



**UNIVERSITIES
SOUTH AFRICA**

**Annual Report
2017**



UNIVERSITIES SOUTH AFRICA



UNIVERSITIES SOUTH AFRICA

Universities South Africa

Blocks D & E, Hadefields Office Park

1267 Pretorius Street,

Hatfield, Pretoria

P.O. Box 27392, Sunnyside, Pretoria 0132

Chief Executive Officer: +27 (0) 12 030 0650 / admin@usaf.ac.za

Matriculation Board: +27 (0) 10 591 4401 / applications@usaf.ac.za

Director: Operations and Sector Support: +27 (0) 12 030 0652 / sso@usaf.ac.za

www.usaf.ac.za

Table of contents

1. PART ONE: LEADERSHIP OVERVIEW	5
1.1. Chairperson's foreword	6
1.2. Chief Executive Officer's report	8
2. PART TWO: PERFORMANCE ON STRATEGIC PRIORITIES	13
2.1. Performance on Operations and Sector Support, including programmes	14
2.2. Performance on initiatives undertaken from the office of the Chief Executive Officer	20
3. PART THREE: THE GOVERNANCE FRAMEWORK	25
3.1. USAf Board of Directors	26
3.2. Executive Committee	26
3.3. Audit and Risk Committee	26
3.4. Finance and Investment Committee	27
3.5. Human Resources and Remuneration Committee	27
3.6. Joint Admissions and Matriculation Board Committee	27
3.7. Legal Advisory Committee	27
4. PART FOUR: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017	29
4.1. General information	30
4.2. Audit and Risk Committee report	31
4.3. Directors' responsibilities and approval	33
4.4. Independent auditor's report	34
4.5. Directors' report	37
4.6. Statement of financial position as at 31 December 2017	39
4.7. Statement of comprehensive income	40
5. PART FIVE: ADMINISTRATION AT USAf	41
5.1. Organisational organogram	42
5.2. Staffing	43

1

PART 1: LEADERSHIP OVERVIEW

1.1. Chairperson's foreword



Prof Adam Habib, Chairperson

One of the most notable developments of 2017 was former President Jacob Zuma's declaration of free education for all those with a family income of less than R350 000. The Board of Directors of Universities South Africa (USAf) do not hold a unified position on the issue of fee-free higher education. Some do not believe in free higher education because the levels of inequality in our society would render its funding untenable, and because South Africa has the world's highest private gains from university education. Others believe that the very inequality challenges could be catered for through an alternative tax regime. They are therefore more supportive of free higher education because of the inclusive development benefits that it could hold for society.

Whatever the differences among us, we are all of the view that this policy reform must be effected in a measured and sustainable manner. We are mindful of the experiences of universities in other parts of the continent where politicians declared free higher education without making the requisite resources available. The result was that the universities collapsed, irreparably damaging the economic prospects and social stability of these countries.

Universities and higher education more generally can serve as significant instruments to address inequality in societies. But this is only possible if they are properly resourced. Any agenda for addressing inequality in South Africa must therefore think through how to finance universities so that they are capable of enabling access for students from marginalised communities, providing support for and graduating such students, and facilitating the class mobility that is likely to arise from this process.

If universities are going to succeed in this goal, and also achieve the varied requirements of higher education in the country, then we need to partner with each other. It is important to stop thinking as individual institutions and start thinking as a system.

One of the ways in which we can do this is by adopting a more equitable internationalisation agenda. I am a strong supporter of internationalisation and believe that international exposure for our students and staff is important for building their networks, fundraising and developing a cosmopolitan orientation. I also think it is important for the rest of the global academy because all of our global problems are transnational in character and require transnational teams to find solutions. The real issue is how to do this equitably so that we mitigate the disproportionate benefits to institutions in countries with large, developed economies, and work instead towards realising a global academy of commons.

One strategy that could be considered is scientific diplomacy, in which we lobby the different international scientific diplomatic forums and leverage the increasingly multiple sources of global research and higher education funds in order to maximise local benefits. Of particular importance here are the United Nations forums because their multinational character makes them more amenable to being lobbied in favour of a more equitable internationalisation. Related to this, we need to encourage African countries to act in concert when engaging in research and higher education internationalisation, because this will enhance our collective leverage. Another strategy could be to advocate in favour of split-site scholarships. This would allow for our students and staff to get international experience and exposure while enabling them to remain rooted in our context.

These are a few of the many challenges and opportunities facing South African universities at this historical moment. As I end my second term as Chairperson of USAf, I would also like to extend my sincere gratitude to the Board of Directors and in particular, the CEO, Prof Ahmed Bawa, for the support that they have given me over the past years. I am pleased to be able to welcome Prof Thandwa Mthembu as the incoming Chairperson. I look forward to continuing to serve with him on this important forum.



Professor Adam Habib
Chairperson, Universities South Africa

1.2. Chief Executive Officer's report



Prof Ahmed C Bawa, Chief Executive Officer

The 2017 academic year was much less turbulent than the previous two years, even though a high level of instability persisted. Student activism returned to being much more campus-based with financial aid and student accommodation being the key issues. Having said this the burning issues of 'free education for all' and the demand for a 'quality, decolonised education' were yet to be addressed. The announcement by the state President, of the new bursary system for 'poor and working class students' on the 16th of December 2017, came as a surprise. While there are deep concerns about the sustainability of this new scheme in student funding, it does provide a powerful impetus for social mobility and greater stability in the future.

The perennial preoccupation of Universities South Africa (USAf) with long-term sustainability of our public institutions dominated its activities in 2017, at a time when the level of instability in our system was high. This clearly manifested in the priority projects and programmes adopted or continued in the year under review. Of the many milestones that we realised through engagement in the year under the spotlight, I single out only a few instances below while also shedding light on new initiatives.

1.2.1. Long-term sustainability of the higher education sector

After many years of back-and-forth rhetoric about whether universities are being sufficiently funded for long-term sustainability, the USAf Board, at its final meeting for 2016, decided to subject this discussion to proper research, with a view to collecting and utilising data evidence to demonstrate what it took to produce graduates as well as diplomates in the four main streams of knowledge, namely science, technology, engineering and mathematics, in management sciences, in education and in the humanities.

I am pleased to report that by the end of 2017, the Department of Higher Education and Training (DHET) had made an in-principle commitment to support this investigation financially from the University Capacity Development Grant and to collaborate with USAf in this regard. More will unfold during 2018, once a comprehensive proposal with firm budget indications has been tabled with the DHET.

As part of the USAf-DHET consultation on the Draft Amended Policy on the Funding of Public Universities and the Revised Funding Framework: The Allocation of Government Grants to Public Higher Education Institutions, we continued to emphasise to the DHET that the higher education system remained grossly underfunded. We impressed upon the DHET the principles that it needed to take into account in finalising a new funding framework for universities, including that input and output subsidies should be aligned to actual cost of study to maintain quality and that changes in the funding regime should not destabilise the system.

Our continuous engagements with the DHET seemed to yield some meeting of minds, even though we look to 2018 to see what is in store for us in so far as the funding framework is concerned.

1.2.2. Sustainable financial support for students/regulatory framework for tuition fees

We also welcomed the DHET's implementation in January 2017 of the Ikusasa Student Financial Aid Programme (ISFAP) that was born out of the report published in December 2016 of the Ministerial Task Team to Develop and Support a Funding Model for Poor and "Missing Middle" Students. The ISFAP pilot project that was introduced as a one-year project in six universities and one Technical and Vocational Education and Training (TVET) college was earmarked for expansion for another year.

Former President Jacob Zuma's declaration of 'free education' is likely to have a very positive outcome for the role of higher education in social mobility.

1.2.3. Study on the impact of higher education

USAf managed to secure funds to assess the contribution of the higher education sector to the economy, in which higher education is considered to be a distinct industry. We hope that this calculation will provide the impetus for similar studies to be done at a local level, for example at a city-wide level, and to make some kind of assessment of the value of higher education in producing nontangible outcomes such as improving the quality of our democracy.

1.2.4. System-wide policy for internationalisation

Considering the importance of a) collaboration in research and innovation across the nations of the world; b) the cross-pollination of ideas in building knowledge-based economies; c) knowledge sharing in our quest for solutions to global and societal challenges; d) internationalisation as one of numerous criteria for universities' rating purposes; and e) the sheer mobility of scholars across the globe, we were encouraged when the DHET published the Draft Policy Framework for the Internationalisation of South Africa's Universities in April 2017. Through our relevant structures and in collaboration with the International Education Association of South Africa (IEASA), we submitted our responses to and inputs into the draft policy. While we are waiting for the outcome of our inputs into the final policy framework to be published in 2018, we are relieved that our aspirations to internationalise South Africa's higher education are now being provided for in a policy instrument. Notwithstanding that the draft policy falls short of our expectations on a number of fronts, this policy instrument does begin to help advance our ongoing advocacy efforts on especially the mobility of academics, researchers and students to and from our shores. In other words,

the draft policy might just be the armoury that we need to ward off the challenges plaguing our universities on account of the Immigration Regulations of 2014.

