



UNIVERSITEIT  
iYUNIVESITHI  
STELLENBOSCH  
UNIVERSITY

100  
1918 - 2018

*forward together  
saam vorentoe  
masiye phambili*



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ANNUAL  
INTEGRATED  
REPORT  
2018





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**100**  
1918-2018

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REGSGELEERDHEID  
EYEZOMTHETHO  
LAW



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LAW

OU HOOFCEBOU



1918-2018

COMMEMORATING A  
*Century*

Standing side by side with the town's sturdy old oak trees for a hundred years, the University of Stellenbosch (Stellenbosch University today) has grown into a leading research-intensive university on the African continent. Starting out with four faculties: Arts, Science, Education and Agriculture (currently Arts and Social Sciences, Science, Education and AgriSciences), 503 students and 40 lecturing staff on 2 April 1918, SU today is home to 10 faculties, a vibrant and cosmopolitan community of more than 30 000 students and 3 000 staff members, spread over five campuses.

As we commemorate our Centenary in 2018, we celebrate great achievements and ground-breaking discoveries. We salute the more than 250 000 alumni and students, educators, researchers and professional and administrative support staff, as well as our management and governance structures who have helped to mould this institution and cement its reputation as a world-class academic institution.

SU, as a public institution, performed its higher education role within the various political, socio-economic, cultural and educational realities and developments of the 20th Century, including the particular form of injustice then prevalent in South Africa. SU has since "acknowledged its contribution to the injustices of the past and committed itself to appropriate redress and development initiatives", as expressed in its *Strategic Framework for the Turn of the Century and Beyond* of 20 March 2000. We also honour the critical Matie voices of that time who would not be silenced despite revilement, and who were to become beacons on the journey towards a just society.

Against this background of achievement and valuable lessons from our complex history, the Centenary with its theme "100 years of learning, growing and moving forward together" signifies a new beginning for Stellenbosch University. We strive toward becoming a relevant university that will play a key role in the development of our nation, and our continent. We are committed to contribute to a society of dignity, healing, justice, freedom and equality for all.



## Welcoming 2018

New Stellenbosch University students were welcomed in January 2018 by the Rector, faculty and student representatives during the official welcoming ceremony in the Danie Craven Stadium at Coetzenburg. More than 5 000 new students, their parents and guardians attended the event. With the focus on the University's Centenary, the three main speakers encouraged new students to commemorate this important milestone with everyone at the University. Students gathered on the sports field where they formed a giant number 100 on the grass.



## History penned

A Centenary Book with 536 full-colour pages about Stellenbosch University's history was launched in 2018. The editors are Prof Albert Grundling (Part 1) and Hans Oosthuizen (Part 2). In Part 1, seven authors share their thoughts on the University's history of the past 100 years, among others of its political and financial histories, as well as academic, sport and student life.



## Birthday cake

To commemorate Stellenbosch University's Centenary in 2018, the Senate were treated to cupcakes branded with the Centenary brand identity.



## Victory

The Maties Rugby Club could not have thought of a better gift to give the Stellenbosch University for its Centenary than to bring home the Varsity Cup 2018 trophy. Maties Rugby won the Varsity Cup on 16 April 2018 for the first time since 2010. It was Maties' fourth victory in the Varsity Cup series. During this historic final, however, Maties beat Pukke 40-7 – the biggest points difference ever in a final.



## Glammed up

A gala dinner to commemorate Stellenbosch University's Centenary was held in March 2018 for special guests of the University. These included funders, government officials and other stakeholders. The event was held at the Paul Roos Gimnasium.



## Music spectacular

As part of Stellenbosch University's Centenary commemoration, a spectacular music concert was held at the Coetzenburg Sports Grounds where some of South Africa's top artists performed, including Mi Casa, Valiant Swart, Brandon October, Coenie de Villiers, Gloria Bosman, and the celebrated Stellenbosch University Choir.





# OUR JOURNEY

towards

# INTEGRATED REPORTING

Without a long-term vision and a strong strategy, integrated reporting is not possible. On its journey to integrated reporting, Stellenbosch University (SU) has enjoyed the privilege of having a well-thought-out Institutional Intent and Strategy 2013–2018 (IIS) for direction. This strategy is now giving way to the new Vision 2040 and the new Strategic Framework 2019–2024, adopted by the University Council in 2018. The year under review also marked SU's Centenary commemoration.

With this, our fourth integrated report, SU is still en route to integrated reporting. In 2018, with the implementation of the *King IV Report on Corporate Governance for South Africa 2016* (King IV), our governance function was reviewed thoroughly, and the Registrar's role expanded with governance responsibilities. As befits a good corporate citizen, we will continue to enhance our institution's structural capital by complying with all relevant laws and by improving our management and control structures and processes. We plan to improve our understanding of true materiality and true accountability across all our operations. We anticipate that integrated thinking will eventually become second nature to us, so that we will be able to make better decisions, and manage more efficiently and sustainably, as befits a knowledge-driven institution such as ours.

## OUR SCOPE AND BOUNDARIES

Our integrated report covers the full scope of University operations over the reporting period, **1 January to 31 December 2018**. We add a few months more – until April 2019 – to enable us to include all our graduation data for the year under review. We also present the University Council who approved this report, as at **18 June 2019**, listing the retired members who were active in 2018 (see page 21).

Our report contains financial data about our operations over the 2018 financial year, and for the reader's convenience, our full financial report is still published as part of our integrated report. The University's financial statements, including the subsidiaries, associate companies and trusts, are prepared in accordance with the relevant policies of International Financial Reporting Standards (IFRS), and,

like our integrated report, comply with the Department of Higher Education and Training's Regulations for Reporting by Public Higher Education Institutions as published in the *Government Gazette*, No. 37726 of 9 June 2014.

You will also find the customary reports of the Chancellor (now describing the context in which the University operates) and the Chair of the University Council (now describing the Council's governance resolutions over the cycle of the IIS). The Rector and Vice-Chancellor reports here on our strategic priorities, and the Chief Operating Officer and Vice-Rectors report on the IIS's strategic goals. To these we add the faculty reports. Most of these reports, however, now highlight the value created over the reporting period in line with selected strategic priorities identified in the future-focused IIS that guided us between 2013 and 2018. This focus on value accords with the principles provided by the *International <IR> Framework* of the International Integrated Reporting Council (IIRC), which believes that "communication about value creation should be the next step in the evolution of corporate reporting". It also accords with the King IV principles, arguably the world's leading corporate governance standard.

## APPROVING THE ANNUAL INTEGRATED REPORT

The Rectorate is closely involved in writing and compiling the *Annual Integrated Report*. The Audit and Risk Committee of Council examines the report and, with adjustments, recommends it for tabling at the University Council meeting in June, where Council, acknowledging its responsibility for ensuring the integrity of the integrated report, considers and approves it for publication.

# — Foreword by — THE CHANCELLOR



*Dr Johann Rupert*  
Chancellor

In the year under review, Stellenbosch University (SU) reached a major milestone when it turned 100 years old, having been created from its predecessor, Victoria College, by an Act of Parliament that came into effect on 2 April 1918.

Institutions usually celebrate the 100th anniversary of their founding in a big way. Yet, from my vantage point as Chancellor, which is a ceremonial role and not a management position, I could not fail to notice that the University chose to “commemorate” its Centenary instead of celebrating it.

## *Why was this the case, and was it the correct decision?*

Over the past 100 years, SU has become a leading higher education institution making a crucial contribution to human development in our country, on our continent and in the rest of the world. Its graduates are well qualified and are internationally in demand, its research is innovative and relevant, and its impact on society is extensive.

---

## LEARNING FROM THE PAST

Yet the institution is clearly not blind to its mistakes. Against the backdrop of South Africa’s divided history, the University has acknowledged its role in the injustices of the past and committed itself to appropriate redress and development initiatives. In a restitution statement issued at the start of the institution’s Centenary year, the University said that it deeply regretted past injustices and apologised unreservedly to the communities and individuals who were excluded from the historical privileges that SU enjoyed.

So, it seemed that a suitable balance was struck. The University honoured everyone who had helped to shape it into a world-class academic institution. At the same time, it acknowledges the critical voices in its own ranks who spoke out in the past despite experiencing opposition, and who would eventually be recognised as beacons on the journey towards a just society.

As is apparent from this annual report year after year, SU is making steady progress towards greater diversity in terms of the composition of both its staff and student corps. It is working hard to ensure that its institutional culture becomes increasingly more welcoming. It is constantly renewing its academic offering to be relevant to its context. It has also remained committed to multilingualism, using both English and Afrikaans as languages of instruction in order to broaden access to the University.

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## PREPARING FOR THE FUTURE

In its Centenary year, grappling with the challenges of the present and preparing for those of the future, the University committed itself to the ideal of an inclusive, world-class university in and for Africa. In this, it said it shared the conviction held by the late President Nelson Mandela that “education is the most powerful weapon which you can use to change the world”.

SU marked its Centenary in the same year as Mandela, who was also born in 1918. Having played a leading role in South Africa's transition to democracy, culminating in the 1994 elections, he received an honorary doctorate from SU two years later. He was honoured as a symbol of empowerment through education, an icon of peace and reconciliation through negotiations, and the personification of justice and compassion. This was a legacy that the University said it was happy to identify with as it concluded its first century and prepared to enter the next.

Besides commemorating its Centenary, the other major activity undertaken by SU in 2018 was to come up with a new guiding document to take it into the future. The previous version, *SU's Institutional Intent and Strategy 2013–2018*, had served the University well but had run its course.

SU's new Vision 2040 and Strategic Framework 2019–2024 was developed in a reiterative and consultative process that started in 2016, culminating in Council approval in 2018. It is aimed at bringing about regeneration in all facets and functions of the University, and it strives to make the institution more agile, adaptive and responsive, and in that way a thriving organisation.

SU certainly needs a good road map because the higher education landscape is filled with significant challenges, as is the broader socio-economic and political milieu at present and for the foreseeable future.

## THE HIGHER EDUCATION LANDSCAPE OF SOUTH AFRICA

Higher education in South Africa has gone through major upheavals since the Rhodes Must Fall and Fees Must Fall movements in 2015 and 2016. Government funding has increased significantly following the President's announcement at the end of 2017 that "fully subsidised free higher education and training for poor and working-class South Africans" would be phased in from 2018. However, the sustainability of higher subsidy levels remains uncertain. The Department of Higher Education and Training's second report *Investment Trends in Post-School Education and Training in South Africa*, published in 2018, warns that the sector "faces deep challenges in terms of resource availability".

Similarly, student access might have improved with increased government funding, but the pressure on universities to simultaneously ensure their academic success has also increased. With the youth unemployment rate in South Africa approaching 40%, going to university is seen as a potential way out of poverty. However, problems in the schooling system have meant that students' readiness for higher education is not what it should be, and thus university dropout rates are high and throughput is relatively low.

In this context, the fact that the DHET is looking beyond universities should be welcomed. The draft National Plan for Post-School Education and Training released in 2018 affirmed again the Government's intention to expand technical and vocational education and training (TVET) colleges and introduce community education and training (CET) colleges. The country needs to make concrete progress in this regard.

Universities are some of society's most enduring institutions, dating back to even before the Middle Ages. Yet the world is changing rapidly, and all kinds of pressures are mounting on universities, which are likely to affect their ongoing existence. Technological advances, economic forces, demographic shifts and various other social factors mean universities are "ripe for disruption".<sup>1</sup>

However, universities are also well placed to be ready for innovation. The challenges they face can be turned into opportunities; but for that to happen, universities must think deeply about their continued existence and make significant changes in order to adapt to new circumstances.

I am glad to report that Stellenbosch University has done exactly that in its Centenary year. It did not celebrate excessively, which would have been irresponsible considering the resource constraints facing the higher education sector, nor did it try to pretend it had a blemish-free track record. Instead, it used the opportunity to learn from its mistakes, build on its achievements and prepare for the future in a responsible way.

<sup>1</sup> Christensen, CM & Eyring, HJ. 2011. *The Innovative University: Changing the DNA of Higher Education from the Inside Out*. Wiley. Kindle Edition: vii; 5.

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# — Our — INSTITUTION

## VISION 2030

We see Stellenbosch University as an inclusive, innovative and future-focused place of discovery and excellence, where staff and students are thought leaders in advancing knowledge in service of our stakeholders.

## MISSION

We strive to achieve our vision for Stellenbosch University through sustained transformation and, on our journey of discovery through academia in the service of our stakeholders, we have resolved to:

- create an academic community in which social justice and equal opportunities will lead to systemic sustainability;
- investigate and innovatively implement appropriate and sustainable approaches to the development of Africa;
- align our research with a wide-ranging spectrum of challenges facing the world, Africa, our country and the local community;
- maintain student-centred and future-orientated learning and teaching that establish a passion for lifelong learning;
- invest in the innovative scholarship and creative ability of all our people;
- leverage the inherent power of diversity; and
- establish and extend synergistic networks in which our University is a dynamic partner.

## STRATEGIC PRIORITIES



## VALUES

### *Shared accountability*

We realise and accept that, in the interests of the stakeholders we serve, we are jointly responsible for the achievement of the University's Vision.

### *Empathy*

We promote human dignity through a culture of respectful behaviour – self-respect, respect for other people, and respect for the physical environment.

### *Innovation*

We think and act in new and different ways and make good choices and decisions for ourselves, and for our stakeholders, the country, the continent and the planet.

### *Leadership in service of others*

We promote the well-being of people and the world by leading with humility, responsibility and understanding.

### *Excellence*

Everything we do is characterised by excellence.

## STAKEHOLDER GROUPS

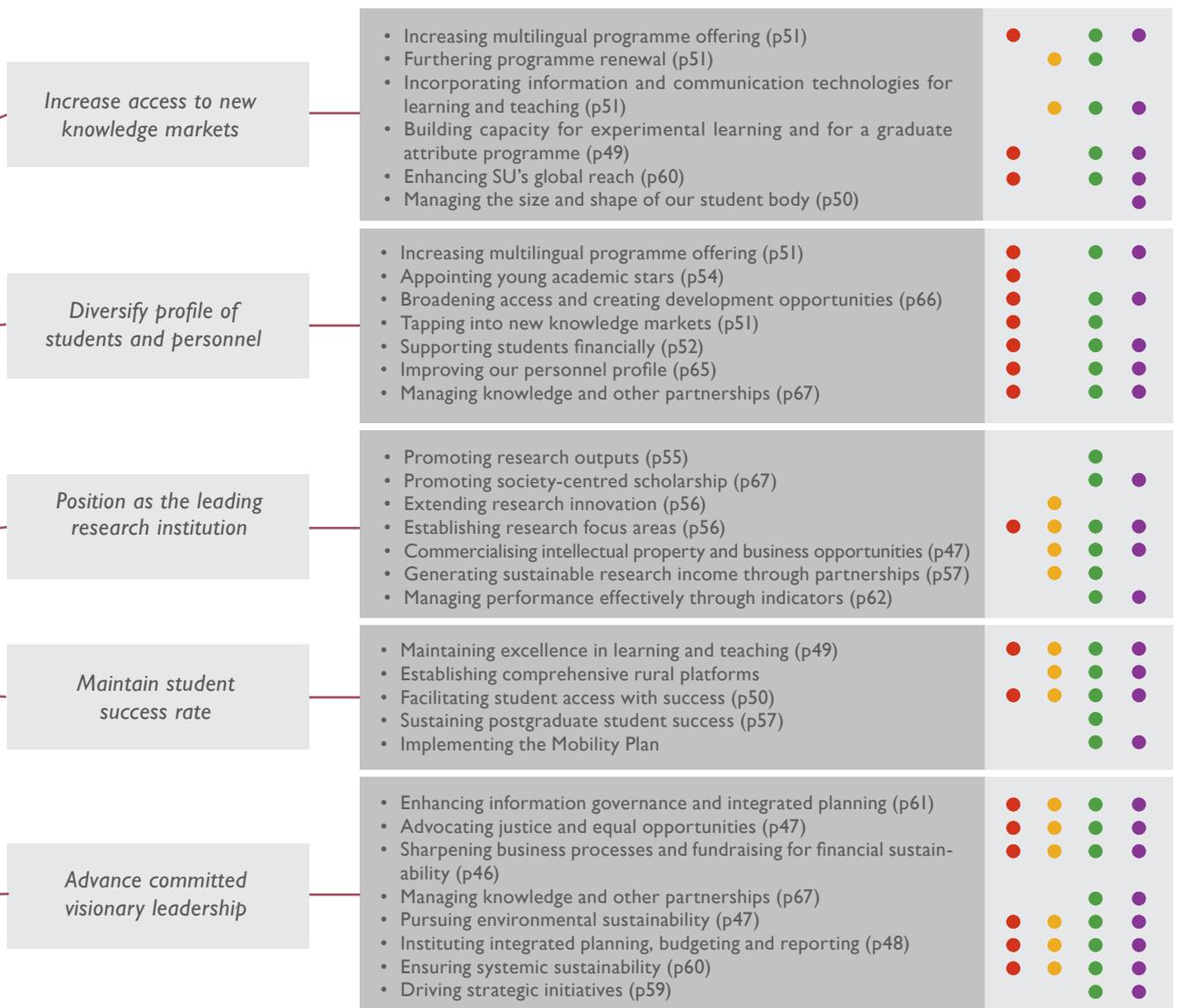
We serve our stakeholders, who are:

- students (present, past and prospective, residential and hybrid learning, full-time and part-time);
- parents and sponsors of students;
- government;
- industry;
- donors;
- research foundations (local and international);
- investors (including venture capital); and
- the community (civil society, non-governmental organisations, industry, other universities, schools, advisory councils, service providers and the media)

## STRATEGIC THEMES

## STRATEGIC GOALS

## VISION 2030



● Inclusive ● Innovative ● Future-orientated ● Transformative

Our

# NEW GUIDING STRATEGY FOR THE FUTURE

VISION 2040 *and*  
STRATEGIC FRAMEWORK  
2019–2024

Vision 2040 and Strategic Framework 2019–2024 articulate the positioning of Stellenbosch University (SU) as Africa’s leading research-intensive university, with a global reach. The aim of this strategic framework is to guide SU’s future positioning, direct its strategy and illustrate where and how the University is positioned. In 2018, Council adopted the Vision 2040 and Strategic Framework 2019–2024 as the University’s only plan going forward.

## VISION

Stellenbosch University will be Africa’s leading research-intensive university, globally recognised as excellent, inclusive and innovative, where we advance knowledge in service of society.

## MISSION

Stellenbosch University is a research-intensive university where we attract outstanding students, employ talented staff and provide a world-class environment; a place connected to the world, while enriching and transforming local, continental and global communities.

## CORE STRATEGIC THEMES



A thriving Stellenbosch University



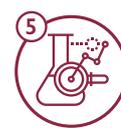
A transformative student experience



Purposeful partnerships and inclusive networks



Networked and collaborative teaching and learning



Research for impact



Employer of choice

Our

# BUSINESS MODEL

The University focuses on its key stakeholders and how to satisfy their needs by means of value-adding activities, such as the effective delivery of academic programmes, quality research, effective engagement with stakeholders, proactive corporate communications, and good corporate governance. The degree to which the University manages to do this in a sustainable manner determines the income streams to the University. At the same time, the offering of its various value-adding programmes requires resources and, where appropriate, collaborating with other organisations. This obviously has cost implications for the University.

WHAT WE OFFER	HOW OUR PRODUCTS ARE OFFERED
<p><b>Value proposition</b></p> <ul style="list-style-type: none"> <li>• Wide range of quality and affordable academic programmes</li> <li>• High academic success rate and career success of graduates</li> <li>• Impactful research of international stature</li> <li>• Successful technology transfer and business incubation</li> <li>• Empowering co-curricular programme and outstanding facilities for sport and societies</li> <li>• Multilingual university</li> <li>• Beautiful, safe and technologically enabled campus in a historic university town</li> </ul>	<p><b>Key resources and capabilities</b></p> <ul style="list-style-type: none"> <li>• Academic and PASS (professional and administrative support staff)</li> <li>• Intellectual capital in academic programmes, research output and intellectual property</li> <li>• Facilities</li> <li>• ICT system</li> <li>• Library</li> <li>• Efficient administrative systems</li> <li>• SU brand</li> <li>• Strong partnerships</li> </ul>
<p><b>Clients</b></p> <ul style="list-style-type: none"> <li>• Students (present, past and prospective, residential and hybrid learning, full-time and part-time)</li> <li>• Parents and sponsors of students</li> <li>• Government</li> <li>• Industry</li> <li>• Donors</li> <li>• Research foundations (local and international)</li> <li>• Investors (including venture capital)</li> </ul>	<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>• Effective delivery of academic programmes</li> <li>• Research that meets high scientific standards</li> <li>• Effective engagement with external stakeholders</li> <li>• Effective and pro-active corporate communications</li> <li>• Good corporate governance</li> </ul>
<p><b>Relationships with clients</b></p> <ul style="list-style-type: none"> <li>• Committed academics prepare students for life-long learning</li> <li>• Professional support services offer a well-run integrated service from application to graduation</li> <li>• Research projects are managed cost-effectively</li> <li>• Partnerships with industry, public sector and civil society to disseminate knowledge and build research agenda</li> <li>• Active relationships with informed and loyal alumni</li> </ul>	<p><b>Key partnerships</b></p> <ul style="list-style-type: none"> <li>• Staff</li> <li>• SU Council</li> <li>• Alumni</li> <li>• Donors</li> <li>• Industry</li> <li>• Government (national and local)</li> <li>• Local community</li> <li>• University associations</li> <li>• International associations and networks</li> <li>• Sport associations</li> <li>• Trade unions and service providers</li> </ul>
<p><b>Lead channels</b></p> <p><b>Learning and teaching:</b></p> <ul style="list-style-type: none"> <li>• On-campus face-to-face</li> <li>• Hybrid</li> <li>• Virtual</li> </ul> <p><b>Research:</b></p> <ul style="list-style-type: none"> <li>• Publications (papers and books)</li> <li>• Seminars</li> <li>• Laboratory research</li> <li>• Contract research</li> <li>• Technology transfer</li> </ul> <p><b>Social impact:</b></p> <ul style="list-style-type: none"> <li>• Learning and teaching and research with social impact</li> <li>• Joint projects with communities</li> </ul>	
FINANCE	
<p><b>Income streams</b></p> <ol style="list-style-type: none"> <li>1. First stream (government subsidy for teaching and learning and research) (37,4%)</li> <li>2. Second stream (student fees for academic programmes, accommodation and services) (25,8%)</li> <li>3. Third stream (research grants and contracts) (26,6%)</li> <li>4. Fourth stream (philanthropic donations) (5,3%)</li> <li>5. Fifth stream (investment income, commercialisation, technology transfer, short courses) (4,2%)</li> </ol> <p><b>Cost structure</b></p> <ol style="list-style-type: none"> <li>1. Remuneration (49,6%)</li> <li>2. Operational, equipment and other (50,4%)</li> </ol>	<p><b>Available funds, assets and liabilities</b></p> <p><b>Available funds:</b></p> <ul style="list-style-type: none"> <li>• Unrestricted and unearmarked (2,59%)</li> <li>• Unrestricted and earmarked (5,57%)</li> <li>• Restricted funds (72,87%)</li> <li>• Other funds (18,97%)</li> </ul> <p><b>Asset categories as % of total assets:</b></p> <ul style="list-style-type: none"> <li>• Property, books and equipment (34,20%)</li> <li>• Investments (59,54%)</li> <li>• Trade and other receivables and contract assets (3,63%)</li> <li>• Cash and cash equivalents (2,48%)</li> <li>• Other assets (0,15%)</li> </ul> <p><b>Liability categories as % of total liabilities:</b></p> <ul style="list-style-type: none"> <li>• Interest-bearing borrowings (9,49%)</li> <li>• Staff benefits (30,05%)</li> <li>• Trade and other payables and contract liability (60,46%)</li> </ul>





## — GOVERNANCE —

# REPORT *of the* CHAIR OF COUNCIL



*George Steyn*  
Chair of Council

At the end of 2018, the Stellenbosch University (SU) Council looked back on a historic year at the institution marked by two very special milestones – one of which concerned the past, and the other the future. It was SU's long awaited Centenary year, commemorating the University's formation from Victoria College in 1918. But 2018 was also the year in which SU took a step forward with a new guiding framework for its next epoch; its Vision 2040 and Strategic Framework 2019–2024.

The new framework replaced the University's previous document, the *SU Institutional Intent and Strategy 2013–2018* (IIS), which had served the organisation well, but which had also served its time. SU's first six-year plan, approved by Council in 2012, had been successfully concluded.

When reviewing 2018 in this annual integrated report, it is therefore appropriate to reflect not just on the most recent year, but on the whole period of the IIS. During this time, Council took a number of key decisions, altering the course of the University and setting it on a new path to academic excellence, systemic transformation and long-term sustainability. In what follows, I will attempt to highlight some of these important moments.

## A VISION OF THE FUTURE SU

The foundation was laid in 2013, when Council approved the IIS, including Vision 2030, which envisaged the University becoming more “inclusive, innovative and future focused: a place of discovery where both staff and students are thought leaders in advancing knowledge in service of all stakeholders”. To reach this destination, three strategic priorities were outlined: broadening access, sustaining the momentum of excellence, and enhancing social impact. Over the ensuing six years, there would be significant progress in each of these areas. For more details, please turn to the contribution of the Rector and Vice-Chancellor.

Also, in 2013, Council approved the new Residence Placement Policy for the University, aimed at the “promotion and celebration of diversity” and “creating a welcoming campus culture”. The policy strives to allocate places to the most vulnerable students, “whose chances of success will improve if they are in a residence”. I am happy to report that it has borne the desired fruit. In 2018, management reported to Council that the diversity profile of first-years in University residences on the Stellenbosch and Tygerberg campuses combined had almost reached a 50:50 ratio. Good progress has therefore been made with broadening access to SU student housing.

## ACCESS WITH SUCCESS

However, access is meaningless without success. That is why we agreed at our first Council meeting in 2014 to invest R218 million over a five-year period to boost the use of information and communications technology (ICT) in learning and teaching. The aim of this project is to expand the reach and richness of the academic offering at SU. The University has to keep pace with the rapid development of ICT, which is radically transforming higher education from traditional, direct-contact teaching to more open and flexible learning over the internet. Again, I can report good progress.

By 2018, 83% of all classrooms on the Stellenbosch Campus had been equipped with Wi-Fi. Expertise in utilising ICT in learning and teaching is being built across the institution by blended-learning coordinators deployed in all faculties. A new video-streaming solution, SUNStream, allows lectures to be presented live over the internet, and SU's first massive open online course (MOOC) hosted on the Future Learn platform, Teaching for Change: An African Philosophy of Education, was very successful.

## 2014 – A MOMENTOUS YEAR

However, 2014 was also a low point for SU, because on 28 June that year, the institution was rocked by the unexpected death of Rector and Vice-Chancellor Prof Russel Botman – the first time in the nearly 100-year history of the University that its leader passed away in office. In the interest of stability, Council immediately reaffirmed the University's commitment to the IIS, which had been developed under Prof Botman's guidance. The University would not deviate from the course that he had set, including its transformation journey. Council also appointed the Chief Operating Officer, Prof Leopoldt van Huyssteen, to hold the reins while the process to appoint a new Rector and Vice-Chancellor took its course. On 1 December that year, we duly appointed Prof Wim de Villiers, an alumnus of SU's Faculty of Medicine and Health Sciences, in this position, with effect from 1 April 2015.

Concluding a momentous year, Council also approved SU's Campus Renewal Project (CRP) on 1 December 2014, allocating R2,33 billion over seven years towards it. The project was initiated when much of the University's physical infrastructure was rundown and at risk of becoming dysfunctional due to long-term lack of maintenance. The neglect of our manufactured capital posed a threat to the sustainability of the academic project at SU. In 2017, we approved the expansion of the CRP, extending its timeline to 2027 and voting an additional R1,456 billion towards it. These are large sums of money, but bear in mind that the University's Facilities Management Division manages 477 buildings comprising 775 000 m<sup>2</sup> of useable space. This includes residences, office buildings, commercial spaces, classroom facilities, laboratories and research facilities, as well as recreation and sporting venues, which must all be kept in good order. The CRP is going well. Consult the report of the Chief Operating Officer for more details, but a striking example is the refurbishment of the HB Thom Theatre, initially named after a previous Rector. The facility was not only renovated, but also expanded and renamed the Adam Small Theatre Complex after the award-winning poet and playwright who passed away in 2016. This forms part of ongoing visual redress and renewal of public spaces, symbols, buildings and facilities at SU.

## TRANSFORMATION IN HIGHER EDUCATION AND REDRESS

As we all know, the Rhodes Must Fall campaign at the University of Cape Town (UCT) spotlighted the matter of redress. What at first seemed like a local issue at a neighbouring institution when it started in March 2015 soon became a two-year nationwide protest movement for transformation in higher education – also at the University of Stellenbosch, where the Open Stellenbosch collective and others campaigned for change. Parliament became involved when its Portfolio Committee on Higher Education and Training held a special sitting to discuss transformation and the language issue at the University in the aftermath of the *Luister* video, in which students shared their experiences of racism and discrimination. An SU delegation, composed of representatives of Council, the Rectorate, the Institutional Forum

and the Students' Representative Council, made submissions at that sitting in September 2015, as well as at the follow-up sittings in March 2016 and May 2017. We respect Parliament's constitutional mandate and were happy to cooperate. All University structures unequivocally condemned racism and reaffirmed their commitment to transformation.

Later that year, Council approved the explicit elevation of transformation to top-management level at SU by its inclusion in a Rectorate portfolio expanded to "Social Impact, Transformation and Personnel" (SITP), with Prof Nico Koopman appointed to head it up as Vice-Rector. Council subsequently also welcomed the establishment of two official structures specifically tasked with coordinating and overseeing transformation activities at the University – the Transformation Office and Institutional Transformation Committee (see our governance structure on page 20). Moreover, in March 2017, Council took note of the approval by Senate of a Transformation Plan for SU, following an institution-wide consultation process. The document defines transformation at SU as "an intentional and structured process of profound change of the University's places, people and programmes by means of intentional processes, practices, plans and policies".

## A NEW LANGUAGE POLICY

The language issue at SU had always been closely connected to transformation because of its role in access to SU and its knowledge base. In 2016, Council approved a new Language Policy for the institution, with the concurrence of Senate. The Policy broadened access by accommodating students who prefer to study in English while at the same time still providing access to Afrikaans-speaking students. It is based on the principles that the University's languages of instruction must promote access and academic success, and that the institution's language policy must serve its academic project. Two surveys among undergraduate students in 2017, shortly after implementation of the Policy started, indicated that it was being implemented satisfactorily in all or most of their modules, as well as in the administrative and co-curricular environments. Subsequent faculty reports reflected very few deviations from the approved language implementation plans. Also, the University's Ombud did not receive any complaints about language.

In October 2017, the Western Cape Division of the High Court of South Africa handed down judgement in favour of the University in an application by the Gelyke Kanse group and eight other applicants to have the 2016 Language Policy set aside. The applicants subsequently applied for leave to appeal to both the Constitutional Court and the Supreme Court of Appeal. The application before the Constitutional Court has been set down for hearing on 8 August 2019, while the application to the Supreme Court of Appeal is suspended pending the outcome of the Constitutional Court application.

## NEW POLICIES TOWARD GOOD GOVERNANCE

Also in 2016, Council approved an Employment Equity Policy for the University, dealing with fair and equitable employment. It enables SU to comply with the provisions of the Employment Equity Act 55 of 1998, and focuses on the imperative of building a staff force that is both diversified and equipped with transformation competencies.

Another document approved was the Policy on Unfair Discrimination and Harassment, applicable to both staff and students. This policy aims to establish a new campus culture, taking a firm stance against unacceptable conduct while encouraging conversation and dispute resolution. This policy operates in tandem with related instruments, including the Student Disciplinary Code and the Disciplinary Code

Procedure regarding Disciplinary Action against Staff. It also seeks to establish synergy between implementing structures such as the Equality Unit, Human Resources and the Central Disciplinary Committee.

In 2017, Council approved the revised Admissions Policy for SU, for implementation from the 2018 academic year. In the new policy, three considerations for the admission of prospective students to University study programmes are blended: proven academic merit at school level; transforming the racial demography of SU's student body; and redressing the socio-economic disadvantage experienced by some students. The Policy promotes access and success for students from diverse communities, helping SU to be a university for all South Africans.

In 2018, Council approved SU's new Vision 2040 and Strategic Framework 2019–2024. The constant change in higher education requires suitable responses from those involved in universities. This is especially true for SU as it enters its second century. Council had mandated management to develop a new roadmap for the future, and we are satisfied that the resulting new framework will serve the institution well.

Council also approved a revised Statute for SU, subject to the approval of the Minister of Higher Education (DHET). The document was the product of an extensive consultative process started in 2017. A task team led by the Registrar collaborated with experts to review the Statute, which was also made available for comment during a month-long public participation process. The existing Statute will remain in force until the Minister has approved the revised document.

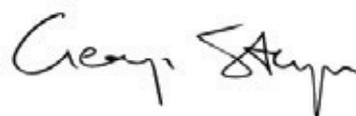
Council approved a new Teaching and Learning Policy for the University, which aims to promote an enabling institutional environment where quality teaching and learning can flourish. It provides for the professionalisation and ongoing development of academics in their

teaching role through a range of learning opportunities. It also makes provision for the continuous renewal of academic programmes to ensure alignment with the changing world of work, the broader social context, and the SU graduate attributes. This will enhance graduates' contribution to society – locally and globally – and their potential as professionals.

Council has also approved a revised Disability Access Policy for the University, which outlines the principles and provisions that should guide SU in its pursuit of becoming a universally accessible institution for staff, visitors and students with disabilities. This implies efforts to include persons with disabilities, inter alia by making physical spaces accessible and making information available in an accessible format.

In the period 2013 to 2018, the SU Council significantly improved its diversity in terms of its racial and gender make-up. The number of black African, coloured, Indian and Asian (BCIA) members has nearly doubled (from 5 out of 26 in 2013, or 19,2%, to 11 out of 30 in 2018, or 36,6%), and the number of female members has more than tripled (from 2 out of 26 in 2013, or 7,7%, to 7 out of 30 in 2018, or 23,3%).

In 2018, I was re-elected as chair, having been a member of Council since 2010 (elected by donors) and serving as chair since 2012. Council elected Mr Ainsley Moos as its new deputy chair. I sincerely thank all Council members and the knowledgeable members of the various committees of Council for their dedication. We also appreciate the hard work and loyalty of the University community.



*George Steyn*

Chair of Council

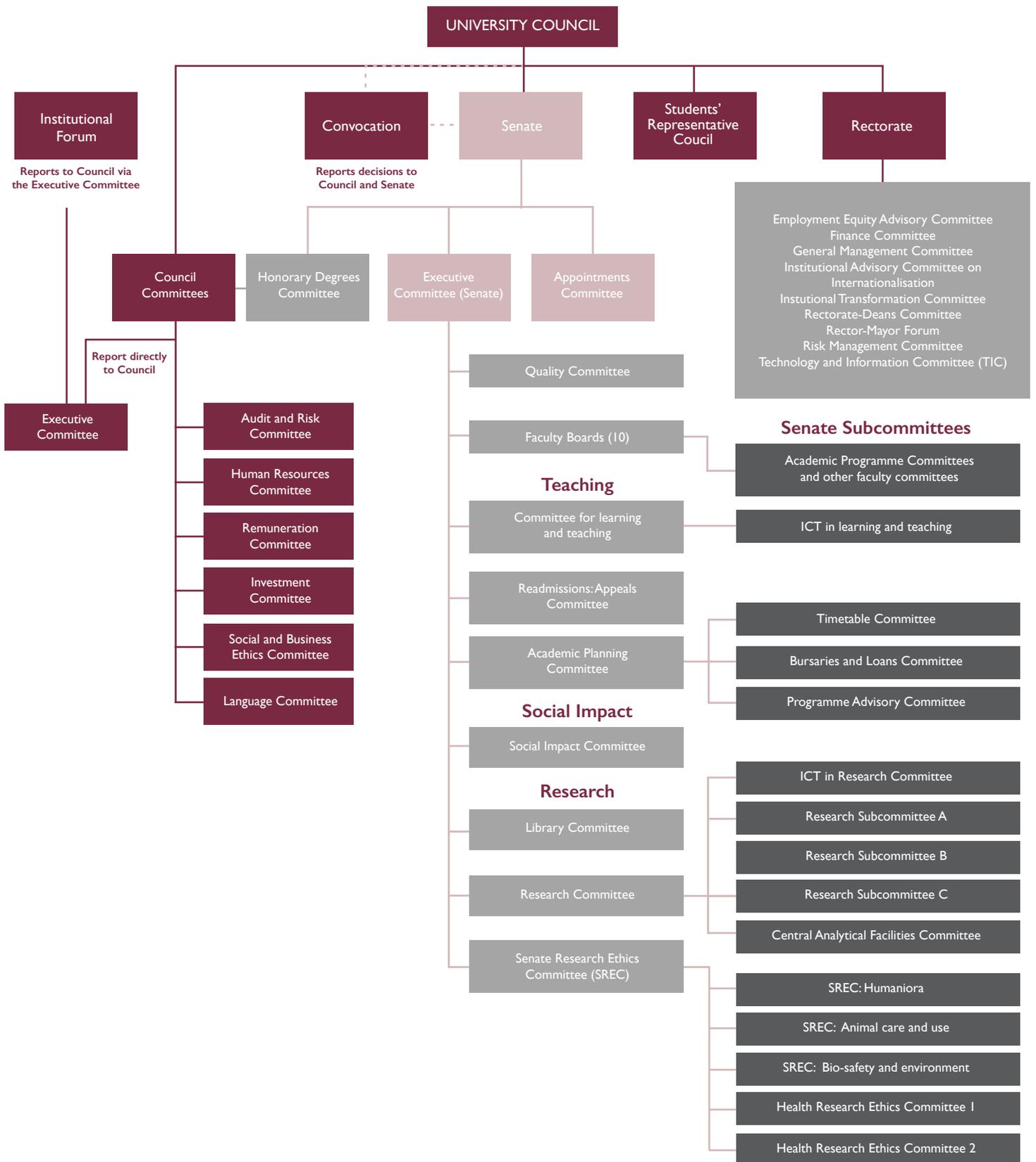
**MINISTERIAL ENROLMENT AND EFFECTIVENESS TARGETS FOR 2019  
AND STELLENBOSCH UNIVERSITY'S PERFORMANCE, 2016–2018**

	MINISTERIAL TARGET FOR 2019	SU IN 2016	SU IN 2017	SU IN 2018
HEAD COUNT	27 510 in 2012 to increase to 30 809 in 2019, annual increase of 1,6% between 2012 and 2019	30 160	31 114	31 260
FULL-TIME EQUIVALENT STUDENTS	22 193 in 2012 to increase to 25 330 in 2019	23 745	24 311	24 526
FUNDED TEACHING INPUT UNIT (WEIGHTED FULL-TIME EQUIVALENT)	77 965 in 2021/22 (the funded teaching input share will change from 5,38% in 2015/16 to 5,33% in 2021/22)	75 005	79 828	80 672
FIRST TIME ENTERING FIRST-YEARS	5 230 in 2019, average annual increase of 4,1% from 3 936 in 2012	5 025	5 200	5 190
<b>MAJOR FIELDS OF STUDY %</b>				
SCIENCE, ENGINEERING AND TECHNOLOGY	52% in 2019	48,3	48,5	48,9
BUSINESS AND MANAGEMENT	22% in 2019	21,6	21,7	21,3
EDUCATION	5% in 2019	4,4	4,3	5,1
HUMANITIES	21% in 2019	25,7	25,5	24,7
<b>LEVELS OF STUDY %</b>				
UNDERGRADUATE	63% in 2019	63,3	62,4	63,0
POSTGRADUATE BELOW MASTER'S	12,9% in 2019	12,3	12,8	13,2
MASTER'S	16,6% in 2019	16,3	15,9	15,7
DOCTORAL	4,7% in 2019	5,2	5,4	5,4
OCCASIONAL STUDENTS	2,8% in 2019	2,8	3,5	2,7
TOTAL GRADUATES	To increase from 7 681 in 2012 to 8 130 in 2019	8 208	8 932	8 899
<b>GRADUATES IN SCARCE SKILLS</b>				
ENGINEERING	455 in 2019	525	541	579
LIFE AND PHYSICAL SCIENCES	404 in 2019	488	474	441
ANIMAL AND HUMAN HEALTH SCIENCES	438 in 2019	408	413	477
INITIAL TEACHER EDUCATION	355 in 2019	336	328	410
<b>GRADUATES AT DIFFERENT LEVELS</b>				
POSTGRADUATE BELOW MASTER'S	2 706 in 2019	2 554	2 691	2 651
RESEARCH MASTER'S	867 in 2019	877	928	882
DOCTORAL	231 in 2019	278	305	305
TARGETED SUCCESS RATE %	84% in 2019	85,9	87,1	86,4

**INTERPRETATION OF COMPARATIVE ENROLMENT AND EFFECTIVENESS VALUES AND THE MINISTERIAL TARGETS FOR 2019**

The table above shows how Stellenbosch University fared in 2016, 2017 and 2018, measured against the enrolment and effectiveness targets set by the Minister of Higher Education and Training for the University for 2019. These statistics are extracted annually from the Higher Education Management Information System (HEMIS) and submitted to the Department of Higher Education and Training, who compares the performance of universities in South Africa. Stellenbosch University's success rate performance of 86,4% for 2018 exceeds the Minister's target of 84%.

