGISTRATION NUMBER 2005/013211/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 4.2. AUDIT AND RISK COMMITTEE REPORT

This report is provided by the Audit and Risk Committee, appointed for the 2015 financial year of Public Universities South Africa NPC.

### 4.2.1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee are all independent, non-executive directors of the group and include:

Name	Position	Changes	Institution
Prof Divya Singh	Chairperson		Unisa - Vice Principal: Advisory and Assurance Services
Mr Shai Makgoba	Member	Appointed: 22 July 2015	University of Cape Town - Finance Executive: Risk and Relationship Management
Ms Faiza Majiet	Member	Appointed: 22 July 2015	Stellenbosch University - Director: Financial Services
Prof Ahmed Cassim Bawa	Member		Durban University - Vice-Chancellor and Principal
Mr Jaco van Schoor	Member		University of Johannesburg - Deputy Vice-Chancellor, UJ

### 4.2.2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performs duties conferred on it by Section 94(7) of the Companies Act, No 71 of 2008 by having regular meetings with key role players, and in terms of unrestricted access granted by the external auditor.

### 4.2.3. EXTERNAL AUDITOR

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act, No 71 of 2008, as well as per the standards stipulated by the auditing profession. The requisite assurance was sought and provided by the Companies Act that internal governance processes within the firm support and demonstrate its claim to independence.

The Audit and Risk Committee, in consultation with executive management, agreed to the terms of the auditing engagement. The audit fee for the external audit has been considered and approved, taking into account such factors as the timing of the audit, the extent of the work required, and the scope thereof.

### 4.2.4. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Following the review of the consolidated annual financial statements, the Audit and Risk Committee recommends Board approval.

### 4.2.5. EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the entity over its financial reporting and risk management is effective, efficient, and transparent. From the audit report on the financial statements and the management report of the external auditor, it was noted that no matters were indicated that point to any material deficiencies in the system of internal control, or any deviations from such control.

Accordingly, the Audit and Risk Committee can report that the system of internal control over financial reporting for the period under review was efficient and effective.



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Prof Divya Singh  
Chairperson: Audit and Risk Committee  
Pretoria

21 July 2016

## **PUBLIC UNIVERSITIES SOUTH AFRICA NPC**

*(REGISTRATION NUMBER 2005/013211/08)*

*CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015*

### **4.3. DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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The directors are required in terms of the Companies Act, No 71 of 2008 to maintain adequate accounting records, and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements is a fair reflection of the state of affairs of the group as at the end of the financial year, as well as the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. External auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

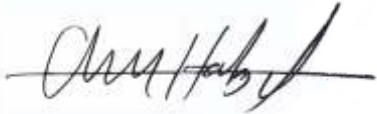
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group, and they attach considerable importance to maintaining a strong control environment. In order to enable directors to meet these responsibilities, the Board set standards for internal control aimed at reducing the risk of error, or loss, in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate separation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group, and all employees are required to maintain the highest ethical standards in ensuring that the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing, and monitoring all known forms of risk across the whole spectrum of the group's activities. While operating risk cannot be fully eliminated, the group endeavours to minimise it by promoting ethical behaviour and by ensuring that appropriate infrastructure, controls and systems are applied and managed within the context of predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash-flow forecast for the year to 31 December 2016 and, in the light of this review and its current financial position, they are satisfied that it has access to enough resources to continue its operations for the foreseeable future.

The external auditors are responsible for the independent audit and report on the group's consolidated annual financial statements. These statements have been examined by the group's auditors and their report is presented on pages 5 and 6.

The consolidated annual financial statements set out on pages 7 to 51, which have been prepared on a going-concern basis, were approved by the Board on 21 July 2016 and were signed on its behalf by:



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Chairperson  
Pretoria

21 July 2016



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Chief Executive Officer

## 4.4. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITIES SOUTH AFRICA

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We have audited the financial statements of Universities South Africa, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the accompanying notes, comprising a summary of significant accounting policies and other explanatory information.

### 4.4.1. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 4.4.2. 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 the International Standards on Auditing. These standards require that we comply with ethical requirements, and plan and perform the audit in order to obtain reasonable assurance on whether the financial statements are free from any material misstatement.