Needless to say, free mobility of quality academics and researchers does provide a viable staffing solution for the sustainability of our system, given the loss, in the recent past, of scarce and critical skills in key academic disciplines. Internationalisation will unleash many more benefits, including giving effect to the sector-to-sector relationships that we have already formed with our counterparts in Brazil, Russia, India, China (our fellow BRICS countries) in terms of the BRICS Network University, Germany and Japan as well as the collaboration that we are actively exploring with Universities UK in the creation of joint doctoral training centres.

1.2.5. Funding for research and innovation

During the last quarter of 2017, we learnt about budget cuts sustained by the National Research Foundation (NRF), a ripple effect of slashes to the budget of its parent, the Department of Science and Technology (DST). The DST's research support investment in 2016/2017 dropped compared to its 2015/2016 allocation even before inflation is taken into account. It is hoped that this does not become a trend. The actual science vote projections indicate that it is unlikely that the shortfall is likely to be made up even by 2019/2020. This is a worrying state of affairs, given the contribution of the NRF to the sustainability of our research system. Any amount of loss to research funding adds to the challenges that we have faced in the relocation of the Technology and Human Resources for Industry Programme from the DST to the Department of Trade and Industry.

The year-by-year erosion of funding has the potential to cause irreparable damage to the national research system. We therefore continue to monitor the situation to ensure that the core funding for research is not undermined to the extent that it threatens the sustainability of our universities' research enterprise. We continue to engage the DHET, the NRF and other relevant departments.



Year-by-year erosion of research funding could cause irreparable damage to the national research system.

Photo: Courtesy of the Vaal University of Technology.

1.2.6. Universities South Africa project on sustainable sourcing of services

As a system, we have learnt a great deal from the extensive consultation with one another on the sustainable sourcing of services. Even though numerous institutions have mainstreamed the previously outsourced gardening, security, catering and cleaning services, thus topping salaries of insourced workers by between R5 300 and R6 500, this decision generated grave concerns regarding the sustainability of institutions. While universities have to manage escalating costs continuously amidst an uncertain financial future, other challenges include difficulty in the harmonisation of conditions of services. Human resources (HR) personnel have had to learn very quickly about services that they knew little about. Practices and policies have had to be adjusted to accommodate the vagaries of security shift work, the technicalities around catering, the use of relief workers and the logistics of purchasing and distributing cleaning materials. This has necessitated retraining of management personnel, HR personnel and the insourced workers in an attempt to make the changes effectively as they head into unfamiliar territory.

To mitigate these difficulties, USAf, through relevant communities of practice, is exploring funding possibilities to meet the retraining and developmental needs identified, both for HR personnel and insourced workers. We are also looking at a shared services model that could yield cross-cutting efficiencies in this area. A sector-wide approach to conditions of service is another mitigation avenue. In two years' time (i.e. in 2019), we should undertake a deeper analysis of the impact of insourcing on the sustainability of the sector.

1.2.7. Higher Education Leadership and Management Programme

The discourse on the sustainability of universities cannot exclude considerations to continuously develop and maintain leadership and management competencies within the sector. Following completion of the process of restructuring the Higher Education Leadership and Management (HELM) programme from 2015, I am pleased to share that by the end of the last quarter of 2017, we had secured a grant from the DHET to extend the future reach of the HELM programme. The end of 2017 also saw our completing consultations with deputy vice-chancellors: academic on their leadership and management training needs. A survey aimed at a similar end was also undertaken among executive deans, deans, executive directors and directors. In 2018, we will continue with our enquiry to determine, among other matters, sectoral needs and construct a demand-side matrix; determine a supply-side matrix within and outside of the sector and determine what matches and gaps there are; develop a set of partnerships between USAf and institutions in the sector, that will engage in formal programme development – at this stage at the post-graduate diploma level and formal and informal short courses. We will also work out what a HELM academy would look like so as to develop a sustainable income generating operation.

1.2.8. Initiation of doctoral training centres in collaboration with Universities UK

Our ongoing engagement with Universities UK, the NRF and the British Council is aimed at bringing together our institutions into direct contact and engagement with a selection of UK-based institutions in South Africa. The first workshop that will flesh out the modalities for collaboration on setting up doctoral training centres is envisaged during the first quarter of 2018.

The first attempt at constructing this type of new collaboration between South African and United Kingdom (UK) institutions will be in the areas of Mathematics, Statistics and Data Analytics.

1.2.9. World of Work/Future of Work Strategy Group

As part of USAf's mandate to enable universities to thrive, remain relevant and adapt to their ever-changing environment, a new strategy group has been approved that is likely be known as the World of Work/Future of Work Strategy Group in 2018. The new group is being tasked with the following:

- To be a custodian of engagements among universities, employers and communities with a view to creating learning and research opportunities for students at the theory-praxis nexus.

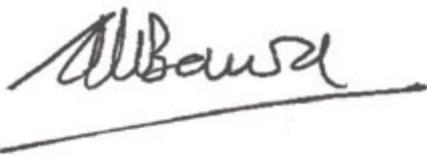
- To keep abreast of sociological, psychological and technological changes occurring in the workplace, and to actively seek to align and adapt the university system and, by implication students, with transformations that are often global in nature in the world of work.
- To adapt technology to the vast changes occurring in the digital economy (i.e. the Fourth Industrial Revolution) and to facilitate the integration of technology with human beings. Needless to say, the numerous job losses that are anticipated as automation takes over the world of work as we know it will have to be addressed.

To that end, the Board decided that a working group would be formed to convene interested researchers and experts to flesh out the terms of reference and the programme of activities of the new strategy group. Like all of USAf's strategy groups, the new group will be chaired by a vice-chancellor, preferably of a university of technology.

1.2.10. Conclusion

Given that the long-term sustainability of the sector depends, for the large part, on funding to maintain quality teaching and learning to continue research and innovation and postgraduate enrolments from which we build a pipeline of future academics and researchers, this issue will continue to enjoy priority attention. Due to the ailing economy, our national fiscus continues to take strain. With the hard evidence that we will draw from the envisaged Study on Long-term Sustainability of the Higher Education Sector, attention will be turned to the DHET and the National Treasury to provide sufficient subsidy support.

I owe my ability to continue to engage all stakeholders to the support rendered by staff at the USAf Office and a Board of Directors evidently dedicated to the academic project. I thank you all and look forward to another fruitful year in 2018.



Prof Ahmed Bawa
Chief Executive Officer, Universities South Africa

2

PART 2: PERFORMANCE ON STRATEGIC PRIORITIES

2.1. Performance on Operations and Sector Support, including programmes

The Operations and Sector Support unit within USAf's National Directorate can rightly be described as the engine room of the organisation. It supports the projects and activities of USAf's operational structures – its four strategy groups and eight communities of practice. The unit also houses the HELM programme and the Matriculation Board. HELM is USAf's flagship programme concerned with building and upholding managerial and leadership capacity in the university sector, whereas the Matriculation Board is a statutory function located within USAf that facilitates access to higher education for South African individuals 23 years and older, who have not obtained matriculation exemption or a Bachelor pass for the National School Certificate (NSC) as well as individuals with foreign NQF level 4 equivalent qualifications. These two programmes report to the Director: Operations and Sector Support.

2.1.1. Strategy groups

The main function of the strategy groups, which comprise experts from universities in their specific areas of focus and are chaired by vice-chancellors, is to provide strategic advice to the USAf Board on key sectoral issues. The main issues dealt with by these advisory structures in 2017 are indicated below.

One of the main priorities of the Funding Strategy Group (FSG) in 2017 was the development of a research project to determine what the appropriate level of funding for higher education in South Africa was, considering what it was expected to achieve in terms of the production of graduates, diplomates and research. In response to the *Draft Amended Policy on the Funding of Public Universities and the Revised Funding Framework: The Allocation of Government Grants to Public Higher Education Institutions*, the FSG's recommendation to the USAf Board was that the system was still underfunded. The FSG collaborated with the Finance Executives' Forum (FEF) on a number of issues, which included sustainable financial support for students, concerns about the impact of the Broad-Based Black Economic Empowerment scorecard on universities and the value-added tax dispensation for universities.