# Our GOVERNANCE STRUCTURE and REPORTING LINES



# The UNIVERSITY COUNCIL *as at 18 June 2019*

The University Council governs Stellenbosch University (SU) subject to the Higher Education Act 101 of 1997 and the institutional statute. The functions and composition of Council are set out in the Statute of Stellenbosch University. Council members are listed below as at 18 June 2019, the date on which Council approved the *Stellenbosch University Annual Integrated Report 2018* for publication. Members who have served in 2018, but whose term concluded before the Report was approved, are indicated with “Retired”.

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>● Member of the Executive Committee of Council</li> <li>● Member of the Audit and Risk Committee of Council</li> <li>● Member of the Honorary Degrees Committee</li> <li>● Member of the Human Resources Committee of Council</li> <li>● Member of the Investment Committee of Council</li> </ul> | <ul style="list-style-type: none"> <li>● Member of the Language Committee of Council</li> <li>● Member of the Remuneration Committee of Council</li> <li>● Member of the Social and Business Ethics Committee of Council</li> <li>● Member of the Institutional Forum</li> <li>● Member of Senate</li> </ul> |
|--|--|

Our statutory Council and Senate committees and their reporting lines are shown in the diagram on the previous page. For information on the roles of the above-mentioned committees, see “Committees of Council”, on page 24.

COMMITTEE	NAME	AGE	QUALIFICATIONS	TERM OF OFFICE
<b>EX OFFICIO MEMBERS</b>				
Rector and Vice-Chancellor				
● ● ● ● ● ● ● ●	Prof WJS de Villiers	58	MBCbB, MMed (Int) (SU), FCP(SA), DPhil (Oxon), MHCM (Harv), DSc hc (Coventry)	1.4.2015–31.3.2020
Chief Operating Officer				
● ● ● ● ● ●	Prof SA du Plessis	46	BCom, BComHons (SU), MPhil (Cambridge), PhD (SU)	1.1.2018–31.12.2023
Vice-Rector (Social Impact, Transformation and Personnel)				
● ● ● ● ● ●	Prof NN Koopman	57	BA, BTh, HonsBTh, MTh, DTh (UWC)	1.7.2016–30.6.2021
Vice-Rector (Learning and Teaching)				
● ● ● ● ● ● ● ●	Prof A Schoonwinkel	62	BEngHons, MEng (SU), MBA (UCT), PhD (Stanford), PrEng	1.8.2017–31.12.2020
Vice-Rector (Research, Innovation and Postgraduate Studies)				
● ● ● ● ● ● ● ●	Prof TE Cloete	60	MSc (UOFS), DSc (UP)	1.8.2017–31.7.2022
<b>ELECTED BY THE PERMANENT ACADEMIC STAFF (NON-SENATE MEMBERS)</b>				
● ● ● ● ● ● ● ●	Prof J Fourie	35	MCom, PhD (Utrecht)	1.9.2018–31.8.2020
<b>ELECTED BY THE PERMANENT NON-ACADEMIC STAFF</b>				
● ● ● ● ● ● ● ●	Mr WP Davidse	48	BEcon, BPhil, MPhil (SU)	6.4.2018–5.4.2020
<b>APPOINTED BY THE MINISTER OF HIGHER EDUCATION AND TRAINING</b>				
● ● ● ● ● ● ● ●	Mr AR Dietrich	58	PGCerts Globalisation (GLU Kassel), DevEcon (BSE, Germany), (EdMethod & Labour Ed) (ACTRAV, Turin), Empl & SocSecur Law, Adult Ed (UCT)	23.3.2017–22.3.2021
	Prof A Keet	53	MEd (UWC), PhD (UP)	1.12.2018–30.11.2022
	Ms TS Lingela	61	BA, UED (Fort Hare), BEd (Rhodes), MEd (UDW, USA)	1.1.2019–31.12.2023
Retired	Prof PG Maré	72	BAHons (UN), BAHons, MA (Wits), PhD (UN)	25.9.2014–24.9.2018
	Dr T Ngomane	54	BHons (UZ), MAgricExt (Limp), PhD (Agric) (Penn State, USA)	1.10.2018–30.9.2022
● ● ● ● ● ● ● ●	Ms Z Stuurman	29	BAHons Political Science (SU)	13.7.2017–12.7.2021
<b>ELECTED BY THE CONVOCATION</b>				
● ● ● ● ● ● ● ●	Mr CD Cillie	43	BSc, BScHons (Med Phys), BPhil (Logistics & Transport Ec), Financial Man (USB), Project Man (IT)	2.4.2018–1.4.2022

COMMITTEE	NAME	AGE	QUALIFICATIONS	TERM OF OFFICE
●	Prof AR Coetzee	67	MChB, MMed (Anes), PhD, MD, PhD, DSc (SU), FCA(SA), FFARCS	2.4.2016–1.4.2020
	Mr H Gonzales	30	LLB (SU), registered attorney	2.4.2016–1.4.2020
●	Prof JH Hambidge	62	BAHons (SU), MA (Pret), PhD (Rhodes), PhD (UCT)	2.4.2018–1.4.2020
● ●	Adv JJ Meiring	45	BA, BAHons (Latin), LLB (SU), BCL (Oxon)	2.4.2018–1.4.2022
	Mr JG Theron	55	BA Law, LLB (SU)	2.4.2018–1.4.2022
<b>ELECTED BY SENATE</b>				
●	Prof UME Chikte	64	PhD (SU), MSc (UCL), MDent (Wits), DHSM (Wits), BChD (UWC)	1.1.2018–31.12.2019
● ●	Prof MA Fataar	52	BA, HDE, BAHons, MPhil, PhD (UWC)	1.7.2018–30.6.2020
● ●	Prof A Gouws	59	MA (RAU), PhD (Illinois, Urbana-Champaign)	1.1.2018–31.12.2019
<b>APPOINTED BY THE COUNCIL OF THE MUNICIPALITY OF STELLENBOSCH</b>				
	Adv GMM van Deventer	59	Dip Viticulture and Botany, Dip Cellar Master and Wine Maker (First Class) (Elsenburg), BA Law, LLB (SU)	1.12.2016–30.11.2021
<b>ELECTED BY THE DONORS</b>				
● ●	Mr HR Brody	54	BAccHons (SU), CA(SA), EMP (UCT)	2.4.2018-1.4.2022
● ● ●	Mr JJ Durand	51	BAccHons (SU), MPhil (Oxon), CA(SA)	2.4.2016–1.4.2020
● ● ● ●	Mr GM Steyn (Chair, re-elected on 18.6.2018)	59	BA Law, LLB (SU)	2.4.2018–1.4.2022
<b>ELECTED BY THE PREMIER OF THE WESTERN CAPE PROVINCIAL GOVERNMENT</b>				
	Ms GSA Ngwenya	30	BSocSc (UCT), MSc Fin (Banking) (University of London), MIntEcon (UPE, France)	1.12.2018–31.7.2022
Retired	Mr AP van der Westhuizen	59	BCom, HED, MEd (SU)	1.8.2014–31.7.2018
<b>ELECTED BY COUNCIL</b>				
● ● ● ●	Mr AV Moos (Vice-Chair from 18.6.2018)	40	BA, BPhil Journalism, MBA (SU)	1.6.2018 – 31.5.2022
● ●	Ms K Njobe	48	Biology (UCLA, USA), MSc (Zoology) (UP), MTE (IMD, Switzerland)	1.6.2018 – 25.3.2019
<b>ELECTED BY THE STUDENTS' REPRESENTATIVE COUNCIL</b>				
Retired ●	Mr EL Etson	23	-	1.1.2018–31.12.2018
Retired	Mr L Nkamisa	26	-	1.1.2018–31.12.2018
	Mr PG Joubert	23		1.1.2019–31.12.2019
	Ms CA van Wyk	22		1.1.2019–31.12.2019
<b>COUNCIL APPOINTED THE FOLLOWING NON-COUNCIL MEMBERS AS ADDITIONAL MEMBERS OF THE AUDIT AND RISK COMMITTEE</b>				
● ●	Prof DP du Plessis		BSc (UCT), MBA, DBA (SU)	
● ●	Mr JP Bester		BComHons (Acc) (SU), BComHons (ManAcc), BComHons (InformSys) (UCT), CA(SA)	
●	Mr BHJ Wessels		BCompt (Unisa), GIA(SA)	
●	Mr H van der Ahee		BEng (Chem), BAcc, BComHons (Taxation) (SU), BComptHons (Unisa), CA(SA)	
<b>COUNCIL APPOINTED THE FOLLOWING NON-COUNCIL MEMBERS AS MEMBERS OF THE INVESTMENT COMMITTEE</b>				
● ●	Prof DP du Plessis		BSc (UCT), MBA, DBA (SU)	
●	Mr GT Ferreira		BCom, MBA (SU)	
●	Prof JD Krige		MCom (SU), FIA (London)	
●	Mr DK Smith		BSc (SU), FASSA, ISMP (HBS)	
●	Mr MM du Toit		BScAgric, MBA (SU)	
●	Ms E de la Harpe-Meaker		BAHons (SU)	

COMMITTEE	NAME	AGE	QUALIFICATIONS	TERM OF OFFICE
<b>COUNCIL APPOINTED THE FOLLOWING NON-COUNCIL MEMBERS AS MEMBERS OF THE SOCIAL AND BUSINESS ETHICS COMMITTEE</b>				
● ●	Mr JP Bester		BComHons (Acc) (SU), BComHons (ManAcc), BComHons (InformSys) (UCT), CA(SA)	
●	Dr T Theron		BScHons, MSc, PhD (SU)	
●	Prof P Naudé		LicTheol, MA, DTh (SU)	
●	Prof P Pillay		BAdminHons, MAdmin, DAdmin (UKZN)	
<b>COUNCIL APPOINTED THE FOLLOWING NON-COUNCIL MEMBER AS A MEMBER OF THE HONORARY DEGREES COMMITTEE</b>				
●	Prof HC Klopper		BCur (Unisa), MCur, PhD (UJ), MBA (Luton), DNursing hc (Oxford Brookes)	
<b>COUNCIL APPOINTED THE FOLLOWING NON-COUNCIL MEMBER AS A MEMBER OF THE LANGUAGE COMMITTEE</b>				
●	Prof C van der Walt		HED, MA (PU for CHE), DLitt (UP)	



*SU Council members present at the meeting on 26 September 2018, from left to right (back), Messrs Wayde Davidse and Charl Cillié, Profs Eugene Cloete and Johan Fourie, Messrs Lwando Nkamisa and Jannie Durand, Prof Nico Koopman, Deputy Chair Mr Ainsley Moos, Profs André Coetzee, Aslam Fataar and Usuf Chikte, and Adv Jean Meiring; (front) Profs Joan Hambidge, Arnold Schoonwinkel, Stan du Plessis and Wim de Villiers, Chair Mr George Steyn, Ms Khungeka Njobe, Prof Amanda Gouws and Ms Gwen Ngwenya.*

# Council's Statement on CORPORATE GOVERNANCE

Stellenbosch University, a public institution, was established a century ago, in 1918, under the University of Stellenbosch Act 13 of 1916 when the Victoria College was converted into a university.

The Stellenbosch University Council (hereafter referred to as Council) governs the institution. Business allocated to Council for consideration and decision-making is set out in the Statute of the University, either by established practices or in terms of the Higher Education Act. Council has committed itself to sound governance principles, as set out in the *King IV Report on Corporate Governance for South Africa 2016* (King IV), to ensure that the University is managed effectively and ethically in its endeavour to be a good corporate citizen. Likewise, the University's financial reporting complies with the standards as codified in the International Financial Reporting Standards (IFRS).

In the year under review, the University's structural capital was enhanced by means of audit processes to ensure compliance with all relevant laws and of application of the King IV principles. In this regard, the Registrar rewrote the Statute to conform to these principles and submitted it to the Department of Higher Education and Training for approval. The Registrar was made a member of the Rectorate, reporting to the Rector, and her core functions include legal services and statutory compliance, academic student administration, and corporate governance and secretarial services.

## COUNCIL ENSURES ACCOUNTABILITY

At its meeting on 18 June 2019, Council approved the *Annual Integrated Report 2018*, which was compiled according to *The International <IR> Framework*, and confirmed the University's status as a going concern. It declared SU's financial circumstances favourable and stated that the institution would be managed as a going concern over the following 12 months. These declarations were made on the recommendation of the Audit and Risk Committee of Council, who inspected the Report and also reported that the external audit of the University raised no material findings.

## CONSTITUTION OF COUNCIL

Council is composed of academic and non-academic members, duly appointed and nominated in terms of the Statute of the University, the majority of whom are not staff members or current students of the University. The role of the chair of Council is separate from the role of the Rector and Vice-Chancellor of the University.

Council was composed of 30 members in 2018, namely five executive Council members, 14 independent non-executive Council members, five employees of the University, four members appointed by the government and two appointed by the students. The names of the members, their qualifications and terms of office as at 18 June 2019 appear on page 21. The incumbent chair of Council was re-elected during 2018 to serve a further term from 2 April 2018 to 1 April 2022.

In 2018, Council officially met four times, with an average rate of attendance of 75%.

## COMMITTEES OF COUNCIL

Council has created organisational structures to ensure that its obligations to all interest groups are duly met at all times (see "Our governance structure" on page 20) in a manner that conforms to the King IV principles. The committees of Council play a direct role in the effective functioning of the University. All the committees of Council are formally constituted with written mandates (see the summaries further on) and mainly comprise members of Council who are not staff members or students of the University. The Council committees meet on different intervals with some meeting before every Council meeting and others as and when required.

## THE UNIVERSITY COUNCIL AND COMMITTEES OF COUNCIL: MEMBERSHIP AND ATTENDANCE OF MEETINGS IN 2018

COUNCIL / COMMITTEE	NUMBER OF MEMBERS	% EXTERNAL / INTERNAL	POSITIONS FILLED	NUMBER OF MEETINGS	AVERAGE ATTENDANCE
AUDIT AND RISK COMMITTEE	7	100/0	7	4	79%
EXECUTIVE COMMITTEE	7	57/43	7	5	74%
HUMAN RESOURCES COMMITTEE	5	60/40	5	4	72%
INVESTMENT COMMITTEE	11	56/44	9	4	61%
LANGUAGE COMMITTEE	8	38/62	8	2	63%
REMUNERATION COMMITTEE	4	75/25	4	1	100%
SOCIAL AND BUSINESS ETHICS COMMITTEE	6	33/66	6	4	75%
UNIVERSITY COUNCIL	30	66/33	30	4	75%

### Audit and Risk Committee of Council

#### ROLE

The Audit and Risk Committee (ARC) functions in terms of a written Council mandate, revised and approved in November 2018. Regarding the University and its associated legal entities, the ARC is accountable to Council for the following:

- the protection of assets;
- the functioning of suitable systems;
- risk management and control measures;
- inquiry into financial information and the pre-approval of the annual financial statements;
- the internal and external audit processes;
- tax services process;
- corporate and other statutory requirements;
- legal compliance;
- sustainability issues;
- information technology governance;
- institutional governance processes; and
- the *Annual Integrated Report* that must be submitted to the DHET and other stakeholders.

#### CONSTITUTION

Council appoints seven independent members, including a chair and deputy chair, to the ARC. At least two members must be Council members (excluding the chair of Council) and at least two must be non-Council members, appointed on the strength of their expertise and qualifications. Either the chair or deputy chair must be a Council member, and one member should be a member of the Social and Business Ethics Committee (SBEC). Jointly, the ARC's members must possess the required financial expertise and qualifications to assist the Committee in the ethical and efficient execution of its duties. In 2018, all seven positions were filled, as set out on page 21–22.

The ARC invites the University's senior management and internal and external auditors to attend its meetings. The unrestricted access of the auditors to the ARC ensures their independence. The Committee may seek independent professional advice in fulfilling its responsibilities.

#### STATEMENTS

Disclosure of conflicts of interest were discussed at each meeting. The provision of non-audit services is regulated by the University's Policy in respect of Non-audit Services, which defines prohibited and permitted non-audit services to ensure the independence of the University's external audit partners. Since the Policy's implementation on 9 October 2017, a report on non-audit services has been tabled at each ARC meeting. The five-year tenure of the University's external audit partner, PricewaterhouseCoopers Inc., ended in 2018. The firm Ernst and Young was appointed for a four-year tenure from 2019 to 2022 in preparation of mandatory firm rotation anticipated in 2023. The ARC evaluates the independence of audit firms annually.

#### KEY AREAS OF FOCUS

The Committee met four times, with an average attendance of 79% in 2018. One meeting was dedicated to risk-related matters. The Committee is satisfied that it has fulfilled its mandate for 2018 as borne out by the results of the annual self-evaluation of its functioning. The ARC ensured good governance and systemic sustainability by attending to and advising Council on the following key focus areas:

- SU's financial statements;
- Innovus reports on the functioning of the University's subsidiaries and the identification of related risks;
- the external and internal audit plans and reports; and
- the University's rewritten Statute and the new Vision 2040 for the next institutional strategic cycle.

The ARC evaluated risk management in terms of the Combined Assurance Plan by considering risk, litigation, disciplinary and forensic reports. A special report on POPIA compliance – that is, compliance with the Protection of Personal Information Act 4 of 2013 that was identified as a high-order risk (see page 72) – was tabled at a Committee meeting.

In 2019, the ARC will again ensure that the agendas for its scheduled meetings cover all the responsibilities under its terms of reference. It will also deal with additional matters referred to it by Council and other committees of Council.

### Executive Committee of Council

#### ROLE

Within its delegated powers, the Executive Committee of Council deals with business and makes decisions on behalf of Council, advises Council on policy decisions, and, in the periods between Council meetings, liaises with senior management on matters relating to the functions of Council. The Committee also fulfils a monitoring and control function on behalf of Council in that it makes recommendations on the University's transformation targets and monitors implementation; makes recommendations on the annual operating and capital budgets; and monitors progress in terms of the approved budgets and results. The Committee is also responsible for ensuring that the University is financially sound and remains a going concern.

#### CONSTITUTION

The Executive Committee of Council is composed of seven members who are also members of Council. In 2018, all seven positions were filled, as set out on page 21–22.

#### KEY AREAS OF FOCUS

The Committee met five times in the year under review, with an average attendance of 74%. Key matters that received attention were:

- the naming of buildings;
- guidelines for good governance practice and governance indicators for councils;

- SU's new Statute to be submitted to the Minister of Higher Education and Training;
- SU's financial results for 2017;
- SU's Learning and Teaching Policy;
- SU's Vision 2040 and Strategic Framework 2019–2024;
- integrated budget 2019 and financial planning 2020–2024; and
- the (re)appointment process for senior professional administrative and support services staff on job levels 1–4.

The Executive Committee of Council is satisfied that it gave proper attention to matters submitted to it during 2018 and that it dealt with these matters in a transparent and accountable way. Disclosure of conflicts of interest was always first on the agenda.

The Committee has no matters pending, neither does it generate its own agenda, given the nature of decision-making processes at the University. Future areas of focus will therefore be dealt with as and when they are referred to the Committee by the Rectorate and Council.

## Human Resources Committee of Council

### ROLE

The Human Resources Committee of Council's mandate includes recommendations to Council regarding general strategy and broad policy on employee matters as well as appointments and promotions of senior employees. The Committee communicates appointments and promotions of employees on job grade Level 4 in terms of its delegated authority by Council.

### CONSTITUTION

The Committee is composed of five members, namely the Chair of Council (as chair); the Vice-Chair of Council; the Rector; a member of Council not appointed by the staff or students of the University; and a member appointed by the employee interest groups of the University. Two ex officio members (without voting rights) also serve on the Committee, namely the Vice-Rector (Social Impact, Transformation and Personnel) and the Chief Director: Human Resources. Currently, all five positions are filled, as set out on page 21–22.

### KEY AREAS OF FOCUS

The key focus areas of the Human Resources Committee of Council at its four meetings in 2018 were:

- appointing or promoting a number of senior staff members;
- revising the senior appointment processes; and
- revising the Staff Development Policy.

Likewise, in 2019, the Committee will attend to staff matters referred to it.

## Investment Committee of Council

### ROLE

The Investment Committee of Council is responsible for the appointment of asset managers for the investment funds of SU and the Stellenbosch Trust, the monitoring of these asset managers and the reporting of the investment performance to Council and the Stellenbosch Trust. The Committee makes recommendations to Council on strategic and other policy matters related to the University's portfolios and appoints asset managers for the short-, medium- and long-term investment funds of the University and the Stellenbosch Trust.

### CONSTITUTION

The Investment Committee is composed of four members appointed by Council and four members appointed by the Stellenbosch Trust, as set out on pages 21 and 23. Additional members may be co-opted on the grounds of their expertise. The Rector and the Chief Operating Officer (COO) are ex officio members and the COO chairs the

Committee. The Chief Director: Finance attends the meetings on the grounds of his administrative responsibilities and the Deputy Director: Funds and Asset Management provides the secretariat. Required to meet at least twice a year, the Committee met four times in 2018.

### KEY AREAS OF FOCUS

Council reappointed Willis Towers Watson for another five years to provide investment consultancy services to SU and the Stellenbosch Trust. A long-term investment-portfolio (worth about R1 billion at inception) with a more diverse asset composition aimed at long-term capital growth was implemented in 2018. Capital markets in South Africa, and elsewhere, experienced a turbulent 2018, and the University's investment portfolios showed only modest growth compared with strong growth in previous years.

In 2019, the Investment Committee will focus on monitoring the University's portfolio managers, as markets are expected to remain volatile. Meanwhile, the Stellenbosch Trust is developing its own capacity to oversee the Trust's portfolio and the Trust is expected to leave the ambit of the Investment Committee in 2019.

## Language Committee of Council

### ROLE

The Language Committee is responsible for the oversight over language issues and it liaises closely with other committees and the executive management of the University in the execution of, among others, the following tasks:

- overseeing the monitoring, assessment and measurement of the University's activities related to language;
- considering substantive national and international guidelines, best practice and legislation in respect of language;
- advising management regarding sensitive language implementation issues that may develop urgently and continually;
- inspecting Senate's semester reports to management, as well as management's reaction to them, and making recommendations to Council;
- deliberating on management's annual report on language to Council before the Council meeting and, if necessary, offering input and recommendations to Council;
- ensuring that executive management puts in place sufficient capacity to execute the University's Language Policy; and
- notifying material risks perceived to the Audit and Risk Committee.

### CONSTITUTION

The Language Committee is composed of the Rector; the Vice-Rector (Learning and Teaching); five members of Council appointed from the members elected respectively by Senate, the Minister, the Convocation, the Students' Representative Council and the independent members of Council; and a co-opted member appointed by the Language Committee, who is an expert on language and the pedagogic value of language. See page 21–22 for the members. The chair, appointed by Council, has to be a non-executive member of Council. Council appointed Advocate Jean Meiring as Chair in the place of Prof PW van der Walt, who concluded his term. Exercising its discretion, the Committee may approach any additional persons with relevant competencies to attend meetings and assist the Committee in the execution of its duties. The Committee meets at least twice a year.

### KEY AREAS OF FOCUS

Under the oversight of the Vice-Rector (Learning and Teaching) and the Senior Director: Learning and Teaching Enhancement, the faculties implemented and monitored the Language Policy. The soundness of implementation is substantiated in that no complaints regarding language were lodged with the Ombud in 2018. The faculties and responsibility centres compiled their language implementation plans in accordance with the guidelines of the Language Policy.

The Faculty of Education started establishing the capacity to interpret

for Deaf students. With support from the Department of Higher Education and Training, particular computer-supported projects were undertaken to promote multilingualism. Read more about one such project, the Mobilex project, on page 51. The Committee recommended that a language survey for undergraduate students and for lecturers and support services staff, like the 2017 language survey, be conducted again in 2019. A further recommendation was that an investigation be carried out on the use of interpreters and on the language preference of students in double-medium classes. Having fulfilled its responsibilities in 2018, the Committee will continue to monitor the implementation of the Language Policy to promote multilingualism and to deal with matters referred to it in 2019.

## Remuneration Committee of Council

### ROLE

The Remuneration Committee is responsible for setting general strategy and broad policy on matters concerning staff remuneration and fringe benefits, and makes recommendations to Council regarding general remuneration increases. The Remuneration Committee advises Council on general strategy and broad policy with regard to remuneration and staff benefits, and on general remuneration adjustments and the remuneration of the Ombud and members of the Rectorate.

### CONSTITUTION

The Remuneration Committee of Council is composed of the Chair of Council; the Vice-Chair of Council (as chair); and three ex officio members (without voting rights), namely the Chief Director: Human Resources; the Director: Human Resources (Remuneration and Benefits); and a member of the Chief Operating Officer's responsibility centre, as set out on page 21–22.

### KEY AREAS OF FOCUS

At its annual meeting, the Remuneration Committee attended to the remuneration adjustments for 2019. At its next meeting in 2019, the Committee will attend to remuneration matters that might arise in the course of the year and to the remuneration adjustments for 2020.

## Social and Business Ethics Committee of Council

### ROLE

The mandate of the Social and Business Ethics Committee (SBEC) of Council was approved at the end of 2014 and the Committee started functioning in 2015. Its key function is to serve as the social conscience of the University, and to ensure that the institution acts as a responsible corporate citizen. The SBEC is responsible for oversight of and reporting on organisational ethics relating to corporate citizenship, sustainable development and stakeholder relationships. The Committee has overall responsibility for establishing corporate ethical values and associated codes of conduct and policies, ensuring that the principles of ethical business practice are adhered to, and evaluating its impact. The Committee reports its findings and makes the necessary recommendations to Council for consideration and final approval.

### CONSTITUTION

The Committee is composed of at least five members, namely at least two Council members, with one of the two being a non-executive (independent) member, at least two representatives of SU management, and one additional member from outside with the required expertise. One of the SBEC members must be a member of the Audit and Risk Committee and one must be a member of the Human Resources Committee. The chair is a non-executive Council member. In 2018, Council appointed Ms Khungeka Njobe as Chair in the place of Mr Andricus van der Westhuizen, who concluded his term. See pages 22–23.

### KEY AREAS OF FOCUS

The Committee met four times during 2018. The key aspects that were considered in 2018 include the draft SU Statute, a draft ethical code for SU, the Disability Access Policy, the Learning and Teaching Policy, the proposed framework regarding senior appointments at SU, human relations at SU, and the Fraud Health Check survey conducted by Deloitte.

The Committee's scheduled tasks for 2018 were in line with its mandate.

In 2019, the Committee will focus on, among others:

- further consultation within SU on the draft Ethical Code;
- a landscape analysis on all SU policies and regulations currently being conducted by the Registrar's division;
- social impact and stakeholder matters;
- research ethics and related matters;
- reviewing the Ombud's annual report and related matters requiring attention;
- reviewing relevant sections of the *Annual Integrated Report*;
- addressing matters referred to it by Council, the Audit and Risk Committee and Human Resources Committee; and
- conducting a formal self-evaluation of its activities against its mandate.

## COMPLYING WITH LAWS, CODES, REGULATIONS AND STANDARDS

The University's internal auditors commenced with a compliance function assessment towards the end of 2016. Action plans and a road map were agreed with management to be implemented in 2017 and 2018.

### *Sharing information according to PAIA*

SU is committed to fostering a culture of transparency and accountability through compliance with the Promotion of Access to Information Act 2 of 2000 (PAIA), and to information sharing when appropriate. On 27 March 2018, the Rectorate approved a revised and updated version of our institutional PAIA manual, with effect from 1 May 2018. In 2018, the University received five requests under the Act. Of these, two were granted, one was refused as the requested records do not exist (section 23 of PAIA), and two were refused due to the mandatory protection of privacy of a third party who is a natural person (section 34 of PAIA).

### *Reporting under King IV*

The University subscribes to the philosophy of leadership, sustainability and corporate citizenship as set out in King IV. Application of King IV's corporate governance principles, published in November 2016 and to be applied by entities whose financial year commences after 1 April 2017, has been initiated. King IV has moved from "apply or explain" to "apply and explain", but has reduced the 75 principles in King III to 17, one of which applies to institutional investors only and 16 of which can be applied by any organisation. To substantiate a claim that good governance is being practiced, an organisation has to apply at least 16 principles.

Applying the King IV principles to our business activities is an ongoing process and the University evaluates its progress continuously. For the purpose of this report, the application of selected principles as at 31 December 2018 has necessitated work on the focus areas summarised in the table on the next page.

## KING IV PRINCIPLES APPLIED IN 2018

FOCUS AREAS	EXPLANATION
Statute of the University	The SU Statute was completely rewritten in 2018 and submitted to the Department of Higher Education and Training for approval, which is currently being awaited. The new Statute adheres to the principles of King IV.
Succession planning and talent management of Council members	Given that Council members are appointed by various stakeholder groups based on specific expertise, talent management is not possible. Succession planning is done by the respective stakeholder groups responsible for the appointment of their members to Council.
Council committees	Once the new Statute comes into effect, all the mandates of Council committees will be reviewed and aligned to the Statute. Thereafter they will be reviewed as and when necessary.
Remuneration disclosure	Remuneration disclosure meets the requirements as set by the Regulations for Reporting by Higher Education Institutions.
Training register for Audit and Risk Committee members	Given the expertise of the members and the positions they hold, additional training for Audit and Risk Committee members is not deemed necessary. Members will be required to confirm their continuous professional training and development regularly.
Ensuring compliance with legislation	The appointment of a compliance officer towards the end of 2017 created the capacity for the development of an institutional compliance function at the University, supplementing the existing embedded risk and compliance model. In 2018, the Rectorate approved a Compliance Regulation, which will form the basis of a legal compliance policy, plan and framework.

## FINANCIAL MANAGEMENT AND CONTROL SYSTEMS

Effective, efficient and transparent financial management and internal control systems ensure the accuracy of the University's accounting records and the integrity of the data used for the preparation of financial statements. The University's consolidated annual financial statements are prepared according to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

There are inherent limitations to the efficiency of any internal control system, including the possibility of human error and the circumvention or subversion of control measures. Consequently even an efficient system of internal control can at best only provide reasonable assurance as far as financial information is concerned.

The internal and external auditors assess the effectiveness, efficiency and reliability of financial management and internal control systems. Weaknesses in the systems are brought to the attention of management and, where applicable, to the attention of the Audit and Risk Committee. When deficiencies of control are identified, steps are taken diligently to rectify them and the opportunity is used to improve the system. The University has a formal procedure in place for reporting possible anomalies or fraud.

The University functions in terms of a value system that is set out in A Strategic Framework for the Turn of the Century and Beyond and has been adopted by the University community. Financial management is based on a set of principles that was adopted by Council on 19 May 2003.

## PROMOTION OF ETHICAL RESEARCH

The University has adopted the Framework Policy for the Assurance and Promotion of Ethically Accountable Research at SU. This policy is applied by five ethics committees (one each for research concerning human participants, the care and use of animals, and environmental

and biosafety, and two concerning health) to ensure that researchers act in accordance with laid-down ethical norms in every relationship with subjects and objects during their scientific research. The ethical norms set out in the Policy already apply at the time of assessment of the purpose of the particular research and the formulation of the subject of research. They are also binding in respect of financial resources; clients; the community; the physical, biological and social environment; the safety of researchers and collaborators; and the personal responsibility of the researcher.

## STUDENT PARTICIPATION

The participation of students in decision-making is important to the University, as also set out in the above-mentioned Strategic Framework.

At the macro level, students have a seat in the highest formal structures of authority, such as the Students' Representative Council (SRC) representation in Council, the Senate and the Institutional Forum. Students are also members of the faculty boards, the Student Fees Committee, the Honorary Degrees Committee, the Social Impact Committee and the selection committees for the appointment of the Rector and Vice-Rectors. Furthermore, students serve on various important working committees, such as the Bursaries and Loans Committee, the Central Disciplinary Committee, the Quality Committee, the Library Committee and the Student Accommodation Committee. Student representatives from the faculties form the Academic Affairs Council (AAC), the Chair and Vice-Chair of which perform various representative functions in the area of the Vice-Rector (Learning and Teaching). They serve, among others, on the Academic Planning Committee and the Learning and Teaching Committee.

Various advisory forums – for instance, for students with special learning needs or HIV/Aids or who are harassed or suffer from substance abuse – also avail themselves of students' skills and knowledge. The Welcoming and Monitoring Work Group, which manages the welcoming of newcomer students, is composed of various student representatives, and all but one of the monitors are from student ranks. The Stellenbosch University Advisory Forum for Student Support Services also includes student representatives.

The Student Councils of Stellenbosch, Tygerberg and the Military

Academy assist with the leadership development of students. The Frederik van Zyl Slabbert Institute for Student Leadership Development at the Centre for Student Affairs presents leadership development opportunities for both positional leaders (also from residences and private student wards) and non-positional leaders. The constitution of the Societies' Council makes provision for student societies, under the leadership of a member of the SRC, to play a more structured role in the development of a diverse and healthy student community. The chairs of the SRC and the AAC have bimonthly fixed meetings with the Vice-Rector (Learning and Teaching), in addition to ad hoc meetings arranged as and when required. Furthermore, the Executive Committee of the SRC meets with the Rectorate at least ten times annually for discussing general management matters.

## TENDERING AND PURCHASING PROCEDURES

The Purchasing and Provision Services Division is responsible for the development and implementation of a centralised purchasing policy and procedure that is based on ethics, fairness, impartiality, transparency and competitive cost-effectiveness. In this way, the Division wishes to offer all service providers from all communities the opportunity to do business with the University, irrespective of race, gender or faith.

Price limits determine when service or product purchases need to be put out to tender and the number of quotations to be obtained. A distinction is also made between institutional, strategic and capital tenders, as well as tenders that do not affect the operations of the University as a whole, such as the purchasing of research equipment. These purchases are each subject to their own set of rules in terms of the approvals needed before tenders may be invited and awarded. The rules are contained in the University's Purchasing and Tender Policy as well as the Rules with regard to Delegation of Authority and Responsibilities. Prior to each tender adjudication, members of the Tender Committee are expected to complete a declaration-of-interest form. If any member appears to have conflicting interests, that member does not take part in the adjudication.

The BBBEE status of providers is one of the evaluation criteria in all tenders (see note 34 on page 153). Our own BBBEE status contribution is level 8.

The Rectorate resolved in 2016 that all tenders for continuous services should be contracted by means of a sustainable sourcing model. This model enables the University to determine transparently the optimal solution for the provision of these services to the institution, considering various stakeholders' inputs. The underlying principles of the model are:

- human dignity;
- sustainability of the University;
- financial feasibility;
- transparency and confidentiality;
- stakeholder inputs;
- signing of a code of conduct;
- corporate governance; and
- best mutual benefit.

Tenders awarded for continuous services in terms of this model during 2018 included cleaning services and the provision of food for residences. See the tables alongside for the members of the relevant tender committees.

Tenders were also invited for various capital projects, the largest of which was the building of the Biomedical Research Institute on the Tygerberg Campus. In all instances, the adjudication and appointments occurred in terms of the provisions of the University's Purchasing and Tender Policy and the Rules with regard to Delegation of Authority and Responsibilities.

The University is an anchor institution that stimulates benefits in the Stellenbosch region. An economic impact assessment of Stellenbosch University on the local municipal area conducted by the Bureau for Economic Research in 2017 and 2018, revealed that SU contributes more than 15% to the total of production (or output) generated in the region, as well as more than 20% to total formal employment. More specifically, it sustains 13 406 jobs in the local economy, generating R1 108 million in labour remuneration.

### MEMBERS OF THE TENDER COMMITTEE FOR THE PROVISION OF FOOD FOR RESIDENCES

NAME	POSITION
Mr H Swanepoel	Senior Director: SunCom
Mr B Malan	Manager: Food Services and Compliance
Ms F Majiet	Director: Financial Services
Mr N Bekkers	ResEd Coordinator and Resident Warden
Ms R Engelbrecht	ResEd Coordinator and Resident Warden
Mr B Wessels	Students' Representative Council
Mr W van Niekerk	Students' Representative Council
Ms J Jeppe	Manager: Housing and SunCom
Ms M du Toit	Director: Transformation Office

### MEMBERS OF THE TENDER COMMITTEE FOR THE SOURCING OF CLEANING SERVICES

NAME	POSITION
Mr H Swanepoel	Senior Director: SunCom
Ms G Minnaar	Resident Service Coordinator
Mr I McCallaghan	Resident Service Coordinator
Mr G Cornelissen	Deputy Director: Centre for Student Communities
Ms R Engelbrecht	ResEd Coordinator and Resident Warden
Ms J Jeppe	Manager: Housing and SunCom
Ms M du Toit	Director: Transformation Office

### MEMBERS OF THE TENDER COMMITTEE FOR THE CONSTRUCTION OF THE BIOMEDICAL RESEARCH INSTITUTE

NAME	POSITION
Mr H Kleynhans	Project Quantity Surveyor
Mr D Naudé	Head Quantity Surveyor
Mr D de Koker	Head Project Manager
Mr R Todkill	Technical Advisor: Property Services
Mr D Theart	Programme Manager
Prof SA du Plessis	Chief Operating Officer
Ms M Malan	Director: Business Management: Facilities Management
Mr JA Engelbrecht	Director: Project Management
Ms N van den Eijkel	Chief Director: Facilities Management

# Report of SENATE TO COUNCIL

As a statutory body, Senate made an important contribution to the positioning of Stellenbosch University as a fully-fledged 21st-century university during the year under review. Senate met four times during 2018 to discuss contributions by its various committees (see “Our governance structure” on page 20) and the ten faculty boards. These discussions resulted in specific recommendations to Council regarding:

- a new Institutional Statute and a new Vision 2040 and Strategic Framework 2019–2024;
- a number of new academic programmes;
- amendments to the Short Course Policy, the Policy regarding Indirect Cost Recovery, and the revised Teaching and Learning Policy, as well as the Disability Access Policy; and
- reports by faculties on language implementation in 2018 and plans for language implementation in 2019.

In addition, Senate approved doctoral research topics and discussed a range of teaching and community activities in connection with academia.

Due to limited capacity and the large number of applications received, all the University’s undergraduate programmes have been selection programmes for the past number of years.

## CHANGE IN ACADEMIC STRUCTURES

The Department of Sport Science moved from the Faculty of Education to the Faculty of Medicine and Health Sciences.

## PROMOTION OF PROGRAMME RENEWAL

The new programmes listed below were submitted during 2018 to the Department of Higher Education and Training and the Council on Higher Education for approval and accreditation.

### *Undergraduate programmes*

No undergraduate programmes were approved.

### *Postgraduate programmes*

- Postgraduate Diploma in Rural Medicine;
- Master of Philosophy (MPhil) in Neonatology, Developmental Paediatrics, Paediatric Endocrinology, Paediatric Gastroenterology, Paediatric Infectious Diseases, Paediatric Cardiology, Paediatric Critical Care, Paediatric Medical Oncology, Paediatric Nephrology, Paediatric Neurology, and Paediatric Pulmonology;
- Postgraduate Diploma in Research Management and Administration;
- BScHons in Bioinformatics and Computational Biology;
- MSc in Bioinformatics and Computational Biology;
- Advanced Diploma in Education (School Leadership and Management);
- Postgraduate Diploma in Strategic Human Resource Management;
- Master of Engineering Science (MEngSc);
- MPhil in Defence Studies;
- MPhil in Higher Education Studies;
- MPhil in Lifelong Learning; and
- Postgraduate Diploma in Accounting.

## COMPOSITION OF SENATE

Senate has been constituted as prescribed by the Stellenbosch University Institutional Statute and comprises:

- the Rector and Vice-Chancellor, Prof WJS de Villiers (chair);
- the Rectorate, namely:
  - Prof TE Cloete (Vice-Rector (Research, Innovation and Postgraduate Studies)),
  - Prof HC Klopper (Vice-Rector (Strategy and Internationalisation)),
  - Prof NN Koopman (Vice-Rector (Social Impact, Transformation and Personnel)),
  - Prof A Schoonwinkel (Vice-Rector (Learning and Teaching)), and
  - Prof SA du Plessis (Chief Operating Officer);
- the Registrar, Dr R Retief (Secretary);
- two members of Council (each for a two-year term), namely Prof J Fourie and Mr C Cillié;
- all full professors of the University;
- five associate professors;
- four members of the Students’ Representative Council;
- two academic staff members who are neither professors nor associate professors;
- two technical staff members;
- departmental chairs who are not full professors;
- two secundus deans in the Faculty of Military Science; and
- all vice-deans who are not full professors.

Senate also declared the following persons to be members of Senate:

- the chief directors of Facilities Management; Finance; Human Resources; Innovation and Business Development; and of Sport;
- the senior directors of Corporate Communication; Development and Alumni Relations; Information Governance; Information Technology; Learning and Teaching Enhancement; the Library and Information Service; the Postgraduate and International Office; Prospective Students; Research; Social Impact; and of Student Affairs; and
- the director of the Centre for Teaching and Learning.

## CONTRIBUTION TO THE VICE-RECTORS’ PORTFOLIOS

Finally, it can rightly be said that Senate made a comprehensive and expert contribution to the activities of Learning and Teaching; Research, Innovation and Postgraduate Studies; Social Impact, Transformation and Personnel; and Strategy and Internationalisation during the reporting period. For more information on these activities, please turn to the respective vice-rectors’ reports (pages 49–69).

The University also acknowledges excellence by awarding honorary degrees, a Pro Bene Merito Medal, a Chancellor’s Medal and Chancellor’s awards – for more on these awards, see page 97.



*Prof Wim de Villiers*

Chair of Senate

# Report of the INSTITUTIONAL FORUM

## FUNCTIONS AND POWERS

The Institutional Forum (IF) is one of the University's five statutory bodies. The functions and powers of the IF are determined by section 31(l) of the amended Higher Education Act 101 of 1997 and paragraph 43 of the Statute of the University (as published in the *Government Gazette* No. 40243 of 2 September 2016). The IF advises Council on:

- the implementation of the Act and the national policy on higher education;
- race and gender equity policies;
- the selection of candidates for senior management positions;
- codes of conduct, mediation and dispute resolution procedures;
- the fostering of an institutional culture that promotes tolerance and respect for human rights and creates an appropriate environment for learning, teaching and research; and
- any other matter determined by the Council.