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

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

### 4.4.3. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Universities South Africa as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



#### 4.4.4. OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report, we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc  
Director: N Ayob  
Registered Auditor  
Pretoria

1 August 2016

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Chief Executive Officer: T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 2 Eglin Road, Sunninghill, where a list of directors' names is available for inspection (Reg No: 1998/012055/21; VAT Reg No: 4950174682).





## **PUBLIC UNIVERSITIES SOUTH AFRICA NPC**

*(REGISTRATION NUMBER 2005/013211/08)*

*CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015*

### **4.5. DIRECTORS' REPORT**

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The directors have pleasure in submitting their report on the consolidated annual financial statements of Public Universities South Africa NPC and the group for the year ended 31 December 2015.

#### **4.5.1 NATURE OF BUSINESS**

Public Universities South Africa NPC is a non-profit company incorporated in South Africa on 9 May 2005; it started operating on 1 June 2005. The principal nature of its business is the conducting of public-benefit activities in education and development. On 23 July 2015 the directors changed the name of the company from Higher Education South Africa (HESA) to Public Universities South Africa, trading as Universities South Africa (USAf).

On 1 June 2005, the Committee of University Principals (CUP), operating as the South African Universities Vice-Chancellors' Association (SAUVCA), and the Committee of Technikon Principals (CTP) entered into an agreement with Public Universities South Africa NPC, in terms of which the latter assumed the non-statutory responsibilities and the administration of the statutory affairs of the CUP and CTP, pending the dissolution of these two entities (the CUP and CTP are two entities, originally established in terms of the Universities Act).

There have been no material changes to the nature of the group's business from the year ended 31 December 2015.

#### **4.5.2 REVIEW OF FINANCIAL RESULTS AND ACTIVITIES**

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No 71 of 2008. Accounting policies have been applied consistently compared to the previous year, except for the adoption of new or revised accounting standards as set out in Note 1.

Full details of the financial position, the results of operations, and cash flows of the group are set out in these consolidated annual financial statements.



### 4.5.3 DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	University	Changes
Dr Prinsloo Azwitevhelwi Nevhutalu	Cape Peninsula University of Technology	
Prof Thandwa Zizwe Mthembu	Central University of Technology	
Prof Ahmed Cassim Bawa	Durban University of Technology	
Prof Mahupye Ratale Kgaphola	Mangosuthu University of Technology	
Prof Derrick Ian Swartz	Nelson Mandela Metropolitan University	
Prof Ntate Daniel Kgwadi	North-West Universit	
Prof Yunus Ballim	Sol Plaatje University	Appointed: 1 April 2015
Dr Max Rodney Price	University of Cape Town	
Dr Sizwe Mabizela	Rhodes University	
Prof Willem John Simon de Villiers	Stellenbosch University	
Prof Lourens Rasmus van Staden	Tshwane University of Technology	Appointed: 1 April 2015
Dr Mvuyo Ernest Tom	University of Fort Hare	
Prof Ihron Lester Rensburg	University of Johannesburg	
Prof Albertus Stefanus van Jaarsveld	University of KwaZulu-Natal	Appointed: 1 February 2015
Prof Nehemiah M Mokgalong	University of Limpopo	
Prof Thokozile Mayekiso	University of Mpumalanga	
Prof Cheryl de la Rey	University of Pretoria	
Prof Mandlenkosi Stanley Makhanya	University of South Africa	
Prof Jonathan David Jansen	University of the Free State	
Prof Tyrone Brian Pretorius	University of the Western Cape	Appointed: 1 January 2015
Prof Adam Mahomed Habib	University of the Witwatersrand	
Prof Amunga Peter Mbatl	University of Venda	
Prof Irene Nomhle Moutlana	Vaal University of Technology	
Dr Jeffrey Mabelebele	Universities SA Chief Executive Officer	Resigned: 30 June 2015

The following universities are members, with no director being appointed:

- Sefako Makgatho Health Sciences University
- University of Zululand
- Walter Sisulu University

#### 4.5.4. DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the group had an interest in and which significantly affected the business of the group.

#### 4.5.5. PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

#### 4.5.6. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events which occurred after the reporting date and up to the date of this report.

#### 4.5.7. GOING CONCERN

The directors believe that the group has adequate financial resources to continue its operations for the foreseeable future and, accordingly, the consolidated annual financial statements have been prepared on a going-concern basis.