In collaboration with the Transformation Managers' Forum (TMF), the Transformation Strategy Group (TSG) finalised the transformation barometer – a diagnostic and self-measuring tool for the university sector – in 2017. The functioning and effectiveness of the Institutional Forum in universities received priority attention. The TSG reflected on the issues raised by the South African Human Rights Commission in its report titled *Transformation at Public Universities in South Africa* as well as pertinent issues indicated in the Annual Report 2016-2017 of the Commission for Employment Equity. The TSG also deliberated on the issue of scholars at risk and threats to academic freedom and considered a project on academic freedom and institutional autonomy. During the course of the year, the TSG's agenda was reconsidered and it was decided to focus its future work on two main issues: a) the reconstitution of institutional culture by focusing on the design of universities around our students and staff; and b) the establishment of a national project to theorise and to build models of universities that are seriously engaged in the local context in which they find themselves.

The Research and Innovation Strategy Group (RISG) continued its focus on funding for research and innovation, research infrastructure, a framework for the measurement of innovation, a system-wide policy for internationalisation, capacity development for the purposes of transformation and interinstitutional collaboration in 2017. A new priority area was the implementation of doctoral training centres in partnership with Universities UK. Comments on the long-awaited *Draft Policy Framework for the Internationalisation of Higher Education in South Africa* were submitted to the DHET.

It was under the co-ordination of RISG that the South Africa-Japan Universities (SAJU) Forum was relaunched at a conference in Tokyo, from 15-17 July, 2017. Themed *Cooperation between South African and Japanese universities towards achievement of SDGs*, the re-launch event became a platform to unravel and find solutions to local and global challenges in the jointly identified areas of health, environment, mathematics & science education and materials science. The SAJU Forum is a platform aimed at facilitating collaboration between universities in the two countries in these focus areas.



At the official re-launch conference held in Tokyo in July, 2017, South Africa was represented by 34 delegates comprising vice-chancellors of 21 universities; executive leaders of USAf; the NRF; the South African Technology Network (SATN) as well as senior leadership from the departments of Higher Education and Training (DHET), and Science and Technology (DST). Japan deployed presidents of 25 universities, senior leaders of seven organisations, one private company and one government ministry.

Still for implementation under the RISG, USAf received funding from the DST to manage a study to establish the research profile of lecturers and senior lecturers in South Africa's public universities as well as the current impediments to and incentives for research by academics. The study was undertaken by the Centre for Research on Evaluation, Science and Technology. The results of the study, which will be available in 2018, will be utilised to determine ways in which the number, diversity and representivity of active emerging researchers can be increased. The RISG also conducted a study to develop guidelines for good postgraduate support and a study on interinstitutional collaboration to determine what incentives were available for interinstitutional collaboration and whether these were sufficient. A workshop was held in June 2017 to consider the impact on research of instability at universities and possible contingency plans. The RISG oversees the implementation of the second phase of the Rural Campuses Connection Project for which a grant of R71 million was made available by the DHET. The objective of the project is to provide access circuits to connect rural university campuses to the South African National Research Network. By the end of 2017, 32 sites had been connected and efforts to connect 57 more sites

were well underway. An external mid-term review of the project conducted in the last quarter of 2017 was very positive overall.

In 2017, the Teaching and Learning Strategy Group (TLSG) continued its focus on issues relating to the curriculum, data analytics for predictive and management purposes and the ethical use of data, educational technology for teaching continuity, and enhancing the student learning experience. The TLSG conducted a survey of universities on the use of technology, digital literacies and Wi-Fi infrastructure in early 2017. The findings of this survey have contributed to a deeper understanding of the digital landscape in higher education and the need for training on digital literacies for academics and students. The TLSG submitted comments on the Draft Policy Framework for Open and Distance Learning to the DHET for consideration and incorporation into the revised policy. The TLSG paid particular attention to the student experience and curriculum transformation and initiated a collaboration with the University of the Free State's Centre for Teaching and Learning on the South African Survey of Student Engagement.



On invitation, Prof Francois Strydom (far right), Director at the Centre for Teaching and Learning (CTL) at the University of the Free State, presented to the TLSG in October 2017, a set of surveys that the CTL undertook across the university sector on student experience. This was with a view to informing an envisaged joint project between USAf and CTL, of deepening understanding, sector-wide, of the kind of students that universities were enrolling, and what these students were bringing to the learning environment. This, as the sector planned to deliberately design an environment meeting students' expressed needs.

Still under the watch of the TLSG, a study on curriculum transformation initiatives undertaken by universities was also completed, with the intention to share good practices within the sector. This strategy group provided oversight for the National Benchmarks Test Project that had been established by the then Higher Education South Africa to determine the academic readiness of first-time entering students. The results of the tests are used to address the needs of admitted students through appropriate course development, programme planning and placement decisions.

2.1.2. Communities of practice

Communities of practice provide a platform for the sharing of information, knowledge and concerns, and for collaboration among institutions to address common issues. They focus on operational rather than strategic matters. Their membership comprises individuals from the public universities that are responsible for the same support function, for example HR management, or academics working in the same discipline, for example mathematics.

As indicated above, the FEF collaborated with the FSG on a variety of matters during 2017. One of the concerns of the FEF was the significant challenges

experienced with the rolling out of the National Student Financial Aid Scheme (NSFAS) centralised model for funding applications across the sector this year. The FEF also established a working group to assist the NRF with the development of a new postgraduate funding model. This forum regularly engaged with the DHET, the Auditor-General's office and Statistics South Africa.

In 2017, the TMF collaborated with the TSG on a range of issues. Subsequent to the DHET's publishing of the Draft Policy Framework for Disability in the Post-School Education and Training System, the TMF conducted a gap/comparative analysis to establish whether the disability guidelines developed by the Cape Higher Education Consortium (CHEC) adequately addressed the provisions of the draft policy framework. The TMF was also represented in the ministerial commission relating to gender-based violence that was formed to review the relevant policies and strategic programmes in the university and TVET sectors. During each meeting of the TMF, a slot was provided for sharing information on transformation activities within the institutions.

During regional transformation workshops on the teaching and learning of mathematics and African languages held in 2015, the need for communities of practice in these areas was identified. In 2016, these

communities of practice were established. In 2017, the Teaching and Learning of Mathematics Community of Practice (TLM CoP) and the Community of Practice for African Languages (CoPAL) held quarterly meetings, hosted on a rotational basis by different universities, and continued to engage with the agreed priority areas. A key area for the TLM CoP was improving the teaching and learning of mathematics, especially at first-year level, to improve student success.

The use of technology in teaching and learning was

another key area for the TLM CoP. The CoPAL had focussed engagements on language policies at universities, terminology and translation. The DHET and the Department of Basic Education (DBE) have been actively involved in the meetings of both communities of practice. These two structures are linked to the TLSG.

The issue of immigration control vis-à-vis universities and foreign nationals featured prominently on the agenda of the Human Resource Directors' (HRD)



For their third quarterly meeting of the year in August, 2017, members of the Teaching and Learning of Mathematics Community of Practice (TLM CoP) gathered at the Mangosuthu University of Technology (MUT).

Forum in 2017. Higher education HR business partners benefitted immensely from the HR Development Programme, which was a key capacity development project of the HRDF. The forum also developed a draft framework for an on-boarding programme for new HR directors.

The Skills Development Facilitators' (SDF) Forum specifically attends to matters relating to compliance with South Africa's skills development legislation. To this end, it had regular and constructive engagements with the Education and Training Development Practices Sector Education and Training Authority in 2017. In response to the lack of a formal qualification for higher education administrators, the SDF Forum initiated the development of a student administration occupational qualification in collaboration with the Higher Education Faculties Administrators Forum and the Examination Administrators Forum. The SDF Forum also conducted an audit at eight universities to determine the skills

development needs of workers providing services that had been outsourced previously but who had now become employees of these universities.

The focus of the Education Deans' Forum (EDF) is teacher education. It regularly engages with both the DBE and the DHET as well as the South African Council for Educators on matters relating to professional practice teaching standards. In 2017, matters for engagement included continuing professional teacher development, the Funza Lushaka Bursary Programme for undergraduate teacher education, responding to Postgraduate Certificate in Education placement challenges and initiatives to strengthen teacher education. The EDF successfully hosted a colloquium on "Africanisation and Decolonisation of Teacher Education in South Africa".

The Vaal University of Technology hosted the 2017 Registrars' Imbizo for the registrars of the 26 public

universities and affiliated private higher education institutions (HEIs). High on its agenda were issues relating to the National Student Financial Aid Scheme,

the planned Central Application Service, the Higher Education Amendment Bill and the security situation at institutions and its impact on the admissions processes.