## COMPOSITION OF THE INSTITUTIONAL FORUM

In accordance with the Statute of the University, the IF consists of 32 members. Eight members are appointed from each of the four sectors of:

- governance and management (representation from Council and Senate, Registrar, Senior Director: Social Impact and Transformation and Director: Employment Equity);
- staff (members elected from the ranks of the permanent non-professional academic staff, professional administrative and support staff and technical support staff);
- students (members elected by the SRC, Prim Committee, Student Society Council, Academic Affairs Council and Student Union);
- community (members from the Convocation and civil society).

## ACTIVITIES

As part of statutory processes, all policies must serve at the IF before Council will consider them for approval. The IF continuously seeks to focus on specific matters in addition to its legally prescribed duties and responsibilities so as to provide Council with proactive advice for its consideration. The strategic priorities of the University are paramount throughout.

To this end, the full IF and its executive committee each meet four times a year, but extraordinary meetings may be convened on matters of urgency. Advice to Council is directed in a report to the executive committee of Council. At each executive committee meeting, the agenda of the following IF meeting is finalised. The executive committee also meets with the Rectorate as the need arises.

## TRANSFORMATION

The IF remains committed to play an active part in accelerated transformation to establish a culture of inclusivity on the University's campuses. In this regard, an IF representative serves on the Institutional Transformation Committee, which is chaired by the Vice-Rector (Social Impact, Transformation and Personnel) and reports to the Rectorate. Both the Senior Director: Social Impact and Transformation and the Director: Employment Equity have fixed positions on the IF. Feedback from the Institutional Transformation Committee and from the Transformation Office are standing items on the agenda of the IF.

In 2018 the IF was represented at the DHET Forum for Institutional Forums (April 2018); the SU Transformation Indaba: All Voices (October 2018); the Strategic Planning Session of the SU Transformation Office (October 2018); and the DHET Transformation Colloquium (November 2018).

On request of the IF, written input or a presentation on the following topics were made:

- Policy on Unfair Discrimination and Harassment
- Report on recommendations on addressing EndRapeCulture at SU
- Written reports on the:
  - Status of the SU Mobility Plan (transport)
  - Status of NSFAS
- SU Visual Redress Framework
- SU Transformation Plan

The IF was also represented at the International Town and Gown Centenary Conference hosted by SU at the end of 2018.

## POLICIES

University policies on which the IF advised Council by way of formal reports in 2018 included the SU Disability Access Policy; amendment to the Policy in respect of the Presentation of Short Courses at SU; the SU Learning and Teaching Policy; the SU Statute; and the Policy in respect of the Indirect Cost Recovery Rate with regard to Third-stream Income at SU.

## MOVING FORWARD

The IF has actively participated in the compilation of the new SU Statute and will align itself with the new Statute over the next few years, especially with regard to the composition of the IF.

The IF represents a collaborative voice of management, staff, students and the community, and will continue to focus actively on encouraging campus discussions on aspects of diversity promotion and transformation, and advise Council on these matters.

*Dr Celeste Nel*

Chair of the Institutional Forum





## OUR PERFORMANCE

— *against our* —

## STRATEGIC PRIORITIES AND GOALS

In this chapter, the report of the Rector and Vice-Chancellor presents an overview on the University's performance in pursuit of its strategic priorities, measured against our strategic management indicators and Council's targets for the year under review.

Our Chief Operating Officer and vice-rectors report in more detail on how their responsibility centres fared with their strategic goals. The reports provide an outline of how their integrated plans – encapsulating the business plans of the various entities that they manage – contribute to the strategic direction that Stellenbosch University has embarked upon as a 21st century university. The direction is in line with the strategic priorities, themes and goals according to our future-orientated Institutional Plan 2018–2023 based on the *Stellenbosch University Institutional Intent and Strategy 2013–2018*, which is summarised on pages 10–11.

## *The* RECTORATE

The Rector, Chief Operating Officer and vice-rectors are the executive management of the University. They are ex officio members of Senate and of Council. The Registrar, also a member of the Rectorate, is responsible for institutional governance support, legal services and the academic administration of the University. The Rectorate is given below as at 31 December 2018.



*Rector and  
Vice-Chancellor*

**Prof Wim de Villiers**

MChB, MMed (Int), FCP(SA),  
DPhil, MHCM, DSc hc

Joined the University in 2015 with  
his appointment as Rector and  
Vice-Chancellor



*Chief Operating  
Officer*

**Prof Stan du Plessis**

BCom, BComHons, MPhil, PhD

Joined the University in 1999;  
appointed as Chief Operating  
Officer designate in 2017, assuming  
position on 1 January 2018



*Vice-Rector  
(Learning and  
Teaching)*

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**Prof Arnold Schoonwinkel**  
BEngHons, MEng, MBA, PhD,  
PrEng

Joined the University in 1988; ap-  
pointed as Vice-Rector (Learning  
and Teaching) in 2012



*Vice-Rector  
(Research,  
Innovation and  
Postgraduate Studies)*

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**Prof Eugene Cloete**  
BSc, BScHons, MSc, DSc

Joined the University in 2009; appointed  
as Vice-Rector (Research and Innovation)  
in 2012 and portfolio expanded in 2015



*Vice-Rector  
(Social Impact,  
Transformation and  
Personnel)*

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**Prof Nico Koopman**  
BA, BTh, BThHons, MTh, DTh

Joined the University in 2001;  
appointed as Vice-Rector (Social  
Impact, Transformation and Per-  
sonnel) in 2016



*Vice-Rector  
(Strategy and  
Internationalisation)*

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**Prof Hester Klopper**  
BACur, MCur, PhD, MBA,  
DNurs hc, FAAN, ASAF

Joined the University in 2016 with  
her appointment as Vice-Rector  
(Strategy and Internationalisation)



*Registrar*

---

**Dr Ronel Retief**  
BA, BAHons, MA, DLitt

Joined the University in 1998;  
appointed as Registrar in 2017



**PROFESSIONAL SUPPORT**

*Executive Manager:  
Rectorate*

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**Dr Jerome Slamet**  
BCom, HED, MEd, PhD

Joined the University in 2004;  
appointed as Executive Manager:  
Rectorate in 2015

# REPORT *of the* RECTOR — *and* — VICE-CHANCELLOR



*Prof Wim de Villiers*  
Rector and Vice-Chancellor

From humble beginnings a century ago, Stellenbosch University (SU) has grown into one of Africa's leading research-intensive universities. It attracts talented staff and outstanding students thanks to the world-class environment it provides for research, teaching, internationalisation and social impact. We are proud of the role we play as a national asset serving the whole of society.

This was the context in which we commemorated the University's Centenary in 2018. (See the Chancellor's foreword for more on our approach to marking this milestone.) It was also the year in which SU's guiding document, our *Stellenbosch University Institutional Intent and Strategy 2013–2018* (IIS), was concluded. On the basis of the IIS, a future-orientated rolling Institutional Plan (IP) has been formulated annually, which, for the year under review, was IP 2018–2023. The IP sets seven strategic priorities for the University: broadening access, sustaining our momentum of excellence, enhancing social impact, expanding internationalisation, advancing systemic transformation, enhancing systemic sustainability, and executing the Campus Renewal Project.

This annual integrated report contains extensive information about activities undertaken to realise each of these strategic priorities in 2018, the last year of the IIS. In my report below, I highlight just a few aspects. Our pursuit of the IIS's strategic goals is documented in the reports covering our various responsibility centres, and, for a balanced overview, the faculty reports contain the finer details.

## BROADENING ACCESS

Progress towards greater employment equity at SU is slow, but steady. In 2018, black African, coloured, Indian and Asian (BCIA) staff made up 47,6% of our total staff complement. Among academic staff, BCIA figures increased – from 18% in 2015 to 24% in 2018. The most significant growth was among black African academics, who increased by 3,2%. In terms of gender, female academics increased by 4,4% – from 42,8% in 2013 to 47,2% in 2018. Special initiatives, such as our Rector's Strategic Personnel Fund and the Department of Higher Education and Training's New Generation of Academics Programme (nGAP) are helping us to make faster headway.

In terms of students, SU had 31 765 enrolments in 2018, 20 168 of whom were undergraduate, 10 506 postgraduate, and 1 091 occasional students. Enrolments by BCIA students grew to 41,5% of the total (37,9% at undergraduate and 50,4% at postgraduate level). The most substantial year-on-year change from 2017 was enrolment by black African students, which grew by 5,9% at undergraduate and 13% at postgraduate level.

For several years now, student funding has been one of the most pertinent issues in higher education. The government started phasing in fee-free higher education and training for poor and working-class South Africans in 2018. However, the sustainability of these higher subsidy levels remains uncertain. At the same time, funding from other government sources – the National Research Foundation (NRF) and the Technology and Human Resources for Industry Programme (THRIP) – diminished significantly, with dire consequences for universities. The appointment of a new administrator of the National Student Financial Aid Scheme (NSFAS) in August 2018 led to considerable improvements, although not all problems have been ironed out yet.

The University has committed itself to not excluding any student on financial grounds if he or she shows enough academic merit. Since 2010, we have

spent more than R800 million from our annual institutional budget to help fund undergraduate students, allocating an average of 28% of our main budget per year to bursaries and loans. In 2018 alone, SU paid out R500 million in this category, R114 million of which came from our own main budget, while 68% went to BCIA students. Postgraduate bursaries administered by the University rose to R238 million; nearly R19 million of which came from our own budget.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

SU awarded 9 004 qualifications in the 2018 academic year, including record numbers in two categories. Honours degrees rose from 1 229 in 2013 to 1 487 in the year under review, and doctoral degrees from 225 to 308. Over the six years from 2013 to 2018, SU awarded 49 624 qualifications, including an astonishing 8 594 master's degrees and 1 617 PhDs. We are proud of the significant contribution to progress and development we have made in this way – not only in our country, but also on the rest of our continent and globally.

Student success is listed as a strategic focus in our IP 2013–2018. Over this period, our module pass rate has consistently been above 85%. In the year under review, we obtained independent confirmation that we are a leading performer in this regard. The DHET said that SU showed the highest throughput (84% compared to the average of 68%) and second-lowest first-year dropout rate (8% compared to the average of 16%) in South Africa. (This was in an eight-year tracking study of the 2009 cohort in three- and four-year programmes at all universities except Unisa.)

Staff excellence is helping to position SU as a national asset with global standing. In 2018, SU had 459 NRF-rated researchers (up from 342 in 2014). These included 14 with an A-rating, which means they are unequivocally recognised by their peers as leading international scholars in their respective fields. Research chairs at SU more than doubled – from 23 in 2013 to 47 in 2018.

According to the Department of Higher Education and Training, the weighted research output (both publications and postgraduate students) per full-time academic staff member at SU reached 3,23 in 2017 (as reported on in 2018), which is again a record number. Regarding innovation, the University continues to lead nationally in terms of its number of published patent applications (111 in the period 2009–2018). The number of spin-out companies assisted by Innovus, which is responsible for technology transfer at SU, has increased from 17 in 2014 to 29 in 2018. Its employees now number 283, compared to 208 in 2014.

## ENHANCING OUR SOCIAL IMPACT

At SU we understand social impact to be systemic, and therefore it is embedded in all University environments. This can be seen throughout this report; I highlight just two examples below.

In 2018, the Telematic Schools Project – a joint initiative with the Western Cape Department of Education – reached 1 010 schools across the country. The project involves interactive afternoon satellite broadcasts of additional lessons, focusing on difficult concepts in nine key subjects. These broadcasts take place from the studio at SU, using the best available teachers. The project targets underperforming schools with low pass rates, and has been successful in raising these.

The University has a significant economic impact on Stellenbosch and the surrounding area. A study by our Bureau for Economic

Research (BER) in 2018 found that nearly a fifth of economic activity in the region can be traced back to the activities of the University and its people. The University's presence sustained 13 406 jobs in the local economy, with SU creating more than 21% of formal job opportunities and 8,7% of informal opportunities.

## EXPANDING INTERNATIONALISATION

SU uses internationalisation to equip its graduates and academics to prosper as citizens of a fast-paced technologically advancing world. We want to empower them to make internationally significant contributions that have a positive impact on society around the globe.

In 2018, we marked 25 years of formalised international activities at the University since the establishment of our Office for International Relations (now known as SU International) in 1993. That year marked the start of coordinated efforts to grow and cultivate international relations and advance international academic networks and mobility. The University now has well-established, far-reaching networks of international partners. In 2018, we had institutional agreements in place with 109 universities in 42 countries on five continents. We are also a founding member of the African Research Universities Alliance (ARUA).

In 2018, our Graduate School of Arts and Social Sciences delivered its 114th PhD graduate since its inception in 2010, and most of those graduates now work as researchers and academics at higher education institutions across Africa. Our Graduate School of Economic and Management Sciences celebrated its fifth anniversary in 2018 with 30 full-time students from 14 countries, mostly in Africa. Our African Doctoral Academy (ADA) drew 448 participants to its annual summer and winter schools, 66% of whom came from countries on our own continent.

## ADVANCING SYSTEMIC TRANSFORMATION

All dimensions of university life are in constant flux, and at the same time contribute to the transformation of society. I provide two examples below that touch on visual redress.

In May 2018, a new student residence on our Medicine and Health Sciences campus at Tygerberg was named after the late child activist Nkosi Johnson, who was a critical voice in the struggle for social justice at a time when Aids denialism was rife in South Africa. Additionally, in December 2018, we named SU's refurbished theatre complex after the late Adam Small, an award-winning poet and playwright who had commented poignantly on the destructive apartheid system with his works. The large auditorium in the theatre complex used to be named after a former Rector, HB Thom, and although this name will no longer be used, it will be contextualised in the building.

Council tasked management with looking into the issue of decolonising the curriculum and making recommendations on how SU should respond to this national debate. The University evaluates its academic programmes on a continuous basis. It has identified programme renewal as a strategic goal. This includes aspects such as social impact and transformation, eliminating unnecessary duplication of content, blending face-to-face and online activities, and decolonising the curriculum, which is a complex issue. Our approach at SU is to supplement the knowledge, research and perspectives from Western countries with those from South Africa and the rest of our continent. We want our students to have relevant learning material from local, regional and global sources.

## Article on race and cognition

When drafting an annual report, one faces a conundrum – the report appears in one year but covers the activities of the previous year. Usually this is not a problem but, occasionally, something happens that is so significant that not mentioning it would be a serious oversight. A case in point is the controversy that erupted in April 2019 following the publication of a journal article on race and cognition by SU researchers. We thought it best to briefly mention it here, with more details to follow next year.

The University responded in a number of ways. Institutionally, it took a firm stance against the use of racial categorisation in the article, issued an unconditional apology, and launched a formal inquiry, which was still underway at the time this report was submitted.

The University also used the opportunity to conduct critical introspection and examine its research ethics approval processes. Open and inclusive conversations took place across the University. Several symposia were held, and Senate adopted a motion calling for the University to become a key site for developing a critique of how “race” is used in science and research. This could have a positive impact – not only at SU, but, due to the universal nature of the issue, at all South African universities and in academia in general. More information on further developments will be provided in next year’s report.

## ENHANCING SYSTEMIC SUSTAINABILITY

In our IP 2018–2023, sustainability is defined as a systemic concept relating to the continuity of economic, social, institutional and environmental aspects of human society. In the year under review, our response to the drought in the Western Cape and to the growing problem of food insecurity experienced by students illustrate what we did in pursuit of this goal at SU. A faculty renewal plan also bore the desired fruit.

By the beginning of 2018, an unprecedented drought had led to ever-dropping dam and reservoir levels in our province. It was so serious that we faced the real prospect of taps running dry. When the drought had started in 2016, the University acted to ensure the institution would remain open despite a possible water shortage. A drought response contingency committee was established, and we worked closely with Stellenbosch Municipality in developing a drought response plan in sync with theirs. We implemented a water optimisation strategy, including water-saving taps and showerheads, as well as boreholes and greywater systems. More than 200 electronic water meters were also installed, and Facilities Management drastically cut its response time to water leaks. Corporate Communication spearheaded an awareness campaign, setting up a water crisis page on the SU website. All of this led to the University reducing its consumption of potable water in 2018 by 51% compared to 2015 levels. This signalled a significant systemic change, which bodes well for the future.

In 2018, the National Research Foundation found in a study that more than 30% of university students in South Africa experience food insecurity at some point during their studies. Although financial support from government has broadened access to higher education, not all costs are covered. When students go hungry, it affects not only their academic results, but also their human dignity. To combat this problem, SU students came up with the idea of food banks. The Students’ Representative Council (SRC) collaborated with our Division for Development and Alumni Relations (DAR) in formulating a campaign called #Move4Food to raise funds for this purpose. The campaign was implemented institution wide, and the support shown by students, staff, alumni, partners and friends of the University was truly heartening. Activities included a massive

“lunchbox” erected by Engineering students in the Neelsie Student Centre to receive non-perishable food donations, which yielded more than 15 000 meal items. In September, 110 #Move4Food supporters participated in various races presented by the Cape Town Marathon. I completed the full marathon, having been challenged by Olympic silver medallist and SU alumna Elana Meyer to do so. By the end of 2018, an amount in excess of R1 million had been raised by the #Move4Food campaign.

In November 2018, Council approved final renewal plans for faculties of which the systemic sustainability had been threatened by financial challenges since 2016 – the Faculty of Education and the Faculty of Arts and Social Sciences. Measures to be implemented include curbing expenditure on low-income modules, discontinuing deficit spending, cutting costs, consolidating undergraduate models, improving postgraduate throughput, and the provision of support to increase publication output. This should place these faculties on a more secure footing.

## EXECUTING THE CAMPUS RENEWAL PROJECT

Our physical facilities are strategic assets and essential enablers of a world-class and sustainable university. Council therefore approved the Campus Renewal Project (CRP) in December 2014. The Project was initiated to counter the risk that much of SU’s physical infrastructure had become rundown due to insufficient maintenance. In September 2017, Council approved the expansion of the CRP, extending its timeline to 2027 and voting an additional R1,46 billion towards the initiative, increasing the total to R3,36 billion.

In the year under review, Facilities Management completed 17 projects to the value of R230 million under the CRP rubric. Seven projects to the value of R1,2 billion were in the tendering stage, while 44 projects to the value of R652,6 million were in construction.

The CRP is large in scope, but by no means exhaustive. There is an ongoing need for the University to meet growing demand. A sod-turning ceremony for the construction of a new learning and teaching centre on our Stellenbosch Campus took place in February 2018. The centre will accommodate more students than any other current teaching space on campus and promote student success inclusively and innovatively. The event served to recognise the funders of the building – the DHET, the SU Council and the University itself, as well as individual donors. The largest of these donations was that of Mr Jannie Mouton, a long-standing donor to the University. The building will bear the name of his father, Jan Mouton, who – like his son – was an alumnus of the University.

## MOVING FORWARD

In March 2018, a steering group was formed for the establishment of the SU School for Data Science and Computational Thinking. This interfaculty initiative will span the entire academic project, from undergraduate and postgraduate training to research and specialist consultation. This will stand SU in good stead at a time when we are seeing the Fourth Industrial Revolution changing not only the world of work generally, but also our work in the knowledge sector. In the year under review, SU found itself at a very exciting point in its existence. We looked back on the past 100 years of our existence as a public university, but also ahead to the future, figuring out where we want to go as an institution. It is the responsibility of each generation to focus not only on the here and now, but also to leave a worthy legacy for those who will come after us.

Our predecessors laid the foundation for SU to become the consequential university it is today. Most recently, under the late Prof Russel Botman, Vision 2030 guided us to become more inclusive, innovative and future focused as an institution – as shown in this report. As our existing guiding document – the IIS 2013–2018 – neared its conclusion, we started developing a new road map for the University.

Following two years of inclusive, consultative development involving stakeholders throughout the University, Council approved our new Vision 2040 and Strategic Framework 2019–2024 on 18 June 2018 (see page 12). It is our contribution to the unfolding story of the University; our legacy for future generations. It expresses SU's commitment to being relevant to our context and of service to our country and continent – an inclusive, world-class university in and for Africa. It was developed taking into account South Africa's National Development Plan, the African Union's Vision 2063 and the United Nations' Sustainable Development Goals – because what happens in the world shapes us, and what happens at SU matters to the world.

Our Vision 2040 is bold – to become “Africa's leading research-intensive university, globally recognised as excellent, inclusive and innovative, where we advance knowledge in service of society.”

How will we get there? That will be the content of next year's integrated report.

## MONITORING ON THE WAY FORWARD WITH OUR STRATEGIC MANAGEMENT INDICATORS

The University's Institutional Plan contains key overarching strategic management indicators (SMIs) with which we measure how we are faring in the realisation of our institutional goals. For each of our Institutional Intent and Strategy's priorities, themes and goals, we describe specific strategic actions that are stipulated by each faculty and professional service individually. The complete details are contained in the separate plans of each responsibility centre. In these plans, the faculties and professional service divisions indicate how they will achieve the goals of the institution by way of their action plans. All faculties and professional services are jointly responsible for achieving the targets in the Institutional Plan and therefore work in an integrated manner according to our business model.

OUR STRATEGIC MANAGEMENT INDICATORS OVER THE 2013–2018 STRATEGIC CYCLE								
Priorities	Strategic Management Indicator	2013	2014	2015	2016	2017	2018	2023 Target
BROADEN ACCESS	Share of students from black African, coloured, Indian and Asian population groups (%)	34,6	36,6	37,8	38,7	40,1	41,5	47,5
	Share of permanent staff from black African, coloured, Indian and Asian population groups (%)	43,0	43,2	43,8	45,6	46,7	47,6	55,0
	Share of female permanent staff (%)	54,9	55,9	56,0	56,6	57,1	57,1	60,0
	Share of undergraduate module credits taught in Afrikaans and English to PARALLEL class groups (%)		16,6	15,4	17,5	20,9	21,6	25,0
SUSTAIN MOMENTUM OF EXCELLENCE	Share of undergraduate module credits taught in BOTH Afrikaans and English to the SAME class group (%)		62,9	69,5	69,5	64,6	61,4	60,0
	Share of undergraduate module credits taught in EITHER Afrikaans OR English to a class group (%)		20,4	15,1	13,0	14,5	17,0	15,0
	Permanent teaching and research staff with doctorates (%)	60,8	61,8	60,6	60,3	60,2	61,3	65,0
	Ratio of weighted research outputs per full-time equivalent teaching and research staff member	2,33	2,50	2,53	2,64	3,01	*	2,44
	HEMIS-based success rate of undergraduate and postgraduate students (%)	85,9	85,1	86,7	85,9	87,1	86,4	85,5
ENHANCE SOCIAL IMPACT	Ratio of full-time equivalent students, weighted per level of study, per full-time equivalent teaching and research staff member	24,57	25,44	26,16	25,9	28,3	*	24,00
	Third-stream income share of SU's total income (%)	27,7	31,4	26,4	30,1	28,7	26,6	32,3
	Fourth-stream income share of SU's total income (%)	5,6	5,2	5,4	7,3	4,9	5,3	10,0
	Share of personnel remuneration not funded via the main budget** (%)	38,1	35,9	40,8	41,7	41,8	40,5	45,0

\* 2018 results will be reported in 2019. \*\* Funds consist of restricted and unrestricted funds. The difference between future restricted and unrestricted funds may affect the feasibility of the 2023 target. See “Available funds” on page 44. For definitions of the indicators, see the Glossary under “Strategic management indicators explained”, page 155.

# OVERVIEW

of our

## FINANCIAL CAPITAL



*Mr Manie Lombard*  
Chief Director: Finance

Stellenbosch University (SU) is committed to the long-term financial sustainability of the institution. To this end, financial planning is directed by a management mandate over six years. Since 2014, the systemic focus has been on the priorities of the Institutional Intent and Strategy for 2013 to 2018. The new Vision 2040 and the Strategic Framework 2019–2024 were approved by the SU Council on 18 June 2018 and, as of 2019, planning will be undertaken in terms of these revised strategies. Financial sustainability remains a key objective and is included under the core theme of “A Thriving Stellenbosch University”. SU’s financial and systemic sustainability should form the foundation of all decisions and actions. The activities that SU chooses to undertake and to continue should support these strategies, and those activities should eventually become mutually self-sustaining.

## 2018 BUDGET AND REVIEW

The University was able to end the 2018 financial year successfully.

On 27 November 2017, the SU Council approved the 2018 budget, including the financial planning for 2019–2023. The implementation of certain decisions made during the 2017 budgeting process meant that a break-even budget could be approved for 2018 – as opposed to the 2017 budget, which indicated deficits on the planning horizon.

Changes to the subsidy formula have been expected for some time,

but the issuing of a draft for discussion purposes has been suspended since the 2015 protests. No further communication has been received from the Department of Higher Education and Training (DHET) in this regard, despite the expectation that universities would receive a draft version by March 2018. On 4 December 2017, former president Zuma announced a scheme for free higher education for students from households with a joint income of less than R350 000. Universities also received feedback that no additional subsidy would be made available to make provision for the impact of the change to the VAT rate (from 14% to 15%), effective 1 April 2018.

On 16 April 2018, SU received an amended ministerial declaration. Among other things, this indicated a block allocation of R1 579,837 million (excluding interest and redemption) to SU for 2018, as opposed to the budget, which indicated an amount of R1 474,760 million. The initial ministerial declaration, received in December 2017, had indicated a block allocation of R1 459,199 million – a deficit of R15,561 million compared to the budget. As a result of the April 2018 declaration, the net difference was R105,077 million more than the amount budgeted for 2018.

This increase arose from additional funding made available to the DHET by Treasury for investment in the higher education sector. As a result, the total contribution to the higher education sector now amounts to more than 1% of the gross national product. This investment is made in various forms, including additional funds to the National Student Financial Aid Scheme (NSFAS), and is also used to fund free higher education for students with a household income of less than R350 000. A portion of these funds has been added to the block allocation, leading to an increase in SU’s subsidy allocation.

Despite these additional subsidies, which will, from 2019, be added to the budget on a carry-through basis, there are still uncertainties regarding the sustainability of the government’s commitment to higher subsidy levels (including NSFAS funding).

At the moment the DHET is focused on regulating the adjustment of student fees across the sector. The latest indication from the Minister is that suggestions should be ready for implementation on the conclusion of the national elections in May 2019. However, no feedback has been received from the task team investigating these matters.

## FINANCIAL RESULTS

The 2018 reporting year was characterised mainly by:

- a 7,9% decrease in total income (2017: increase of 10,7%) to R5 413 million (2017: R5 877 million);
- a decrease in realised profit with disposal of investments to R100 million (2017: R758 million) as well as the change in the accounting treatment where realised profit with the disposal of investments is reported in the statement of comprehensive income as of 2018 and not in the income statement;
- a 5,1% (2017: 3,7%) decrease in income from grants and contracts to R1 106 million (2017: R1 166 million);
- a 0,4% (2017: 8,9%) increase in recurring expenditure to R4 997 million (2017: R4 976 million);
- a total surplus of R416 million (2017: R902 million); note, however, that, as of 2018, realised profit/(loss) from the disposal of investments are reported in the statement of comprehensive income and that the comparative figures have not been restated;
- a surplus of R23,3 million (2017: R20,7 million) on the main budget, i.e. the University’s academic business as funded by state subsidy and student fees (the main components of which are set out below); and
- a decrease of 39,2% (increase of 24,4% in 2017) in unearmarked reserves to R347 million (2017: R571 million).

Factors that contributed to the 2018 financial results include the following:

- conservative, integrated budget planning within a rolling six-year financial plan, including a contingency reserve with a view to managing unforeseen events;
- continuous redesigning and aligning of operating processes to ensure greater cost-efficiency; and
- making strategic funds available to support new initiatives directed at realising the University's vision and objectives.

The aforementioned financial successes offer a solid base for continued proactive financial planning and for refining the financial model that would serve the University's strategic objectives and focus areas.

## REPORTING STANDARDS

The consolidated annual financial statements for the year ended 31 December 2018 were prepared in accordance with the Regulations for Annual Reporting by Higher Education Institutions. In terms of section 41(2) of the Higher Education Act 101 of 1997 (as amended up to and including the Regulations for Annual Reporting by Higher Education Institutions dated 9 June 2014), universities are required to submit annual financial statements to the DHET that comply with the International Financial Reporting Standards (IFRS). The University had elected to apply IFRS even before the new regulations were published, with 1 January 2004 as transitional date.

New accounting standards, amendments and interpretations relating

to existing standards are applicable to the University as of this year (from 1 January 2018). These two standards, namely IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers", have had a substantial impact on SU's accounting policies. This impact is set out in Note 31 to the consolidated annual statements. The amendments have not been applied retrospectively.

In terms of section 4(3)(b) of the Public Audit Act 25 of 2004, the Auditor-General can audit any institution that receives public funding. The Auditor General has, however, elected not to audit Stellenbosch University personally. Instead, the University's appointed external auditor, PricewaterhouseCoopers Inc. was issued with specific additional instructions that were to be carried out. These additional instructions include the auditing of compliance legislation applicable to financial matters, financial management and other related matters, as well as the auditing of performance against predetermined objectives agreed upon by the University and the Minister of Higher Education and Training. For the year under review, the ministerial enrolment and effectiveness targets on page 19, were the only objective included in the agreement with the Minister of Higher Education and Training.

## INCOME

The table below comprises the composition of the University's income per main component, expressed as a value as well as a ratio, with comparative figures for previous years.

GROWTH AND COMPOSITION OF INCOME, TOTAL AND PER MAIN COMPONENT, 2014–2018										
		2014	2015	INCREASE/ (DECREASE) 2014/2015 %	2016	INCREASE/ (DECREASE) 2015/2016 %	2017	INCREASE/ (DECREASE) 2016/2017 %	2018	INCREASE/ (DECREASE) 2017/2018 %
<b>TOTAL RECURRING INCOME, OF WHICH:</b>	<b>Rm</b>	5 140	5 033	(2,1)	5 311	5,5	5 877	10,7	5 413	(7,9)
<b>GOVERNMENT GRANTS</b>	<b>Rm</b>	1 552	1 576	1,5	1 788	13,5	1 882	5,3	2 023	7,5
<b>% OF INCOME</b>	<b>%</b>	30,2	31,3		33,7		32,0		37,4	
<b>STUDENT, ACCOMMODATION AND OTHER FEES</b>	<b>Rm</b>	1 074	1 233	14,8	1 130	(8,4)	1 282	13,5	1 398	9,0
<b>% OF INCOME</b>	<b>%</b>	20,9	24,5		21,3		21,8		25,8	
<b>GRANTS AND CONTRACTS</b>	<b>Rm</b>	869	910	25,9	1 210	33,0	1 166	(3,7)	1 106	(5,1)
<b>% OF INCOME</b>	<b>%</b>	16,9	18,1		22,8		19,8		20,4	
<b>PRIVATE DONATIONS</b>	<b>Rm</b>	206	215	4,4	338	57,2	232	(31,6)	265	14,4
<b>% OF INCOME</b>	<b>%</b>	4,0	4,3		6,4		3,9		4,9	
<b>SALES OF SERVICES AND PRODUCTS</b>	<b>Rm</b>	193	182	(5,6)	191	4,7	204	7,0	228	11,8
<b>% OF INCOME</b>	<b>%</b>	3,8	3,6		3,6		3,5		4,2	
<b>REALISED PROFIT ON SALE OF INVESTMENTS</b>	<b>Rm</b>	947	546	(42,4)	327	(40,1)	758	131,9	0	(100,0)
<b>% OF INCOME</b>	<b>%</b>	18,4	10,8		6,2		12,9		0,0	
<b>INTEREST AND DIVIDENDS EARNED</b>	<b>Rm</b>	289	348	20,1	318	(8,5)	344	8,2	383	11,3
<b>% OF INCOME</b>	<b>%</b>	5,6	6,9		6,0		5,9		7,1	
<b>OTHER</b>	<b>Rm</b>	10	23	32,5	9	(61,6)	9	(2,7)	10	12,8
<b>% OF INCOME</b>	<b>%</b>	0,2	0,6		0,3		0,1		0,2	

As is shown, the total income decreased by 7,9% (2017: increase of 10,7%) to R5 413 million (2017: R5 877 million). Moving profit/(loss) realised on disposal of investments to the statement of comprehensive income (2017: R758 million) contributed to this decrease to a great extent.

**Government grants** increased by 7,5% (2017: increase of 5,3%).

Government grants consist of unearmarked subsidy income and earmarked grants, where the unearmarked subsidy income is earned based on a calculation according to the DHET's formula. The unearmarked subsidy income is brought into account in the income for the University's main budget. Government grants also include grants from related government institutions such as the National Research Foundation (NRF).

The big increase for 2018 can be attributed to the additional subsidy that SU received as a result of the ministerial declaration of April 2018, as explained above.

**Income from student and other<sup>1</sup> fees** increased by 9,0% (2017: increase of 13,5%).

A baseline increase of 8% in student fees (for undergraduate and postgraduate studies) was approved by the SU Council on 27 November 2017. This is in line with instructions received from the DHET and the higher education price index (HEPI). Differentiated adjustments between 8% and 15% have been approved for certain faculties and programmes (considered in a specific framework). For 2018, the international tuition fee (ITF), the fixed levy for international students, was instituted.

There was also an increase of 1% in undergraduate enrolments – from 19 893 in 2017 to 20 093 in 2018. This increase is, however, in line with current enrolment planning and does not position SU outside the enrolment limits agreed upon with the DHET.

An increase in accommodation fees of 9,2% was approved by the SU Council for 2018. This represents the actual cost of accommodation (which is a separate budget and therefore needs to be self-sustaining). The higher increase when compared with income from student fees is a direct result of the decisions on sustainable contracting made at the end of 2015 in the wake of the student protests.

During 2018, approximately 220 fewer beds were sold (thus an occupation factor below 100%) since:

- 110 beds in Kerkenberg were removed from the pool (following on a Council decision to sell Kerkenberg due to security risks) while the replacement beds had already been taken up in 2017; and
- 110 fewer students had been placed in Helshoogte because of a large refurbishment project (as part of SU's Campus Renewal Project).

The increase in student and other income<sup>1</sup> goes hand in hand with increased provisioning for irrecoverable student fees. It remains a challenge to collect student debt in good time. Students tend to postpone the settlement of outstanding debt until registration for the next year.

SU has established certain measures to manage outstanding student fees, including the following: Students with debts owing may not, among other things, register for a next year of study unless they have a bursary that covers the outstanding amount and the first instalment. In addition, special arrangements can be made to pay off the first instalment. Students also do not receive their degree certificate before outstanding study fees have been paid. The University's establishment of a collection office in 2013 is still paying dividends, together with improved control over methods to avoid prescription of debt.

Please also see Note 31 to the Annual Financial Statements for the impact that IFRS 9 had on the valuation of outstanding debt.

The University does not have sufficient space to grow student numbers substantially, except through the hybrid-learning model.

**Grants and contracts** decreased by 5,1% (2017: decrease of 3,7%) to R1 106 million (2017: R1 166 million). A number of multi-year research contracts expired during 2017.

Given the uncertainties regarding unearmarked subsidy income, it is important that the income streams in respect of grants, contracts

and donations, as well as the exploitation of commercial revenue, should contribute more to the University's total income over time. The diversification of the funding sources, particularly international sources, is receiving close attention. The recovery of support and institutional costs from third- and fifth-stream income activities by means of the indirect cost recovery rate (ICRR) brought relief to the main budget. An increased ICRR (20% as opposed to 17% previously) was approved by the SU Council in November 2018, for implementation as of 1 January 2019. The restrictions imposed by funders on the recovery of costs cause under-recovery of these costs, which continues to pose a challenge.

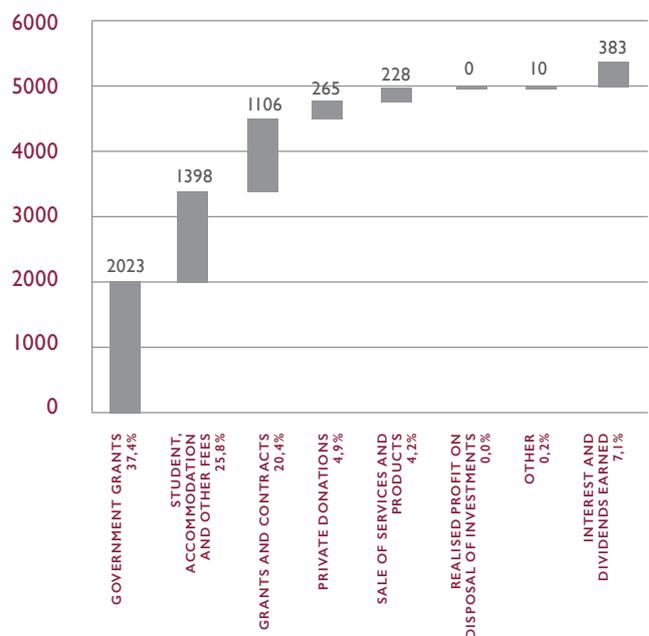
Revenue from **private donations** increased by 14,5% (2017: decrease of 31,6%) from R232 million to R265 million.

Once again there was an increase in large, individual donations, but there was also a decrease in international donations. In the past few years, this income stream has been made a focus point, which proved to be successful. However, most funding is received for restricted usage. The challenge remains to collect unrestricted donations, which can bring relief as regards the University's main budget activities.

**Profit realised on disposal of investments** is now reported in the statement of comprehensive income, due to the application of IFRS 9; in 2017 (and prior to that) it was reported in the income statement. The amount reported for 2018 was R99,9 million (compared to a profit of R758,3 million reported in the income statement for 2017).

The decrease in the profit realised for 2018 may largely be attributed to the stagnant long-term investment market and the stabilisation of both long- and medium-term portfolios, which have been invested for whole years. The amended investment mandates that were implemented in 2017 led to improved realisation in line with the sound performance of markets in 2017.

#### INCOME PER MAIN COMPONENT 2018 (R5 413m)



The figure above shows the composition of the University's income per main component, as well as the relative ratio to total income.

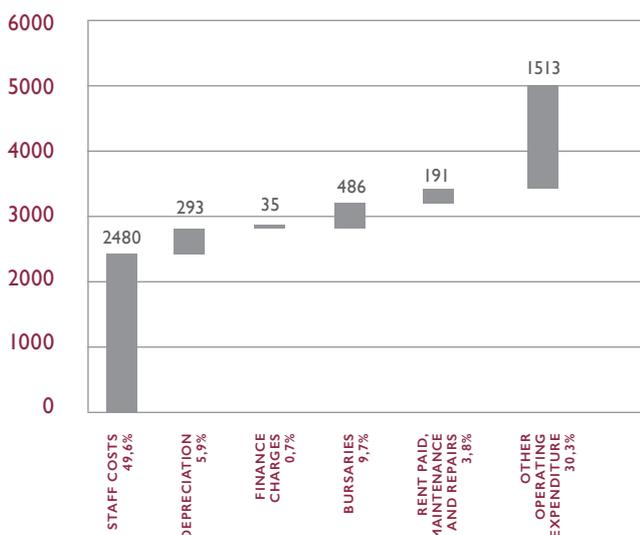
<sup>1</sup> Other fees include accommodation and membership fees, as well as other items which can be levied against student accounts, as approved by the Student Fee Committee.

## EXPENDITURE

The table below shows the composition of the University's expenditure per main component, as expressed as a value and as a ratio, along with comparative figures for previous years.

GROWTH AND COMPOSITION OF EXPENDITURE, 2014–2018										
		2014	2015	INCREASE/ (DECREASE) 2014/2015 %	2016	INCREASE/ (DECREASE) 2015/2016 %	2017	INCREASE/ (DECREASE) 2016/2017 %	2018	INCREASE/ (DECREASE) 2017/2018 %
TOTAL EXPENDITURE OF RECURRING NATURE, OF WHICH:	<b>Rm</b>	3 653	4 063	11,2	4 571	12,5	4 976	8,9	4 997	0,4
STAFF COSTS	<b>Rm</b>	1 730	1 939	12,1	2 172	12,0	2 332	7,3	2 480	6,3
% OF INCOME	<b>%</b>	47,3	47,7		47,5		46,9		49,6	
DEPRECIATION	<b>Rm</b>	241	252	4,7	288	14,1	283	(1,5)	293	3,5
% OF INCOME	<b>%</b>	6,6	6,2		6,3		5,7		5,9	
FINANCE CHARGES	<b>Rm</b>	23	17	(24,6)	18	4,7	35	93,7	35	0
% OF INCOME	<b>%</b>	0,6	0,4		0,4		0,7		0,7	
BURSARIES (NET)	<b>Rm</b>	338	403	19,1	442	9,7	456	3,2	486	6,6
% OF INCOME	<b>%</b>	9,3	9,9		9,7		9,2		9,7	
RENT PAID, MAINTENANCE AND REPAIRS	<b>Rm</b>	147	212	44,1	212	(0,2)	224	5,8	191	(14,7)
% OF INCOME	<b>%</b>	4,0	5,2		4,6		4,5		3,8	
OTHER OPERATING EXPENDITURE (INCLUDES RESEARCH CONTRACTS, CONSULTATION AND OTHER SERVICES, TRAVEL AND ACCOMMODATION EXPENSES, AND UTILITY SERVICES)	<b>Rm</b>	1 175	1 240	5,6	1 439	16,1	1 646	14,4	1 513	(8,1)
% OF INCOME	<b>%</b>	32,2	30,5		31,5		33,1		30,3	

### EXPENDITURE PER MAIN COMPONENT, 2018



The figure above shows the composition of the University's expenditure per main component, as well as the relative ratio to total expenditure.