The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation that may affect the group.

The future existence of the two controlled entities as separate bodies is dependent on the Minister of Higher Education and Training who has the authority to dissolve the Committee of Technikon Principals and the Committee of University Principals.

#### 4.5.8. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The consolidated annual financial statements have been authorised for issue by the directors on 21 July 2016. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

## PUBLIC UNIVERSITIES SOUTH AFRICA NPC

(REGISTRATION NUMBER 2005/013211/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 4.6. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Notes	Group		Company	
		2015	2014	2015	2014
		R	R	R	R
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	941,720	1,072,147	616,504	785,247
Intangible assets	5	1,083,951	641,193	95,056	103,979
Other financial assets	8	78,845,256	75,251,733	5,012,167	4,704,632
		<b>80,870,927</b>	<b>76,965,073</b>	<b>5,723,727</b>	<b>5,593,858</b>
<b>Current Assets</b>					
SA Revenue Services - Value Added Tax		3,078,946	2,911,944	3,078,946	2,911,944
Related party receivables	7	-	-	2,316,338	190,615
Trade and other receivables	10	2,735,158	2,734,505	2,410,746	2,435,439
Cash and cash equivalents	11	141,157,235	55,277,321	107,476,244	37,577,667
		<b>146,971,339</b>	<b>60,923,770</b>	<b>115,282,274</b>	<b>43,115,665</b>
<b>Total Assets</b>		<b>227,842,266</b>	<b>137,888,843</b>	<b>121,006,001</b>	<b>48,709,523</b>
<b>Reserves and Liabilities</b>					
<b>Reserves</b>					
Investment reserve		26,649,345	24,595,658	-	-
Bursaries and prizes		24,755,407	23,520,873	-	-
Retained income		59,336,182	54,530,561	18,794,349	16,386,665
		<b>110,740,934</b>	<b>102,647,092</b>	<b>18,794,349</b>	<b>16,386,665</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Financial lease Liabilities	12	49,328	118,051	-	-
<b>Current Liabilities</b>					
Loans from related entities	7	-	-	-	11,812,881
Financial lease Liabilities	12	67,479	193,278	-	62,682
Trade and other payables	14	4,579,033	3,138,057	3,901,073	2,540,865
Deferred income	13	112,405,492	31,792,365	98,310,579	17,906,430
		<b>117,052,004</b>	<b>35,123,700</b>	<b>102,211,652</b>	<b>32,322,858</b>
<b>Total Liabilities</b>		<b>117,101,332</b>	<b>35,241,751</b>	<b>102,221,652</b>	<b>32,322,858</b>
<b>Total Equity and Liabilities</b>		<b>227,842,266</b>	<b>137,888,843</b>	<b>121,006,001</b>	<b>48,709,523</b>



## PUBLIC UNIVERSITIES SOUTH AFRICA NPC

(REGISTRATION NUMBER 2005/013211/08)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 4.7. STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		2015	2014	2015	2014
		R	R	R	R
Revenue	16	57,331,060	67,260,844	46,289,243	53,982,489
Other income		250,926	33,071	107,482	30,568
Net finance income		1,558,637	1,417,766	-	-
Operating expenses		(12,755,667)	(11,791,211)	(8,864,160)	(7,796,821)
Grants expenses		(27,025,018)	(36,717,889)	(27,025,018)	(36,717,889)
Staff costs		(15,494,674)	(16,306,196)	(9,056,768)	(9,600,211)
<b>Operating profit (loss)</b>	17	<b>3,865,264</b>	<b>3,896,385</b>	<b>1,450,779</b>	<b>(101,864)</b>
Investment revenue	18	617,908	975,843	611,637	962,439
Realised profit on investments		93,552	5,331,502	2,251	32
Unrealised profit / (loss) on investments		3,955,074	(2,534,066)	346,987	101,139
Investment management fees		(413,400)	(357,219)	-	-
Finance costs		(24,556)	(67,427)	(3,970)	(33,677)
<b>Surplus for the year</b>		<b>8,093,842</b>	<b>7,245,018</b>	<b>2,407,684</b>	<b>928,069</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>8,093,842</b>	<b>7,245,018</b>	<b>2,407,684</b>	<b>928,069</b>

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