Up to 60 delegates comprising deans and other education specialists gathered at the Education Deans' Colloquium on 14 August, 2017, to deliberate on Africanisation and Decolonisation of Teacher Education in South Africa. The Colloquium, which was exploring identifying Afro-centric teaching methodologies for South Africa, did not necessarily arrive at a conclusion. Debates in this regard are set to continue.

2.1.3. Higher Education Leadership and Management Programme

The HELM Programme, whose overarching objective is to ensure that the system is endowed with appropriately trained leaders and managers who will be able to steer these institutions towards a preferred future in an effective and efficient manner, has been delivered in various forms since 2003. Drawing on the findings and recommendations of two external reviews of the programme since 2003, the programme was reconceptualised in 2015 and a concept document on the revitalisation of the programme during the period 2016 to 2020 was accepted in principle by the USAF Board in March 2016.

In 2017, USAf was awarded a Collaborative Teaching Development Grant to start the development and piloting of some modules for a Postgraduate Diploma in Higher Education Leadership and Management in 2017 as well as the delivery of thematic workshops and seminars on topical issues. While the focus in 2017 was mainly on wide consultation and the development of appropriate capacity development initiatives, a highlight in 2017 was a two-day workshop on leading in complexity

and change that was designed and offered to vice-chancellors and deputy vice-chancellors on 19 and 20 October 2017. The workshop was facilitated by Dr Tom Kennie, an international expert who is familiar with and has significant experience in senior-level leadership development in higher education. A workshop aimed at personal and professional development was also arranged for personal assistants/executive secretaries in the vice-chancellors' offices on 7 and 8 December 2017. The theme of the workshop was "Effectively Managing the Office of a University Executive". The workshop provided a platform for engagement with challenges and strategies to address these.

Following the possible funding of HELM through the DHET's University Capacity Development Programme to be introduced in 2018, considerable time was devoted to developing a plan for HELM for 2018 to 2020 to align it with this funding opportunity.

2.1.4. Matriculation Board

The Higher Education Act 101 of 1997 provides for the functions of the Matriculation Board to determine minimum general university admission requirements, better known as matriculation endorsement

requirements, which are published in the Government Gazette. In fulfilling this mandate, the Matriculation Board finalised 36 386 matriculation exemption applications by non-traditional and mature-age applicants as well as applicants with foreign school exit qualifications in 2017.

A total of 3 830 walk-in applicants were assisted in the year under review. The Matriculation Board services the 26 public universities as well as 18 affiliated

private HEIs. The Matriculation Board organised and provided administrative and financial support for the Registrars' *Imbizo* held in 2017.

In 2017, the members of the Joint Admissions Committee and Matriculation Board were Prof P Mbatl (chairperson), Mr H Amoore (acting chair Matriculation Board), Prof S Howie, Prof C Loock, Prof C Foxcroft, Dr D Mokoena, Dr G Vinger, Prof C Foxcroft, Ms C Myburgh, Ms C Crosley, Ms N Dlamini (South African



The Matriculation Board processed up to 3 830 walk-in applicants during 2017. Typically, January-February and June-July, which coincide with registration periods at universities, are the busiest periods for the Matriculation Board.

Technology Network representative), Dr M Rakometsi (Umalusi representative), Ms S Ferndale (private HEIs representative) and Dr B Kramer (USAf). The issues dealt with by this structure in 2017 included the following:

- Members of the Admissions Committee served with other university representatives in the various structures dealing with the DHET's Central Application Service Project.
- A member of the Admissions Committee was appointed to a DHET task team established after high-level discussions on the future of the designated subject list: subjects in which a minimum level of achievement is required by most universities for admission.
- The Admissions Committee consulted, on an ongoing basis, with the DHET regarding the dissolution of the Committee of University Principals (CUP), the Committee of Technikon Principals (CTP) and the Matriculation Board in terms of Section 74 of the Higher Education Act. The following documents were submitted to the DHET for further action:
 - o USAf's proposal on the replacement of the Matriculation Board;
 - o regulations for the proposed Higher Education Admissions Agency;
 - o regulations for student records, academic transcripts, certificates of conduct and statements of financial standing;
 - o regulations for credit accumulation and transfer; and
 - o regulations for the minimum requirements for admission to undergraduate higher certificate, national certificate, diploma, national diploma and bachelor's studies.
- The Joint Admissions Committee and Matriculation Board presented the final report on the evaluation of nine 2016 National Senior Certificate question papers to the DBE.
- Ms Cila Myburgh was appointed to serve on the Exemptions Committee with Mr Hugh Amoore and Prof Sarah Howie.

- The Admissions Committee submitted proposals to the USAf Board for:
 - o the minimum admission requirements for holders of the Amended Senior Certificate
 - o an amendment to the regulations to make provision for holders of the New Hong Kong Diploma for Secondary Education that was implemented in 2012; and
 - o an amendment to the mature-age exemption regulation to also include diploma and certificate studies.
- o A protocol framework/memorandum of understanding in the form of a directive to the provincial commissioners on how protest actions must be handled at universities would be drawn up.
- Each university would be encouraged to establish a regional planning body/security forum to meet on a regular basis. The purposes of establishing such a body would be to enhance communication and cooperation between universities and the SAPS (and other possible authorities).

2.2. Performance on initiatives undertaken from the office of the Chief Executive Officer

2.2.1. Stakeholder engagement

As part of its advocacy and stakeholder engagement mandate, USAf engaged with several stakeholders in 2017. These included the DHET, the Council on Higher Education (CHE), the Portfolio Committee on Higher Education and Training and the National Student Funding Aid Scheme (NSFAS).

In addition to the above, USAf convened two meetings with law-enforcement and private security agencies to discuss safety and security matters as they pertained to public universities. The first meeting was convened with the South African Policy Services (SAPS) on 27 July 2017, with a view to exploring collaboration possibilities to optimise security on university campuses. The meeting was well attended. Twenty-one universities were represented, and from the SAPS, 40 members from Public Order Policing (POP) were present, including POP unit commanders across all nine provinces. The meeting was co-chaired by Prof Adam Habib and Lieutenant General Fanie Masemola, Deputy Police Commissioner. Some of the main decisions from the meeting were the following:

- A university liaison person would be appointed for each university. This person would be an official from the local police station who would be the contact person for the university to deal with all criminal activities on campus.
 - o A public order policy commander would be appointed for each university. This person would be available 24/7 to assist university management in the event of violent student protests. This would allow for a rapid response from the police should there be a need for police intervention on campus.

Furthermore, USAf convened a meeting with the Private Security Regulatory Authority (PSiRA) on 25 October 2017. The meeting was attended by representatives from 16 universities and the senior management of PSiRA. The meeting was co-chaired by Prof Ahmed Bawa and Mr Manabela Chauke, CEO of PSiRA. The purpose of the meeting, among others, was to understand the role and legislative mandate of the regulatory authority, to understand the obligations of universities under the regulatory authority and to explore and reach a common understanding on the role of the private sector in creating safe and secure teaching and learning environments on university campuses. In addition, PSiRA issued in terms of the Private Security Industry Regulation, Act 56 of 2001 a directive for Security Service Providers and Employers of In-House Security Rendering Security Services in an Environment where there is Protest Action. The meeting devoted some time to discussing the impact that the directive would have particularly on those institutions that decided to insource security services. The directive was found to have repercussions for all institutions, taking into account that most institutions had some level of in-house security personnel. It became evident during the meeting that the directive posed some serious challenges to our universities. It was agreed at the meeting that PSiRA and USAf would work together in rewriting the directive to the satisfaction of all parties concerned. Subsequently, PSiRA withdrew the directive on the basis of the agreement. USAf has established a task team consisting of legal experts, registrars and chief operational officers to assist with the task at hand. It is envisaged that the process will be concluded in the first half of 2018.

USAf further engaged with other government departments and agencies on matters related to its core functions, as discussed below. These included, among others, the departments of Science and Technology, Health, Basic Education, Home Affairs and Trade and Industry, the NRF and the Competition Commission.

2.2.2. Policy commentary

In line with USAf's mandate to develop and contribute to policy positions on higher education matters to strengthen teaching and learning, research and community engagement activities, USAf developed a number of policy commentary documents during 2017 that included the following, among others:

2.2.2.1. Draft National Qualifications Amendment Bill

The Minister of Higher Education and Training published the Draft National Qualifications Amendment Bill, 2016 on 18 November 2016 for public comment. The Bill sought, among others, to combat fraudulent qualifications and to require the South African Qualifications Authority (SAQA) to keep a register of such qualifications and those who claim them. USAf submitted comments on the draft bill in early 2017 in which a number of concerns were raised, especially around the substantial and unreasonable additional burdens on employers, on education providers and on SAQA if the bill would be enacted. By the end of the financial year, the bill had not been introduced in Parliament yet.