Total expenditure for 2018 increased by 0,4% (2017: 8,9%) to R4 997

million (2017: R4 976 million), compared to the annual average inflation rate of 4,8% for 2018. The University's continued improvement of budget and operating processes is aimed at greater cost efficiency and improved service delivery.

Furthermore, a large part of that expenditure is linked to direct spending on research contracts, which means that such expenditure will fluctuate in line with the related income. Since 2016, this particular income category has shown a year-on-year decrease.

The increase in staff costs of 6,3% can be attributed to, among other things, a general salary adjustment of 6% in 2018 for all qualifying staff. The number of permanent staff members remained reasonably constant (3 441 in 2018 compared to 3 443 in 2017) and the number of non-permanent staff members decreased to 1 026 (2017: 1 464).

Expenditure on maintenance and repairs showed a decrease compared to 2017. Considerable costs were incurred, however, particularly in terms of initiatives to save water and electricity. These costs were capital in nature and, even though they were financed by the maintenance budget, costs to the value of R44 million were capitalised and therefore do not reflect on the income statement.

Annually, the University makes a marked contribution to bursaries from the main budget. For 2018, this amounted to R124 million (2017: R129 million), and the spending thereof is included in bursaries where SU acts as principal. There has also been a substantial increase in bursaries where the University acts as managing agent. This relates mainly to

the expansion of NSFAS funding. On 16 December 2017, former president Zuma announced fully subsidised free higher education and training for poor and working-class students. The definition of working-class students has been expanded to include households with a joint income of less than R350 000 per annum. This decision has been phased in since 2018 for students who enrolled at a public university for the first time in 2018.

The uncertainties regarding the implementation and administration of the management of the new bursaries put the University's bursaries office under great pressure.

Students who received the 8% gap funding from the DHET in 2017 will also receive these monies in 2018 and do not have to reapply for this funding. The DHET has since announced that this funding will be phased out. As of 2019, the available funds for this initiative will be added to the block allocations and distributed to universities using the relevant formula. Individual universities will have to manage the grants with these additional funds until the students who are entitled to the funding have finished their studies.

The growth and composition of bursaries are shown in the table below.

GROWTH AND COMPOSITION OF BURSARIES, 2014–2018										
		2014	2015	INCREASE/ (DECREASE) 2014/2015 %	2016	INCREASE/ (DECREASE) 2015/2016 %	2017	INCREASE/ (DECREASE) 2016/2017 %	2018	INCREASE/ (DECREASE) 2017/2018 %
TOTAL EXPENDITURE OF RECURRING NATURE, OF WHICH:	Rm	3 653	4 063		4 571		4 976		4 997	
BURSARIES PAID	Rm	588	659	12	725	10	767	6	972	27
% OF EXPENDITURE	%	16,1	16,2		15,9		15,4		19,5	
PRINCIPAL	Rm	338	403	19	442	10	456	3,2	486	7
AGENT	%	250	256	2,3	283	10,4	298	5,6	452	51,6
GAP FUNDING	Rm	-	-	-	-	-	13	-	34	163,0

## AVAILABLE FUNDS

SU places a high premium on sound corporate and financial management and does everything in its power to ensure that finances are managed in a transparent and judicious manner. Part of the sound financial management is to manage responsible levels of reserve funds with a view to long-term systemic sustainability (which includes that academic quality be maintained throughout). However, contrary to public perception, reserve funds are not a lump sum put aside to earn interest, but take the form of funds intended for various environments to be used only according to specific guidelines and conditions.

Funds comprise restricted and unrestricted funds. Restricted funds, amounting to R9,789 billion (2017: R9,563 billion) on 31 December 2018, consist of operational funds (received for, among other things, long-term external contracts with industry), loans (student loans, which are channelled back into further student support), donations (subject to conditions offset by donors) and fixed-asset funds with specific conditions for application (for example, expressly intended

to develop facilities) and are not available to Council for discretionary use. These funds may only be used in accordance with the relevant provisions.

Unrestricted funds may be used at Council's discretion. Such funds amount to R1,096 billion (2017: R1,223 billion) and are further divided into funds earmarked for specific purposes. Examples of earmarked funds include the University's Insurance Reserve Fund (which is subject to separate regulations determining how it may be applied), the University's Strategic Fund, and the balance of funds from environments earmarked for strategic and operating objectives according to approved environment plans. In this category funds amount to R749 million (2017: R651 million). The balance of R347 million (2017: R571 million) is available for discretionary use by Council. This amounts to 6,4% (2017: 9,7%) of SU's total annual revenue, representing less than one month's income, which is a very low level of contingency (compared to the international standard of three months).

The decrease in unearmarked funds can mainly be attributed to the transfer, necessitated by the depreciation of the investment portfolio, to fund the IAS 19 obligations in terms of post-retirement medical benefits (R263 million). The table below shows the growth in available funds and long-term investments over the past five years.

AVAILABLE FUNDS AND LONG-TERM INVESTMENTS, 2014–2018										
		2014	2015	INCREASE/ (DECREASE) 2014/2015 %	2016	INCREASE/ (DECREASE) 2015/2016 %	2017	INCREASE/ (DECREASE) 2016/2017 %	2018	INCREASE/ (DECREASE) 2017/2018 %
AVAILABLE FUNDS, OF WHICH:	Rm	10 636	11 824	10,3	12 254	3,6	13 338	8,8	13 433	0,7
LONG-TERM INVESTMENTS		6 631	7 684	9,3	7 893	2,7	8 889	12,6	8 793	(1,1)
AS % OF AVAILABLE FUNDS	%	62,3	65,0		64,4		66,6		65,5	

The following table shows the composition of the University's funds, and the percentage of total income constituted by unearmarked reserves (thus available for application by Council).

COMPOSITION OF AVAILABLE FUNDS, 2014–2018										
		2014	2015	INCREASE/ (DECREASE) 2014/2015 %	2016	INCREASE/ (DECREASE) 2015/2016 %	2017	INCREASE/ (DECREASE) 2016/2017 %	2018	INCREASE/ (DECREASE) 2017/2018 %
TOTAL INCOME	Rm	5 140	5 033		5 311		5 877		5 413	
RESTRICTED FUNDS		6 792	7 624	12,3	8 553	12,2	9 563	11,8	9 789	2,4
UNRESTRICTED FUNDS		1 287	1 663	29,2	1 161	(30,2)	1 223	5,3	1 096	(10,4)
EARMARKED RESERVES		1 060	1 240	17,0	702	(43,4)	651	(7,1)	749	15,0
UNEARMARKED RESERVES		227	423	86,1	459	8,6	571	24,4	347	(39,2)
TOTAL FUNDS AVAILABLE AT MARKET VALUE		8 079	9 287	15,0	9 714	4,6	10 786	11,0	10 885	0,9
UNEARMARKED RESERVES AS % OF TOTAL INCOME	%	4,4%	8,4%		8,7%		9,7%		6,4%	

Besides the market and price risks, other risks have also been identified which will require careful management:

- the unknown effect that the change in the subsidy formula, and possible student-fee regulations, will have on the income streams of the University's main budget;
- the impact of the country's economic situation and ratings, as well as its effect on investment growth and yields, especially in terms of funding for the Campus Renewal Project;
- the impact of the exchange rate on income from donations and research contracts; and
- students' ability to meet debt commitments.

The University will tackle these challenges by means of its strategic approach to financial planning and management.

## LIQUIDITY

Transparent liquidity risk management implies that sufficient cash and marketable securities be maintained, and that credit facilities be available.

	2017	2018
	Rm	Rm
CURRENT ASSETS	1 037	1 219
CURRENT LIABILITIES	1 061	1 351
RATIO CURRENT ASSETS TO CURRENT LIABILITIES	0,98	0,90

The University had more than R387,8 million (2017: R774,1 million) in cash and cash equivalents at 31 December 2018, and short-term investments of R523,8 million invested in debt instruments. The available cash and short-term investments, plus net cash flow in 2018, will be sufficient to fulfil capital and other obligations. The University has the ability to realise long-term investments at short notice in order to cover possible liquidity risks. Funds are also managed within a new medium-term portfolio to manage market risk in order to fund the financial deficit of the Campus Renewal Project over the next 10 years.

# REPORT *of the* CHIEF OPERATING OFFICER



*Prof Stan du Plessis*  
Chief Operating Officer

The financial and business acumen of public universities are being tested like never before. After the financial turbulence of the previous year, when the effects of the Fees Must Fall movement were still keenly felt, 2018 saw a considerable increase in grant funding for universities. Stellenbosch University, which has robust business, financial, technological and governance skills, mobilised those skills to manage immediate challenges while preparing for longer-term needs. Without downplaying the risks ahead, I can state that SU is in a comparatively healthy financial and operational position, having used its financial capital to support value creation across its human, intellectual, social and relationship, natural and manufactured capitals, as the discussion of our strategic goals for 2018 below shows.

## SHARPENING BUSINESS PROCESSES AND FUNDRAISING FOR FINANCIAL SUSTAINABILITY

The two key risks to the University's financial sustainability are the prospect of changes to the subsidy formula and the possibility that government could step in to regulate student fees. A Universities South Africa study has shown that SU's fees are not close to the highest in South Africa. Moreover, SU has heeded the Department of Higher Education and Training's request to universities to link fee increases to the consumer price index for 2019. The 2019 budget, which Council approved on 26 November 2018, allowed a 5,3% increase in student fees.

Throughout 2018, a substantial effort was made to improve cost and business process efficiencies. The indirect cost recovery rate for third- and fourth-stream income was reviewed and will be increased from 17% to 20% from 1 January 2019. In the area of student debt, SU again achieved good results through the extended debt collection processes that have been introduced. Student debt totalled R303 million at the end of 2018 for registered and non-registered students, accounting for approximately 21,7% of the total annual student and residence fees.

SU has been investing intensively in technology systems and infrastructure renewal that support greater operational efficiency. The first phase of the new contract research solution was implemented during the year, paving the way for more efficient, effective management of SU's large volume of research contracts. Good progress was made with preparing for the introduction of a new student information system, as well as in implementing Project Phambili, which entails renewing two key facilities management systems.

Fundraising is becoming increasingly important at SU, particularly for funding student bursaries awarded by the University. In the interest of conducting fundraising more effectively and nurturing relationships with alumni and donors, the University is replacing its legacy donor strategy solution with a new donor management system, Devman.

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## ADVOCATING JUSTICE AND EQUAL OPPORTUNITIES

Students and staff must have the freedom to live, work and play in a safe, secure environment. As highlighted on page 71 of the Risk Report, there was a marked decrease in crime and security-related incidents in 2018, thanks to the attention paid to campus safety and security in the past few years. The two major security initiatives of 2018 were the renewal of the security service contract to support the core in-house security complement and the deployment of guards at night in garden and residence areas.

SU is committed to safeguarding the personal information of staff and students. In preparation for the implementation of the Protection of Personal Information Act (POPIA), the University has employed tools such as password self-help, which placed staff and students in control of updates to their personal data. Similarly, in response to the increasing severity and complexity of cyber attacks, we have introduced an anti-phishing security improvement plan and an online security training and awareness course for staff and students.

As far as the promotion of equal opportunities is concerned, sport is proving to be powerfully transformative. Maties Sport is going all out to reach its transformation targets, which include 40% BCIA representation on high-performance teams by 2020. In 2018, 35% of the 365 student athletes in these teams were BCIA and 49,7% of Maties Sport bursaries were awarded to BCIA candidates. A major improvement of the last couple of years was that in the demographic profile of administrative and coaching staff: people from the BCIA group accounted for 67% of full-time staff at Maties Sport in 2018. Just over 50% of coaching staff represented the BCIA group.

It is important to the University to share its facilities, resources and skills with local communities and schools, especially in the sphere of sport. Maties Sport hosted holiday programmes in April and June/July 2018, and arranged kids' coaching, line-up and anthem singing during the Varsity Cup and Varsity Sport events. In all, over 2 300 local learners participated in these activities in 2018.

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## COMMERCIALISING INTELLECTUAL PROPERTY (IP) AND BUSINESS OPPORTUNITIES

Commercial activities are becoming increasingly important to SU for bringing in much-needed fifth-stream income. Innovus is the entity responsible for commercialisation and technology transfer, and is the University's shareholder representative in the 20 spin-out companies in the SU group.

No fewer than five new spin-out companies were established in 2018 to extend SU's social impact via the market. The value of the institution's shareholding in the spin-out companies, which employed 267 people in 2018, increased by approximately R10 million.

In 2018, Innovus received 50% more new invention disclosures than in 2017 and facilitated 13 new technology licence agreements, compared to nine in the previous year. SU also became the first local university to assign IP successfully to its start-up, Custos Media Technologies (Pty) Ltd. Custos provides a globally effective way to combat media piracy by tracing a leak to its source in a decentralised

way using cryptocurrency and digital watermarks.

Innovus received two important awards in 2018. University Based Incubators (UBI) named SU's LaunchLab business incubator as the Global Top Challenger from Africa at its annual meeting in Canada in February 2018. More recognition came when Nolene Singh, Technology Transfer Manager of Innovus, received the Excellence Award for Early Career Excellence in Innovation Management, awarded by the Department of Science and Technology and the Southern African Research and Innovation Management Association (SARIMA).

In early 2017, Innovus acted swiftly when it became aware that some students were uploading and distributing SU course material onto external open electronic platforms for financial gain, under the University's name and trademark. Apart from issuing takedown notices to the hosting platforms, Innovus entered into an agreement with Custos to implement its digital watermarking technology and use of blockchain technology to protect all official SU PDF course content from the beginning of 2019.

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## PURSuing ENVIRONMENTAL SUSTAINABILITY

The principle of environmental sustainability is increasingly being embedded in SU's operations, particularly facilities management and property services. Priorities for 2018 were to further entrench good water, energy and waste management and to continue integrating green building practices into the ongoing Campus Renewal Project.

The University's property services have invested significant resources and time in developing and improving water management and monitoring systems to mitigate the risk of drought and optimise water resources. The changes made to the systems have enabled the University to reduce potable water consumption by 51% compared to 2015 usage levels.

In 2018, SU produced 15 744 tons of waste, only 51% of which was diverted from landfill, compared to 55% in the previous year and 70% in 2016. However, waste management is set to improve because of steps taken during the year. After a viable sourcing project, the contract for campus waste management was awarded to a waste management company and a new off-site waste-sorting facility was introduced for the Stellenbosch Campus. Recyclables are collected for reconstitution while food waste is delivered to the Agriprotein fly farm and green waste to the compost area. Some 145 tons of green waste was turned into compost, resulting in savings of approximately R50 000 for compost and R450 000 for mulch that would otherwise have had to be purchased.

The human element is a key part of effective waste, water and energy management. During the year, cleaning and kitchen staff from all the residences attended two-day training sessions on how to manage waste in their environments. For students, the University introduced the Green Living Awards, aimed at raising awareness among students about the impact they have on the environment and how they can improve sustainability in their sphere of influence. The Green Living Awards were held in September 2018.

The large-scale renewal of SU buildings, facilities and services, through the Campus Renewal Project, is providing many opportunities to introduce intelligent facilities management and improve the usage and efficient operation of these facilities. This has positive implications for energy and water savings, as well as for better waste management.

## CAMPUS RENEWAL PROJECT INITIATIVES

Initiative	Value	Status
<b>TYGERBERG CAMPUS RENEWAL PROJECT</b>		
Tygerberg Library Refurbishment Project	R35 900 000	Completed in February 2018.
Tygerberg Biomedical Research Institute	R1 023 342	Construction progressing well and on schedule.
<b>BELLVILLE PARK CAMPUS RENEWAL PROJECT</b>		
Tender Package One: Fire and domestic water ring mains and parking	R12 521 865	Complete, including additional works.
Tender Package Two: Library upgrade, new lecture hall, new cafeteria, cyber café, main building and Van der Horst lecture hall upgrades and fire compliance	R93 384 385	Contactor on track including extra work. Due to be completed by March 2020.
New central HVAC plant	R12 650 392	Complete with final commissioning in progress.
Fire detection main building	R2 200 000	In construction. Due to be completed September 2019.
Electrical Master Plan Phase One	R2 941 000	Completed.
Bellvista Lodge: Bathroom upgrade, façade upgrade and fire compliance	R7 712 220	In construction. Due to be completed September 2019.
Van der Horst façade upgrade	R1 715 710	In construction. Due to be completed July 2019.
Filtration plant (drought response)	R6 000 000	Completed.
<b>STELLENBOSCH CAMPUS RENEWAL PROJECT</b>		
Jan Mouton Learning Centre	R255 699 294	Commenced 2017 and due to be completed in January 2020.
Drama Renewal Project: Adam Small Theatre Complex	R96 000 000	Completed.
Arts and Social Sciences Decanting Facility and Services Densification Project	R74 000 000	Revised scope feasibility in progress.
Chemistry First-years Lecture Hall Renewal Project	R28 600 000	Completed.
Admin Head Office	R32 700 000	Refurbishment of HR, Alumni and Sun Media Offices completed during 2018.
Engineering Campus Renewal Project: New industrial Engineering Building, new Civil Engineering Pavement Laboratory, M&M decanting, renovations and upgrades to Mechanical and Mechatronic Building, renovations to Electrical and Electronic Machine Lab and quad area, upgrade to bulk sewer system, upgrades to Joubert parking area	R729 977 740	The phases of listed will be completed in February 2020.
Sport Facilities: Athletics stadium – offices and ablution, Lentelus new cloak rooms and club house, Lentelus fields, Coetzburg athletics track re-build, new water-based hockey field	R86 089 403	Completed.
Education ICT and Campus Renewal Masterplan for GG Cillie Building: Master plan include the following upgrades – laboratory, library, practicum unit, traditional lecture halls, interactive classrooms, glass bowl classrooms, ICT, office space, courtyard and interactive space, toilets	R22 995 500	Phase I completed on 26 February 2019.

## INSTITUTING INTEGRATED PLANNING, BUDGETING AND REPORTING

The bedrock of good governance is the quality and transparency of reporting. In 2018, SU achieved the distinction of seeing its 2017 integrated Annual Report winning first prize in the “public sector” category of the awards hosted by JSE/Chartered Secretaries Southern Africa (CSSA) and Business Day. This award reflects the high quality of the institution’s *Annual Integrated Report* and the management practices on which it reports. The University has an integrated budget model that encompasses all five of its income streams and has a six-year planning horizon. The model was further refined in 2018 when a budget task team reviewed specific elements and made recommendations, some of which will be implemented in 2019. For example, bursary costs are being moved from the main budget (comprising subsidy and student fees) to the fourth-stream category of donations.

Integrated planning, budgeting and reporting are also being enhanced through technological renewal. Towards the end of 2018, a decision was made to replace the existing in-house financial system with Oracle Cloud Financials, thereby addressing the risk associated with outdated software and silo functioning. The new system, which will be implemented in phases over three years, is known as SUNfin and

will be integrated with the budgeting system, IDU, as well as the new research contract system. SUNfin has critical new functionalities such as tender management.

## MOVING FORWARD

These are uncertain times for higher education in South Africa, particularly when it comes to funding. With government still grappling with the funding formula and related challenges, and no definitive decisions forthcoming about longer-term funding policy, universities have their work cut out to factor this fluidity into their own planning. From Stellenbosch University’s perspective, the best course of action is to continue improving the efficiency and cost-effectiveness of our business processes while further strengthening risk management (see page 70) and governance (see pages 16 and 24), and enhancing fifth-stream income generation by optimising IP assets. It will be vital to continue investing in facilities and infrastructure that give momentum to the University’s reputation for academic and sporting excellence, while safeguarding the value of our financial capital. There are many balls to juggle as we move deeper into the 21st century, but with discipline and a fine sense of balance, the institution should retain and even sharpen its edge in the higher education market.

# REPORT *of the* — VICE-RECTOR — (*Learning and Teaching*)



*Prof Arnold Schoonwinkel*  
Vice-Rector (Learning and Teaching)

How, where, when, why and what students learn at higher education institutions is changing fundamentally. Our focus is on enabling Stellenbosch University's students and staff to take advantage of the changes – and navigate the associated challenges – while ensuring that the institution continues to embody learning and teaching excellence.

We aim to make Stellenbosch University (SU) the institution of choice for South Africans, producing world-class graduates who can make a positive difference in Africa and beyond. Attuned to the modern student's educational needs, the emphasis is on pedagogies that are learning centred and encourage intellectual inquisitiveness and collaborative problem solving. We follow a sustainable approach that promotes lifelong learning among students and staff alike, maintaining the momentum of excellence at the University.

Learning and teaching goals are drawn directly from the University's priorities and goals as set out in the Institutional Intent and Strategy 2013–2018 (see page 10). The ensuing discussion of our learning and teaching goals and related activities in 2018 – the last year in our strategic cycle – covers eight strategic focus areas derived from the institutional priorities.

## MAINTAINING EXCELLENCE IN LEARNING AND TEACHING

Excellence in learning and teaching is primarily about the quality and effective delivery of academic programmes that students experience as valuable for their education and professional aspirations. To this end, in September 2018, Council approved SU's new Teaching and Learning Policy, which seeks to professionalise academics for their teaching role, promote the scholarship of learning-centred teaching, introduce appropriate learning technologies and engage in continuous programme renewal.

In professionalising our academics' teaching approaches, we developed a new short course in the Scholarship of Educational Leadership (SoEL) and implemented the improved short course in Blended Teaching and Learning. Senior academics from nine faculties and a number of professional support staff participated in the SoEL course, which includes research outputs.

The Blended Teaching and Learning course was revamped and presented in a blended mode to two cohorts. The intention is to create deep theoretical and practical skills in the application of technology in pedagogy. Strengthening these skills is critical given that the blended learning delivery model has been identified as a risk in the SU risk register, as shown in the table on page 72, but also as an enabler to reach new student markets.

Effective teaching was acknowledged when SU Teaching Excellence Awards were presented to 11 lecturers in November. One of the recipients of the previous year's awards, Prof Susan van Schalkwyk, went on to receive a 2018 National Teaching Award.

Another milestone for learning-centred teaching was the 11th annual Scholarship of Teaching and Learning (SoTL) conference in October. It attracted approximately 220 delegates from all 10 faculties and comprised 85 presentations on topics such as innovative teaching, graduate attributes, curriculum design, assessment and feedback and the use of technology.

## FACILITATING STUDENT ACCESS WITH SUCCESS

Student success is a combination of students' academic performance and their co-curricular (out-of-classroom) achievements. In addition to financial aid and admission considerations, enhancing success includes providing opportunities for students to develop their skills, especially leadership, while removing obstacles, such as those that students with disabilities experience.

SU student module success rate (%)	2013	2014	2015	2016	2017	2018	2019*	2020*	2021*
	85,9	85,1	86,7	86,0	87,1	86,4	85,1	85,0	85,0

\* Targets

Stellenbosch University strives to be a universally accessible university for staff, visitors and students with disability. On 26 March 2018, Council adopted the Disability Access Policy, which took effect on 1 April and is being rolled out across all responsibility centres. The Division for Student Affairs also finalised the universal design framework for living and learning with disability.

The student leaders' conference SU Leads, which used to include only positional leaders, was expanded to include all students in 2018. More than 1 400 SU students attended the programme, which offered a new, process-driven approach to leadership development.

Students and staff now have a range of new pathways and processes to report experiences of unfair discrimination, harassment, sexual harassment and victimisation. The Equality Unit (EqU) offers

alternative dispute resolution through mediation, tools to monitor serious incidents and a programme to support LGBTI students. We have also introduced services to combat gender-based violence.

## MANAGING THE SIZE AND SHAPE OF OUR STUDENT BODY

The size of the University's student body largely determines SU's revenue, the extent of student support from faculties and support divisions and the need for physical infrastructure. The shape of SU refers to the undergraduate to postgraduate student ratio, the demographic composition of the student body and student distribution across broad disciplinary groups, among others. In 2018, income from learning and teaching accounted for 76,8% of SU's main budget, highlighting the importance of maintaining the momentum of excellence in this crucial part of our core business.

Decisions on admission to SU are aligned with the principles of academic excellence through diversity and inclusivity. In 2018, we applied the revised Admissions Policy approved in the previous year. Besides academic achievements and race, the expanded admission criteria include students' socio-economic status.

The most significant change in student demographics concerned first-time entering undergraduate students, where black African, coloured, Indian and Asian (BCIA) students increased from 32,4% in 2013 to 38,1% in 2018. At undergraduate level, 37,9% of students were BCIA students, compared to 50,4% at postgraduate level.

The following table indicates the size and shape of the current SU student body per faculty and level of study. The percentage share of undergraduate students is 63,5% and of postgraduate students 33,1%. Also, see our student profile further on.

### COMPOSITION OF STUDENT BODY BY FACULTY AND LEVEL OF STUDY, JUNE 2018

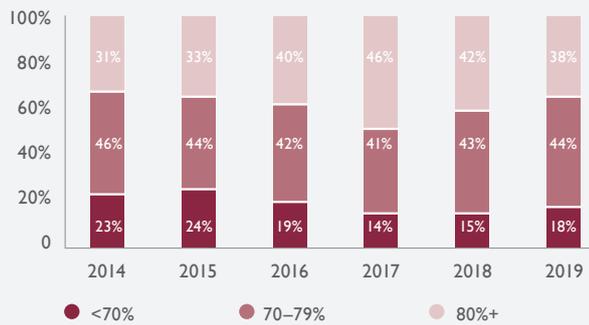
Faculty	Undergraduates	Postgraduates	Occasionals	Total	% share
AgriSciences	1 575	566	49	2 190	6,9
Arts and Social Sciences	3 287	1 438	261	4 986	15,7
Economic and Management Sciences	5 244	3 422	261	8 927	28,1
Education	1 069	775	10	1 854	5,8
Engineering	3 081	929	85	4 095	12,9
Law	447	438	6	891	2,8
Medicine and Health Sciences	2 533	1 739	316	4 588	14,4
Military Science	462	90	2	554	1,7
Science	2 230	817	92	3 139	9,9
Theology	240	292	9	541	1,7
<b>Total</b>	<b>20 168</b>	<b>10 506</b>	<b>1 091</b>	<b>31 765</b>	<b>100</b>
% distribution	63,5%	33,1%	3,4%	100%	

Student numbers may also be categorised in broad disciplinary groups:

- Natural sciences (Medicine and Health Sciences, Engineering, Science, AgriSciences): enrolment share 44,1%.
- Management sciences (Economic and Management Sciences, Military Science): enrolment share 29,8%.
- Humanities (Arts and Social Sciences, Education, Law, Theology): enrolment share 26%.

Stellenbosch University attracts high-calibre candidates. The proportion of new first-years (NFs) who matriculated the previous year with an application mark of 80% or higher, grew 7% from 2014 to 2019.

## DISTRIBUTION OF NEWCOMER FIRST-YEARs' GRADE 12 RESULTS, 2014–2019



## TRENDS OVER THE PAST FIVE YEARS

The percentage of newcomer first-years (NFs), who matriculated the previous year, with a Grade 12 average of 80% and above, increased yearly with a sharp increase from 2015 to a record of 46% in 2017, after which it decreased to 38%, which is still 7% higher than in 2014.

Conversely, the percentage NFs in the lower Grade 12 categories decreased steadily up to 2017, after which the percentage increased again slightly.

Looking ahead, the size of SU in 2030 is premised on realistic growth in student numbers on the present campuses, underpinned by an appropriate physical spatial development plan. The shape reflects a desired student composition and a variety of teaching and research programmes that meet the envisaged needs of South Africa.

## FURTHERING PROGRAMME RENEWAL

Since the needs of the job market are rapidly changing, we regularly review our programme offering for quality and cost-effectiveness. In 2018, the Department of Higher Education and Training (DHET) supported programme renewal activities at SU by introducing University Capacity Development Grant (UCDG) funding. We were able to establish academic programme renewal as a holistic institutional project, characterised by collaboration among programme coordinators in faculties and professional and administrative support services staff.

A strong drive is under way to integrate learning technologies meaningfully into renewed curricula. In October, the University's Committee for Learning and Teaching accepted guidelines clarifying the roles of faculty programme committee chairs and programme leaders in driving programme renewal. Advisers and blended learning coordinators (BLCs) from our Centre for Learning Technologies provide expert guidance and support to faculties, and a growing number of modules and programmes have been renewed through the integration of ICT in a blended learning approach.

## INCREASING MULTILINGUAL PROGRAMME OFFERING

Stellenbosch University is a world-class multilingual South African university. Our stance is that language should be a tool for success and inclusion, especially in diverse educational settings. We closely track multilingual undergraduate teaching per module and for all modules offered in a particular language mode.

## UNDERGRADUATE TEACHING OFFERING BY LANGUAGE MODE

STRATEGIC MANAGEMENT INDICATOR	2014	2015	2016	2017	2018
Afrikaans and English to PARALLEL class groups (parallel-medium)	16,6%	15,4%	17,5%	20,9%	21,6%
BOTH Afrikaans and English in the SAME class group (double-medium)	62,9%	69,5%	69,5%	64,6%	61,4%
SINGLE-LANGUAGE Afrikaans or English to the entire class group (single-medium)	20,4%	15,1%	13,0%	14,5%	17,0%

Language implementation in and beyond the classroom is funded from additional institutional resources. Furthermore, the Language Centre delivers translation, editing and interpreting services in more than 15 languages to a variety of clients on and off campus. In 2018, in response to increased demand for editing and translation services, we streamlined internal processes and improved quality control procedures.

For the benefit of deaf BEd students in the Faculty of Education, we continued offering South African Sign Language (SASL) interpreting services, after trialling these in the previous year. Subject to the availability of sufficient funding, the long-term goal is to use the service to make the BEd programme accessible to a larger number of deaf students.

Another priority is to improve students' access to academic terminology in various languages through initiatives such as the Mobilex project. Through Mobilex, we are developing an app to assist with the consolidation and translation of academic terminology in English, Afrikaans and isiXhosa.

A great success story is the integration of conversational Afrikaans and isiXhosa acquisition with core courses in the clinical context at the Faculty of Medicine and Health Sciences, equipping students to communicate with their patients or clients in their home language.

## INCORPORATING INFORMATION AND COMMUNICATION TECHNOLOGY IN LEARNING AND TEACHING

The sensible utilisation of information and communication technology (ICT) is playing an increasing part in the learning experience of SU's current residential students, who expect greater access to knowledge. ICT also enables SU to enter new student markets, e.g. those who have to earn an income while studying, or for continuous professional development.

The SUNLearn mobile app has matured, and provides a stable, useful on-the-go learning experience for both students and lecturers, who can gain access to their SUNLearn courses through their mobile phones and download course content for offline use.

## TAPPING INTO NEW KNOWLEDGE MARKETS

The strides taken in developing and delivering fully online and blended learning offerings will be invaluable in tapping into new markets requiring flexibility and self-paced learning opportunities.

The pedagogically sound use of technology has significant potential benefits, including wider reach, more effective use of lecturers' time and savings through reduced physical infrastructure requirements. In May 2018, a task team of the Rectorate proposed a framework

for SU's hybrid learning offering, whereby students learn by a combination of face-to-face and online interaction. This methodology was workshopped with faculties and professional support divisions to identify anticipated challenges and solutions, the most suitable programme offerings and target markets, and the institutional support needed. Next, we will develop a business case for further consultation. Four faculties are already offering 14 programmes in hybrid learning format.

## SUPPORTING STUDENTS FINANCIALLY

Financial aid for students is a complex issue, posing significant challenges for the University's long-term sustainability given the magnitude of assistance required and the impact of government policy decisions on tertiary funding.

For 2018 in particular, a major challenge was dealing with the impact of the presidential announcement of 16 December 2017 on the introduction of fully subsidised, free higher education for poor and working-class university students through the National Student Financial Aid Scheme (NSFAS). This went hand in hand with the introduction of the Ikusasa Student Financial Aid Programme (ISFAP) for students in the "missing middle".

The 2017 NSFAS cycle had not been properly finalised, and many eligible and funded 2017 students only received their funding in 2018, causing uncertainty among students. As a partial solution, the University has appointed ad hoc staff to assist students with general NSFAS enquiries and the NSFAS application process, as well as a senior financial and data analyst to work with NSFAS to ensure data quality and speed up funding decisions and disbursements.

What did go smoothly, fortunately, was the newly introduced ISFAP bursary process. The University received ISFAP grants for full-cost bursaries for 131 eligible first-year students: 36 were enrolled for MBChB, 36 for Bachelor of Accounting and 59 for Bachelor of Engineering programmes. Student success rates were extremely high, ranging from 80% in engineering to 90% in accounting and 99% in MBChB.

SU revised its bursary and loans model in 2018, which Senate has approved. According to this model, the University will apply the principle of full-cost funding to fewer students in future and will limit financial support to students in need to the minimum duration of study plus one year, or to two years in exceptional circumstances. Funding for students from the missing middle will be sourced externally and, although SU will continue to provide academic merit awards and recruitment bursaries, candidates will have to do even better to qualify.

### MAIN FUNDING SOURCES FOR UNDERGRADUATE BURSARIES AND LOANS IN 2018

SU main budget	Bequests and donations	External funds	Total
R113,76 m	R6,70 m	R379,91 m	R500,38 m
23%	1%	76%	100%

The majority of SU's coloured and black African students' study fees are funded through some form of bursary.

### UNDERGRADUATE BURSARIES AND LOANS GRANTED TO BCIA STUDENTS IN 2018

Race	Enrolments	Number of bursary students	% share of bursary students	Amount
White	12 758	3 536	28%	R132,6 m
BCIA	7 640	5 200	68%	R367,8 m
Total	20 168	8 736	43% of total	R500,38 m

Approximately 80% of black African and 89% of coloured first-year students in residences received bursaries. Nearly 60% of white first-years in residences were awarded first-year merit bursaries based on their Grade 12 average.

## MOVING FORWARD

Learning and teaching at Stellenbosch University is in a sound state and the University's reputation as an institution where students receive a well-rounded, quality, relevant education, with a high success probability, is intact. We are well equipped to provide the necessary support to growing numbers of socio-economically disadvantaged students and to capitalise on new market opportunities.

This positive outlook reflects the University's confidence in our three key learning and teaching strategies. These are the ICT for teaching and learning strategy, which capitalises on the advances in technology, continuous academic programme renewal, ensuring our offering remains relevant and up to date, and our plans for hybrid learning as a means to tap into new markets. We are moving forward with the action plans needed to bring these strategies to life for an increasingly diverse student body.

## OUR STUDENT PROFILE IN NUMBERS

QUALIFICATIONS AWARDED BY TYPE, April 2019		
Qualification type	Number awarded	%
Undergraduate diplomas and certificates	34	0,4
General first bachelor's degrees	2 561	28,4
Professional first bachelor's degrees	1 685	18,7
Postgraduate diplomas and certificates	1 335	14,8
Postgraduate bachelor's degrees	77	0,9
Honours	1 487	16,5
Master's degrees	1 517	16,9
Doctoral degrees	308	3,4
<b>Total</b>	<b>9 004</b>	<b>100</b>

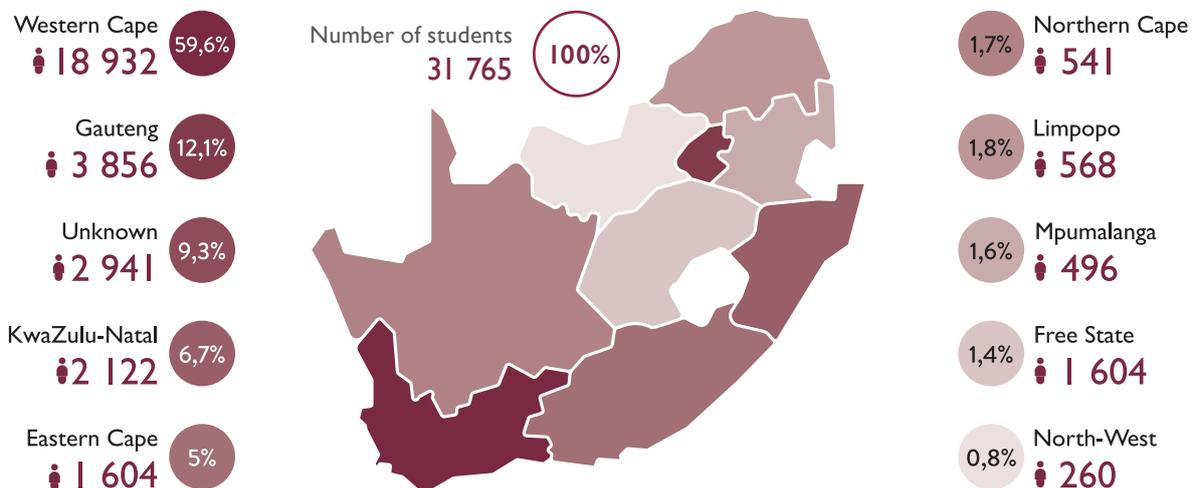
COMPOSITION AND SIZE OF STUDENT BODY BY GENDER, June 2018		
Gender	Number of students	%
Female	17 383	54,7
Male	14 379	45,3
<b>Total</b>	<b>31 765</b>	<b>100</b>

COMPOSITION AND SIZE OF STUDENT BODY BY RACE, June 2018		
Race	Number of students	%
Coloured	5 757	18,1
Black African	6 375	20,1
Indian	996	3,1
Asian	54	0,2
White	18 447	58,1
Withheld	136	0,4
<b>Total</b>	<b>31 765</b>	<b>100</b>

COMPOSITION AND SIZE OF STUDENT BODY BY HOME LANGUAGE, June 2018		
Home Language	Number of students	%
Afrikaans	11 740	37,0
English	15 176	47,8
Afrikaans/English	260	0,8
IsiXhosa	1 236	3,9
Other official SA languages	2 039	6,4
Other languages	1 310	4,1
<b>Total</b>	<b>31 765</b>	<b>100</b>

COMPOSITION AND SIZE OF STUDENT BODY BY NATIONALITY, June 2018		
Nationality	Number of students	%
South Africa	28 242	88,5
SADC (excluding South Africa)	1 878	6,0
Other African Countries	516	1,8
Rest of the world	1 129	3,7
<b>Total</b>	<b>31 765</b>	<b>100</b>

### COMPOSITION AND SIZE OF STUDENT BODY BY SA PROVINCE, June 2018



# REPORT *of the*

## — VICE-RECTOR —

### *(Research, Innovation and Postgraduate Studies)*



*Prof Eugene Cloete*  
Vice-Rector  
(Research, Innovation and  
Postgraduate Studies)

Stellenbosch University (SU) aims to be a leading research-intensive university on the African continent. The institution intends to achieve this by pursuing excellence, remaining at the forefront of its chosen focus areas, gaining standing based on its research outputs, and being enterprising, innovative and self-renewing. This requires a careful balance between, on the one hand, continuity and consistency and, on the other, transformation and rejuvenation of SU's academic researcher cohort. At the same time, SU research strives to be socially relevant. Ultimately, our research efforts are not only aimed at academic success, but also at making a significant impact in the world.

These objectives were embodied in the University's Institutional Intent and Strategy 2013–2018 (IIS). Over the six-year strategic cycle, through the activities of its various divisions, the Research Innovation and Postgraduate Studies (RI & PS) responsibility centre further strengthened the University's status as a research leader as our pursuit of the following strategic goals will show. We also prepared for the following strategic cycle by refocusing and improving our strategies for the new Strategic Framework 2019–2024.

## APPOINTING YOUNG ACADEMIC STARS

Our responsibility centre places a strong emphasis on research excellence. To sustain our performance over the long term, we have purposefully set out to develop a new generation of academics by seeking out talented young people with 'academic star quality' and focusing on their promotion and advancement potential. In this way, we have enhanced the University's research capacity, rejuvenated its researcher cohort, and accelerated institutional transformation. A number of initiatives supported this strategic goal.

One such initiative is a structured support programme for early-career researchers, which is backed by funding from the Department of Higher Education and Training (DHET) University Capacity Development Grant (UCDG). This includes an early-career academic staff mentoring programme, which matched 90 early career academic staff members with experienced mentors in 2018. They were further supported through career acceleration awards and access to capacity development opportunities in and outside the University.

In 2018, another initiative, the NRF's early career funding instrument Thuthuka, provided 24 emerging researchers with research grants – six were new grants to the value of approximately R920 000 and 18 were continuation grants amounting to R2,1 million. Moreover, the University could appoint 17 master's and doctoral candidates and postdoctoral researchers in new academic positions created through the NRF's New Generation of Academics Programme (nGap) (see page 66).

The African Academy of Sciences and the Royal Society have partnered to launch a new early career fellowship programme, the Future Leaders African Independent Research Fellowships (FLAIR), supported by the Global Challenges Research Fund (GCRF). Out of more than 2 000 applications from all over Africa, eight candidates from Stellenbosch University were invited for interviews and two of 25 awards were eventually made to Dr Debra Rossouw from the Institute for Wine Biotechnology and to Dr Margreth Tadi from Process Engineering.

Further strengthening our commitment to capacity building of early career researchers and research administrators, the University succeeded in obtaining 15 internship positions in the highly competitive DST-NRF Internship Programme. Two emerging researchers applied successfully to Wellcome Trust programmes – the collaborative Award in Humanities and Social Sciences and the Wellcome Seed Award. In addition, the University received 13 Medical Research Foundation (MRC) Self-Initiated Research grants, which are ranked second highest in the country in terms of the amount of funding awarded, most of it going to early-career researchers.