2.2.2.2. Draft Policy Framework on Internationalisation

The Minister of Higher Education and Training published the draft policy framework on 28 April 2017 for public comment. USAf supported the aim of the policy framework (to 'guide and regulate' the activities that relate to the internationalisation of higher education by HEIs and other role players in the sector). In doing so, USAf recognised that from time to time, there would be potential for tension between internationalisation activities and other policy imperatives (such as Africanisation, decolonisation and employment equity), though USAf is clear that Africanisation is a necessary part of internationalisation. USAf expressed its broad support for the draft policy framework and believes that with important amendments (that would clarify rather than change the tenor of the draft), this policy framework would not only guide and regulate but also enable appropriate internationalisation of South African higher education. USAf provided detailed comments and recommendations to the draft policy framework with a view to assisting the DHET to refine the draft before finalisation. USAf's submission had been developed in collaboration with the International Education Association of South Africa (IEASA).

2.2.2.3. Draft Open Learning Policy Framework for Post-School Education and Training

The Minister of Higher Education and Training published the draft policy framework on 7 April 2017 for public comment. USAf's comments were submitted to the DHET on 1 May 2017. Overall, the draft policy provides a refreshing new direction in rethinking the skills transfer and lifelong learning that our country desperately needs. The framework is supported in principle, but USAf noted that several issues pertaining to the practical implementation and implications required attention. Moreover, in light of the released Draft Policy Framework for the Internationalisation of Higher Education in South Africa (28 April 2017), concern was expressed that the various policies had to be aligned. USAf's position papers on the abovementioned policies are available on its website.

In addition to the policy inputs discussed above, USAf participated in the activities of the DHET task team that had been set up to review the NSFAS Act 56 of 1999. The DHET was of the view that the act would have to be amended to cater for the 'student-centred' model of NSFAS support. The task team completed its work during late 2017 and reported that in its view, there was no need to amend the act as the functions that needed to be added were contemplated by the act and could be provided by way of regulation. It was envisaged that the Minister of Higher Education and Training would publish the draft regulations as proposed by the task team for public comment in early 2018.

USAf will continue its engagements with the DHET and the Minister of Higher Education and Training on future policy changes to ensure, as much as possible, that the legislation governing higher education is adapted to the fast-changing needs of the sector.

2.2.3. Initiatives in support of the higher education sector

2.2.3.1. Protection of Personal Information Act – code of conduct for public universities (industry code)

The Protection of Personal Information Act (POPIA) is expected to come into force in mid-2018. Universities and other entities will be required to become compliant within 12 months of the act's coming into force (i.e. by mid-2019). The POPIA aims to introduce processes to guarantee individual privacy.

When the act does come into effect, it will also bring into force some important changes to the Promotion of Access to Information Act (PAIA). The Information Regulator is to be the regulator for both the POPIA and the PAIA. Each entity (e.g. a university) will need an information officer and a deputy information officer who will be responsible for the entity's obligations under both the PAIA and the POPIA.

The POPIA makes provision for exclusions (not applicable to HEIs), exemptions and 'industry-specific' codes (see Chapter 7).

The USAf Legal Advisory Committee together with the Legal Practitioners' Forum convened a workshop with members of the appointed five-panel Information Regulator in May 2017 to hammer out the details of a proposed higher education 'industry code' and to identify areas where the sector should seek exemptions. This was followed by a further sector workshop on 24 August 2017 where it was agreed that USAf should develop a draft industry code that would guide each public university on how to deal with personal information, having regard to its statutory obligations as an HEI, its operations and the privacy rights of data subjects and the applicable provisions of the POPIA. USAf envisages engaging with the Information Regulator for an industry code for public universities.

A task team was established to drive the process and to identify professional assistance to develop the draft industry code. It is envisaged that the first draft will be developed in June 2018 for further engagement.

2.2.3.2. Sustainable sourcing of services

Following several engagements convened by USAf around 'insourcing' and the drafting of a guiding framework for universities on insourcing in 2016, USAf continued to provide support to universities around reintegrating and/or managing currently outsourced workers in 2017.

The USAf Board agreed that the term 'insourcing' should be replaced by 'sustainable sourcing of services' because universities were implementing and/or considering different models of viable sourcing of those workers referred to as 'vulnerable workers' based on their local and institutional specifics, including affordability.

On 16 September 2017, USAf once again convened a sector meeting on the issue. The meeting served as a

continuation of discussions on sustainable sourcing that had been taking place in various fora (FEF, HRDF and SDF). The focus was on sharing experiences, lessons learnt and new developments at the institutions, being updated on engagements with the insourcing issue in the HRDF and looking into the potential benefits of applying a shared services model.

A number of important issues had emerged, and it was clear that the institutions were experimenting with a variety of sustainable sourcing models. A key point was that those institutions that had opted for the full insourcing model were finding it a very costly exercise with the potential to affect the viability of those institutions.

Two other issues that were identified by the meeting as needing further and deeper engagements were the following:

- It might be in the sector's best interests to formulate a common approach to conditions of service for this category of workers. The unions would always look at salaries and use them to put pressure on the universities. Without a common approach, unions and students would continue to play the institutions off against each other. The HRDF could assist the sector in this regard.
- A deeper analysis of the impact of insourcing and/or other alternative models on the sustainability of the universities would be critical.

USAf will continue with its engagements with universities to update its understanding of the terrain and its challenges in 2018.

2.2.4. Creating opportunities for students

2.2.4.1. 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) under the Commonwealth Scholarship and Fellowship Plan. For the 2017 academic year, South Africa was invited to submit 50 nominations to the Commonwealth Scholarship Commission in the UK.

The South African selection panel, convened by USAf, met on 2 December 2016 to evaluate all the applications received with a view to selecting the final number of applications to be considered by the Scholarship Commission in the UK. Out of the 50

nominated candidates by South Africa, 36 were finally selected to undertake their studies, either at master's or doctoral level, in the UK for the 2017 academic year.

In addition to the above, the British Council and USAf co-hosted a predeparture event for the 2017 cohort of scholars on 4 August 2017.



Out of the selected 36-strong Class of 2017, the pre-departure event hosted 12 awardees from South Africa, four Namibians and two alumni who were invited to advise the new candidates about student life in the UK.



"Competition is getting stiffer than ever for this scholarship," Mr Colm McGivern, British Council Director, advised the 2017 recipients at the pre-departure event. "This a fascinating time to go to the UK. Use this life-changing experience. Contribute to university life there and be noticed....Also think of what difference you will make when you return. You must engage with the system and help those coming after you to also succeed."



Prof Ahmed Bawa, CEO at USAf, commended the British Government for keeping this scholarship going. "Ours is a small system. Out of our 26 member universities, only eight account for 80% of doctoral studies that we offer. The problems confronting us are intensely local and simultaneously global. It is therefore important for people to go out and engage, learn and bring back new perspectives to our system."

Presiding over this event was Mr Peter Boxer, then newly-appointed British High Commissioner to South Africa, who told the new awardees that although some people questioned the motive of the British government in maintaining the Commonwealth Scholarship, “we have a genuine interest in South Africa becoming a great country from your contributions. Yes we also want you to think positively about the UK. But even more importantly, we want you to encourage your friends to apply for these opportunities.”

Also in attendance at this event was Ms June-Rose Ngcobo, Deputy Director: Scholarships in the DHET, who said the Department was taking great pride in the Commonwealth Scholarship recipients. “We know you will be contributing to major changes to this country, especially in the area of research. Study hard, live and eat well.” To USAf, Ms Ngcobo extended utmost gratitude “for nominating and managing this Scholarship so professionally and efficiently. We’re proud to be participating with you in this venture.”

2.2.4.2. Seeds for the Future Programme

Through the Seeds for the Future Programme, Huawei exposes students to cutting-edge technologies such as 5G, LTE and cloud computing, and also to hands-on practice in Huawei’s most advanced

laboratories. The students also have an opportunity to familiarise themselves with the Chinese culture and gain cross-cultural work experience in a global business environment. During the scheduled visits to Huawei’s laboratories in China, international students could interact with the giant’s staff and witness live demonstrations of the latest information and communications technologies.

During 2017, USAf facilitated a process of identifying 10 information technology students through a mandate granted by the Department of Telecommunications and Postal Services. These 10 students, who were selected from the Tshwane University of Technology, Nelson Mandela University, North-West University, Central University of Technology and Durban University of Technology, went on to participate in a five-week programme that started on 13 October 2017 in Beijing and extended to Shenzhen in China.

The programme content focused on the following areas:

- Mobile internet application and development trend
- 3G, 4G and 5G network voice service experience and supporting intelligent network
- Internet/IPTV/VOIP/video call experience
- Cloud technology, internet of things, e-commerce and Huawei technology support devices.

3

PART 3: THE GOVERNANCE FRAMEWORK

3.1. USAf Board of Directors

The Board of Directors of USAf comprises the 26 vice-chancellors of all public universities. As custodians of the USAf strategy, risk management, performance and business continuity, the Board has put in place mechanisms to ensure sufficient oversight of the organisation's financial management, reporting, internal financial controls and risk management. The Board has also put measures in place for the prevention of fraud and other related risks.

During the year under review, USAf lost five vice-chancellors to resignations and at least one retirement. Prof Irene Moutlana of the Vaal University of Technology vacated her seat on 30 April, followed by Dr Prinsloo Nevhutalu of the Cape Peninsula University of Technology who resigned his position on 31 October. Three others who wound up their terms on 31 December were Prof Derrick Swartz of Nelson Mandela University, Prof Ihron Rensburg of the University of Johannesburg and Prof Peter Mbatia of the University of Venda, who went into retirement. Five new appointees to vice-chancellor positions during 2017 were Prof Sakehla Buhlungu at the University of Fort Hare on 1 February, Prof Francis Petersen who succeeded Prof Jonathan Jansen at the University of Free State on 1 April, Prof Ndodomzi Zide who took up his position on 1 May at the Vaal University of Technology, Prof Hendrik Johannes de Jager who took over the reins of the Central University of Technology on 1 June and Prof Christiaan de Beer who was confirmed in the position at Sefako Makgatho Health Sciences University on 1 July.

The new arrivals who took up their positions in the first half of the year were officially welcomed at the Board's Annual General Meeting in June whereas Prof Christiaan de Beer was welcomed at the third and last ordinary meeting of the Board in October.

The Board, which ordinarily meets three times a year in March, June and October, met four times during the reporting period. An extraordinary meeting in November was necessitated by an urgent need to address tuition fee uncertainties for 2018 and other burning issues in the sector, and also to facilitate a formal meeting by the full Board with the then newly appointed Minister Hlengiwe Mkhize.

The USAf Board performs its oversight functions through the six governance committees discussed below.

3.2. Executive Committee

The EXCO is a seven-member committee that maintains general oversight of the organisation's business between meetings of the Board of Directors.

In 2017, the EXCO was made up of the following members:

- Prof Adam Habib (chairperson) – Vice-Chancellor and Principal, University of the Witwatersrand
- Dr Thandwa Mthembu (vice-chairperson and chair of the Finance and Investment Committee) – Vice-Chancellor and Principal, Durban University of Technology
- Prof Yunus Ballim (chairperson of the Transformation Strategy Group) – Vice-Chancellor and Principal, Sol Plaatje University
- Dr Max Price (chairperson of the Funding Strategy Group) – Vice-Chancellor and Principal, University of Cape Town
- Prof Cheryl de la Rey (chairperson of the Research and Innovation Strategy Group) – Vice-Chancellor and Principal, University of Pretoria
- Dr Sizwe Mabizela (chairperson of the Teaching and Learning Strategy Group) – Vice-Chancellor and Principal, Rhodes University
- Prof Ahmed Bawa – USAf CEO as *ex officio* member

3.3. 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 auditing and monitoring compliance with financial laws and regulations.

In 2017, the individuals below formed the membership of this committee:

- Mr J van Schoor (chairperson) – University of Johannesburg (until 1 December)
- Mr Shai Makgoba – University of Cape Town
- Ms Faiza Majiet – Stellenbosch University

- Prof Thandwa Mthembu – Durban University of Technology (until 28 June)
- Mr Prakash Desai – University of the Witwatersrand (from 28 June)
- Prof Albert van Jaarsveld – University of KwaZulu-Natal (from 18 October)

3.4. 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 2017, the members of this committee were:

- Prof Thandwa Mthembu (chairperson) – Durban University of Technology
- Dr Doeke Tromp – Tshwane University of Technology
- Mr Regal Manie – University of the Western Cape
- Ms Vuyokazi Memani-Sedibe – independent consultant
- Prof Ahmed Bawa – USAf CEO as *ex officio* member

3.5. Human Resources and Remuneration Committee

This committee oversees USAf's HR strategy and policy. It establishes and maintains a policy for competitive, fair, equitable and market-related compensation. It is entrusted with the responsibility to render USAf an attractive employer able to attract and retain appropriate expertise. It reviews the annual remuneration packages of employees and recommends adjustments, where necessary. The committee also advises the Board on any HR matters within the USAf Office.

In 2017, the members of this committee were:

- Prof Mahlo Mokgalong (chairperson) – University of Limpopo
- Ms Amanda Glaeser – University of the Western Cape
- Ms Patience Mushungwa – independent consultant
- Prof Tobie de Coning – Stellenbosch University

- Mr Victor Mthobi – North-West University
- Prof Ahmed Bawa – USAf CEO as *ex officio* member

3.6. Joint Admissions Committee and Matriculation Board

This is 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 to higher education. The committee develops and maintains optimal strategies of admissions regulation. It also 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 Matriculation Board and recommends exemption certification application fees to the Board for approval.

In 2017, the members of the Joint Admissions Committee and Matriculation Board were:

- Prof Peter Mbatlana (chairperson, Admissions Committee) – University of Venda
- Mr Hugh Amoore (acting chairperson, Matriculation Board) – retired registrar and consultant
- Prof Sarah Howie – University of Pretoria
- Dr Dan Mokoena – Vaal University of Technology
- Prof Cheryl Foxcroft – Nelson Mandela University
- Dr Metsu Gift Vinger – University of the Free State
- Prof Divya Singh – University of South Africa
- Ms Carol Crosley – University of the Witwatersrand
- Prof Ahmed Bawa – USAf CEO as *ex officio* member

Observers:

- Dr Thiru Pillay – South African Technology Network representative, Durban University of Technology
- Dr Mafu Rakometsi – CEO Umalusi

3.7. Legal Advisory Committee

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 USAf in order to respond to emerging legislative measures. The committee enables USAf to promote the interests of the university sector and to fulfil its advocacy and related responsibilities.

As at 31 December 2017, the members of this committee were:

- Mr Hugh Amoore (acting chairperson) – retired registrar
- Mr Gerhard Lipp – Stellenbosch University
- Mr James Botha – North-West University
- Mr Nkosi Bhula – Vaal University of Technology
- Ms Nita Lawton-Misra – University of the Western Cape
- Prof Mike Somniso – University of Fort Hare
- Prof Patrick O’Brien – University of Johannesburg
- Mr Shervaan Raje – University of the Western Cape
- Prof Ahmed Bawa – USAf CEO as *ex officio* member

4

PART 4: FINANCIAL STATEMENTS

4.1. General Information

Public Universities South Africa NPC (Registration number 2005/013211/08)
 Consolidated annual financial statements for the year ended 31 December 2017

Country of incorporation and domicile	South Africa
Principal activities	Carrying out public benefit activity of education and development

Directors

Prof Thandwa Zizwe Mthembu	Prof Cheryl de la Rey
Prof Ahmed Cassim Bawa	Prof Mandlenkosi Stanley Makhanya
Prof Hendrik Johannes Jager	Prof Sakhela Maxwell Buhlungu
Prof Ntate Daniel Kgwadi	Prof Tyrone Brian Pretorius
Prof Yunus Ballim	Prof Adam Mahomed Habib
Dr Sizwe Mabizela	Prof Amunga Peter Mbatlana
Dr Max Rodney Price	Prof Willem John Simon de Villiers
Prof Christiaan Rudolph de Beer	Prof Xoliswa Antoinette Mtshali
Prof Albertus Stefanus van Jaarsveld	Prof Lourens Rasmus van Staten
Prof Nehemiah Mashomanye Mokgalong	Prof John Robert Midgley
Prof Thokozile Mayekiso	Prof Francis William Petersen
	Prof Ndodomzi Gordon Zide

Registered office	Hadefields Office Park First floor, Block B 1267 Pretorius Street Hatfield, Pretoria 0083
--------------------------	--

Bankers	ABSA Bank Limited
----------------	-------------------

Auditors	PriceWaterhouseCoopers Chartered Accountants (SA) Registered Auditors
-----------------	---

Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
---------------------------	--

4.2. Audit and Risk Committee report

This report is provided by the Audit and Risk Committee appointed in respect of the 2017 financial year of USAf.