## PROMOTING RESEARCH OUTPUTS

Postdoctoral fellows contribute significantly to the institution's research output. Up from 171 in 2013, SU hosted 305 postdoctoral fellows in 2018. SU's Consolidoc programme, established in 2013, offers an opportunity for recent doctorates to spend a further six months at SU to publish the research from their dissertations. The 24 Consolidoc fellowships awarded in 2017 resulted in 42 articles submitted for publication and enabled seven of the recipients to secure postdoctoral fellowships. A further 13 Consolidoc fellowships were awarded in 2018.

The University received 14 new postdoctoral fellowships from the NRF and 33 continued from the previous year. The University also received the highest number of Claude Leon Foundation (CLF) fellowships in the country for the third consecutive year, namely seven new ones and 14 continued from the previous year.

We are proud to have hosted the first ever national Postdoctoral Research Conference in 2018, which was attended by 71 postdoctoral fellows from across the country.

### *Supporting our growing number of exemplary NRF-rated researchers*

The University's group of 459 NRF-rated scientists (up from 316 in 2013), including 12 A-rated researchers, remains one of our greatest institutional assets. However, towards the end of 2018, the NRF announced that the financial awards attached to the NRF rating programme would be reduced by about 90%. We were able to maintain support for our established NRF-rated researchers through a hefty once-off institutional investment from the University's contingency fund and the VR (RI&PS) budget. This investment buffered the sudden reduction in NRF funding and averted a severe negative impact on research activities. The University continues to support the NRF rating system in principle – not only as a qualitative, peer-reviewed measure of excellence, but also as a gateway to competitive NRF funding programmes.

### *Supporting research with cutting-edge library spaces and research equipment*

In response to the rapidly changing higher education landscape, the University's Library and Information Services provide access to relevant, up-to-date information resources, information discovery tools and state-of-the-art library spaces. The Medicine and Health Sciences Library on the Tygerberg Campus, refurbished as part of the Campus Renewal Project, opened its doors early in 2018, providing technology-rich spaces tailor-made to fulfil the needs of medical researchers, students and staff. New research support services will enhance student success and research output that will benefit the South African society and international partners.

SU maintained its success rate with applications to the NRF's National Equipment Programme. In 2018, three successful applications secured a total investment of R27,4 million in the acquisition of a range of hyperspectral imaging equipment. The Central Analytical Facilities will manage the acquired state-of-the-art equipment, which is housed in its Unit for Vibrational Spectroscopy, ensuring access for all researchers through its multi-user management model.

### *Maintaining research productivity*

Despite the challenges with research funding, SU is still the most productive institution nationwide in terms of weighted research output per capita. According to the DHET's official report on 2017 publications (assessed in 2018), the weighted research output per full-time SU staff member was 3,26. SU's publication output per capita was 1,68, one of the highest research outputs per full-time academic staff member in the country, and our strategic management indicator has improved steadily throughout the strategic cycle as shown in the table below. Research output is also reflected in world university rankings (see page 62).



## SU RESEARCH OUTPUTS, 2012–2017\*

Research outputs	2012	2013	2014	2015	2016	2017
Weighted research output per capita (publications, theses and dissertations)	3,08	2,97	3,03	2,92	3,11	3,26
Research publications per capita	1,36	1,47	1,50	1,32	1,58	1,68
Ratio of weighted research outputs per full-time equivalent teaching and research staff member (SU strategic management indicator)	2,41	2,33	2,50	2,53	2,64	3,01

\*Results of the 2018 outputs are assessed in 2019.

Research chairs make an important contribution to research productivity. SU now has 45 research chairs – more than double the number of six years ago. Of these, 27 form part of SARCHI (the South African Research Chairs Initiative) and are funded by the Department of Science and Technology (DST). Two SARCHI grants were renewed in 2018 for a second term of five years.

Three new DST-NRF research chairs were awarded to SU in Sugarcane Bio-refining, in Innovative Rehabilitation and in Food, Environments, Nutrition and Health.

Two multidisciplinary and multi-institutional research teams, led by SU researchers Profs Karin Jacobs and Sonja Matthee respectively, were the only ones selected from a national pool of concept notes competing for the funding of a large integrated project in the Foundational Biodiversity Information Programme (FBIP). The FBIP, funded by DST, is managed jointly by the NRF and the South African National Biodiversity Institute. Another large integrated project, led by SU researcher Prof Michael Cherry, was the only one funded from 2016 to 2018 (see photo below).

Maintaining such excellence in research productivity requires a robust and well-functioning ethics review system and the support structures for promoting research integrity. Ethics review at SU is managed through five subcommittees of Senate (see “Our governance structure” on page 20), whose membership comprises academic staff and community members who volunteer their time. These committees reviewed 2 105 new applications in 2018 – almost double the 1 210 reviewed in 2013. Multi-year projects approved in previous years also required continuing review.

The special centenary edition of the annual institutional research

report, *Research at Stellenbosch University 100*, which introduces our research to a wider audience, won a platinum award for the highest-scoring printed media entry, as well as the Chairperson’s Award of Excellence for sustained editorial excellence at the annual MACE (Marketing, Advancement and Communication in Education) awards.

## ESTABLISHING RESEARCH FOCUS AREAS

The following five broad research themes were formulated according to which strategic interdisciplinary research initiatives will be initiated to take SU into its second century as a research-intensive university under the new Strategic Framework 2019–2024:

- The Natural Environment
- Health and Human Security
- Social Justice and Development
- Human Creativity and Social Innovation
- Systems and Technologies for the Future

## EXTENDING RESEARCH INNOVATION

Innovation attests to SU’s capacity to contribute to economic and social improvement in the country. Our research delivered 111 Patent Cooperation Treaty (PCT) applications from 2009 to 2018, once again placing us ahead of other productive institutions such as the University of the Witwatersrand, SASOL Technology, the CSIR and Cape Town University.

## FIRST-TERM OUTCOMES OF RENEWED SARCHI GRANTS



During the first term of her chair in Mycobactomics, Prof Samantha Sampson published 22 internationally peer-reviewed articles, supervised 22 postgraduate students (including eight PhD students) and was instrumental in establishing a biosafety Level 3 facility on the Tygerberg Campus.

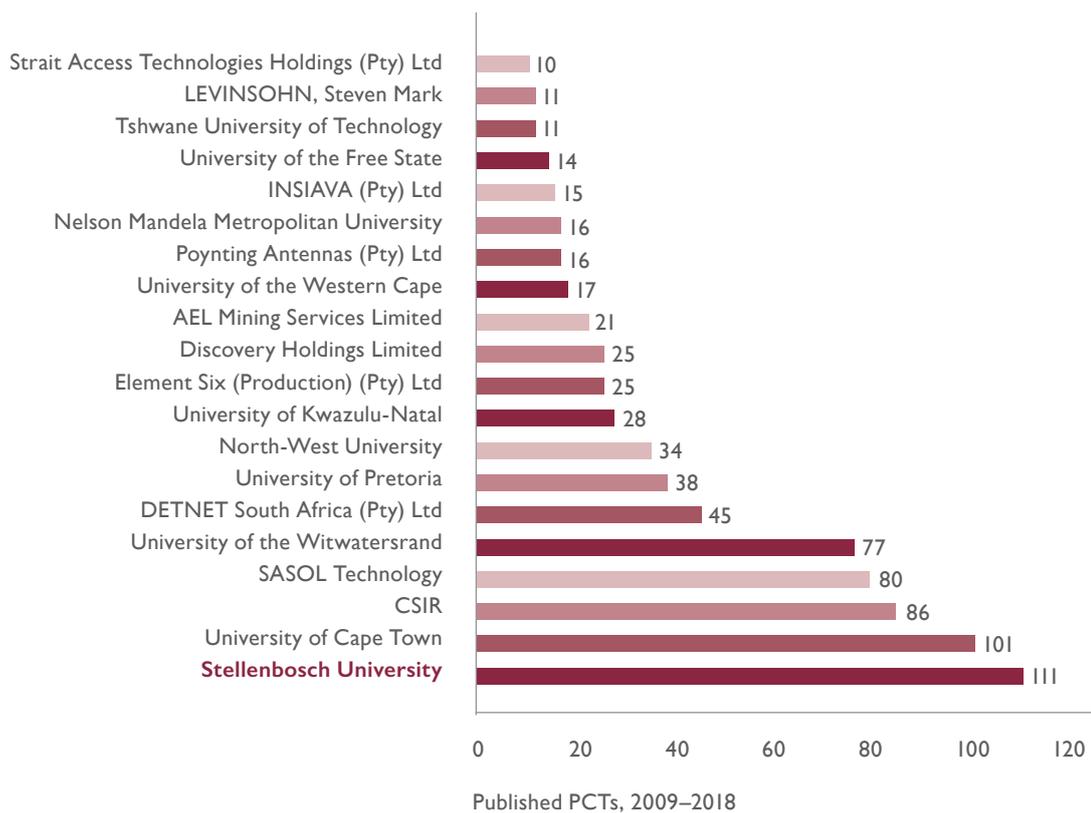


Prof Gerhard Walzl, holding the chair in Biomarkers in TB, published 58 articles in international peer-reviewed journals and has led and collaborated in several large multi-institutional projects, resulting in the development of new diagnostic tests that revolutionised the diagnosis and treatment of TB.

## LARGE INTEGRATED PROJECT DISCOVERS NEW SPECIES



The large integrated project led by SU researcher Prof Michael Cherry resulted in the discovery of two new invertebrate species in the Eastern Cape forests by SU team member Prof Savel Daniels (above).



## GENERATING SUSTAINABLE INCOME THROUGH RESEARCH PARTNERSHIPS

Given the many uncertainties about government subsidy income and national funding for research, our research outputs are becoming increasingly dependent on contract research (third-stream income) and philanthropic donations (fourth-stream income). With assistance from a strategic fund allocation, a new information system for the management of research contracts was developed and partly implemented in 2018. The system will strengthen SU's ability to manage, report on and project its third-stream income accurately.

A total of 963 new research contracts were processed in 2018, of which 724 contracts were signed by 15 April 2019. Of these, about 55% contributed R560 million to the University's third-stream income (see "Our management indicators" on page 39), while 45% represented contracts securing intangibles, such as agreements on non-disclosure and material or data transfer, that formally contribute to the strength of the University's relationships. Outgoing subcontracts signed totalled just over R39 million.

Our partnerships with industry were further strengthened through the Technology and Human Resources for Industry Programme (THRIP). Twelve projects funded under the original NRF-administered THRIP received their delayed 2017/18 grants (R6,5 million). From 2016 to 2018 our researchers were also involved in 13 projects approved under the new THRIP run by the Department of Trade and Industry (dti).

Leading researchers in Europe continue to regard SU researchers as preferred partners and many were invited in 2018 to join consortia in applying to the European Union (EU) Horizon 2020 Research and Innovation funding programme and other EU-related funding

schemes. Nine grants to the value of R23,5 million were awarded. Twenty-nine grants totalling R176 million were awarded to SU for the entire period from 2014 to 2018. In addition, SU researchers and students were involved in more than 30 EU Erasmus+ capacity development awards, bringing the overall number of EU-related research collaboration awards close to 130.

In 2018, the Andrew Mellon Foundation announced US\$405 000 (approximately R5,6 million) for the Ubuntu Dialogues Project led by Mr Bongani Mgjijima, Director of the SU Museum, in collaboration with the Michigan State University Museum, and about R1,2 million for a project led by Prof Sally Murray from the English Department in the Mellon 30th Anniversary Artists in Residencies Fellowship programme. The HB & MJ Thom Trust's Award, used for sabbatical research grants to academic staff and bursaries to postgraduate students, increased to R2 146 771.

## SUSTAINING POSTGRADUATE STUDENT SUCCESS

A substantial and successful postgraduate student body is an important building block of any research-intensive university. Over the strategic cycle 2013–2018, the University showed a healthy growth in doctoral students, as shown in the table below. In 2018, SU registered 4 811 master's and 1 645 doctoral students and conferred a record number of 1 517 master's and 308 doctoral degrees.

MASTER'S AND DOCTORAL DEGREES AWARDED BY SU, 2013–2018						
	2013	2014	2015	2016	2017	2018
Master's degrees	1 301	1 293	1 378	1 468	1 622	1 517
Doctoral degrees	225	234	267	278	305	308

The University strives to contribute to a more equitable society by growing the diversity of our postgraduate student body. Up from 46% in 2013, black African, coloured, Indian and Asian (BCIA) students represented a solid 50% of our postgraduate student body, while just over 18% were international students.

Through continuously refined services as well as postgraduate funding and skills support, the Postgraduate Office (PGO) enables postgraduate success. In terms of funding, the PGO administered bursaries worth R238 million in 2018 (2017: R234 million), with SU contributing R18 million (7,8%) to postgraduate bursaries from its own budget while 92,2% came from external sources. In future, bursaries will be funded from donations (fourth-stream income) rather than from the main budget (first- and second-stream income) because of budgetary constraints.

To sharpen postgraduates' research skills, our Postgraduate Skills Development Programme conducted 20 research support orientation sessions for 1 324 postgraduates from a range of faculties and reached 1 089 participants with research skills development workshops in 2018. Two new workshops were introduced to the offering: MS Excel training and an intensive four-day writing 'camp'. Other support activities included weekly lunch-time 'Shut Up and Write' sessions, social networking events in the form of pop-up cafés, faculty-specific Academic Writing Integrity blended learning sessions and a generic Academic Writing Integrity online course.

In support of SU's international networks, the PGO manages the University's joint degree programmes. Six students graduated with joint PhD degrees and a further six double master's degrees were awarded in December 2018. New joint degree agreements were also concluded with Université de Bretagne Occidentale (France) and Università degli Studi di Padova (Italy).

# REPORT *of the* — VICE-RECTOR — *(Strategy and Internationalisation)*



*Prof Hester Klopper*  
Vice-Rector  
(Strategy and Internationalisation)

The Strategy and Internationalisation portfolio was established at Stellenbosch University (SU) in 2016 to address the many challenges that face higher education institutions in general and SU in particular. As the University is a crucial player in higher education in South Africa and on the continent, it is imperative for it to determine its future path based on a clear strategy, not only to achieve its primary objectives, but also to ensure its systemic sustainability in the ever-growing and changing knowledge economy – driven by technological innovation, digitisation and the cross-overs and convergence of disciplines that affect the way in which new knowledge is produced, shared and applied.

While strategic planning processes, international activities and information management procedures had long formed part of the University's make-up, they have lacked the integration and coordination required of a higher education institution in the 21st century.

This report shows that the Strategy and Internationalisation responsibility centre (S&I RC) has made great strides in embedding integrated strategic planning and execution at the University, cementing SU's reputation as being global in reach though rooted in Africa, and reconciling the institution's approach to information and knowledge management with the unique requirements of the information age.

## DRIVING STRATEGIC INITIATIVES

The Strategic Initiatives Division (SID) is responsible for finding ways for the University to thrive in its era of profound transformation and the concomitant increased demands on its resources. One of its main tasks is to close the gap between strategy formulation and strategy execution.

### *Developing a new vision and strategic framework*

The S&I RC's first major task was to develop a new vision that provides continuation and further impetus to the institution's trajectory of academic and research excellence. The process started in July 2016 and proceeded in three stages. Phase 1 (strategy planning) entailed extensive consultation with and input from various task groups, resulting in Vision 2040 and Strategic Framework 2019–2024, which was approved and launched in 2018, and will be the University's compass for the next six years.

Phase 2 (strategy uptake) commenced in July 2018 and will continue until June 2019. Phase 3 (strategy alignment) was implemented from July 2018 and will run through until June 2020. During Phase 2, context-specific objectives based on the core strategic themes and goals in Vision 2040 and Strategic Framework 2019–2024 will be defined, and theoretical frameworks will be adopted and continuously evaluated according to specific key performance indicators. This is naturally an ongoing process.

The annual Institutional Plan submitted to the Department of Higher Education and Training (DHET) reflects the institutional strategy and goals that inform the rest of the University's planning processes and are distilled into the respective environment plans. For this report, it should be noted that the Institutional Plan 2018–2023 gives expression to the Institutional Intent and Strategy 2013–2018 (see page 10) which informed Vision 2040 and Strategic Framework 2019–2024 (see page 12), resulting in a dynamic but harmonised approach to the positioning of the University for the foreseeable future.

## SU Centenary Project

With 2018 being the Centenary year of the institution, the Strategic Initiatives Division was responsible for planning and implementing the extensive SU Centenary commemoration programme. This entailed designing a Centenary visual identity and developing a theme to synthesise various commemorative activities and capitalise on opportunities to establish and promote the Centenary identity via the branding of events, buildings and streets throughout 2018 (see page 1 to 3).

## ENSURING SYSTEMIC SUSTAINABILITY

### *Sustainability of faculties*

Following analyses of the budget process and the development of the University's Institutional Plan 2017–2020, serious concerns arose about the long-term sustainability of some faculties. In 2018, a project to restore the sustainability of these faculties was launched. With the assistance of a project coordinator, a steering committee consisting of key members of the relevant faculties and other major University stakeholders set about developing a renewal strategy to be ready in 2019.

### *Sustainability of academic programmes*

To enhance institutional systemic sustainability further, SU's Programme Advisory Committee adopted a more robust screening process for the submission of new programmes. The Division for Information Governance (IG) assisted the Centre for Academic Planning and Quality Assurance with the review of and adjustments to this screening process by designing configurable models to assess the viability of planned programmes, with a specific focus on projected income and expenses. This information was then included in the documentation provided to the Committee with the submission of new programmes. In 2018, the IG Division re-evaluated 15 programmes in this way.



Booklet on environmental sustainability.

## PURSUING ENVIRONMENTAL SUSTAINABILITY

A booklet on environmental sustainability, designed by the Strategic Initiatives Division in collaboration with Facilities Management, was included in the welcoming pack for new students. The content illustrates salient facets of student life according to the University's approach to conservation and the protection of the environment (see illustration at the bottom of previous column).

## ENHANCING SU'S GLOBAL REACH

The Stellenbosch University's international office, SU International (SUI), celebrated 25 years of existence in 2018. Testifying to the institution's long-standing commitment to internationalisation, it continues to enhance the University's global reach and international reputation. As part of SUI's 25-year celebrations, 25 staff members were recognised for their contribution to SUI's activities to promote the University's international standing.

### *Advancing internationalisation*

The Institutional Advisory Committee on Internationalisation (IACI) was established in September 2017 to support the strategic directions for internationalisation and create a framework for all international strategic alliances, partnerships and networks. The strategic directions will be finalised in 2019.

As a precursor to this crucial process, a Concept Note on Internationalisation was drafted from scholarly viewpoints and literature studies on the internationalisation of higher education in 2017 with specific reference to SU. After extensive consultation with internal stakeholder groups, the document was approved in 2018.

With the establishment of the portfolio for Strategy and Internationalisation, the International Office at SU was renamed to Stellenbosch University International (SUI) in 2016, and it embarked on an international partnership evaluation exercise to promote and track the development of alliances, partnerships and collaborations, and to align the institution's international networks. The first round of this evaluation focused on SU's partnerships with, among others, institutions in Africa, the BRICS countries, Germany, the Netherlands, Belgium, the United Kingdom, and the United States. Seventy institutional partnerships and 27 at faculty or departmental level were assessed. Institutional partnerships with 11 universities performed excellent in the assessment, 10 in Europe and one in Africa, namely the University of Ghana.

## *Enlarging our African footprint*

SUI's Africa Centre for Scholarship (ACS) and Centre for Collaboration in Africa (CCA) both established in November 2016 continue to reach out to African partners for collaboration in scholarship opportunities and mutual capacity development.

The African Doctoral Academy (ADA) ensures that the University's expansion into Africa occurs in a coordinated and strategic manner. ADA activities in 2018 included summer and winter doctoral schools attended by no fewer than 448 participants. Most of the delegates (66%) to the ADA Summer School were students from African countries. At the 2018 ADA Winter School, 69% of the delegates were Africans, almost 40% of whom were from nine African countries outside South Africa.

The ACS hosted 56 PhD students from the Southern African Systems Analysis Centre. Three-year scholarships are awarded to South and Southern African doctoral students registered at South African universities.

Various initiatives were implemented in 2018 to expand SU's reach into Africa through a Joint Schools initiative with existing and new partners in Kenya, Uganda and Tanzania. Among them were the fifth Joint School between SU and Makerere University in Kampala and the first Joint School between SU and Strathmore University in Nairobi.

The Centre for Collaboration in Africa maintains and expands SU's collaborative network in Africa. There are 400 active collaborative projects in more than 42 African countries and more than 600 African collaborators.

## *Positioning the SU brand as a global player*

SU is working purposefully to position the SU brand as a significant role-player in higher education globally by receiving international delegations and strengthening our global reach.

From January to August 2018, 66 delegations from Europe, the United States, South America, Japan, China and Africa (11) visited the University. Representatives of the University of Southampton (United Kingdom) and Zhejiang Normal University (China) explored new possibilities for collaboration, while the delegation from the University of Applied Sciences Osnabrück (Germany) discussed general international student liaison.

The University's global reach was strengthened through conferences, international staff training, delegations to institutions in Singapore, Indonesia and Hong Kong, the South Africa Sweden University Forum, and nine BRICS collaboration grants.

## *Student and staff mobility*

Over the years, SU has become the academic home of an increasing number of international students from across the globe. See the table showing the composition and size of the student body by nationality on page 53.

SU International's Global Education Centre hosted ten short non-degree programmes for international students. The Study Abroad programmes of 2018 welcomed incoming non-degree students, while various academic departments hosted affiliate research students. SU also received 362 exchange students from Germany, Belgium and the Netherlands.

An International Tuition Fee was introduced for some categories of non-SA degree-seeking students, resulting in an additional income of R2,8 million for the University.

SU students increasingly attend institutions elsewhere in the world. In 2018, 184 SU students were involved in outgoing mobility programmes across the world, mostly in Europe and South East Asia. The University offers staff and researchers opportunities to enhance their careers and help build SU's skills and expertise base in the form of bilateral exchanges, the Erasmus+ mobility programmes and the Africa Collaboration Grant. SUI facilitated mobility opportunities for 37 staff members in 2018.

## **ENHANCING INFORMATION GOVERNANCE AND INTEGRATED PLANNING**

The Division for Information Governance (IG) was established to enhance purposeful data gathering and information management with a view to supporting and informing strategic decisions that impact on the overall business of the University and its future positioning. The IG Division comprises three centres: Institutional Information, Student Information System Support, and Business Intelligence.

### *Providing information that is useful, compliant and accessible*

On the recommendation of the IG Task Team, the Rectorate established a Technology and Information Committee (see "Our governance structure" on page 20) as a first step towards realising an integrated approach to initiatives at SU that are related to technology and information (T&I). Three subcommittees have since been established to manage T&I-related improvements.

The IG Division developed and released privacy notices for all institutional mobile apps and drafted a similar notice for the institutional corporate website, as a key part of its task is the management of personal information. It is also responsible for guiding the institution's initiatives to comply with privacy legislation. Three milestones were achieved in 2018:

- Finding funding support for privacy-related training and awareness initiatives.
- Channelling part of the funding towards a privacy awareness campaign pilot and a training stakeholder analysis.
- The Institutional Information Officer and SU's Director of Legal Services joined the Universities South Africa (USAf) task team, who is developing a code of conduct for public universities to ensure compliance with the Privacy of Personal Information Act 4 of 2013 (POPIA).

Much still has to be done, however, before the University can claim to be fully compliant with privacy legislation. Since increased litigation is a high-order risk for the University (see page 72), the IG Division is attending to the development of institutional regulation plans as a matter of urgency. It is also planning privacy regulations, a framework for information sensitivity classification and an information breach procedure.

## Developing more efficient models and systems

To facilitate institutional planning and data analysis the IG Division is developing a software tool for modelling future SU student enrolments, finance, human resources and facilities in terms of the University's input and output.

The DHET's University Capacity Development Grant (UCDG) provided funding for designing a comprehensive student tracking and development system. In 2018, the IG Division focused on delivering a proof of concept and outlining the requirements, methodology and processes. A detailed analysis of in-depth interviews with stakeholders led to the development of a solution for students in Extended Degree Programmes. Delivery of the technology and implementation of the system will occur in 2019 and 2020. The system will consist of two parts: one offering a holistic view of students' progress, and the other managing the intervention workflow to support students' success.

## MANAGING PERFORMANCE EFFECTIVELY THROUGH INDICATORS

The Division for Information Governance (IG) is developing and implementing various systems to measure, monitor and manage the University's performance effectively and in real time. The development of SU's new Strategic Framework included the proposal of a preliminary set of strategic management indicators.

Participation in world university rankings provides key indicators of SU's performance in relation to national and international universities. Some rating agencies use data provided by the University while others base their ranking on publicly available data. The S&I RC is working on action plans to improve SU's position in the international rankings.

### SU's PERFORMANCE IN INTERNATIONAL RANKINGS, 2018

	World position	National position
Times Higher Education Ranking	351–400	3rd
Shanghai Academic Ranking of World Universities	401–500	Joint 3rd
QS World University Ranking	405	3rd
QS BRICS University Ranking	47	4th
CWTS Leiden Ranking	474	4th

According to the Times Higher Education rankings of leading universities, Stellenbosch University is ranked among the world's best for 18 subjects, with positions in the top 100 for agriculture, development studies, theology, divinity and religious studies.

## MOVING FORWARD

SU is committed to assist in crafting South Africa's journey towards the future; firmly rooted in Africa but having a global reach. Our aim is to keep the University responsive to the requirements of higher education in the 21st century. To do this, we want to:

- facilitate optimal strategy alignment between strategic objectives, the SU business plan and performance indicators;
- provide students and staff with transformative international experiences; and
- ensure that SU data are available in ways that enhance effectiveness and promote efficient monitoring and evaluation.

With this end in mind, the S&I RC will continue its task of aligning Vision 2040 and Strategic Framework 2019–2024 with planning across the University. It will remain aware of its ultimate goal of positioning SU strategically so that it can grow as a modern research-driven university and continue on its trajectory to become the best of the best.

# THE SU CENTENARY VISUAL IDENTITY

Academic crest	Alumni crest	Horizontal brand mark		Culture mark 'Maties 100'	
 <p>UNIVERSITEIT iYUNIVESITHI STELLENBOSCH UNIVERSITY</p> <p><b>100</b> 1918 · 2018</p>	 <p>ALUMNI</p> <p>UNIVERSITEIT iYUNIVESITHI STELLENBOSCH UNIVERSITY</p> <p><b>100</b> 1918 · 2018</p>	 <p>UNIVERSITEIT iYUNIVESITHI STELLENBOSCH UNIVERSITY</p> <p><b>100</b> 1918 · 2018</p>	 <p><b>100</b> 1918 · 2018</p>		
		Horizontal endorsement mark	Centenary subgraphic		
		 <p><b>100</b> 1918 · 2018</p>			



Centenary/Nelson Mandela branding at the Neelsie entrance.

# REPORT *of the*

## — VICE-RECTOR —

*(Social Impact, Transformation  
and Personnel)*



*Prof Nico Koopman*  
Vice-Rector (Social Impact,  
Transformation and Personnel)

The responsibility centre for Social Impact, Transformation and Personnel (SITP RC) advances the University's quest to impact transformatively on society through its human capital of staff and students by building strong relationships with alumni, stakeholders, role-players and institutional partners. To succeed in this, the SITP RC must encourage institutional transformation while maintaining a well-equipped, healthy and well-managed staff corps.

During the cycle of the Institutional Intent and Strategy 2013–2018, the SITP RC laid a solid foundation for the integration of the social impact and transformation functions into the core activities of Stellenbosch University (SU) by formulating strategies and plans, and establishing structures to provide the leadership and drive to execute these plans. With this foundation, the SITP RC is ready to reimagine its role and goals for a new century and the Strategic Framework 2019–2024 to support the University's workforce effectively in reaching its new Vision 2040.

In the year in review, the last year of our current strategic cycle (see page 10), our interdependent divisions of Human Resources, Social Impact, Campus Health Services, the Transformation Office, the University Museum and SU Woordfees (including the Woorde Open Wêreld project, the Buya! schools theatre festival and the University Choir) worked creatively and single-mindedly to achieve the goals we set ourselves, as shown below.

## IMPROVING OUR PERSONNEL PROFILE

### *Building a diverse and transformation-orientated staff complement*

Reassured that our Employment Equity Plan 2015–2020 now has the approval of the Department of Labour, we persisted in our efforts to diversify the University's staff. In 2018, a key development was progress made by aligning environmental plans, multi-year workforce plans and employment equity plans. This alignment will ensure that rational employment equity targets are developed for each environment and the institution. However, a diverse applicant pool is needed to meet diversity targets. To this end, we again launched extensive strategic recruitment actions in addition to normal advertising. This resulted in the successful placement of various diversity candidates in senior academic and non-academic positions.

To realise its ambitious vision, the University requires leadership that inspires confidence. With this in mind, senior appointments were made during 2018 to contribute to the diversity of the University's management structures. Prof Anthony Leysens took over from Prof Johan Hatting as Dean of Arts and Social Sciences and Prof Ingrid Woolard took up the position of Dean of Economic and Management Sciences with the appointment of Prof Stan du Plessis to the position of Chief Operating Officer. The position of Mr Victor Mothobi as Chief Director: Human Resources was also confirmed. In addition, three staff members were promoted to senior positions – Mr Eben Mouton to Senior Director: Business Management at the Faculty of Medicine and Health Sciences; Mr Hein Swanepoel to Senior Director: SunCom; and Ms Anita Nel to Chief Director: Innovation and Business Development.

We undertook several actions to align existing policies and practices with the approved Transformation Plan. The Visual Redress Task Team of the Transformation Office guided the naming of SU buildings and the renewal of public spaces, symbols and facilities to ensure that no one feels excluded.

Transformational workshops were held on issues such as modern racism, rape culture and universal access for persons with disabilities. Likewise, workshops were developed for the co-curricular student welcome programme in collaboration with the Centre for Student Communities. The second Transformation Indaba brought together various University stakeholders and transformation committees to share their experience and practices. The work of the Indaba yielded valuable insights in and recommendations on what is needed to take the University to a deeper level of transformation.

### ***Streamlining processes for efficient workforce management***

In preparation for a new century and the demands of the new Strategic Framework over the following six years, the Human Resources Division embarked on a process of reimagining its structure and role. Imagination and institutional investment will be required to turn the University into the employer of choice – one of the Framework’s six new strategies.

The role of the Employment Equity Advisory Committee (EEAC) established in 2017 and reporting to the Rectorate was adjusted and it will focus intensively on strategic themes relating to the employment equity processes. Although our overall staff diversity has seen a slow but steady improvement from 43% in 2013 to 47,6% in 2018, we aim to step up the diversification of our staff corps.

<b>Strategic Management Indicator</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2023 Target</b>
Share of permanent staff from black African, coloured, Indian and Asian population groups (%)	43,0	43,2	43,8	45,6	46,7	47,6	55,0
Share of female permanent staff (%)	54,9	55,9	56,0	56,6	57,1	57,1	60,0

Likewise, the role of the Appointments Committee of Senate had to be redefined. Following the decentralisation of senior academic appointments and promotions, the Committee can now focus exclusively on strategic matters like accelerating diversity.

### ***Prioritising staff and student wellbeing in times of change***

As we are aware of the toll that change and transformation in a volatile higher education landscape take on staff, their wellbeing has been registered as a high-order risk (see the table on page 72). Our Human Resources Division (HR), in close collaboration with Campus Health Services and other relevant environments, therefore prioritised staff health and set about developing a Comprehensive Strategy for Employee Health and Wellbeing.

Ms Shibu Mamabolo was appointed as the new manager of the Office for Staff Wellbeing. The Office renders improved services to staff, such as continuous emotional and advisory support through the new Employee Assistance Programme (EAP), in addition to organisational development and staff enhancement. It kicked off with workshops to raise awareness of the EAP and staff wellness, followed by workshops on supervisory training, interpersonal skills and managing conflict in the workplace.

The first staff culture and climate survey conducted in 2017 identified priorities, including addressing the distinctive needs of women, younger staff members and staff from black African, coloured, Indian and Asian (BCIA) communities. As a result, the regulations for flexible working arrangements were revised to better accommodate younger employees with children, and an investigation was launched into improved day care arrangements for employees’ children. Human Resources, in collaboration with the Division for Information Governance, has already drafted and tested a questionnaire for the second staff culture and climate survey in 2019.

The Campus Health Services (CHS), in collaboration with Maties Sport and Maties Gymnasium, promoted staff and student health with a week-long campaign focusing on a healthy diet, exercise and vaccination. This was followed by a campaign to stimulate awareness of tuberculosis and HIV/Aids on the Stellenbosch and Tygerberg campuses, during which 300 staff and students were tested for the first time. Through agreements with the Western Cape Department of Health, CHS can now offer an HIV pre-exposure programme (PrEP) for staff and students at no cost. In addition, 550 Tygerberg students received education about the hazard of tuberculosis in their clinical environment and were fitted with protective masks.

With a view to detecting health risks early, ongoing health risk assessments and medical surveillance by the Campus Health Services occupational health team resulted in the implementation of an ergonomics programme and a noise hygiene programme at certain units.

In an ongoing campaign to support staff and students with mental health and particularly to prevent suicide, the Campus Health Services joined forces with the Centre for Student Counselling and Development and with Department of Drama students. A self-screening programme for staff and students helped to identify subtle underlying mental health risk factors and disease. The implementation of a new database (after ethical and institutional approval) to track the health and wellbeing of staff and students over time will provide a valuable tool to improve staff and student health and wellness.

## **BROADENING ACCESS AND CREATING DEVELOPMENT OPPORTUNITIES**

New Generation of Academics Programme (nGAP) scholars are academic staff appointed by the Department of Higher Education and Training (DHET) at their respective universities to ensure a future generation of academics. Young black African, coloured, Indian and Asian early-career academics are placed with a senior mentor and afforded the opportunity to pursue doctoral studies. They are also taken into consideration for other developmental opportunities

and funding. The University currently holds 17 nGAP positions, 12 of which had been awarded in the initiative's previous phases. The DHET announced Phase 4 in March 2018 and the University was successful in obtaining all five available positions. The beneficiaries were the departments of Agronomy, Civil Engineering, Computer Science, Genetics and Medical Virology. Phase 5 was announced in December 2018 and the University has once again applied for nGAP positions.

Human Resources' Leadership and Executive Development Programme proved to be so effective that it was extended to include line managers at all levels, 151 of whom attended 10 programmes in 2018.

The University joined forces with Stellenbosch Municipality and other major employers to engage stakeholders on inclusive development and the challenges and opportunities that we face as a university town. Adopting an approach similar to one followed with great results by Cambridge, England, and Cleveland, Ohio, the Stellenbosch workshop discussed crime and safety, traffic and transport, water and electricity, job creation, entrepreneurship and skills development.

The Woordfees, having matured into one of South Africa's leading arts and culture festivals under the directorship of Ms Saartjie Botha, again attracted more than 50 000 visitors with over 500 productions, discussions and art exhibitions, and sold 80 000 tickets. Known for its collaborative and inclusive ethos, the Woordfees co-produces and presents work with other South African festivals to bring works of great quality and creativity to a wide audience. Great strides have been made with the sustainability of the Woordfees.

The Woordfees also supports programmes that run throughout the year. The Woorde Open Wêreld (WOW) schools programme, dedicated to encouraging young people to read and learn in their mother tongue, is active in all nine provinces of South Africa with 674 participating schools and more than 18 000 participants in the various learning and educational competitions.

The Stellenbosch University Choir under the baton of André van der Merwe was judged the best amateur choir in the world by Interkultur (the world's leading organiser of international choir competitions and festivals) for the fifth consecutive year.

## PROMOTING SOCIETY-CENTRED SCHOLARSHIP

### *Further institutionalising social impact*

The Division for Social Impact (DSI) endeavours to embed the social impact function systemically as a natural part of the University's study programmes, co-curriculum, and all other activities. To turn the University into a transformative force in all spheres of society, the DSI brokers and coordinates internal and external partnerships.

The SU Social Impact Strategic Plan provides the framework for the University's social impact imperative and has already resulted in the expansion of the University's organisational capital by instituting the Social Impact Committee of Senate (SICS) and the Social Impact Knowledge Platform. By dealing with both operational and strategic matters, SICS is instrumental in advancing the social impact function in academic environments. In 2018, discussions centred on best practices, interfaculty initiatives, assessment criteria and the

expression of the Plan's core themes:

- Education for all
- Employment and inclusive economic development
- Environment and sustainability
- Food security and health
- Resources and infrastructure
- Safety, security and good governance
- Social and gender justice

The Social Impact Knowledge Platform, our social initiative data bank, has already registered more than 130 initiatives. It coordinates social impact initiatives, prevents duplication, improves cooperation between internal partners and with external partners, and ensures that the Plan's core themes are given expression.

An important goal of the Social Impact Strategic Plan is to maintain and strengthen the University's current relationship capital. In this regard, we have institutional memoranda of understanding (MOUs) with six municipalities and district municipalities, and a relationship with the Cape Higher Education Consortium through two of its standing committees. In addition, we will soon strengthen our growing relationship with the Breede Valley Municipality through a formal MOU, brokered by the Division for Social Impact.

### *Building social impact skills and scholarship*

Staff and student orientation sessions were hosted – the former to familiarise new appointments with social impact support structures and champions across the University, and the latter to introduce newcomer students to SU's social impact activities and thriving culture of student volunteerism.

Student volunteers receive training through a well-supported course presented by Maties Community Service, equipping them with the skills to run community-based projects. The Co-curricular Office (Student Affairs) has formally acknowledged this course and its activities, which means that successful participation in the course will be recognised on students' academic transcripts.

## MANAGING KNOWLEDGE AND OTHER PARTNERSHIPS

Campus Health Services (CHS) again made its impact felt beyond the campus when it teamed up with Kylemore High School for its Mandela Day festivities by supporting the emergency services at the community sports day. The 10 000 Steps Project on campus was integrated in a joint initiative with new planned routes at the schools in and around Stellenbosch to expand the walkers' choices. The purpose was not only to integrate routes for health purposes, but also to familiarise the diverse communities with one another.

The highlight of the health and wellness projects in 2018 was the joint efforts of Campus Health Services and other institutional partners, including Human Resources, Community Engagement, Maties Sport and the Departments of Sport Science, Physiological Sciences, Drama and Education students. Joining forces with the World Heart Foundation (WHF) and the Western Province, they presented various activities in September in support of the My Heart your Heart campaign.

Mandela Day is celebrated institution-wide. One very successful initiative is the annual Toasties for Tummies hosted by the Golden Key International Honour Society in partnership with Matie Community Service. Altogether 340 volunteers on the Stellenbosch and Tygerberg campuses prepared 12 000 sandwiches and distributed them to 56 organisations.

Along with Stellenbosch Municipality and others, the University is a partner of the e’Bosch Heritage Project. Our annual collaboration culminates with several joint activities in September, uniting all the people of Stellenbosch and building respect and trust.

The SU Museum has the reputation of being a safe space for transformative dialogue and inclusive citizenship. During the University’s Centenary year, it was the centre point for dialogue, presentations, meetings and two very special art exhibitions. The 100 artefacts exhibited shared the story of the University over 100 years. The societal changes and innovative discoveries provided an exciting view into the past of the University. *Forward? Forward! Forward...* shared through art and reflective pieces the future possibilities of higher education, taking the visitor on a journey to the second century of SU’s existence.

The SU Museum is an indispensable link between the University and its surrounding communities as well as its international partners. Following the appointment of the Museum director, Mr Bongani Mjijima, as research associate of Michigan State University Museum,

the Mellon Foundation awarded the SU Museum funding to expand its work on the continent and further with the Michigan State University Museum as the key partner. This demonstrates the gradual internationalisation of the University’s social impact.

## OUR HUMAN CAPITAL PROFILE

The black African, coloured, Indian and Asian (BCIA) proportion of the total academic establishment at the University has improved steadily from 18% in 2015 to 24% in 2018. (We do not use our 2013 percentage for comparison here, because we aligned our definition of BCIA to that of the Department of Labour to calculate this statistic in 2015.) In terms of employment equity levels among SU executive and non-academic staff, the percentage of BCIA staff members increased from 51% in 2013 to 58% in 2018. Although the pace is slow, the staff diversity profile is moving in the right direction. See the tables below.

EMPLOYMENT EQUITY PROFILE OF ACADEMIC STAFF AT SU, 2018														
Faculty	BCIA	White	Withheld	Total	Foreign nationals			Grand total	Staff with disabilities	Percentages (%)				
					BCIA	Other	Total			BCIA	White	Withheld	Foreign nationals	Staff with disabilities
AgriSciences	20	71		91	2	5	7	98	2	22	78	0,0	7,1	2,0
Arts and Social Sciences	46	145	1	192	2	5	7	199	2	24	76	0,5	3,5	1,0
Economic and Management Sciences	41	193	1	235	5	2	7	242	1	17	82	0,4	2,9	0,4
Education	28	21		49			0	49		57	43	0,0	0,0	0,0
Engineering	12	104		116	5	4	9	125	1	10	90	0,0	7,2	0,8
Law	10	24		34		1	1	35		29	71	0,0	2,9	0,0
Medicine and Health Sciences	52	86	1	139	2	2	4	143	1	37	62	0,7	2,8	0,7
Science	35	126		161	3	10	13	174		22	78	0,0	7,5	0,0
Theology	9	16		25			0	25		36	64	0,0	0,0	0,0
Vice-Rector (Research, Innovation and Postgraduate Studies)	1			1				1				0,0		0,0
<b>Total</b>	<b>254</b>	<b>786</b>	<b>3</b>	<b>1 043</b>	<b>19</b>	<b>29</b>	<b>48</b>	<b>1 091</b>	<b>7</b>	<b>24%</b>	<b>75%</b>	<b>0,3%</b>	<b>4,4%</b>	<b>0,6%</b>

BCIA = black African, coloured, Indian and Asian staff

## EMPLOYMENT EQUITY PROFILE OF EXECUTIVE AND NON-EXECUTIVE ACADEMIC STAFF AT SU, 2018

Faculty/Division	BCIA	White	Withheld	Total	Foreign nationals			Grand total	Staff with disabilities	Percentages (%)				
					BCIA	Other	Total			BCIA	White	Withheld	Foreign nationals	Staff with disabilities
AgriSciences	68	43		111		1	1	112		61	39	0,0	0,9	0,0
Arts and Social Sciences	58	42	1	101	1	1	2	103		57	42	1,0	1,9	0,0
Chief Operating Officer	378	210	2	590			0	590	4	64	36	0,3	0,0	0,7
Economic and Management Sciences	76	64	1	141	1		1	142		54	45	0,7	0,7	0,0
Education	35	14		49			0	49	1	71	29	0,0	0,0	2,0
Engineering	69	47		116	1	1	2	118		59	41	0,0	1,7	0,0
Law	8	8		16			0	16		50	50	0,0	0,0	0,0
Medicine and Health Sciences	218	136	2	356	1	5	6	362		61	38	0,6	1,7	0,0
Military Science	0	2		2			0	2	4	0	100	0,0	0,0	200,0
Rector	85	71	1	157			0	157				0,6		0,0
Science	90	94		184	3	1	4	188	1	49	51	0,0	2,1	0,5
Theology	8	7		15			0	15	1	53	47	0,0	0,0	6,7
Vice-Rector (Learning and Teaching)	102	106	2	210	1		1	211	2	49	50	1,0	0,5	0,9
Vice-Rector (Research, Innovation and Postgraduate Studies)	74	62		136	2		2	138		54	46	0,0	1,4	0,0
Vice-Rector (Social Impact, Transformation and Personnel)	77	32		109			0	109		71	29	0,0	0,0	0,0
Vice-Rector (Strategy and Internationalisation)	22	28		50			0	50		44	56	0,0	0,0	0,0
Other	0	1		1			0	1	1	0	100	0,0	0,0	100,0
<b>Grand total</b>	<b>1 368</b>	<b>967</b>	<b>9</b>	<b>2 344</b>	<b>10</b>	<b>9</b>	<b>19</b>	<b>2 363</b>	<b>14</b>	<b>58</b>	<b>41,3</b>	<b>0,4</b>	<b>0,8</b>	<b>0,6</b>

BCIA = black African, coloured, Indian and Asian staff



More than 120 staff members of Stellenbosch University's (SU) Facilities Management Division, its contractors and staff of the Purchasing and Provision Services Division ascended upon Kuyasa Horizon Development, a community project in Kayamandi in Stellenbosch, as part of the 2018 Mandela Day celebrations. The volunteers upgraded the vegetable garden, removed rubble, did plumbing and rainwater tank maintenance, repaired roof leaks and guttering, painted, made electrical repairs, established a fire evacuation plan and presented a fire training course to employees. Here is the Director of Kuyasa, Pastor Nkosinathi Sixabayi (right), with Prof Stan du Plessis, SU's Chief Operating Officer.



As part of Stellenbosch University's Move4Food campaign, aimed at ensuring that no Matie student goes hungry, Engineers Without Borders Maties (a student society consisting of second- and third-year engineering students) built a giant lunchbox in which students and staff could deposit non-perishable food. A total of 15 095 food items were donated over 24 hours, exceeding the target of 15 000 items. A major contribution of 10 800 meals delivered by the PPS Foundation helped to further boost the collection, along with a significant contribution of products by the Neelsie Kwikspar.

# REPORT *on* RISK EXPOSURE, EVALUATION *and* MANAGEMENT

The continuous emergence of new risks is an international phenomenon. Therefore, having to face new risks is a given, while institutions' capacity and capabilities to manage them determine whether those institutions flourish. During the cycle of the Institutional Intent and Strategy 2013–2018, our risk management capability has developed significantly. The University, tested by shocks to our systems resulting from drought, student activism and changes in regulations and government funding, succeeded in staying the course with its strategy to create an inclusive university fit for a new century of excellence in teaching, research, internationalisation and social impact.

## HOW WE MANAGE RISKS

In 2015, Council adopted the Risk Management Policy, which laid the foundation for an enhanced risk management framework for the University. The framework implemented in 2017 embeds risk management and continues to be refined. According to this framework, risk management supports institutional management processes, with risk owners continuously capturing risks in the University's electronic risk register for managerial oversight. Each risk logged into the electronic risk register is linked to one or more strategic objectives. With the creation of a new Strategic Framework 2019–2024 for the University, new strategic priorities will be introduced in 2019 (see page 12).

Risks that require institutional managerial oversight are referred to the responsibility centres' respective risk management committees, followed by the Rectorate's Risk Management Committee (RMC). The risk register is attached to the Rector's risk management report that serves before the Audit and Risk Committee of Council.

Following the publication of the King IV Report on Corporate Governance for South Africa, the lines of combined assurance were expanded from three to five. Combined assurance is built on risk management and clarifies roles and functions, reflects the latest developments in the area, and contributes to improved communication and more efficient risk management and control. A financial controller is responsible for linking the risk register with the combined assurance report.

In the year under review, the risk management function at Stellenbosch University was refined by streamlining the reporting structure from a sizeable risk management committee to six smaller, robust committees, one within each of the responsibility centres. This refinement created the opportunity for detailed discussion within responsibility centres, on the one hand, and focused analysis and management of the crosscutting risks at the Rectorate's RMC meeting, on the other hand. In this way, the Rectorate could manage the high-order risks with increased agility while maintaining oversight over the remainder of the risks recorded in the University's risk register.

## AREAS OF FUTURE FOCUS

The Rectorate has accepted the principle of risk appetite setting as a standard consideration during all future risk reviewing, prioritising and reporting meetings, and is committed to setting risk appetite and tolerance levels for approval by Council in future.

A plan for business continuity in emergencies is evolving with the compilation of a draft matrix to serve as a foundation for development in 2019. A project champion, proceeding immediately with research and training, was appointed. The plan will be aligned to the existing emergency management protocols.

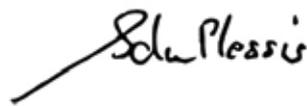
## RISK ASSESSMENT AND PRIORITISATION

Following extensive review and cross consultation, the Risk Management Committee identified 16 high-order risks to include in the report to the Audit and Risk Committee. The table on the following page is a synopsis of the University's high-order risks during the reporting year, and the measures the institution has put in place to manage them. Among these are three newly identified risks (marked with a star) and six risks (marked with an arrow) where the residual risk exposure has either increased or remained high

despite mitigating actions because of external factors beyond SU's control. The remaining seven risks have been mitigated successfully to lower residual exposure levels.

Also consult the relevant responsibility centres' reports for further information on how the University dealt with these risks in 2018. The University's financial risks are discussed in the financial report (see note 26 about financial risk management on page 145).

Relying on our values when managing high-order risks, we succeeded in mitigating the risks posed by the drought in the Western Cape, by insufficient lecture hall capacity, staff diversity (although specific attention is still given to improving our academic staff diversity), violent crime and capacity constraints exposing the University to unsound legal advice and documentation.



*Prof Stan du Plessis*

Chief Operating Officer

## RISK MANAGEMENT ACCORDING TO OUR STRATEGIC PRIORITIES

Priority	High-order risk	Our response	Responsibility centre
BROADENING ACCESS	★ <b>Student fee regulation by government*</b>	Evaluating progress in the sector.	Chief Operating Officer
	↑ <b>The termination of National Research Foundation (NRF) incentive funding*</b>	Liaising with national and international funding agencies. Positioning our researchers to compete successfully for funding opportunities.	Vice-Rector (Research, Innovation and Postgraduate Studies)
	<b>Implementation of the revised bursaries and loans model*</b>	Undertaking an extensive review of the spending model for bursaries and loans to ensure sustainability. Redesigning current bursary processes. Developing requirements for the IT system renewal project to include support for bursary and loan processes. Harnessing data analytics to complement institutional financial aid management. Submitting to formal, external audit reviews.	Vice-Rector (Learning and Teaching)
	↑ <b>Sustainability of our blended learning academic delivery model*</b>	Finalising the report of the task team on blended learning. Consulting with deans and vice-deans. Developing SUNOnline further. Enhancing the capacity of the Centre for Learning Technologies to assist lecturers with designing short courses, modules and programmes. Selecting and preparing short courses and programmes to be ready for presentation in 2019.	Vice-Rector (Learning and Teaching)
SUSTAIN MOMENTUM OF EXCELLENCE	<b>Sustainable maintenance of physical facilities*</b>	Sustainable maintenance integrated with the Campus Renewal Project, which was extended to 2027. Capacity enhancement through the internal transfer of a senior project manager to the Project, and the sourcing of a project management consultant for Property Services to assist with upgrading projects.	Chief Operating Officer
	<b>Exposure to building and mountain fires*</b>	Placing a group of diverse expert stakeholders on standby as a contingency committee for fire management. Developing a plan for the mountain terrain. Appointing a consultant to manage fire designs and evacuation planning for Property Services. Completing fire risk mitigation projects addressing the fire detection systems inside the Mike de Vries, De Beers and Natural Sciences buildings.	Chief Operating Officer
	★ <b>Radiation-related incidents and regulatory compliance</b>	Renewing the radiation safety contract. Implementing, improving and managing the Radiation Safety Management Programme at SU.	Chief Operating Officer
	<b>Information governance and litigation under the Protection of Personal Information Act (POPIA) and new EU legislation</b>	The Division for Information Governance launched several initiatives to address and ensure privacy legislation compliance. These include a third internal audit of SU's POPIA compliance, incorporating best practices into awareness programmes for all divisions, and drawing up an SU Privacy Policy and Information Management Policy.	Vice-Rector (Strategy and Internationalisation)
	<b>Revised formula for government funding*</b>	Investigating the financial implications for each university through a working group. Presenting proposals to the Council on Higher Education for advice, which the Minister will consider before publishing a revised framework.	Chief Operating Officer
	<b>Inadequate cybersecurity and information integrity compliance</b>	Improving our monitoring and enforcing compliance. Strengthening our security function capability in the IT Division.	Chief Operating Officer
	<b>Copyright infringement on third party platforms</b>	Communicating with infringing third parties. Sending strong messages to students about copyright infringement.	Chief Operating Officer

## RISK MANAGEMENT ACCORDING TO OUR STRATEGIC PRIORITIES

Priority	High-order risk	Our response	Responsibility centre
ENHANCE SOCIAL IMPACT	↑ <b>Institutional compliance</b>	Revising the compliance road map. Updating the schedule of legislation relevant to SU with a high-level compliance risk assessment. Drafting a framework for compliance and compliance risk management plans for higher education and for information in 2019.	Rector
	↑ <b>Dependency on external vendors to provide software to SU</b>	Participating in purchasing consortiums to negotiate acceptable terms.	Chief Operating Officer
	<b>The sustainability of corporate entities</b>	Developing third- and fourth-stream income for the arts entities, the Legal Aid Clinic and SIGLA.	Vice-Rector (Social Impact, Transformation and Personnel)
	↑ <b>Association with spin-out companies</b>	Amending contract negotiations to include clauses mitigating reputational risk to the University.	Chief Operating Officer
	★ <b>Staff and student wellness under increased pressure of financial, political, social and personal demands</b>	Intensifying initiatives such as staff wellness assessment, wellness days and wellness management services. Carrying out a staff culture and climate survey and implementing the priorities indicated. Establishing a staff wellness committee. Drafting a strategy for staff health and wellness to embed health and wellness as a systemic responsibility.	Vice-Rector (Social Impact, Transformation and Personnel)

**VALUES > Excellence • Shared accountability • Empathy • Innovation • Leadership in service of others**

\* These risks affect our systemic sustainability

★ New risk

↑ Risk with heightened residual exposure despite mitigating actions







# FACULTY

## *Reports*

Stellenbosch University's ten faculties carry out its core business. Collectively, this core business comprises teaching and learning, research and innovation, internationalisation, and community interaction.

Our core business produces beneficial outputs as follows:

- the business of teaching and learning delivers academically qualified students equipped for the world of work;
- the business of research and innovation generates new knowledge essential for the advancement of humankind;
- the business of internationalisation enhances excellence through partnerships and intellectual capital exchange; and
- the business of social impact enables the practical two-way sharing of knowledge with society to the benefit of society and the University.

Eight of the University's ten faculties are on our main campus at Stellenbosch, namely AgriSciences, Arts and Social Sciences, Education, Engineering, Law, Science, Theology and the larger part of Economic and Management Sciences. The rest of the Economic and Management Sciences Faculty is situated on the Bellville Park Campus in the form of the University of Stellenbosch Business School and USB Executive Development Ltd. The last two faculties are the Faculty of Medicine and Health Sciences at the Tygerberg Campus and the Faculty of Military Science at the coastal town of Saldanha Bay. Details about these faculties may be obtained on the University's website at [www.sun.ac.za](http://www.sun.ac.za).



# Faculty of AGRISCIENCES



*Prof Danie Brink*

Dean: Faculty of AgriSciences

The Faculty remains a key stakeholder in addressing the challenges of South and Southern African agriculture, ensuring that the region's natural resources are utilised and managed both ethically and scientifically. We remain the top faculty for agriculture and forestry studies in Africa, being ranked among the top 25 in the BRICS countries and among the top 100 globally in the latest QS World University Rankings. This strengthens our resolve to continue offering quality education and applied research in agricultural sciences.

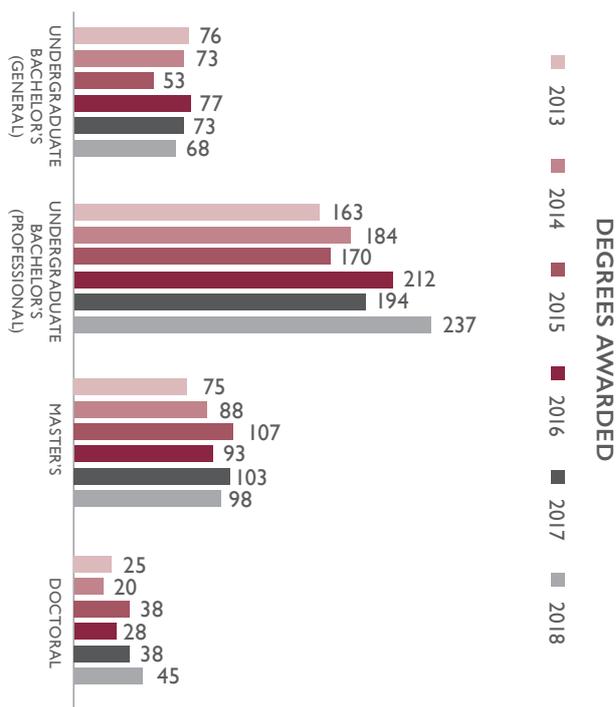
## SUSTAINING OUR MOMENTUM OF EXCELLENCE

In terms of teaching excellence, we continued our focus on programme renewal with an in-depth review of the programme offering in the fields of forestry and wood sciences, conservation ecology, and viticulture and oenology in close collaboration with external stakeholders, including the South African agricultural sector and international collaborators and moderators. The Departments of Agronomy and Soil Sciences also completed successful external evaluations. The programme renewal process is supported by the ongoing development of pedagogy and didactics in collaboration with the University's Centre for Learning and Teaching (CLT), which has awarded scholarships to Dr Michael Schmeisser from the Department of Horticulture and Marianne McKay from the Department of Viticulture and Oenology in recognition of their contributions to excellence in this field. The

The Faculty of AgriSciences successfully celebrated its Centenary, with particular highlights being the Gala Dinner, commissioned artworks of all its historic buildings, a highly publicised landscape artwork campaign, a Centenary lecture series culminating in the awarding of an honorary doctoral degree, and the Centenary Book launch in early 2019.



The landscape artwork at the Boontjieskraal Estate outside Caledon designed by Strydom van der Merwe, with canola in a barley field depicting the ancient symbol for Earth.



degree programme of the Department of Food Science was the only one in Africa to receive accreditation from the International Union of Food Science and Technology (IUFoST).

Of the 480 qualifications awarded by the Faculty in 2018, 237 were professional bachelor's degrees – the highest number ever – while 98 were master's degrees and a record number of 45 were doctorates. The Faculty maintained its postgraduate student cohort with 312 master's and 158 doctoral candidates.

The establishment of the Centre for Food Safety (CFS) at the Department of Food Science, the first of its kind in the country, is a significant development in support of food safety in South Africa. It is managed independently by the University following significant contributions from industry to its establishment, including a R10 million donation from Tiger Brands.

Other milestones were the inauguration of a new Controlled Atmosphere (CA) research facility at the Department of Horticulture and of the new Vibrational Spectroscopy Unit at the Department of Food Science as part of the Central Analytical Facilities at SU that offer a world-class analytical facility to students, researchers and industry with new possibilities for applications across a broad spectrum of fields.



*Pictured during the official inauguration of the new state-of-the-art CA facility at the Department of Horticultural Science are (from left to right) Dr Elke Crouch (Department of Horticultural Science, Project PI), Prof Karen Theron (Department of Horticultural Science), Nicholas Dicey (Hortgro Pome) and Richard Hurdall (Hortgro Science).*

A number of our researchers garnered accolades in the year in review. Dr Cletos Mapiye, a senior lecturer at the Department of Animal Science was awarded The World Academy of Sciences Regional Office for sub-Saharan Africa (TWAS-ROSSA) Young Scientist Prize for Agriculture and Food Security; Dr Debra Rossouw from the Department of Viticulture and Oenology was awarded a Future Leaders – African Independent Research (FLAIR) Fellowship by the Royal Society; the Medal of Honour for Science and Technology of the SA Akademie vir Wetenskap en Kuns was awarded to Prof Lizette Joubert from the Department of Food Science; Hein Gerwel of the Department of Agricultural Economics was a winner of the Young Professional Competition in the 28th Global Case Study Competition of the International Food and Agribusiness Management Association (IFAMA); Prof Gunnar Sigge, Chair of the Department of Food Science, was selected to chair the Education Committee of the International Union of Food Science and Technology (IUFoST) from 2018 to 2020; and Prof Linus Opara, Distinguished Professor of the Department of Horticultural Science, was elected as the President of the International Commission of Agricultural and Biosystems Engineering (CIGR) for 2019 to 2020.

International events hosted by the Faculty included the Combined Congress of the African Crop Science Society and the South African Societies of Soil Science, Horticultural Science, Weeds and Crop Production; the Southern Africa Food Lab Dialogue; the Parasite Taxonomy Workshop series and the SA-EU Dialogue on Soil Information.

## BROADENING ACCESS

Our priority is to provide the broadest possible access to a diverse pool of students and staff. In 2018, academic staff diversity was extended with two appointments supported by the Department of Higher Education and Training's nGAP initiative while an undergraduate student diversity enrolment target of 23% was exceeded by 2%. Female students among the postgraduate cohort remained stable at 53% of the total and the contingent from other African countries contributed 18% to the total. Both the Faculty's AgriSciences@Maties programme and the SU Centre for Student Recruitment were key contributors to the introduction of school learners to studies in agriculture. The Faculty's student academic support programme, in the form of monitoring and tutoring, aims to increase student success and throughput into postgraduate studies. In terms of student funding, the merit bursary programme registered a second cohort of learners from Western Cape agricultural schools while another 43 undergraduate students were provided with financial support. Specific initiatives regarding improved access include the Faculty's second joint doctorate awarded to Dr Alanna Rebelo as a first between the Faculty and the University of Antwerp in Belgium, and the combined offering of practical training in viticulture by SU, Elsenburg, the ARC Infruitec-Nietvoorbij and the SA Table Grape Industry as part of the BScAgric and BAgric programmes. We also launched the Agrijob career portal to promote access to bursaries, internships and career opportunities within the sector.

## ENHANCING OUR SOCIAL IMPACT

The Social Impact Committee has made a significant contribution through linking education and research to social needs and development challenges, including those of smallholder farmers. The Agro-Hub at the Welgevallen experimental farm has proved its success in fostering ties with key industry stakeholders, including Hortgro Science, Citrus Research International, AgriSA, Agricolleges International and Value Chain Solutions.

Internationally, we continued our participation in the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM), while a number of staff members served on the management structures of global academic associations.

## MOVING FORWARD

Mitigation of the expected impacts of climate change and incorporation of Fourth Industrial Revolution (4IR) technologies will be a distinct focus for our researchers. The master's programme in sustainable agriculture has yielded its third cohort of graduates. By being expanded to also include resource management as a field of study, the programme opens up the opportunity for PhD-level studies in resource management. The establishment of a Centre for Agri-informatics is a further initiative to facilitate the development and application of data science in the domain of agriculture. Participation in agriculture transformation in Africa through research, education and innovation will also receive increased attention.

Faculty of

# ARTS AND SOCIAL SCIENCES



*Prof Anthony Leysens*

Dean: Faculty of Arts  
and Social Sciences

In 2018, the Times Higher Education World University Rankings placed our faculty among the top 251 to 300 humanities faculties globally. Achievements like this are only possible because of the excellence of our staff. Critical thinking, conversations, contemporary societal dynamics and the breaking down of disciplinary boundaries are central to the teaching of the arts, languages and social sciences. Market feedback indicates that our graduates are valued by employers for their ability to think outside of paradigmatic boundaries and for asking new and challenging questions directed at confronting the status quo and conventional answers.

Academically, the Faculty is doing well – consider the table showing an increase in the awarding of undergraduate and honours degrees and a healthy crop of master's and doctoral degrees.

## AWARDING OF DEGREES

YEAR	UNDER-GRADUATE	HONOURS	MASTER'S	DOCTORATE
2016	707	261	197	52
2017	821	288	193	57
2018	856	305	174	50

In 2018, our graduate school delivered its 114th doctoral graduate since it opened its doors in 2010. This brings us one step closer to stemming the brain drain from our continent by educating and training PhD graduates in Africa to respond to continental challenges within a global context.

The number of National Research Foundation (NRF)-rated researchers in our Faculty has increased from 67 in 2016 to 85 in 2018.

## TRANSFORMING OUR SPACES

The Faculty established a Transformation Committee in 2018. Although the Committee, chaired by Dr Ubanesia Adams-Jack, is still in its infancy stage, it has already started driving inclusivity in the Faculty and will continue to do so at a faster pace in 2019. Thanks to a suggestion by a colleague with a disability serving on the Committee, a walkabout was held on campus in 2018 so that fellow Faculty staff could understand how difficult it still is for persons with disabilities to access spaces on campus.

The year under review marked the 100th anniversary of the establishment of Stellenbosch University and of our Faculty. This milestone coincided with the official reopening of the renovated HB Thom Theatre as the Adam Small Theatre Complex on 24 November, honouring the award-winning poet and playwright who received an honorary doctorate from the University in 2015.



The entrance to the newly refurbished and renamed Adam Small Theatre Complex.

As part of our anniversary celebrations, we held panel discussions on racial science, art as protest and social change, and artificial intelligence. The panels comprised experts in academia, our alumni and students.

In October, the Africa Open Institute for Music Research and Innovation (AOI), an interdisciplinary music research institute focused on South African music, unveiled the result of a project that aimed to recognise the history of the property that accommodates its offices at 7 Joubert Street in Stellenbosch. The property belonged to the Okkers family – many of whom live in Idas Valley today – and will now be known as the Pieter Okkers House, after its first resident, Mr Pieter JA Okkers (1875–1952). The name giving is a physical acknowledgement of the impact the Group Areas Act had on the community that lived in the area in Stellenbosch known as *Die Vlakte*. It is linked to our other projects, such as the permanent *Die Vlakte* installation on the second floor of the Arts Building.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

In the past year, our staff and students have again led the way with their groundbreaking research and achievements.

Ms Susan Njeyiyana, a lecturer in the General Linguistics Department, received a Promising Young Linguist award for a poster she presented at the prestigious 20th International Congress of Linguists in Cape Town. Njeyiyana, who is Deaf and uses South African Sign Language (SASL) as her first language, teaches SASL Acquisition to L2 first-year students in the Department. The topic of her poster was based on her honours degree research, which focused on whether there is evidence that SASL dialects in schools for the Deaf exist.

Prof Ursula van Beek, the founder and Director of the Transformation Research Unit (TRU) at the Political Science Department, released a new book on democracy called *Democracy under Threat: A Crisis of Legitimacy?* Edited and co-authored by Van Beek, the book highlights the multiple threats democracy faces today and examines

“South African democracy comparatively in the regional southern African and global contexts from a political, economic and social perspective”. The Konrad Adenauer Foundation has donated nine copies of the book to South African universities.

Prof Lindy Heineken, one of the leading military sociologists in South Africa, took over the leadership of the Armed Forces and Conflict Resolution Research Committee (RC01) of the International Sociological Association (ISA) for a three-year term after being elected RC01 President. The RC01 is the most representative scholarly body on studying armed forces in society, with members from Eastern Europe, Asia, Europe and America.

Dr Xanthe Hunt (PhD in Psychology) received the coveted Chancellor’s Medal during the December graduation ceremony (see page 99). She is the tenth Faculty recipient since the first Medal was awarded in 1961. She has done the Faculty proud with this exceptional achievement!

Each year, many of our postgraduate students are involved in research with a national, regional and global impact. In December, Dr Valentin Uwizeyimana, the first student from Rwanda to study at the Faculty’s Graduate School, received his PhD. His research – the first of its kind to be conducted in Africa – focused on the use of a range of mobile apps to facilitate foreign language learning. His findings offer a global solution to the challenge that learners face when the target language they use is a foreign language, or a language which is not really spoken in their communities.

Another notable achievement was that of MA Visual Arts student Marguerite Kirsten who won the coveted 2018 Absa L’Atelier award. Kirsten, who has suffered various medical conditions brought on by chronic kidney disease, used a debilitating illness to inspire her installation which used LED lights, medical interviews, copper, laboratory glassware and even urine, to depict her own struggle with a “diseased body”. SU Visual Arts alumnus, Lemeeze Davids, was also one of the 10 finalists for the award.

## MOVING FORWARD

In November 2018, SU Council accepted the Faculty’s renewal plan focusing on wide-ranging and fundamental undergraduate program renewal which reflects the rapidly changing world of work, undergraduate module consolidation and throughput, postgraduate throughput and growth, commercialisation projects in the arts, the expansion and funding of our graduate school and redesigning our budget model to ensure optimal cross-subsidising. Now we must maintain momentum and continue to deliver on the objectives set out in our plan. Looking back over the past 30 months, I am proud of what we have achieved and how, under trying circumstances, we have continued to excel in teaching, research and social impact. This is due to the quality and dedication of our staff, who deserve the recognition and acknowledgement.

Faculty of

# ECONOMIC AND MANAGEMENT SCIENCES



*Prof Ingrid Woolard*

Dean: Faculty of Economic and Management Sciences

The Faculty of Economic and Management Sciences is an innovative, values-based faculty that has a significant social impact through academic excellence. In 2018, the Faculty continued giving effect to Stellenbosch University (SU)'s Institutional Intent and Strategy 2013–2018 by sustaining excellence, broadening access and enhancing social impact.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

Our aspiration to maintain excellence is supported by an outstanding programme offering that attracts students from across South Africa, Africa and the world. Almost 1 500 new first-years registered at the beginning of 2018. The Faculty had 9 380 enrolments in total, 5 289 (56,4%) of whom were undergraduates.

The Faculty was particularly proud of the first 25 students that were registered for the new Undergraduate Diploma in Sustainable Development; the result of the University's strategic intent to broaden access to new student and academic markets. This three-year programme was designed to give students a grounding in the theory

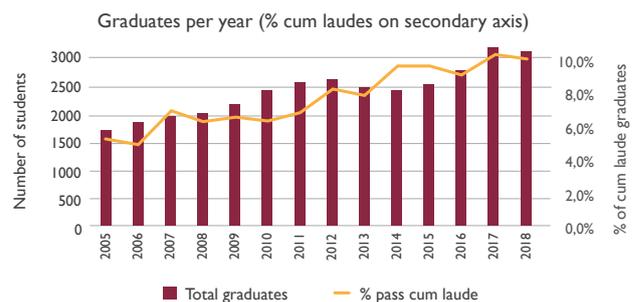
and practice of sustainability and entrepreneurship for future social impact and ecological restoration. All classes are presented at the Sustainability Institute at Lynedoch, just outside Stellenbosch, to give students the opportunity of a real-world experience of sustainability in the broadest sense.



First students in the new Undergraduate Diploma in Sustainable Development

In June 2018, the first cohort of BCom (International Business) students, now in their third year of study, left to spend a semester at one of 14 universities in eight countries across the globe. This niche programme had quickly established itself as a flagship programme in the Faculty.

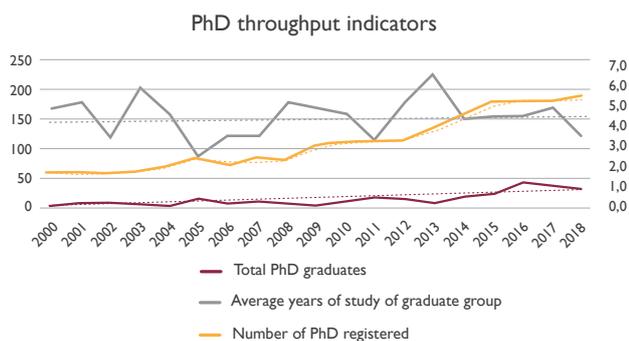
In 2018, we awarded 3 154 diplomas and degrees, 60% of which were postgraduate qualifications. The percentage of students graduating cum laude reached a high of 11,3%.



Two of the many projects that contributed to our increased student success were the module mentor programme available in all first-year modules and the tutor programmes spanning all years of study. Our lecturers remain at the forefront of teaching and learning innovation to rejuvenate the classroom experience, much of it through technological innovation aimed at supporting the needs of our diverse student cohort.

In 2018 the Faculty implemented a new flexible assessment model for all undergraduate modules, which aims to deepen the students' mastery of the learning material while developing their sense of responsibility for their own learning. Furthermore, flexible assessment affords all students access to all assessment opportunities. These collective efforts towards enhanced student success yielded an average undergraduate module pass rate of 82% in 2018.

At the postgraduate level, the PhD enrolments increased to 192 in 2018. The Faculty awarded 29 PhDs in 2018, including the December 2018 and April 2019 groups. Successful measures have been implemented to reduce time to completion, resulting in PhD students completing their degrees on average in 3,6 years. Initiatives like the Graduate School for Economic and Management Sciences (GEM) for full-time doctoral students, established in 2014, contributed to the shorter completion time, while 19 young academics formed part of STEM, the staff version of the Graduate School. STEM is set to increase (from the current 38%) the number of staff in the EMS Faculty who hold PhDs significantly.



Five of our 36 researchers with a NRF rating were B-rated. Our research output per academic staff member was just over 0,5, showing room for improvement. However, our Business School retained its triple-crown accreditation, while our Department of Industrial Psychology received Health Professions Council reaccreditation for the training of psychometrists and industrial psychologists.

The Campus Renewal Project on the Bellville Park Campus is well underway and during 2018 the focus was on the library upgrade, new lecture hall and seminar rooms, cafeteria upgrade and extension, additional parking and the installation of a new fire ring main.



Bellville Park Campus Renewal Project creates enabling learning environments: Construction of the new lecture hall and seminar rooms is progressing well and completion is anticipated in March 2019.

Financially, the Faculty remained on a sound footing. Our income stream from subsidies, tuition fees and levies was R648 million (or 80% of total income) in 2018, and third-stream funding continues to grow slowly, having risen by 5,9% over the past four years. Moreover, our student numbers contribute to a cost-effective lecturer-to-student ratio, which stood at 35,1 full-time equivalent students (weighted at study level) per full-time equivalent academic staff member.

## BROADENING ACCESS

A total of 36,4% of our overall student body and 26,2% of undergraduates were from the black African, coloured, Indian and Asian (BCIA) groups in the year under review.

Significant progress was made with making Project Zero bursaries more sustainable by entering into new agreements, such as with the BANKSETA who contributed R6 million to this project. The highly successful Thuthuka programme, which supports accounting students from the designated groups, and the Ikusasa Student Financial Aid Programme (ISFAP) further enhanced accessibility. Also, 40% of the student fees payable in the Faculty were covered by various loans and bursaries.

The Faculty's academic staff is still not sufficiently diverse. In 2018, 31,1% of South African staff in the Faculty were from the BCIA group. However, only 17% of academic staff were BCIA, compared to 54% of support staff. In terms of gender, 72,5% of support staff and 50,9% of academic staff are women. However, women are still under-represented in the more senior academic ranks and various initiatives like the STEM project are focused on helping women progress in their academic careers.

## ENHANCING OUR SOCIAL IMPACT

We are firmly committed to social impact through engaged teaching and scholarship. Much of the research in the Faculty is strongly applied, with an emphasis on solving real-world problems. Researchers and students in the Department of Economics have been working with colleagues in the Faculty of Engineering at SU, the University of Bath and the Western Cape Department of Human Settlements to find ways to improve the quality of subsidised housing through enhanced accountability mechanisms. Our students are also encouraged to engage in social impact projects, with guidance from academic staff. In this regard, the Young Entrepreneurship Project is a joint initiative by SU and the HU University of Applied Sciences Utrecht in the Netherlands, facilitated by Mr Adolph Neethling of the Department of Business Management. Working in teams, EMS students developed course material for an entrepreneurship workshop aimed at high school learners from local schools. At the workshop in July 2018, start-up ideas and business plans were developed and the best four ideas were awarded start-up capital of R4 000 per group for implementing their plans.

A highlight of 2018 was the recognition of Ms Vuyiseka Dubula-Majola, the new Director of the Africa Centre for HIV/AIDS Management, as one of 15 global recipients of the 2018 Franco-German Prize for Human Rights and the Rule of Law.

## MOVING FORWARD

We are optimistic about having a substantial impact on quality teaching, research and the community in the run-up to the Faculty's Centenary in the next decade. Over the longer term, the Faculty aims to grow its current student enrolments by another 800 students by 2025. This will be achieved by a new undergraduate focus on data science, new diploma programmes, and retaining the current excellent students the Faculty attracts every year.



*Prof Johan Malan*

Acting Dean: Faculty of Education

The Faculty of Education is distinguished by its involvement in teacher education processes which is a national competence coordinated by the Department of Higher Education and Training. The programmes related to this area focus on professional learning and preparation for work as education professionals. The faculty is also committed to delivering students with qualifications in the scarce skills category of initial teacher education with 410 students graduating in 2018. This is well over the ministerial target of 355 graduates for 2019 after falling just short of the target for a few years (see “Ministerial enrolment and effectiveness targets” on page 19).

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The Faculty of Education is exceptional as 73% of its academic staff hold doctoral degrees (SU = 64%), with 20 of this small faculty being NRF-rated researchers, while the weighted research output of 2,9 per lecturer exceeds the 2,5 for the rest of the university. We are proud to report that 64,3% of the permanent staff are from the designated groups (black African, coloured, Indian and Asian (BCIA)).

The dedication of our staff does not go unnoticed. The following staff members have been recognised by means of awards:

- Prof Aslam Fataar: Chancellor’s Award for Research (see page 100)
- Prof Yusef Waghid: Vice-Rector’s Award for Research
- Prof Nuraan Davids: Vice-Rector’s Award for Research
- Prof Lesley le Grange: Vice-Chancellor’s Award for Excellence
- Prof Nuraan Davids: Stellenbosch University Media Excellence Award: 2018 Thought Leader
- Prof Michael le Cordeur: Stellenbosch University Media Excellence Award: 2018 Thought Leader
- Prof Jonathan Jansen: Stellenbosch University Media Excellence Award: 2018 Thought Leader

Our focus on improving postgraduate throughput can be seen in the increased numbers of master’s (41) and PhD (22) graduates for 2018. It is imperative that transformation is achieved through the pursuit of excellence. Transformation resides in how we as a faculty engage with our research, teaching and community interaction, so that we might learn to see and appreciate the life-worlds and perspectives of others.

## BROADENING ACCESS

The national competence of teacher education processes has a far-reaching impact on all education institutions and is linked to national societal priorities and development. In this way, the Faculty uses the resources of the University to contribute to transformation in society through the provision of research insights and processes to train good teachers and repair systems. This will help society to benefit from the life opportunities good education is thought to enable.

Considering the importance of transformation, it must be viewed as part of a broad set of processes that are catalysts for change to better society in general. From an education perspective the critical engagement with and implementation of policies that focus on change is embraced by and supported in the Faculty. Transformation is an important focus that permeates all education programmes as it is viewed as an ongoing process and not as a means to an end or an end in itself.

In 2018, 1 854 students enrolled at the faculty, and 672 qualifications were awarded. The module success rate for undergraduate and postgraduate modules combined was 93,1%, while the success rate for the university was 85,1%. The percentage of students from the BCIA grouping is roughly equivalent to that of the university's and could be improved significantly by focusing on isiXhosa home language students.

## ENHANCING OUR SOCIAL IMPACT

Academic staff are involved with community outreach projects, including tuition and support for mathematics education, the Rietenbosch Wetland Restoration Project, the Kayamandi River Partnership and Rachel's Angels Trust. These projects have not only improved education and social development but have also developed new knowledge together with local communities, which have benefited both the university (including other faculties) and the engaged community members.

The SUNWell Community Health Programme of the Department of Sport Science focuses on "upliftment through knowledge and movement", aiming to "encourage, educate and 'champion' both adult and child populations residing in medium to low social economic areas as to the benefits and ways to lead healthy, active and safe lifestyles". Two doctoral projects are currently nearing completion, and in recognition of the significant impact of the project in the Cloetesville community, it received a silver award from the Western Cape on Wellness (WoW!) initiative.

The Talent Development Programme of SUNCEP exposed 723 learners at nine provincial centres to enrichment interventions to bridge the gap between high school and university and promote careers in Technology, Engineering, Mathematics and Innovation. Altogether 638 learners were also exposed to the Learner Enhancement Programmes, which take the form of holiday school interventions that focus chiefly on enhancing NSC examination performance in Mathematics and Physical Science. A further 108 learners were enrolled in SciMathUS, which is aimed at facilitating university preparation and admission to faculties across the University. Apart from these activities, SUNCEP also focuses on teacher and leadership development short courses and diplomas.

## MOVING FORWARD

The Faculty of Education's vision is to be "acknowledged and respected unequivocally as a leading and engaged research-driven education faculty". Our understanding of this vision implies a synergy between teaching, research and community engagement, in which the Faculty hopes to develop a knowledge base that builds both research in education and the practice of teacher education. A renewal exercise undertaken at the Faculty during 2018 assisted the Faculty to identify elements of its financial model that are not cost-effective, leading to a number of interventions optimising its current business model.

We have also become aware of strategic opportunities that we could utilise more effectively. Our aspirations are to engage in strategic initiatives that cut across departmental structures, driven by communal research and teaching niche areas.

The decision to facilitate the move of the Department of Sport Science to the Faculty of Medicine and Health Sciences was associated with numerous challenges, but it also underlined the necessity to rethink the organisational restructuring of the remainder of the Faculty of Education.

We are committed to continue with our programme renewal initiatives (partly through funding through the University Capacity Development Grant (UCDG) and Fund for Innovation and Research in Learning and Teaching (FIRT)) and interventions aimed at the continued excellence of our staff members and students.

We firmly believe in the strategic importance of education to facilitate social mobility, human well-being and human security in South Africa and wish to proclaim with Nelson Mandela: education is the most powerful weapon you can use to change the world.



*Prof Jonathan Jansen, public intellectual, A-rated scientist and distinguished professor at SU, delivered the Africa Day lecture.*

Faculty of

# ENGINEERING



*Prof Wikus van Niekerk*

Dean: Faculty of Engineering

For three-quarters of a century now, the Faculty of Engineering has been upholding a proud record of contributing to the country's economy through the training of world-class engineering graduates.

## MAINTAINING OUR MOMENTUM OF EXCELLENCE

An accreditation team from the Engineering Council of South Africa (ECSA) visited the Faculty in September 2018. The outcome of the visit is that ECSA has again accredited our six programmes. The team was full of praise for the quality of our teaching, the range of our facilities and the positive experiences attested to by our undergraduate students.

The Faculty's highly structured programmes continue to draw some of the best matriculants year on year. About 10% of our nearly 800 first-year students attained an average of more than 90% in matric. This year, the Faculty could boast that 2017's top matriculant in the country, Janke van Dyk, selected Stellenbosch at which to study Chemical Engineering in 2018.

Not only do we draw top students, Engineering is privileged to have attracted an eminent academic. Prof Andries Engelbrecht, an A-rated NRF researcher in Computer Science, will hold the Voigt Chair in Data Science in the Department of Industrial Engineering from 1 January 2019.

Our expertise and excellence enjoyed further recognition in 2018 when the Faculty was awarded a Department of Science and Technology/NRF South African Research Chair in Sugarcane Biorefining. Prof Johann Görgens, Head of the Bioresource Engineering Group in the Department of Process Engineering, holds this Chair.

The Faculty is also strengthening its standing on the African continent. As an active participant in the African Research Universities Alliance (ARUA), Stellenbosch University was designated to host the ARUA Centre of Excellence in Energy. The Energy Centre is multidisciplinary and comprises a network of 15 universities that focus on the nexus of energy, water and food through applied research to ensure sustainable agricultural development in Africa. Two of the Faculty's acclaimed researchers in the field of energy, Profs Sampson Mamphweli and Johann Görgens, serve as the directors of the new ARUA Centre of Excellence in Energy.