4.2.1. Members of the Audit and Risk Committee

The members of the Audit and Risk Committee are all independent nonexecutive directors of the group and include the following:

Name	Position	Changes	Institution
Mr Jacobus van Schoor	Chairperson	Resigned 1 December 2017	University of Johannesburg – Deputy Vice-Chancellor: Finance
Mr Shai Makgoba	Member		University of Cape Town – Finance Executive: Risk and Relationship Management
Ms Faiza Majiet	Member		Stellenbosch University – Director: Financial Services
Dr Albert van Jaarsveld	Member	Appointed 18 October 2017	University of KwaZulu-Natal – Vice-Chancellor and Principal
Mr Saleem Kharwa	Member	Appointed 28 June 2017	Durban University of Technology – Chief Risk Officer
Prof Thandwa Mthembu	Member	Resigned 28 June 2017	Durban University of Technology – Vice-Chancellor and Principal
Mr Prakash Desai	Member	Appointed 28 June 2017	University of the Witwatersrand – Chief Financial Officer

4.2.2. Meetings held by the Audit and Risk Committee

The Audit and Risk Committee performs the duties imposed upon it by Section 94 (7) of the Companies Act of 2008 by holding meetings with the key role players on a regular basis and by granting unrestricted access to the external auditors.

4.2.3. External auditor

The committee satisfied itself through enquiry that the external auditors were independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act that internal governance processes within the firm supported and demonstrated the claim to independence.

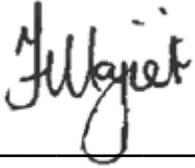
The Audit and Risk Committee in consultation with executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope of the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

4.2.4. Consolidated annual financial statements

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

4.2.5. Effectiveness of internal control

The system of internal control applied by the entity over 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 auditors, it was noted that no matters were reported that indicated any material deficiencies in the system of internal control or any deviations therefrom. 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.



Ms Faiza Majiet
Chairperson – Audit and Risk Committee

Pretoria
21 June 2018

4.3. Directors' responsibilities and approval

The directors are required in terms of the Companies Act 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 fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The 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 IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

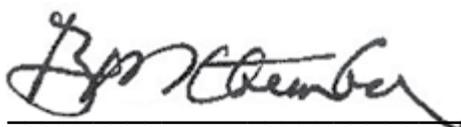
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation 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 in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within 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 on for the preparation for the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

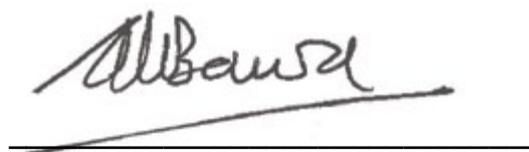
The directors have reviewed the group's cash flow forecast for the year to 31 December 2018, and in the light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors, and their report is thus presented.

The consolidated annual financial statements, which have been prepared on the going concern basis, were approved by the Board on 21 June 2018 and were signed on its behalf by:



Chairperson



Chief Executive Officer

**Pretoria
21 June 2018**

pwc

4.4. Independent auditor's report to the members of Public Universities South Africa NPC

4.4.1. Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Public Universities South Africa NPC (the Company) and its controlled entities (together the Group) as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act of South Africa.

4.4.2. What we have audited

Public Universities South Africa NPC's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended (not included in this report);
- the consolidated and separate statements of cash flows for the year then ended (not included in this report); and
- the notes to the financial statements, which include a summary of significant accounting policies (not included in this report).

4.4.3. Basis for opinion

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

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

4.4.4. Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Chief Executive Officer: TD Shango; Management Committee: SN Madikane, JS Masondo, PJ Mothibe, C Richardson, F Tonelli and C Volschenk. The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection. Reg. no. 1998/012055/21, VAT Reg. no. 4950174682.

PwC

PricewaterhouseCoopers Inc, 4 Lisbon Lane, Waterfall City, Jukskei View 2090; Private Bag X 36, Sunninghill 2157, South Africa;
T: +27 (0) 11 797 4000, F: +27 (0)11 209 5800, www.pwc.co.za

4.4.5. Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies Act of South Africa, and the General Information, the Index, the Directors' Responsibilities and Approval, the Audit and Risk Committee Report, the Detailed Income Statement and the supplementary information that goes with it. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information, and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

4.4.6. Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or to error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to either liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

4.4.7. Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

Chief Executive Officer: TD Shango; Management Committee: SN Madikane, JS Masondo, PJ Mothibe, C Richardson, F Tonelli and C Volschenk. The Company's principal place of business is at 4 Liston Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection. Reg. no. 1998/012055/21, VAT Reg. no. 4950174682.

PwC

**PricewaterhouseCoopers Inc, 4 Lisbon Lane, Waterfall City, Jukskei View 2090; Private Bag X 36, Sunninghill 2157, South Africa;
T: +27 (0) 11 797 4000, F: +27 (0)11 209 5800, www.pwc.co.za**

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

- We identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc

Director: Nezira Ayod

Registered Auditor

Sunninghill

26 June 2018

Chief Executive Officer: TD Shango; Management Committee: SN Madikane, JS Masondo, PJ Mothibe, C Richardson, F Tonelli and C Volschenk. The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection. Reg. no. 1998/012055/21, VAT Reg. no. 4950174682.

PwC

PricewaterhouseCoopers Inc, 4 Lisbon Lane, Waterfall City, Jukskei View 2090; Private Bag X 36, Sunninghill 2157, South Africa;

T: +27 (0) 11 797 4000, F: +27 (0)11 209 5800, www.pwc.co.za

4.5. Directors' report

The directors have pleasure in submitting their report on the consolidated annual financial statements of USAf and the group for the year ended 31 December 2017.

4.5.1. Nature of business

USAf is a nonprofit company incorporated in South Africa on 9 May 2005 and started operations on 1 June 2005. The principal nature of its business is carrying out the public benefit activity of education and development. On 23 July 2015, the directors changed the name of the company from Higher Education South Africa to Public Universities South Africa, trading as Universities South Africa.

In June 2005, the CUP, operating as the South African Universities' Vice-Chancellors Association, and the CTP entered into an agreement with USAf, in terms of which USAf assumed the nonstatutory responsibilities as well as the administration of the statutory affairs of the CUP and the CTP, pending the dissolution of these two entities. The CUP and the CTP are two entities established in terms of the Universities Act, Act 45 of 1959.

There have been no material changes to the nature of the group's business from the previous year.

4.5.2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with IFRS and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards.

4.5.3. Directorate

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

Director	University	Changes
Dr Prinsloo A Nevhutalu	Cape Peninsula University of Technology	Resigned 31 October 2017
Prof Thandwa Z Mthembu	Durban University of Technology	
Prof Hendrik J de Jager	Central University of Technology	Appointed 1 June 2017
Prof Derrick I Swartz	Nelson Mandela University	Resigned 31 December 2017
Prof Ntate Daniel Kgwadi	North-West University	
Dr Sizwe Mabizela	Rhodes University	
Prof Yunus Ballim	Sol Plaatje University	
Prof Willem JS de Villiers	Stellenbosch University	
Prof Lourens R van Staden	Tshwane University of Technology	
Dr Max Price	University of Cape Town	
Prof Christiaan R de Beer	Sefako Makgatho Health Sciences University	Appointed 1 July 2017
Prof Ihron L Rensburg	University of Johannesburg	Resigned 31 December 2017
Prof Albertus S van Jaarsveld	University of KwaZulu-Natal	
Prof Nehemiah M Mokgalong	University of Limpopo	
Prof Thokozile Mayekiso	University of Mpumalanga	
Prof Cheryl de la Rey	University of Pretoria	

Prof Mandenkosi S Makhanya	University of South Africa	
Prof Sakhela M Buhlungu	University of Fort Hare	Appointed 1 February 2017
Prof Tyrone B Pretorius	University of the Western Cape	
Prof Adam M Habib	University of the Witwatersrand	
Prof Amunga P Mbatl	University of Venda	
Prof Xoliswa A Mtose	University of Zululand	
Prof Irene N Moutlana	Vaal University of Technology	Resigned 30 April 2017
Prof John R Midgley	Walter Sisulu University	
Prof Francis W Petersen	University of the Free State	Appointed 1 April 2017
Prof Ndodomzi G Zide	Vaal University of Technology	Appointed 1 May 2017
Prof Ahmed C Bawa	Chief Executive Officer – USAf	

4.5.4. Directors' interest in contracts

During the financial year, no contracts were entered into that directors or officers of the group had an interest in and that 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

On 29 March 2017, the directors approved the establishment of a separate entity for the purpose of housing all the facets of the HIV/AIDS Programme. The directors further approved that the entity should be formally registered as a nonprofit company with the Companies and Intellectual Property Commission and that the entity must have its own memorandum of incorporation, governance structures and management team. The new entity, the Higher Education and Training Health, Wellness and Development Centre, was established as approved by the directors and came into operation on 1 January 2018.

4.5.7. Going concern

The directors believe that the group has adequate financial resources to continue in operation 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 material changes that may adversely impact the group. The directors are also not aware of any material noncompliance with statutory 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 CTP and the CUP.

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 June 2018. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

4.6. Statement of financial position as at 31 December 2017

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
Assets				
Noncurrent assets				
Property, plant and equipment	1 146 713	680 110	619 513	387 398
Intangible assets	626 711	750 067	76 613	84 894
Other financial assets	84 465 448	80 087 769	5 996 615	5 509 695
	86 238 872	81 517 946	6 692 741	5 981 987
Current assets				
South African Revenue Service – VAT	2 673 687	4 574 386	2 673 687	4 574 386
Related party receivables	-	-	2 311 436	2 128 152
Trade and other receivables	12 461 636	14 806 428	12 402 005	14 591 007
Cash and cash equivalents	106 849 295	129 503 494	71 351 212	93 784 194
	121 984 618	148 884 308	88 738 340	115 077 739
Total assets	208 223 490	230 402 254	95 431 081	121 059 726
Reserves and liabilities				
Reserves				
Investment reserve	29 086 419	27 107 669	-	-
Bursaries and prizes	26 255 806	24 917 291	-	-
Retained income	70 665 129	65 921 234	23 261 596	21 017 616
	126 007 354	117 946 194	23 261 596	21 017 616
Liabilities				
Noncurrent liabilities				
Finance lease liabilities	-	2 263	-	-
Current liabilities				
Finance lease liabilities	25 725	61 268	-	-
Trade and other payables	4 935 598	4 941 543	4 497 110	3 677 670
Deferred income	77 254 813	107 450 986	67 672 375	96 364 440
	82 216 136	112 453 797	72 169 485	100 042 110
Total liabilities	82 216 136	112 456 060	72 169 485	100 042 110
Total equity and liabilities	208 223 490	230 402 254	95 431 081	121 059 726

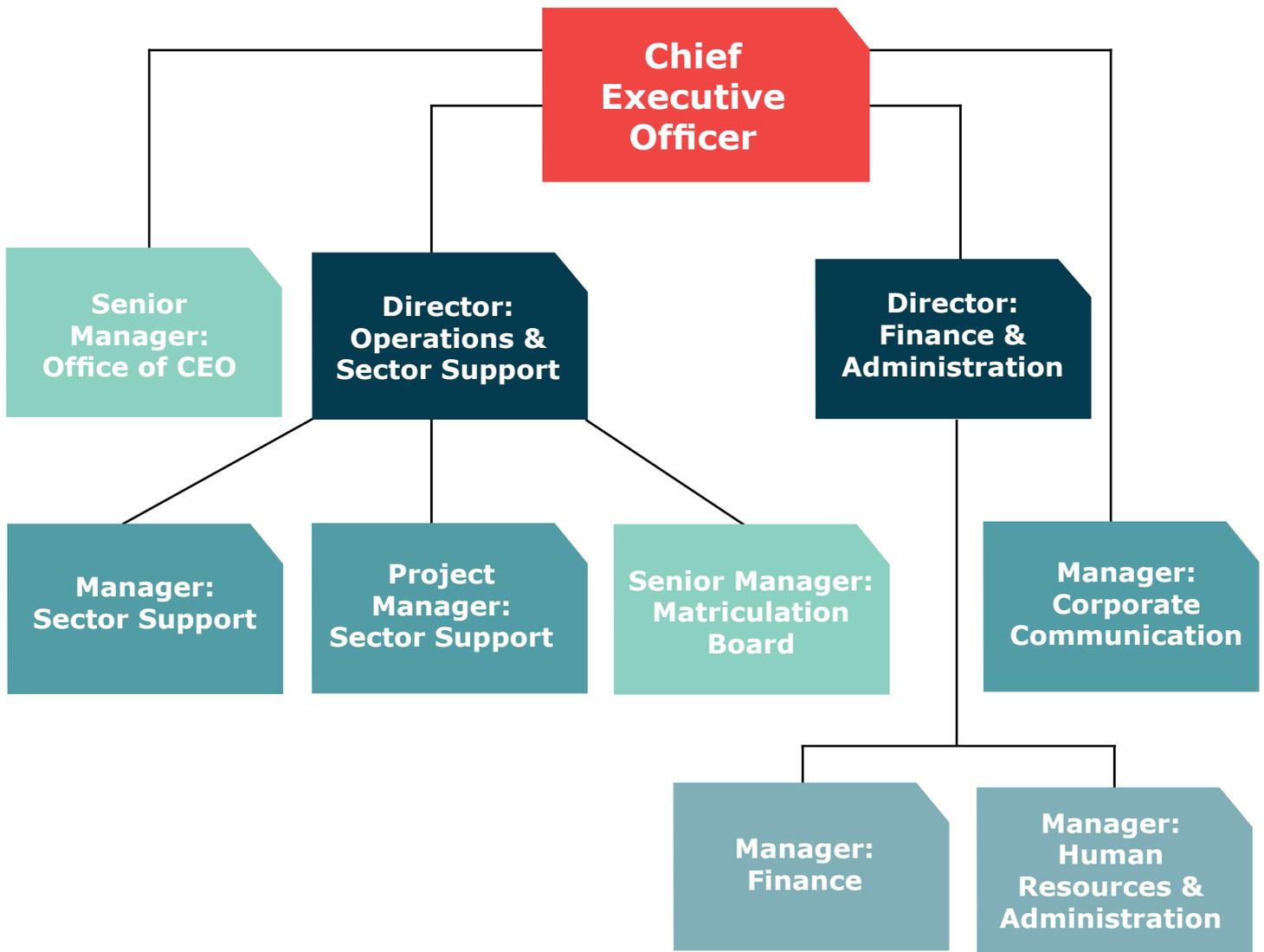
4.7. Statement of comprehensive income

	Group		Company	
	2017 R	2016 R	2017 R	2016 R
Revenue	108 219 610	78 402 545	96 171 603	64 543 416
Other income	638 011	652 366	287 508	616 039
Operating expenses	(13 845 639)	(14 174 122)	(8 513 621)	(9 128 863)
Grants expend	(74 032 746)	(43 858 980)	(74 032 746)	(43 858 980)
Staff costs	(20 426 713)	(18 044 620)	(13 248 861)	(11 332 592)
Operating surplus	552 523	2 977 189	663 883	839 020
Investment revenue	3 415 065	3 159 220	1 333 575	1 042 409
Realised profit on investments	-	1 296 011	-	438 798
Unrealised profit/(loss) on investments	4 139 593	183 471	248 834	96 860
Investment management fees	-	(392 560)	-	-
Finance costs	(46 021)	(18 071)	(2 312)	(100)
Surplus for the year	8 061 160	7 205 260	2 243 980	2 223 267
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	8 061 160	7 205 260	2 243 980	2 223 267

5

PART 5: ADMINISTRATION AT USAf

5.1. Organisational organogram



5.2 Staffing

As at 31 December 2017, USAf had a staff complement of 41 employees. Following the breakaway of the Higher Education and Training HIV & Education (HEAIDS) Programme to become an independent entity in January 2017, staff numbers at the USAf office were significantly reduced by just over a third from the total of 69 at the end of December 2016.

The race and gender breakdown of USAf staff is shown below.

USAf staff	Black	Coloured	Indian	White	Total
Female	20	2	0	8	30
Male	10	0	1	0	11
Total					41



UNIVERSITIES SOUTH AFRICA



**UNIVERSITIES
SOUTH AFRICA**

UNIVERSITIES SOUTH AFRICA

Blocks D & E, Hadeffields Office Park
1267 Pretorius Street,
Hatfield, Pretoria

P.O. Box 27392, Sunnyside, Pretoria 0132

Chief Executive Officer: +27 (0) 12 030 0650 / admin@usaf.ac.za

Matriculation Board: +27 (0) 10 591 4401 / applications@usaf.ac.za

Director: Operations and Sector Support: +27 (0) 12 030 0652 / sso@usaf.ac.za

www.usaf.ac.za