Our world-class research facilities expanded further this year with a large fan-and-cooling system test facility, one of a kind in the world, officially opened at the Engineering complex in November. This exceptional facility was erected as part of the University's participation in the European-funded Horizon 2020 MinWaterCSP Project.

## BROADENING ACCESS

To promote Engineering as a profession and to alleviate the shortage of engineers in the country, the Faculty has been driving targeted undergraduate student recruitment throughout South Africa and Namibia for more than 15 years. The dual aim of the drive is to attract the best students and to promote diversity. The targeted group includes students for whom Stellenbosch previously would not have been their university of choice. It also includes students whose parents did not study at a tertiary institution and who therefore in this capacity do not have the experience to serve as role models where higher education is concerned. Much effort is additionally being invested in promoting the engineering profession among women.

### *First-generation experience*

Universities can be quite daunting for learners who do not have experience of academic or tertiary institutions. On 10 May 2018, the Faculty of Engineering therefore welcomed the top learners of Grades 11 and 12 whose parents did not have the opportunity to study at a university. At this event, known as the First-generation Experience, the learners could get a sense of the exciting atmosphere on campus, learn about the six Engineering programmes and even meet the Dean.



The Faculty's student recruiter, August Engelbrecht, and the enthusiastic top performing learners who attended the First-generation Experience.

### **First woman appointed full professor in Engineering**

Prof Cara Schwarz is the first woman appointed as full professor in the Faculty of Engineering. She is a full-blooded Matie, with a BEng (Chemistry) obtained in 1999, an MScEng (Chemical Engineering) cum laude in 2001 and a PhD in 2005. Her research field is in thermodynamics and its impact on separation processes, with specific focus on high-pressure/supercritical and advanced distillation processes. The international *Journal of Chemical Engineering* honoured this esteemed researcher in July as one of the 25 up-and-coming researchers who will lead the field in thermodynamics over the next few years.



Prof Cara Schwarz with her postgraduate students.

Since 2017, the Faculty has been cultivating a stronger relationship with numerous bodies, including the Stellenbosch University Centre for Pedagogy (SUNCEP), the Department of Science and Technology (DST), the South African Agency for Science and Technology Advancement and the Moshul Scholarship Foundation. These bodies run programmes such as Saturday and holiday schools, where specifically selected top Grade 11 and 12 learners in Mathematics and Physical Sciences are offered additional support in these subjects to prepare them better for school and university studies. A good example of such a programme is the Talent Development Programme funded by DST and administered by SUNCEP, which is run in all nine provinces.

The programmes offered by Engineering are challenging and demanding but the many systems that we have introduced over the years to support students have made a great difference. These include tutoring and mentoring programmes, Dean's periods, revision lectures and group learning sessions for first years and the appointment of two part-time educational psychologists. In the Dean's division, one staff member focuses exclusively on the task of student support and the other on the task of student recruitment and student retention.

## ENHANCING OUR SOCIAL IMPACT

Most of our research projects are driven by and are applicable to real-life engineering problems in our communities. We believe that our research makes a strong, positive impact on the community at large and that it improves the standard of living and quality of life of our fellow community members. The Faculty is exceptionally successful in solving engineering problems in collaboration with the industry, from which it receives great support and recognition.

An example of such support is the significant funding that has been received for two research projects currently being conducted. One of these is the five-year project funded by the Intelligence Advanced Research Projects Activity (IARPA) in the USA and of which Prof Coenrad Fourie is co-principal investigator. This project, which deals with superconducting integrated circuits, amounts to over R30 million and funds one postdoctoral fellow, one engineer, six doctoral candidates and four master's degree students. The other project is the development of Africa's very first postgraduate programme in Fire Engineering in the Faculty's Fire Engineering Research Unit (FireSUN) which will provide the necessary expertise to help protect all communities in Africa against fire. This project received a financial injection of R2,9 million from the Lloyd's Register Foundation.

To strengthen and expand relationships and networks with the industry, the Faculty held its first Industry Open Day in collaboration with the Faculty of Science at the end of November. Researchers displayed posters of their most recent research and discussed these with the industry delegates who attended this very successful day. It was an ideal opportunity for industry partners and researchers to talk with a view to possible collaboration. The Faculty's latest publication, *Research Finder*, was launched at the event. This publication contains useful information on our research projects and the contact details of the researchers involved.

The Faculty's Advisory Board was reconstituted in 2018, with prominent national and international heavyweights from academia and from the industry serving on the Board.

## MOVING FORWARD

An exciting investment over the next seven to eight years is the R720 million that is to be spent on the renovation of the Engineering complex. The Department of Industrial Engineering is already boasting its own building for the first time after moving into the former Information Technology building in 2018 following extensive renovation. Next in line is the Mechanical and Mechatronic Engineering building, with the buildings for Process Engineering, Civil Engineering and Electrical and Electronic Engineering to follow. In 2019, a brand-new Pavement laboratory will also be erected.

The Faculty celebrates its 75th anniversary in 2019. With the best of students, lecturers, support staff and renovated and modern facilities, the Faculty of Engineering looks forward to continuing to deliver the best of engineers for the country.



*Prof Nicola Smit*  
Dean: Faculty of Law

During the Centenary year of Stellenbosch University (SU), the Faculty of Law (placed between 151 and 200 in the QS World University Rankings) thrived due to its firmly planted roots. The Faculty expanded its staff complement, and its teaching, research and social impact endeavours flourished. The rule of law is essential to our constitutional democracy, and the Faculty continued to contribute to the broadening and strengthening of legal science locally and abroad.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The Faculty believes that the development and support of its staff are crucial to sustaining excellence and inclusivity. During the year under review, the Faculty's staff excelled on several fronts. Prof Richard Stevens was appointed as Vice-Dean with effect from 1 September, taking over the reins from Prof Geo Quinot. The Faculty appointed a number of academic colleagues from the designated groups in 2018. Bernard Wessels and Enelia Jansen van Rensburg graduated with their doctorates while the year also saw an SU Law Clinic attorney graduate with a master's degree. This brings the number of staff with an LLD as highest qualification to 27 (77% of academic staff). Profs Boggenpoel and Williams-Elegbe delivered inaugural lectures on

topics ranging from "(Re)defining the contours of ownership: Moving beyond white picket fences" to "Public procurement, corruption and blockchain technology: A preliminary (legal) inquiry". Justice Yacoob, who received an honorary doctorate in law (see page 97), gave an inspiring address to our law graduates.

The Faculty hosted several public lectures and seminars and attracted renowned scholars as guest lecturers and participants in these discourses – among others Justice Madlanga (Constitutional Court of South Africa), Prof Dr Christoph Ann (Technical University of Munich), Prof Michael Milo (University of Utrecht) and Prof Susan Rose-Ackerman (Yale University).

Our staff's excellence was recognised internationally and nationally: Prof Zsa-Zsa Boggenpoel was appointed as replacement candidate for the South African Research Chair (SARChI) in Property Law; the Federal President honoured Prof Thuli Madonsela with the Order of Merit of the Federal Republic of Germany; African Procurement Law Unit (APLU) Deputy Director, Prof Sope Williams-Elegbe, as the only legal expert, joined 14 other experts from around the world in Vienna, Austria, to develop university-level modules on anticorruption for the United Nations' Education for Justice Initiative; Prof Gerhard Kemp received an SU Excellence in Research Award; Prof Jacques du Plessis was nominated as member of the Committee of Experts of Contract Law of the BRICS Legal Forum; Dr Broodryk was awarded the Beaufort (Colenso) Scholarship of St John's College, Cambridge University; and the SU Law Clinic was the recipient of the SU Media Excellence Award: 2018 Thought Leaders. A particular honour was bestowed on the SU Law Clinic when it was the first recipient of the Corporate Counsel Association of South Africa (CCASA) Achievement Award at the 2018 African Legal Awards, recognising exceptional achievement within Africa's legal community.

Several books and articles penned by colleagues were published in 2018, including *Public Procurement Regulation for 21st Century Africa* and *International Criminal Tribunals as Actors of Domestic Change – The Impact on Institutional Reform*. A recent international ranking project used data to rate Stellenbosch Law Review fourth out of 16 South African law journals (some of them open-access journals). Furthermore, at the Committee on Economic, Social and Cultural Rights' consideration of the initial report of Bangladesh (on measures taken to implement the provisions of the International Covenant on Economic, Social and Cultural Rights), Prof Sandy Liebenberg led the discussion as rapporteur.

Full accreditation for the SU Bachelor of Laws (LLB) programme was awarded by the Higher Education Quality Committee in June 2018. Regarding achievements by our students, we can report that

academically strong students made use of semester exchange opportunities with 10 partner universities in four countries. In addition, the £500 Marler Prizes for Anti-Corruption in Africa were introduced, and the first recipient for his essay on anticorruption in Africa was Wesley Vos. Further excellence was demonstrated by two students who progressed to the final of the Child Moot Court Competition in the High Court in Pretoria. James Wewege was invited twice to make presentations to the Portfolio Committee for Justice and Correctional Development on the State Liability Amendment Bill, a remarkable achievement for an undergraduate student. At postgraduate level, the Faculty enrolled students from 14 different countries in 2018. The quality of our postgraduate students was demonstrated by one LLD candidate being awarded a scholarship to spend time at the Abo Akademi Institute for Human Rights in Finland while another two LLD candidates were accepted and enrolled for a joint doctorate degree between Hasselt University and Stellenbosch University.

In 2018, the Faculty hosted several alumni events and will continue to do so as its alumni are unparalleled in their loyal support of the Faculty in order to sustain and grow our excellence.

## BROADENING ACCESS

The Faculty is committed to diversifying its undergraduate and postgraduate student body. The strategy to offer recruitment bursaries to qualifying first-year students has proved successful, and in 2018, 70 law students (42 LLB students) received this bursary so that enrolments from designated groups (at 51%) exceeded the SU target for the Faculty. The small pool of applicants with the required performance standard in Mathematics for the BCom (Law) and BAccLLB programmes is a concern to the Faculty.

## ENHANCING OUR SOCIAL IMPACT

The SU Law Clinic celebrated its 30th year of existence in 2018. The Law Clinic provides legal services (farm evictions, domestic violence and other civil matters), education services and practical legal training. The Law Clinic successfully pursued litigation in a case where a (law) student and his guide dog was refused entry to a well-known restaurant and also made several policy inputs (including the campaign to get sanitary products exempted from VAT).

Faculty initiatives including conferences such as the Public Procurement Regulation for 21st Century Africa conference and the Social Justice M-Plan Expert roundtable put the Faculty firmly at the forefront of strengthening social justice and good governance. The project to train investigators of the Office of the Public Protector of South Africa, a collaboration between the Konrad Adenauer Foundation, the African Procurement Law Unit and the Office of the Public Protector, continued in 2018 so that all provinces have now benefitted from this training.

## LOOKING FORWARD

The Faculty of Law is proceeding with its reflection on the renewal of programme designs and curricula in order to remain at the forefront of legal education. At the same time, the Faculty is harnessing opportunities to invest in its people – both staff and students – so that they may be leaders in their respective fields. The Faculty is also starting to plan towards its own Centenary year, namely 2021.



*New Professor for the Department of Public Law: Prof Zsa-Zsa Boggenpoel, incumbent of the South African Research Chair in Property Law, at her inaugural lecture with Prof Nicola Smit, Dean: Faculty of Law, left and Prof Eugene Cloete, Vice-Rector (Research, Innovation and Postgraduate Studies), right.*



*New Professor for the Department of Mercantile Law: Prof Sope Williams-Elegbe, Deputy Director of the African Procurement Law Unit, at her inaugural lecture.*

*Faculty of*

# MEDICINE AND HEALTH SCIENCES



*Prof Jimmy Volmink*

Dean: Faculty of Medicine  
and Health Sciences

The overarching aim of the Faculty of Medicine and Health Sciences (FMHS) is to develop medical and health sciences professionals who are able to promote health, prevent disease and provide optimal health care.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The Faculty has developed a new Health Professional's Pledge that was taken for the first time by 423 graduands in December 2018. Through this pledge, the newly minted health care providers committed themselves, among others, to respect people, care for themselves, treat others with dignity, integrity and compassion and remain curious, reflective and creative in the practice of their profession.

The December graduation saw 277 graduates receiving their MBChB degrees, the biggest group ever in the history of the faculty. The pass rate of this cohort was 91%, with a record number (26) passing with distinction.

Our Faculty has received full accreditation of its Bachelor of Nursing and Midwifery degree and will recommence its undergraduate nursing training programme with an intake of 60 students in 2019 after a hiatus of almost two decades.

The new Medicine and Health Sciences Library, a R45 million project, was opened in May. This ultramodern facility offers innovative spaces for collaborative learning and research, and boasts state-of-the-art video-conferencing and e-classroom amenities.

Our academic staff continue to excel. Prof Susan van Schalkwyk received the National Excellence in Teaching and Learning Award presented by the Council on Higher Education and the Higher Education Learning and Teaching Association of Southern Africa.

Prof Marietjie de Villiers was elected as president of the African Forum for Research and Education in Health and Prof Bob Mash received an honorary life direct membership from the World Organisation of National Colleges, Academies and Academic Associations of General Practitioners/Family Physicians. Prof Julia Blitz was awarded an honorary fellowship of the Royal College of General Practitioners.

The work undertaken by FMHS researchers have far-reaching national and global impact. The Faculty now has seven NRF SARCHI research chairs, including two new chairs that were awarded in 2018 to Profs Xikombiso Mbhenyane (Food, Environments, Nutrition and Health) and Quinette Louw (Innovative Rehabilitation).

Profs Soraya Seedat and Gerhard Walzl were each awarded a Gold Scientific Merit Award from the South African Medical Research Council that recognises excellence in health sciences and Prof Soraya Barden received a South African Women in Science award for her research on Parkinson's disease.

Prof Rob Warren was recognised with a Chancellors Award for his outstanding contribution to research in the field of the molecular epidemiology of tuberculosis (see page 101).

Prof Gerard Tromp was elected as president of the South African Society for Bioinformatics and Profs Helena Kuivaniemi and Mark Cotton were elected to membership of the Academy of Science of South Africa.



*Nkosi Johnson House: Stellenbosch University is honouring the legacy of the iconic child Aids activist, Nkosi Johnson, by naming a new student residence with remarkable energy and water saving features after him. His foster mother, Mrs Gail Johnson, said it is the first time that he is being recognised in South Africa. Nkosi made a powerful impact on the public perceptions of HIV until his death in 2001 at the age of 12. At the time, he was the longest-surviving child born with HIV.*

## BROADENING ACCESS

The Faculty has established a strategic committee to advise on recruitment, selection and admissions of undergraduate and postgraduate students. In 2018, 37,9% of our undergraduate students were white, and 62,1% were black African, coloured, Indian and Asian. Females made up 74,3% of the undergraduate student body.

In keeping with the Faculty's goal to ensure an inclusive and welcoming environment, the Dean's Advisory Committee on Transformation has established a task team to lead the development of a Faculty Transformation Charter.

The FMHS iThemba Bursary Fund has awarded bursaries totalling approximately R5 million over the past three years. Additionally, an FMHS/Standard Bank loan scheme was negotiated for students, which involved leveraging a total of R30 million for loans for senior students.

In response to the concern about food security among students at the Tygerberg Campus, a team of FMHS undergraduate students embarked on an ambitious 902 km cycle tour over eight days from Vioolsdrift at the Namibian border to Cape Agulhas to raise funds for the Hippocampus Fund. This will supplement the efforts of our student-driven Tygerberg Pantry Project.

In May, the newest residence on campus, Nkosi Johnson House, was opened; it provided accommodation for 200 senior students.

## ENHANCING OUR SOCIAL IMPACT

Our Faculty plays a leading role in the field of rural health and rural health professions education by providing best practice models, which also serve as a resource for other institutions, particularly in Africa. The philosophy of immersing undergraduate students in the community for longitudinal integrated training for up to one year,



*The newly refurbished technology-rich library on the Tygerberg Campus.*

as piloted by the Ukwanda Centre for Rural Health (Ukwanda), is recognised as a first in South Africa. In 2019, these efforts will be expanded to the Northern Cape.

Prof Ian Couper, director of Ukwanda, was awarded a fellowship of the World Organisation of National Colleges, Academies and Academic Associations of General Practitioners/Family Physicians in 2018. He also received a Partner in Health award from the American International Health Alliance's Twinning Center programme. Prof Couper has recently been reappointed to the influential World Health Organisation's Guidelines Review Committee (GRC) for a second term.

Our research activities continue to contribute positively to societal needs through output in fields such as TB, HIV/Aids and public mental health. The Centre for Evidence-based Health Care, based in our Department of Global Health, in partnership with the Liverpool School of Tropical Medicine, leads a global consortium that conducts high priority research syntheses to inform health care guidelines and policy targeting poor and vulnerable communities.

SU and the FMHS co-hosted the 9th Annual Consortium of Universities for Global Health (CUGH) held in New York in March. The title of the conference was Health Disparities: A Time for Action. It was attended by approximately 1 800 leaders in health, engineering, business, science and education.

Africa Day 2018 was celebrated at the FMHS with lectures and discussions on the theme Global Health: A time for Action in Africa.

## MOVING FORWARD

We are cognisant of the immense challenges that remain in our health care system, and the inequities in health and service provision in South Africa. Yet, we are pleased that our Faculty is continuing to make a meaningful contribution to improving the health of our nation. It is our hope that our graduates will increasingly play a leading role in transforming health care in South Africa and beyond.

*Faculty of*

# MILITARY SCIENCE



*Prof Sam Tshehla*

Dean: Faculty of Military Science

In the modern world, military organisations are required to do much more than train and educate troops and commanders. For the 21st century security context, it is imperative for armed forces to produce soldiers with excellent knowledge and a strong character. South African soldiers have to personify the values of the South African National Defence Force (SANDF) and are expected to display warrior ethos in all aspects of military operations and peace management.

Education provides the foundation for knowledge and cultivates leaders who are capable of protecting themselves and the country effectively in a rapidly changing security environment. In an effort to inculcate the culture of lifelong learning in the men and women in uniform, the Department of Defence entrusted Stellenbosch University (SU)'s Faculty of Military Science (FMS) with creating South African soldier scholars and diplomats.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The South African Military Academy is situated on the scenic slopes of Malgaskop hill, overlooking the historic Saldanha Bay. Today it is the academic home of more than 500 men and women in six undergraduate programmes delivered on two platforms (residential and distance learning), nine BMil honours programmes, seven master's

degree programmes and one doctoral programme, namely the PhD in Military Science.

We are proud to announce that 85 of our students received degrees in 2018, including 65 BMil degrees (two were awarded cum laude), 17 BMilHons degrees and, for the first time, three doctorates. The first two PhD graduates in Military Science, Dr Evert Kleynhans (supervised by Prof Ian van der Waag) and Capt Andries Putter of the South African Navy (supervised by Cdr (Dr) Ishmael Theletsane), received their degrees in December 2018. Dr Wilhelm Janse van Rensburg (supervised by Prof Francois Vreÿ) was the Faculty's third PhD graduate in April 2019.

Military Science students are also tested on their military conduct and officership bearing. Candidate Officer Gugu Ntobeko Nxumalo was the recipient of the sword of honour, awarded to the best third-year student who lead by example as an officer, for the 2018 academic year.

To facilitate collaboration and the exchange of knowledge, we hosted the annual International Conference of Public Administration and Development Alternatives (IPADA) in the year under review. The conference theme was *The Image of an African Politician and a Public Servant in the 21st Century*. It was a successful collaborative undertaking by the University of Limpopo and the Faculty of Military Science, attended by 151 delegates from Botswana, Malawi, South Africa and Uganda.

Three major cyber warfare and strategy events were hosted in 2018, one of which was a symposium on cyber intelligence and warfare, co-hosted by the Faculty (with Ms Noëlle van der Waag-Cowling as chief coordinator) and African Aerospace and Defence (AAD).

The United Nations (UN) and the Norwegian Institute of International Affairs (NUPI) involved Prof Thomas Mandrup from the Security Institute for Governance and Leadership in South Africa (SIGLA) at SU in an international research project on analysing the effectiveness of peace missions in Africa. He serves on the field research and reporting team of the Democratic Republic of the Congo (DRC). Furthermore, the NRF allocated a Big Conference Grant of R650 000 to SIGLA to help fund the annual international conference of the Academic Council on the UN System, to be hosted by the University in 2019.

As far as staff exchanges are concerned, Profs Christian Bueger (Cardiff University) and Musambayi Katumanga (University of Nairobi) did research stints with SIGLA, and the Royal Danish Defence College in Copenhagen hosted Capt Mark Blaine of the South African Navy.



Prof Thomas Mandrup doing field research in the DRC with NUPI and the UN.

In the field of staff excellence, the Academy's top academic student of 2017, Candidate Officer RM Mahlangu, lauded Ms MV Theletsane in 2018 as the lecturer who had contributed most to her success. Maj (Dr) Vusi Malaza completed his PhD in Physics in the Faculty of Science at SU, and Dr Oscar Mthembu obtained his PhD in Industrial Psychology from the University of the Western Cape. During a prestigious event at the end of 2018, SU recognised Prof Oluwole Makinde for his outstanding contribution to research in Military Mathematics. He has edited two books, contributed six chapters to books, and has published over 80 articles.

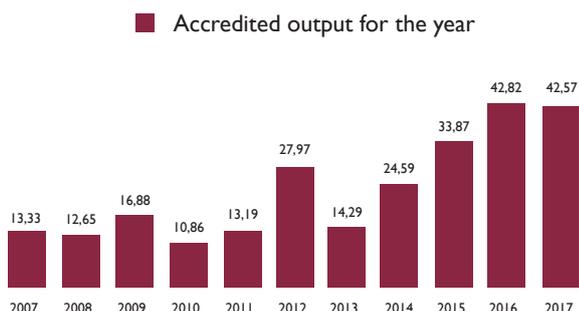
For the first time in the history of the Faculty, five inaugural lectures were held in the same year, namely those by Profs Sam Tshehla, Gielie van Dyk, Ian van der Waag, Francois Vreÿ, and Oluwole Makinde.



The Faculty's first doctorates: Dr Evert Kleynhans and Capt (SAN) Dr Andries Putter, who graduated in December 2018.

The Faculty hosted the launch of three books on 1 August 2018, namely *A Military History of Modern South Africa*, by Prof Ian van der Waag; *South Africans versus Rommel: The Untold Story of the Desert War in WWII*, by Maj David Katz; and *The First Battle of El Alamein, 1–30 July 1942: A South African Perspective*, by Col (Dr) James Jacobs. These books count among the accredited research outputs by Faculty staff, which have increased steadily from 2013 to 2017 as illustrated below.

Faculty of Military Science research output 2007–2017



## BROADENING ACCESS

The Faculty appointed qualified staff in vacant posts in line with its diversity objectives and the Department of Defence's transformation policies. Six new academic staff members reported for duty – four with doctorates and two with master's degrees. These appointments will enable improved service delivery and the expansion of our blended learning academic offering.

We have instituted two new academic programmes that will open up more opportunities for postgraduate study and increase the number of postgraduate students in the Faculty. From 2019, the Postgraduate Diploma in Defence Studies will be offered at the South African National War College and the MMil Generic at the National Defence College.

## ENHANCING OUR SOCIAL IMPACT

Academic staff members have been developing the community in Vredenburg by helping to improve Grade 12 learners' Mathematics results drastically. Through MASIZA, the Military Academy's community service organisation, students have embarked on projects from Qunu in the Eastern Cape to Saldanha Bay on the West Coast, showing their leadership skills through fundraising and cleaning orphanages and homes for the aged. In doing this, they also raised awareness of the University (the project being underwritten by Maties Community Service) and the events received wide media coverage in the towns on the Garden Route. In Saldanha the School for Human and Organisational Development offered career guidance workshops to learners of Diazville High School.



Career guidance workshops offered by the School for Human and Organisational Development: Learners hard at work at Diazville High School in Saldanha.



*Prof Louise Warnich*  
Dean: Faculty of Science

Worldwide developments in science, technology, and innovation are fundamentally altering the way people live, communicate and transact, with profound effects on economic growth and development. The majority of South Africa's new knowledge is developed within universities and research councils. For more than a century, the Faculty of Science has offered a first-class research environment and a wide range of institutional support and expertise to assist our students.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The Faculty maintains a strong research ethos, with eight SARCHI chairs and three NRF-DST Centres of Excellence, while 70% of our full-time equivalent staff has NRF ratings. For the second year in a row, the Faculty has produced a record number of research publications, with the 2017 publication output units 14% higher than in 2016.

On the research front, Prof Hermann Uys and his team demonstrated stationary qubits, a first for South Africa and Africa. Researchers from the NRF-DST Centre of Excellence for Invasion Biology were the lead authors of the first national status report on biological invasions in the country.

During the year under review, the Faculty increased its international footprint significantly through active collaboration, staff and student exchange and co-publishing with international institutions. Highlights include the signing of agreements with the University of Oslo and the Université Claude Bernard Lyon I. Joint PhD degrees were conferred with the Vrije Universiteit Brussel and the University of Jean Monet at Saint Etienne.

## Awards to staff

The Suid-Afrikaanse Akademie vir Wetenskap en Kuns' Havenga awards for Physical Sciences and Life Sciences were awarded to Prof Ben Herbst and Prof Emile van Zyl respectively. Prof Resia Pretorius received the 2018 NSTF award for an established researcher, while Dr Rehana Malgas-Enus received the NRF Award of Excellence in Science Engagement.

Prof Harold Pasch was honoured with the 2017 Gold Medal of the SA Chemical Institute. Prof Bert Klumperman received the John FW Herschel medal of the Royal Society of South Africa (RSSA), while Prof Guy Midgley was the first recipient of the RSSA's Marloth Medal.

Prof Jannie Hofmeyr and Prof Emile van Zyl received the SU 2018 Chancellor's Award for excellence in research over an extended period, while Prof Ingrid Rewitzky was recognised for excellence in learning and teaching (see pages 100 and 101). Prof Faadiel Essop and Dr Bjorn von der Heyden both received teaching excellence awards from the University.

Prof Willem Visser was selected by the Association for Computing as one of a select group of distinguished members for his outstanding research contribution to the field of computing and information technology, while Prof Stephan Wagner received the South African Mathematical Society's Award for Research Distinction.

## BROADENING ACCESS

The Faculty is one of a few science faculties in the country that achieved its enrolment targets for 2018, and we continue to attract top-performing candidates from all ethnic groups. Just over 26% of the student body of 3 139 students are postgraduate students, while

35% of the undergraduate and nearly 41% of the postgraduate students are black African, coloured, Indian or Asian. Since 2013, the number of postgraduate students have increased from 626 to 817 in 2018 (167 BScHons, 239 MSc and 264 PhD students, of which 20 are MSc students from AIMS).

For the ongoing training of tutors in the Faculty, a three-level online short course was conceptualised in 2017. At least 50 tutors enrolled for the first level in 2017, with the second level introduced in 2018. The success of this initiative has inspired a university-wide project for Online Tutor Training. The differentiated tutorial support programme has contributed to deeper learning engagement and increased pass rates for first-year Mathematics, Physics, Chemistry and Biology.

Through the Science Learning and Teaching Hub, researchers have presented their teaching and learning initiatives at seminars hosted by the Faculty, the Centre for Teaching and Learning, and the annual SoTL conference, where the number of presentations from our staff increased from only five in 2016 to 15 in 2018.

The Faculty's Advisory Board, established in 2016, continues to provide valuable input. A new agreement has been signed with international partners, and a five-year research contract secured due to facilitation by Advisory Board members. The second Science Showcase, hosted in conjunction with the Faculty of Engineering, was well attended. An agreement was signed with Armscor for the Department of Physics to develop a Virtual Defense Engagement Programme and a Laser Defense Programme.

The year under review witnessed increased involvement in multidisciplinary, trans-faculty initiatives, such as the Centre for Bioinformatics and Computational Biology, the SU Institute for Biomedical Engineering, the African Microbiome Institute and the newly proposed School of Data Science and Computational Thinking. A highlight for the year was the hosting of the Deep Learning Indaba, in collaboration with DeepMind and Google Brain.

## ENHANCING OUR SOCIAL IMPACT

The Department of Chemistry and Polymer Science's outreach initiative, SUNCOI, established collaboration agreements with the University of Pretoria and Nelson Mandela University to initiate similar programmes. The *Stigting vir Bemagtiging van Afrikaans* sponsored the offering of SUNCOI materials to learners in Afrikaans and a programme for schools in Namakwaland.

The Department of Earth Science, in collaboration with North Carolina State University, introduced the Transatlantic Science Education Cooperative programme to 45 teachers of the Western Cape Education Department. The aim is to foster the development of Citizen Science projects within Western Cape and South African classrooms.

Researchers from the Department of Microbiology collaborated with the Sustainable Livelihoods Foundation on a Wellcome Public Engagement project called Bucket Loads of Health. Participatory and creative methods were used to engage with communities from Enkanini and Delft.

## MOVING FORWARD

What we have achieved over the past 100 years are due to the dedication, creativity and often brilliance of our students, researchers, lecturers and support staff who contributed to knowledge generation and knowledge sharing on a national and international level. Our success in future will continue to be dependent on people, and the ability to provide an environment in which they can thrive. We cannot know where this Faculty will find itself in another hundred years' time. If, however, there is one thing we have learned from the past, it is that what we do now, will matter to those who come after us.



One of the highlights of the Faculty of Science's centenary commemoration was the publication of a book on its history over the past century. This coffee table book, *A particular frame of mind*. Faculty of Science, Stellenbosch University. 1918–2018, was launched at a gala dinner on 1 October 2018. Photo: Clive Hassall



One of the plenary speakers at the Deep Learning Indaba, hosted at Stellenbosch University, was Dr Mustapha Cissé, head of the Google AI Lab in Ghana, an expert on fairness, transparency and reliability in machine learning. Photo: Stefan Els



*Prof Reggie Nel*

Dean: Faculty of Theology

Does theology have a role to play in an increasingly commercial environment driven by social and economic desperation? Are we addressing the crucial issues in our country by equipping young people for a constructive, sustainable future? Would they not be better off in the marketplace, or crunching numbers, or developing software?

In 2019, Stellenbosch University's Faculty of Theology commemorates 160 years of theological training in Stellenbosch. Now, more than ever, we experience the real value of theology in a continent staggering under historical inequality and its dire socio-economic implications, including poverty, violence, crime and corruption. More than ever, we need a generation of ethical leaders who see the bigger picture, who work for change, and who are dedicated to promoting the greater good.

## SUSTAINING OUR MOMENTUM OF EXCELLENCE

The Faculty has been positioned among the top 100 theological/religious studies academic institutions in the QS World University Rankings for the past three years; an encouraging indicator. An eminent external evaluation panel, led by Prof Marcel Barnard from the Protestant Theological University (PTHU) based in Amsterdam,

the Netherlands, visited the Faculty in August and conducted a thorough review of all its aspects. Its report was a realistic but affirming testimony to our commitment to improve continuously and creatively all levels of functioning while acknowledging that there is still much to be done.

**Financial viability** is one of our priorities. The Faculty of Theology is constructively working towards greater financial independence through partners and economically viable projects.

The external evaluation panel confirmed that **faculty staff** is one of our greatest assets. The Faculty's research outputs remain exceptionally high, contributing to financial sustainability, and we constantly develop ways to enhance student success through innovative teaching and student support. In 2018, the Faculty appointed a coordinator for academic development to address the issues of throughput and retention, and overall student success.

With the retirement of academic colleagues in 2017 and 2018, new colleagues Dr Peter Nagel (New Testament) and Dr Sipho Mahokoto (Systematic Theology) were appointed in 2018, while Profs Dion Forster, Retief Müller and Henry Mbaya were promoted to Associate Professors, and Prof Christo Thesnaar to full professor.

Academic staff achievements in 2018 included Emeritus Prof Dirkie Smit's Honorary Doctorate from the Protestant Theological University (PTHU) in the Netherlands; Prof Louis Jonker (Old Testament) received the Desmond Tutu-Andrew Murray prize for his publication *Defining All-Israel in Chronicles*; Prof Nico Koopman (seconded as Vice-Rector: Social Impact, Transformation and Personnel) and Dr Chris Jones (of the Unit for Moral Leadership of the Beyers Naudé Centre for Public Theology) each received an SU Media Excellence Award: 2018 Thought Leaders in acknowledgement for their roles as public opinion formers; Prof Ian Nell (Practical Theology – Congregational Studies) was elected as board member of Societas Homiletica, the international society for preaching, while Prof Johan Cilliers (Practical Theology – Homiletics) stepped down from the Board after serving for 14 years, and as President from 2014 to 2016. The external evaluation panel specifically highlighted the calibre of administrative and support staff for their commitment to the strategic goals of the Faculty.

The international reputation of the Faculty is also reflected in the numerous **public events and international conferences** hosted in the past decade. In 2018, these included the International Barth Conference, a conference on Africa diaconia and development, and a conference on constitutionalism and corruption in Africa.

Ultimately, the heart of any faculty is its **students**. Our students represent a wide spectrum of faith convictions and denominations, socio-economic backgrounds, ages and particularly points of view. We are excited about the quality of particularly postgraduate work, as demonstrated by Rev Mwawi Chilongozi, a PhD student, who was awarded the first Anders Backström Prize for Diaconia and Social

Practice (best master's thesis). Our students take the lead or play a role in many aspects of campus life. They are vocal in the sphere of public opinion and church politics, as demonstrated by their stand on church policies regarding same-sex relationships (#Whydiscriminate) and their participation, alongside staff, in Thursdays in Black, an initiative demonstrating solidarity with opposition to all violence and oppression, with a focus on gender-based violence.

## BROADENING ACCESS

As ours is one of the most diverse faculties on campus, the implications of a large percentage of students from disadvantaged backgrounds are enormous. We see students' struggle to overcome technological disadvantages, language barriers, financial need, anxiety and stress; their determination and their perseverance against tremendous odds. The pressure on these students to succeed is often overwhelming and we are frequently in awe of them.

It was decided in 2018 to develop a new (compulsory) module on Theological Literacy in the Extended Degree Programme (EDP), for implementation in 2019. The EDP programme is compulsory for newcomer first-year students with a matric aggregate in an academic risk range and spreads first-year modules over two years, with a strong focus on individual tutoring and mentoring.

A BTh blended learning programme was also developed in 2018 for trial implementation in 2019 with a group of 18 students to receive instruction in contact blocks and via online teaching. The Faculty hopes to make undergraduate programmes, which are currently full-time residential programmes, more accessible financially and in terms of time – particularly for second-career students. This development could contribute significantly to opening new knowledge markets and to achieving greater financial sustainability.



Reverend Mwawi Chilongozi, a PhD student, who received the first Anders Backström Prize for Deaconry and Social Practice (best master's degree thesis).

## ENHANCING OUR SOCIAL IMPACT

Transformation lies at the heart of theology. Yet the external evaluation panel commented that the Faculty does not have a clear direction in this regard. The Transformation Committee is engaged in deliberately directing and managing this process in the Faculty. Transformation, like charity, begins at home. And until every student and staff member in this Faculty feel at home and invested in the Faculty, we will keep working at it.

Our staff and students are involved in many diverse activities on different levels that influence society, like congregational or faith community work, combating our destructive impact on the environment, development initiatives and researching these aspects of public life. We work alongside others in all these activities and are committed to pursuing justice for all on all levels.

## MOVING FORWARD

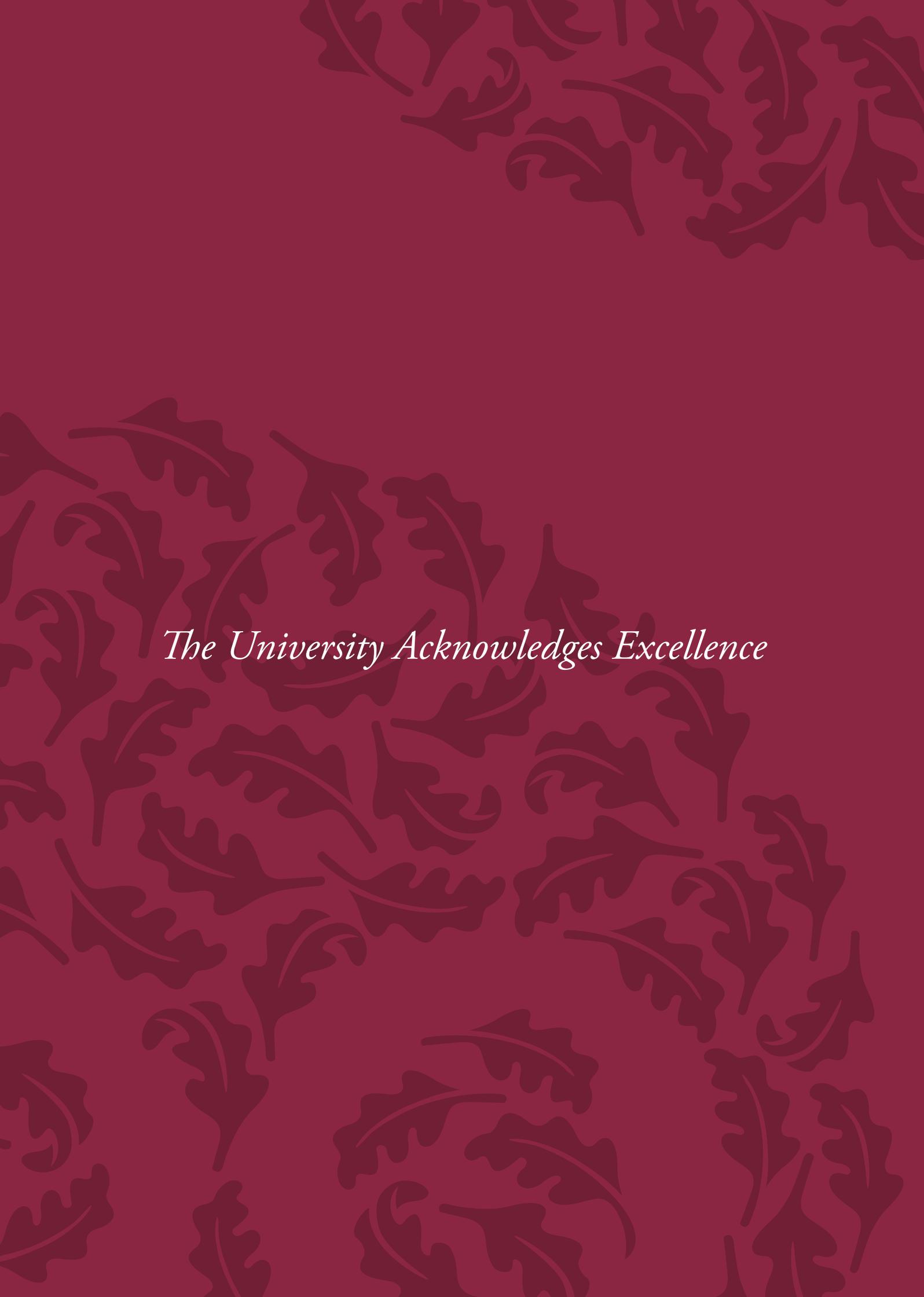
The theme of the 159th commemoration of theological training in Stellenbosch on 9 November 2018 was "Our umbilical cord – in Africa, from Africa, for Africa". Our Faculty was founded on the dream of providing indigenous theological training in Africa. We started as a theological seminary, which was, for most of its life, an exclusively white, male, Dutch Reformed Church seminary.

We aim to serve society with a living, robust theology on this continent. As superpowers implode, as economies subside and are hampered by ethical confusion and the limitations of environmental sustainability, we continue to believe that Africa, with its strong spiritual and community impetus, offers hope to our world.

The Faculty of Theology remains rooted in our African soil, while embracing the brokenness and suffering, but also the giftedness, continuously reaching for understanding, excellence and a better and more just life for all.



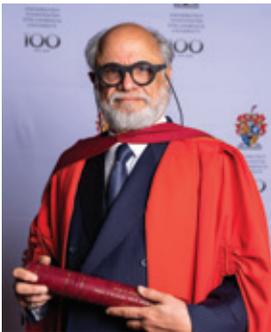
Members of the external evaluation panel under the chairmanship of Prof. Marcel Barnard (PThU Amsterdam). From left to right: Prof. emeritus Thias Kgatla (UP), Prof. Gerald West (UKZN), Prof. Marilyn Naidoo (UNISA), Prof. Paul Gundani (UNISA), Prof. Barnard (chair), Prof. Sarojini Nadar (UWC), Prof. Lilly Nortjé-Meyer (UJ) and Prof. Simangaliso Kumalo (UKZN).



*The University Acknowledges Excellence*

## HONORARY DEGREES

In commemoration of its Centenary, Stellenbosch University (SU) awarded eight honorary doctorates – to Homi Bhabha, Glynis Marie Breakwell, Lesetja Kganyago and Zakeria Yacoob in December 2018, and to Johannes Hermanus Hugo (Boland) Coetzee, Shirley Ann Jackson, Lloyd Nicholas Trefethen and John Latham in April 2019.



*Homi K Bhabha*



*Glynis Marie Breakwell*



*Johannes (Boland) Coetzee*



*Shirley Ann Jackson*



*Lesetja Kganyago*



*John Latham*



*Lloyd Nicholas Trefethen*



*Zakeria (Zak) Yacoob*

*Homi K Bhabha* received the DPhil, honoris causa, for his exceptional ability as the world's premier postcolonial literary theorist to push the humanities in new directions. He has been influential in international organisations by advancing the role of the humanities in peace, economic activity and culture, and by making the study of the humanities relevant in current times.

*Glynis Marie Breakwell* received the DPhil, honoris causa, for having crafted identity process theory. This high-impact contribution to global social psychology has trickled down to the southernmost tip of Africa, where it continues to help us navigate the changes and threats of our post-apartheid reality and gives a voice to the previously marginalised.

*Johannes Hermanus Hugo (Boland) Coetzee* received the DScAgric, honoris causa, for his pursuit of excellence in the development of technology and management in the South African wine industry, and in the crafting of fine South African wines. He has demonstrated generosity of spirit through his selfless dedication to knowledge transfer and engaged citizenship to improve the working and living conditions of farm workers.

*Shirley Ann Jackson* received the DEng, honoris causa, for her role as trailblazer in the academic sphere and her commitment to the transformation of higher education. She has made outstanding contributions to science, engineering and technology, and her leadership has helped shape SU into a university in Africa for the world.

*Lesetja Kganyago* received the DCom, honoris causa, for his steady hand in directing South Africa's monetary policies – standing firm despite force of circumstances. One of the finest public-policy minds in the country, he has displayed formidable intellectual leadership in policy areas such as price and financial stability, making an immense contribution to the credibility and transparency of South Africa's fiscal and monetary policies.

*John Latham* received the DCom, honoris causa, for his visionary, courageous and innovative leadership in skilfully steering his academic institution to greatness through troubling times. He has shared his acclaimed and valued expertise in higher education management in various forums, including as extraordinary professor at SU.

*Lloyd Nicholas Trefethen* received the DSc, honoris causa, for his remarkable scholarship and his astonishing body of work advancing the global popularisation of mathematics. He has challenged conventional wisdom with novel insight and has generously shared his expertise over 30 years to help cultivate a new generation of mathematical scientists on the African continent.

*Zakeria (Zak) Yacoob* received the LLD, honoris causa, for his outstanding contribution as jurist in the field of human rights and constitutional law. With his unique, nuanced and internationally inspiring approach to adjudicating socio-economic rights, he is a respected champion for social justice and the welfare and rights of persons with disabilities.

## PRO BENE MERITO MEDAL

*Congressman Edward (Ed)  
Randall Royce*



"Wherever I go in Africa I am struck by the tremendous potential and vibrancy of the economies. The young people are some of the best and brightest and have an incredible vision for what they want to see happen in their own communities. Despite all the challenges, this continent is full of optimism."

This positive sentiment was expressed by Congressman Edward (Ed) Randall Royce, most recent recipient of Stellenbosch University's prestigious Pro Bene Merito Medal for his work in opening trade markets between the United States (US) and Africa, specifically through the PEPFAR (the President's Emergency Plan for AIDS Relief) and AGOA (African Growth and Opportunity Act) legislation. This Medal is only awarded in special circumstances for exceptional local or international service, and Congressman Royce was the 11th recipient since it was first awarded in 1998.

He is a native of California's Orange County, has been an influential member of the US House of Representatives since 1993, and currently chairs the House Foreign Affairs Committee where his leadership has been invaluable in the global cause of advancing human rights, free and fair elections, transparency and economic development. AGOA allows African countries to export locally produced goods tariff-free to the United States and is arguably one of Congressman Royce's most influential contributions to the African cause. More recently, he also co-authored the Build Act to help reduce poverty in emerging markets by providing access to US development finance for private sector development.

His commitment to seeing economic growth in Africa manifests in his Electrify Africa Act, an initiative providing access to electricity to sub-Saharan Africa, improving the lives of millions on the continent. He has also recognised that removing the barriers preventing women from entering the economy through his Women's Economic Empowerment Act taps into a sector that could add billions to the global economy and tremendous economic growth for the continent.

His interest in African affairs also extends to some of the most vulnerable populations in Africa – the world's most endangered species and habitats. His efforts to combat the unprecedented levels of poaching and trafficking of African wildlife led him to write the End Wildlife Trafficking Act while also championing legislation to help conserve the Okavango River Basin, home to the largest remaining elephant population on the continent.

His optimism about Africa's future is echoed in the support he rallied in the US Congress, raising champions who will continue to advocate for priorities like AGOA, free trade, good governance, and conservation long after his retirement.

## CHANCELLOR'S MEDAL

*Dr Xanthe Dawn Hunt*



Dr Xanthe Dawn Hunt, who obtained the degree PhD in Psychology, received Stellenbosch University's Chancellor's Medal for 2018. Presented annually to a final-year or postgraduate student for outstanding achievements, the Medal is the highest honour the University can bestow on a student.

Dr Hunt, from Pietermaritzburg in KwaZulu-Natal, started her studies at SU in 2010. Passing every subject she took with distinction – with the exception of a single service module – she achieved an average of 82,08% during the first five years of her studies. She is moreover the first master's student in the history of the Department of Psychology whose degree was upgraded to a PhD. She also holds the degrees Bachelor of Arts in the Humanities, BA Honours in Journalism and in Psychology, and Master of Biostatistics.

Academic staff members at SU have described her as “an academic phenomenon” and the “very finest student we have had in many years”.

Her dissertation, described by a leading international theorist as “an exceptionally mature piece of work”, raises searching questions about how to think about the social construction of both disability and sexuality. She has a contract with Palgrave Macmillan for her dissertation to be published as a book in 2019.

Dr Hunt already has some 30 academic publications to her name. According to Prof Awie Greeff, Chair of the Department of Psychology, this is more than many academics in psychology have contributed in their entire careers. Her research spans disability studies, public health, monitoring and evaluation of early childhood interventions, and academic communication.

During her PhD studies, she enrolled for a course in biostatistics at master's level. Because she had not taken Mathematics as a matric subject, the course convener was initially reluctant to admit her. However, she completed the course cum laude, achieving the second highest results in the class.

Since starting her studies at SU in 2010, Dr Hunt won, among others, the SU Political Science Award for Excellence for Top Achieving First-year Student; the Department of English's Award for Excellence for Top Achieving First-year Student and, on three occasions, the Rector's Award for Academic Excellence Top Faculty Achiever. She was also offered the prestigious Babette Taute English Scholarship.

In her undergraduate years, she was a member of her residence's a cappella choir and worked as a peer tutor both in her residence community and later beyond. She has also worked as a volunteer counsellor in community-based projects in the Stellenbosch and Franschoek areas.

## CHANCELLOR'S AWARDS

Stellenbosch University Chancellor's Awards recognise some of the leading academics and professionals at the institution for their sustained contributions to excellence in the fields of research, learning and teaching, internationalisation and social impact.

*Prof Aslam Fataar* is an expert in sociology of education and education policy, and has won numerous awards in his field. He currently serves on various international commissions and has held management positions at the education faculties of two universities in the past. He has further been the editor-in-chief of an accredited journal, president of the South African Education Research Association and has served on the councils of three universities in the Western Cape.

*Prof Jannie Hofmeyr*, a world leader in the field of systems biology and biocomplexity, studies the regulatory design of metabolism and has made many fundamental contributions to computational systems biology. More recently, his research interests have ventured into the field of complex systems, focusing on biocomplexity.

*Prof Ashraf Kagee*, distinguished professor in the Department of Psychology and co-director of the Alan J Flisher Centre for Public Mental Health, has published almost 200 articles in a wide variety of journals. The intersection of psychology and public health interests him, specifically the mental health of persons living with HIV and the psychological and structural factors influencing adherence to antiretroviral therapy. He has received numerous national and international awards for his work, including literary awards for his debut novel, *Khalil's Journey*.

*Mr Gerhard Lipp*, Senior Director: Legal Services, enhanced SU's legal function by developing a litigation risk management process, implementing the Student Disciplinary Code, and establishing a compliance function for the University. He has contributed to the higher education sector through the Legal Practitioners Forum management committee, the USAf Legal Advisory Committee and the USAf task team.

*Ms Cornelia Malherbe*, Director: Research Contracts, significantly contributed to the support, advancement and development of SU's research through leadership in implementing research-related systems and policies. Her role in the responsible management of research agreements, outputs and funding ensures the protection of the University's research reputation and interests.

*Ms Marie Malherbe's* career, spanning 39 years in the Faculty of Economic and Management Sciences, testifies to exceptional loyalty, work ethics and care for staff. As dean's secretary she supported the tenure of six deans – Profs Van Biljon, Swart, Mathee, Calitz, De Villiers and Du Plessis. In 2014 she was promoted to faculty officer.



*Prof Piet Naudé*, Director of the University of Stellenbosch Business School (USB), led the USB to rise in rankings and to retain its prestigious triple-crown accreditation. During his tenure, the quantity and quality of research outputs, number of PhD graduates and the School's international footprint were improved. He remains a highly rated researcher, academic publisher, lecturer, speaker and consultant.

*Ms Jean Pretorius*' career testifies of sustained excellence, greatly contributing to the University's success in elevating learning and teaching. Her 15 years' experience in the Rectorate under five different managers has greatly enhanced the operations of the Vice-Rector's office, as her seven Rector's Awards for General Performance confirm.

*Prof Ingrid Rewitzky*'s leadership as Vice-Dean: Teaching and Learning in the Faculty of Science facilitated and supported a scholarly approach to teaching and learning in the Faculty, leading to increased student successes and engagement of academic staff. In mathematics she inspired online interactive programmes and continued programme and module renewal.

*Prof Herman Steyn* significantly contributed to the space industry as a key member of the first South African micro-satellite team formed in 1999 and technical lead in the development of the momentum wheel for the ESA Rosetta Lander spacecraft. He is an NRF B-rated researcher and was recently elected as a full member of the International Academy of Astronautics.

*Prof Emile van Zyl*, an expert in yeast biotechnology whose research on environmentally friendly alternatives to fossil fuels has led to international recognition, studies the microbial degradation of plant material as raw material in biofuel production. His SARCHI Chair in Biofuels and other clean alternative fuels has been renewed three times.

*Prof Louise Viljoen*, most cited author in the field of Afrikaans literary studies, has a research oeuvre including literary criticism, history and theory. She has produced 84 publications, including three poetry anthologies, and has been the keynote speaker at six academic conferences. She has received the Gustav Preller Award for Literary Science and Criticism.

*Prof Nick Vink*, agricultural economist and non-executive director of the South African Reserve Bank, has had a strong local and international impact on agricultural policy issues. Under the theme of transformation, his research covers a range of commodities, cross-cutting issues such as agricultural finance, institutional change, climate change and land reform.

*Prof Robin Warren*, distinguished professor in the Department of Biomedical Sciences, is the director of the SAMRC Centre for Tuberculosis Research in the Division of Molecular Biology and Human Genetics. His research on molecular epidemiology has led to numerous landmark publications that have challenged dogma and have had important implications for tuberculosis diagnosis and treatment nationally.

*Mr Cobus Zietsman*, the Department of Mechanical and Mechatronic Engineering's laboratory manager, has greatly influenced the development of many young engineers' practical knowledge. Under his leadership, the Department's laboratories have developed into world-class facilities involved in full-scale local and international tests of large, air-cooled heat exchangers.





# OUR FINANCIAL — *Reports* —

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## UNIVERSITY COUNCIL'S RESPONSIBILITY FOR FINANCIAL REPORTING

The University Council accepts responsibility for the integrity, objectivity and reliability of the consolidated annual financial statements of Stellenbosch University. The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

Council is of the opinion that Stellenbosch University, including the subsidiaries, associate companies and other legal entities included in the consolidated annual financial statements, is a going concern, and consequently the annual financial statements have been prepared on this basis.

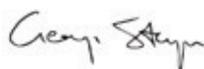
It is the responsibility of the external auditor to express an independent opinion on the fair presentation of the consolidated annual financial statements, based on their audit. They had unrestricted access to all financial records and related data, including minutes of meetings of Council and all Council committees.

The Audit and Risk Committee has confirmed that adequate internal financial control systems are maintained and that there were no material defects in the functioning of the internal financial control systems during the year.

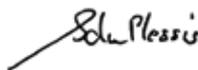
Council is satisfied that the consolidated annual financial statements fairly present the financial position, the results of operations, changes in funds and cash flows in line with the relevant accounting policies based on International Financial Reporting Standards (IFRS).

Between the year-end and the date of this report, no material facts or circumstances have arisen that materially affect the financial position of Stellenbosch University.

The consolidated annual financial statements on pages 110 to 153 were approved by Council and were signed by:



**Mr GM Steyn**  
*Chairperson of the University Council*



**Prof SA du Plessis**  
*Chief Operating Officer*



**Prof DP du Plessis**  
*Chairperson of the Audit and Risk Committee*

**18 June 2019**

# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF STELLENBOSCH UNIVERSITY

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## *Report on the Audit of the Consolidated Financial Statements*

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### OPINION

We have audited the consolidated financial statements of Stellenbosch University set out on pages 110 to 153, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, statement of comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended, as well as the notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Stellenbosch University as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, act no. 101 of 1997.

### BASIS FOR OPINION

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

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

We are independent of the University in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018), (together the IRBA codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA codes and in accordance with the ethical requirements applicable to performing audits in South Africa. The IRBA codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

### RESPONSIBILITIES OF THE COUNCIL FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council is responsible for assessing Stellenbosch University's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to the auditor's report.

*Report on the  
Audit of the  
Annual Performance  
Report*

**INTRODUCTION AND SCOPE**

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual report of the University for the year ended 31 December 2018:

Objectives	Pages in the annual report
Objective 1 – to achieve the approved headcount enrolment target	19
Objective 2 – to achieve the approved first time entering enrolment target	19
Objective 3 – to achieve the approved graduate output rate target	19
Objective 4 – to achieve the approved research output per instructional/ research professional staff target	39

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- to achieve the approved headcount enrolment target
- to achieve the approved first time entering enrolment target
- to achieve the approved graduate output rate target
- to achieve the approved research output per instructional/ research professional staff target

**ACHIEVEMENT OF PLANNED TARGETS**

Refer to the annual report on pages 19 and 39 for information on the achievement of the planned targets for the year.

*Report on  
Audit of  
Compliance with  
Legislation*

## INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the University with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## OTHER INFORMATION

The Stellenbosch University Council is responsible for the other information. The other information comprises the information included in the document titled "Stellenbosch University Annual Integrated Report 2018", other than the financial report, and the University Council's responsibility for financial reporting included in the financial report. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual report that have been specifically reported on in the auditor's report.

Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected objectives presented in the annual report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact.

## INTERNAL CONTROL DEFICIENCIES

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance thereon. We did not identify any significant deficiencies in internal control.

## OTHER REPORTS

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the University's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

We issued 29 agreed-upon procedures engagement reports during the year ended 31 December 2018 on funding from various donors and Department of Higher Education and Training funding. These reports covered periods ranging from 1 January 2015 to 31 March 2018.

We issued 9 donor funding audit and non-audit assurance reports during the year ended 31 December 2018 covering periods ranging from 1 July 2014 to 30 April 2018.

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.  
NH Döman  
Registered Auditor  
Stellenbosch  
18 June 2019

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## ANNEXURE

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### *Auditor's Responsibility for the Audit*

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As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on reported performance information for selected objectives and on the university's compliance with respect to the selected subject matters.

## FINANCIAL STATEMENTS

In addition to our responsibility for the audit of the consolidated financial statements as described in the auditor's report, we also:

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

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We also confirm to Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

# ACCOUNTING

## *Policies*

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. The policies are applied consistently for all periods covered by these consolidated annual financial statements.

### I. BASIS OF PREPARATION

The consolidated annual financial statements of Stellenbosch University are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee applicable to entities reporting under IFRS. The financial statements comply with IFRS, as issued by the International Accounting Standards Board. The consolidated annual financial statements are prepared on the historical cost basis, as amended by the revaluation of investments available for sale, endowments and investment properties.

In the preparation of these consolidated annual financial statements in accordance with IFRS, a number of critical accounting estimates are relied upon. Areas requiring greater discretion, and areas involving significant assumptions and estimates, are discussed in note I to the consolidated annual financial statements.

#### *Standards, interpretations and amendments to published standards applied for the first time during the year*

Certain new standards, amendments and interpretations relating to existing standards that have become compulsory for the financial year starting on 1 January 2018, have been applied by the University for the first time. The adoption of IFRS 9, “Financial Instruments”, and IFRS 15, “Revenue from Contracts with Customers”, had a material effect on the University’s accounting policies, measurement and disclosures. Refer to note 3I for a summary of the changes and the impact thereof.

The adoption of the following standards did not have a material impact on the consolidated annual financial statements:

IFRIC 22	“Foreign currency transactions and advance consideration”
Amendments to IFRS 2	“Share-based payments”
Amendments to IFRS 4	“Insurance contracts”
Amendments to IAS 40	“Investment property”
Annual improvements	2014–2016 Cycle

#### *Standards and amendments to existing standards not yet effective*

Certain new standards and amendments to existing standards that have become compulsory for accounting periods commencing on or after 1 January 2019 or later and that the University has not yet applied, have been published. The University will apply these in the applicable period, if relevant. The new standards and amendments to existing standards are as follows:

**Standards and amendments to existing standards which will affect the consolidated annual financial statements**

IFRS 16	“Leases” (effective date of 1 January 2019)
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The new standard addresses the definition of a lease and the recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change is that most operating leases will be accounted for on the statement of financial position of lessees.

An analysis of rental paid for operating leases has been performed, and no material adjustments are expected. The University already accounts for all finance leases on the statement of financial position and no adjustments are expected in that regard.

**Standards and amendments to existing standards which will not have a material effect on the consolidated annual financial statements**

Amendment to IAS 1	“Presentation of financial statements” (effective date of 1 January 2020)
Amendment to IAS 8	“Accounting policies, changes in accounting estimates and errors” (effective date of 1 January 2020)
Amendments to IAS 19	“Employee benefits” (effective date of 1 January 2019)
Amendment to IFRS 3	“Business combinations” (effective date of 1 January 2020)
Amendments to IFRS 9	“Financial instruments” (effective date of 1 January 2019)
Amendments to IAS 28	“Investments in associates and joint ventures” (effective date of 1 January 2019)
IFRS 17	“Insurance contracts” (effective date of 1 January 2021)
IFRIC 23	“Uncertainty over income tax treatments” (effective date of 1 January 2019)
Annual improvements	2015–2017 Cycle

## 2. BASIS OF CONSOLIDATION

### *Subsidiaries*

All entities (including special purpose entities) in which the University, directly or indirectly, has an interest of more than half of the voting rights, or is otherwise able to exercise control over activities, are included in the consolidated annual financial statements. The purchase method is used to bring the acquisition of subsidiaries to book. The cost of an acquisition is measured as the fair value of assets transferred and liabilities assumed at the date of the transaction, including any transaction costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value.

The surplus of the cost of acquisition over the fair value of the group’s share of identifiable net assets is accounted for as goodwill. The results of subsidiaries acquired during the year are included from the date on which effective control has been obtained. Subsidiaries are deconsolidated from the date on which effective control ends.

The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

Intergroup transactions, balances and unrealised profits on transactions between the University and its subsidiaries are eliminated. Unrealised losses are also eliminated and are treated as a potential indicator of impairment of the underlying asset. The accounting policies of subsidiaries are adjusted during consolidation, where necessary.

### *Associate companies*

An associate company is a company, other than a subsidiary, in which the University holds an investment and on which it can have a significant influence due to the nature and size of its investment. The results of associates have been accounted for by using the equity method. The equity method involves the recognition of the interest of the University and its subsidiaries in the post-acquisition profits and losses of associate companies in the consolidated income statement and the post-acquisition movements in reserves in the consolidated statement of comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the associate company. The recognition of the share of the University and its subsidiaries in losses of associate companies is limited to the interest in the associate company. Additional losses are only recognised to the extent that the University and its subsidiaries have guaranteed the debt of the associate company.

Intergroup transactions, balances and unrealised profits on transactions between the University and its associate companies are eliminated to the extent of the University’s interest in the associate companies.

Unrealised losses are also eliminated and are treated as a potential indicator of impairment of the underlying asset. The accounting policies of associate companies are adjusted, where necessary, in applying the equity method.

## 3. FOREIGN EXCHANGE

### *Functional and presentational currency*

Items included in the consolidated annual financial statements are measured by using the currency of the primary economic environment in which the University operates (the functional currency). The consolidated annual financial statements are presented in South African rand, the functional and presentational currency of the University.

### *Transactions and balances*

Foreign exchange transactions are accounted for at the exchange rate ruling on the date of the transaction. Profits and losses arising from the settlement of such transactions and the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement. These balances are converted at exchange rates ruling at year-end.

## 4. PROPERTY, BOOKS AND EQUIPMENT

Land and buildings mainly consist of stands, lecture halls, laboratories, residences and administrative buildings. Land and buildings are shown at historical cost less accumulated depreciation, excluding donations of land and buildings valued at fair value by sworn valuers at the date of donation.

Historical cost includes direct costs associated with the acquisition of the item. Post-acquisition costs are added to the original cost, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the University and the cost can be measured reliably. All other repair and maintenance costs are recognised in the consolidated income statement in the period in which they are incurred.

Books and equipment are shown at cost, excluding donations of books and equipment that are valued at fair value by sworn valuers at the date of donation.

Government grants received for infrastructure are recognised by subtracting the grant from the value of the asset.

Land is not depreciated, as it has an unlimited useful life. Other assets are depreciated by using the straight-line method to write off cost or revalued amounts to residual values over their useful life. Residuals and depreciation rates are as follows:

	Residual %	Depreciation %
Land	100	-
Buildings	-	1,3-20,0
Computer equipment	-	33,3
Other equipment and motor vehicles	0-40	5-25
Library books	-	100

The useful life of property, books and equipment is reviewed annually and, if necessary, adjusted.

If the carrying value of an asset is significantly in excess of its realisable value, it is written down to the realisable value.

Profits and losses on the sale of assets are recognised in the consolidated income statement and represent the difference between the proceeds and the carrying amount at the date of sale.

## 5. INTANGIBLE ASSETS

Purchased computer software licences are capitalised at the cost incurred to obtain and use the specific software. This cost is amortised over the expected useful life of the software. The expected useful life of software falling into this category at year-end is 10 years. Post-acquisition costs incurred in the maintenance of computer software are recognised as expenditure in the period in which incurred.

The surplus of the cost of acquisition over the fair value of the group's share of identifiable net assets is accounted for as goodwill. Goodwill is not subject to amortisation and is tested annually for impairment.

Intangible assets include computer software licences and goodwill.

## 6. FINANCIAL INSTRUMENTS

The University adopted IFRS 9, "Financial instruments" on 1 January 2018. In accordance with the transitional provisions, comparative figures have not been restated. See note 31 for details on the impact of the change in accounting policy.

### Accounting policies applied from 1 January 2018

#### *Investments and other financial assets*

##### (i) Classification

From 1 January 2018, the University classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through comprehensive income or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the University's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss, or in comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the University has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through comprehensive income.

The University reclassifies debt investments when, and only when, its business model for managing those assets changes.

##### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the University commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the University measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### Debt instruments

Subsequent measurement of debt instruments depends on the University's business model for managing the asset and the cash flow characteristics of the asset. The University classifies its debt instruments into three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship, is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective-interest-rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity

to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective-interest-rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship, is recognised in profit or loss and presented net in the consolidated income statement within other gains/(losses) in the period in which it accrues.

#### **Equity instruments**

The University subsequently measures all equity investments at fair value. Where the University's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income where the University's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the consolidated income statement, as applicable. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Refer to note 31 for further information regarding the classification of the University's debt and equity instruments.

#### **(iv) Impairment**

The University assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 1 details how the University determines whether there has been a significant increase in credit risk.

For trade and other receivables and student fees receivable, the University applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### ***Trade and other payables***

Trade and other payables, excluding forward foreign exchange contract liabilities, are initially recorded at fair value. Thereafter they are shown at amortised cost by using the effective-interest-rate method.

#### ***Interest-bearing borrowings***

Borrowings are initially recognised at fair value, taking into account any transaction costs incurred. After initial recognition, borrowings are carried at amortised cost. Differences between the initially recognised amount and the redemption amount are recognised in the consolidated income statement over the term of the borrowings by using the effective-interest-rate method. Borrowings are shown as current liabilities, except where the University has an unconditional right to defer payment for at least 12 months after year-end, in which case these are shown as non-current liabilities.

#### ***Trade and other receivables***

Trade receivables are amounts due for goods sold or services performed in the ordinary course of the University's business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The University holds the trade receivables with the objective to collect the contractual cash flows and therefore

measures them subsequently at amortised cost using the effective-interest-rate method. Details about the University's impairment policies and the calculation of the loss allowance are provided in notes 1 and 8 of the consolidated financial statements.

#### **Accounting policies applied until 31 December 2017**

Financial instruments included cash and cash equivalents, derivatives, investments, loans and receivables, trade and other payables and borrowings. Financial instruments were initially recognised at fair value, including transaction costs. Conventional buying and selling of financial assets were recognised at date of trade.

The University classified its financial assets in the following categories: loans and receivables; investments available for sale; and financial instruments carried at fair value, with adjustments in the consolidated income statement through profit and loss. The University classified financial liabilities in the following categories: trade and other payables and interest-bearing borrowings. The classification was determined by the purpose for which the asset or liability had been acquired. Management determined the classification at initial recognition.

#### ***Investments available for sale***

Investments were classified as 'available for sale' and shown at fair value by using relevant valuation methods. Investments were included in non-current assets, unless the University intended to dispose of the investment within 12 months from year-end. Purchases and sales of investments were recognised at the date of trade, i.e. the date on which the University committed itself to the purchase or sale. Changes in fair values were shown in the statement of comprehensive income. The difference between the net sale proceeds and the cost of the investment was transferred from the fair value reserve to the consolidated income statement on disposal.

Investments were derecognised once the right to cash flow expired or was transferred or the University had transferred the significant associated risks and benefits of ownership.

The fair values of listed investments were based on current market prices. The University determined the value of unlisted investments and investments in respect of which there was no active market by using relevant valuation techniques.

The University determined at each year-end whether a financial asset had been impaired, provided that objective evidence could be provided. A significant decline in the fair value of the investment below its cost over a period was indicative of impairment. If there was such evidence for investments available for sale, the cumulative loss was transferred from the fair value reserve to the consolidated income statement.

The cumulative loss was calculated as the difference between the acquisition cost and the current fair value net of any impairments recognised in previous periods. Impairment losses recognised in the consolidated income statement were not reversed on later recovery.

#### ***Loans and receivables***

Loans and receivables were non-derivative financial instruments with fixed or determinable repayments not quoted in an active market. Loans and receivables were initially measured at fair value. Where amounts were only payable 12 months from year-end, they were included in non-current assets, otherwise in current assets.

Loans and receivables were shown at amortised cost by using the effective-interest-rate method and after provision for impairment of the outstanding amount. An allowance for credit losses was raised in the event of objective evidence that outstanding amounts would not be collected in accordance with the original terms. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the current value of the expected cash flows, discounted at the effective interest rate.

Significant financial difficulty and failure to pay outstanding debt were deemed indicators of impairment. The carrying amount of the asset was decreased by raising a provision. The amount of the impairment was recognised in the consolidated income statement as operating expenditure. When the debt or loan became irrecoverable, it was written off against the provision. Subsequent recoveries of any amounts previously written off were credited to the consolidated income statement against operating expenditure.

Trade and other receivables, excluding forward foreign exchange contract assets, were classified as loans and receivables.

Cash and cash equivalents, classified as loans and receivables, consisted of cash on hand, call deposits, investments in money market instruments and bank overdrafts.

### *Trade and other payables*

Trade and other payables, excluding forward foreign exchange contract liabilities, were initially recorded at fair value. Thereafter they were shown at amortised cost by using the effective-interest-rate method.

### *Interest-bearing borrowings*

Borrowings were initially recognised at fair value, taking into account any transaction costs incurred. After initial recognition, borrowings were carried at amortised cost. Differences between the initially recognised amount and the redemption amount were recognised in the consolidated income statement over the term of the borrowings by using the effective-interest-rate method. Borrowings were shown as current liabilities, except where the University had an unconditional right to defer payment for at least 12 months after year-end, in which case these were shown as non-current liabilities.

## 7. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are recognised as expenditure in the year in which incurred, since both are inherent in the normal operations of a university.

## 8. INVENTORIES

Inventories, mainly comprising consumer goods and stationery, are shown at the lower of cost, on the basis of average cost, or net realisable value.

Cost excludes finance charges. Net realisable value is the estimated selling price in the normal course of business, less selling costs.

## 9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not depreciated or amortised and are subject to annual testing for impairment. Assets subject to depreciation or amortisation are tested for potential impairment if an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable. An impairment loss

is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset, less any selling costs, or its value in use. In the test for impairment, assets are grouped at the lowest level for which there is a separate identifiable cash flow (cash-generating units). Non-financial assets previously impaired are reviewed at every year-end for potential reversal of previously recognised impairments.

## 10. INCOME RECOGNITION

The University adopted IFRS 15, "Revenue from contracts with customers" on 1 January 2018. In accordance with the transitional provisions, comparative figures have not been restated and no restatements would have been necessary. See note 31 for details on the impact of the change in accounting policy.

### Accounting policies applied from 1 January 2018

The University provides higher education and related services and performs research activities. The main income streams of the University consist of the following:

- government grants;
- student, accommodation and other fees;
- grants and contracts;
- private donations; and
- sale of services and products.

Government grants consist of subsidy income and research grants. Subsidy income relates to central government grants and is accounted for in terms of IAS 20, "Accounting for government grants". Central government grants are recognised in the period for which they are received. Government grants received for infrastructure are included in liabilities as deferred government grants and are credited to the asset when the asset becomes available for use, resulting in a decrease in the depreciation recognised in the consolidated income statement over the expected lives of related assets. Research grants are accounted for in terms of IFRS 15, "Revenue from contracts with customers" and are discussed below, along with revenue from research contracts.

Student, accommodation and other fees relate primarily to fees earned for the provision of educational services to registered students. It is measured based on the transaction price in accordance with the University's fee structure and is recognised as and when the service is provided. As the academic year is consistent with the financial year, a receivable is recognised at year-end for any unpaid student fees relating to that particular year. Where student fees are received in advance, it gives rise to a contract liability, as the performance obligations associated with these amounts (the provision of educational services) will only be fulfilled in the next academic and financial year.

Revenue from research contracts is measured based on the contract value. Progress payments are received over the period of the contract and recognised as revenue as performance obligations are fulfilled or milestones as stipulated in the contract are reached. Where revenue has been received and the related performance obligations have not yet been fulfilled, a contract liability is created.

Revenue from sundry contracts is measured based on the contract value and recognised as the related performance obligations are fulfilled.

Donations are recognised at a point in time when there are no donor requirements to utilise the donation over a period. When donations

are received and a specific period of utilisation is prescribed, the donation is recognised over time. Where donations are received in advance, a contract liability is created. Donations are recognised at fair value at the date of the donation, based on external valuations, except when it is received in cash.

Revenue from the sale of services is recognised as the service is rendered. Revenue from the sale of products is recognised at the point of sale, or as goods are transferred.

Interdepartmental income is eliminated.

Interest income is recognised on a time-apportionment basis by using the effective-interest-rate method. On impairment of a debtor, the University reduces the carrying amount to the recoverable amount. The recoverable amount represents the future cash flow, discounted at the original effective interest rate. This discount is recognised as interest over time. Interest income on loans in respect of which an impairment has been recognised, is recognised at the original effective interest rate.

Dividend income is recognised when the shareholder's rights to receive a dividend vest, i.e. on the last day for registration in respect of listed shares, and when declared in the case of unlisted shares.

#### **Accounting policies applied until 31 December 2017**

Income was recognised at the fair value of the amounts or goods received.

Donation income was accounted for when it accrued.

Student and accommodation fees were recognised as and when the service had been provided.

Central government grants were recognised in the period for which they were received. Government grants were recognised where there was reasonable certainty that the grant would be received and that the University would meet all the associated conditions. Government grants received for infrastructure were included in liabilities as deferred government grants and were credited to the asset once the asset becomes available for use, resulting in a decrease in the depreciation recognised in the consolidated income statement over the expected lives of related assets.

Research grants were recognised over the term of the research and based on the terms of the individual contracts.

Interest income was recognised on a time apportionment basis by using the effective-interest-rate method. On impairment of a debtor, the University reduced the carrying amount to the recoverable amount. The recoverable amount represented the future cash flow, discounted at the original effective interest rate. This discount was recognised as interest over time. Interest income on loans in respect of which an impairment had been recognised, was recognised at the original effective interest rate.

Interdepartmental income was eliminated.

Other income earned by the University was recognised on the following bases:

- **Dividend income** – when the shareholder's rights to receive a dividend vest, i.e. on the last day for registration in respect of listed shares, and when declared in the case of unlisted shares.
- **Rental income** – receipts in respect of operating leases were recognised in the consolidated income statement on a straight-line basis over the period of the lease.
- **Accidental sales and services** – were recognised on transfer of the goods or in the period in which the services had been rendered.

## **11. LEASES**

The University leases property and equipment. Lease agreements where the lessor retains the significant risks and benefits associated with ownership of a leased item are classified as operating leases. Payments in respect of operating leases are recognised in the consolidated income statement on a straight-line basis over the period of the lease.

Lease agreements where the University, as lessee, receives all the significant risks and benefits of ownership, are classified as finance leases. Finance leases are capitalised at the beginning of the lease term at the lower of the market value of the leased property and the current value of the minimum lease payments. Each lease payment has a liability and finance charges element and is apportioned accordingly. The corresponding lease liability, net of finance charges, is recognised in the consolidated statement of financial position. Property and equipment acquired by means of finance leases are depreciated over the shorter of the useful life or the lease term of the asset.

## **12. STAFF BENEFITS**

### *Postretirement medical benefits and group life insurance scheme*

Retired employees receive postretirement medical benefits. Access to this benefit is restricted to employees appointed prior to 1 June 2002. All employees are required to participate in the group life insurance scheme. The expected costs of these benefits are recognised over the period of employment. The liability in respect of postretirement medical benefits is the present value of the liability at year-end less the fair value of plan assets and any adjustments for actuarial profits or losses and past service costs. The liability is calculated actuarially by independent actuaries at least once every three years. Actuarial profits and losses are recognised immediately in the consolidated statement of comprehensive income.

### *Pension liabilities*

Contributions are made monthly to the SU Retirement Fund, a defined-contribution plan for permanent employees of the University. A defined-contribution plan is a pension plan in terms of which the University makes fixed contributions to an external fund, recognised as an expense in the period in which services are rendered.

### *Long-service benefits*

After 25 years' service, employees qualify for a gratuity valued at 50% of the employee's monthly salary (with a minimum value of R400 and a maximum value of R5 000). The University recognises a liability and the concomitant expenditure as and when the liability accrues.

## **13. DEFERRED TAXATION**

Deferred tax is provided by using the liability method for temporary differences within tax-paying subsidiaries of the University. Deferred tax represents the tax effect of temporary differences between the tax bases of assets and of liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset

is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent of their recoverability. Deferred tax is not provided if it arises from the initial recognition of assets and liabilities from transactions other than business combinations and at the date of the transaction does not affect accounting profits or losses or taxable income or determined losses.

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## 14. FUNDS

Funds consist of restricted and unrestricted funds. Restricted funds consist of operational, loan, donor and fixed asset funds with specific conditions for use. Unrestricted funds are those that Council uses at its own discretion. In the pool of unrestricted funds are funds that are earmarked for specific purposes and can therefore not be used for other purposes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	NOTES	2018 R000	2017 R000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>14 442 448</b>	<b>14 219 261</b>
Property, books and equipment	4	5 356 745	5 084 044
Intangible assets	5	15 342	5 158
Long-term investments	6	8 792 606	8 888 708
Investment in associate companies	7	7 682	6 391
Long-term portion of trade and other receivables	8	269 277	231 871
Deferred tax	9	-	1 885
Operating lease asset	11	796	1 204
<b>CURRENT ASSETS</b>		<b>1 218 858</b>	<b>1 037 177</b>
Inventories	10	7 234	6 671
Short-term portion of trade and other receivables	8	291 027	256 191
Contract asset		8 486	-
Short-term portion of operating lease asset	11	409	200
Short-term portion of investments	6	523 831	-
Cash and cash equivalents	25	387 871	774 115
<b>TOTAL ASSETS</b>		<b>15 661 306</b>	<b>15 256 438</b>
<b>FUNDS AND LIABILITIES</b>			
<b>AVAILABLE FUNDS</b>		<b>13 433 304</b>	<b>13 338 103</b>
Unrestricted funds: earmarked	2	748 904	651 493
Unrestricted funds: unearmarked	2	347 393	571 491
Restricted funds	2	9 788 604	9 562 516
		<b>10 884 901</b>	10 785 500
Property revaluation reserve	2	2 538 731	2 538 731
Non-controlling interests	2	9 672	13 872
<b>NON-CURRENT LIABILITIES</b>		<b>877 182</b>	<b>857 531</b>
Interest-bearing borrowings	3	207 715	202 411
Staff benefits	27	669 467	655 120
<b>CURRENT LIABILITIES</b>		<b>1 350 820</b>	<b>1 060 804</b>
Trade and other payables	12	1 080 384	1 049 726
Contract liability	12	266 688	-
Short-term portion of interest-bearing borrowings	3	3 748	11 078
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>15 661 306</b>	<b>15 256 438</b>

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	EDUCATIONAL & GENERAL	EDUCATIONAL & GENERAL	EDUCATIONAL & GENERAL	STUDENT AND STAFF ACCOMMODATION	2018 TOTAL	2017 TOTAL
		UNRESTRICTED R000	RESTRICTED R000	TOTAL R000	RESTRICTED R000	R000	R000
<b>TOTAL INCOME</b>		<b>2 749 916</b>	<b>2 311 764</b>	<b>5 061 680</b>	<b>351 390</b>	<b>5 413 070</b>	<b>5 877 485</b>
<b>RECURRING ITEMS</b>							
Government grants	14	1 581 784	421 338	2 003 121	20 171	<b>2 023 292</b>	1 882 391
Student, accommodation and other fees	14	997 154	80 743	1 077 896	319 903	<b>1 397 799</b>	1 282 427
Grants and contracts	14	81 335	1 024 435	1 105 770	-	<b>1 105 770</b>	1 165 554
Private donations	14	5 796	259 159	264 956	-	<b>264 956</b>	231 570
Sale of services and products	14	26	228 000	228 026	-	<b>228 026</b>	204 043
<b>Subtotal</b>		<b>2 666 095</b>	<b>2 013 675</b>	<b>4 679 769</b>	<b>340 074</b>	<b>5 019 843</b>	<b>4 765 985</b>
Interest and dividends earned	18	83 362	288 756	372 117	11 316	<b>383 434</b>	344 449
Profit on disposal of property, books and equipment		280	1 076	1 356	-	<b>1 356</b>	4 875
Profit realised on disposal of investments	19	-	-	-	-	<b>-</b>	758 368
Equity profit in associate companies		-	2 444	2 444	-	<b>2 444</b>	-
Foreign exchange gain		180	5 814	5 994	-	<b>5 994</b>	3 808
		<b>2 749 916</b>	<b>2 311 764</b>	<b>5 061 680</b>	<b>351 390</b>	<b>5 413 070</b>	<b>5 877 485</b>
<b>TOTAL EXPENDITURE</b>		<b>2 277 222</b>	<b>2 483 147</b>	<b>4 760 368</b>	<b>236 962</b>	<b>4 997 331</b>	<b>4 975 513</b>
<b>RECURRING ITEMS</b>							
Staff costs	15	1 529 402	914 076	2 443 479	36 025	<b>2 479 504</b>	2 331 624
Academic professional		834 168	264 356	1 098 524	-	<b>1 098 524</b>	1 027 359
Other		695 234	649 720	1 344 954	36 025	<b>1 380 980</b>	1 304 265
Other operating expenditure	17	651 410	1 372 667	2 024 077	165 754	<b>2 189 831</b>	2 322 479
Depreciation and amortisation	17	96 410	185 656	282 066	10 444	<b>292 510</b>	283 445
<b>Subtotal</b>		<b>2 277 222</b>	<b>2 472 399</b>	<b>4 749 621</b>	<b>212 224</b>	<b>4 961 845</b>	<b>4 937 548</b>
Finance charges		-	10 747	10 747	24 738	<b>35 486</b>	34 948
Equity loss in associate companies		-	-	-	-	<b>-</b>	3 018
		<b>2 277 222</b>	<b>2 483 147</b>	<b>4 760 368</b>	<b>236 962</b>	<b>4 997 331</b>	<b>4 975 513</b>
APPORTIONMENT TO/(FROM) RESERVES		-	108 373	108 373	(108 373)	<b>-</b>	-
TRANSFERS (FROM)/TO RESERVES <sup>1</sup>		(593 059)	599 114	6 055	(6 055)	<b>-</b>	-
		(593 059)	707 487	114 428	(114 428)	<b>-</b>	-
<b>(LOSS)/SURPLUS FOR THE YEAR <sup>1</sup></b>		<b>(120 364)</b>	<b>536 105</b>	<b>415 740</b>	<b>-</b>	<b>415 740</b>	<b>901 971</b>
Attributable to parent		(120 364)	535 347	414 982	-	<b>414 982</b>	900 842
Attributable to non-controlling interest		-	758	758	-	<b>758</b>	1 129
<b>(LOSS)/SURPLUS FOR THE YEAR <sup>1</sup></b>		<b>(120 364)</b>	<b>536 105</b>	<b>415 740</b>	<b>-</b>	<b>415 740</b>	<b>901 971</b>

<sup>1</sup> The majority of the transfers from unrestricted to restricted reserves consists of funds to be utilised for the Campus Renewal Plan, which has a total approved budget R3,685.550 million for the period 2015 to 2027.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES	EDUCATIONAL & GENERAL	STUDENT AND STAFF ACCOMMODATION	SUBSIDIARY COMPANIES	LOAN FUNDS	ENDOWMENT FUNDS	FIXED-ASSET FUNDS	NON-CONTROLLING INTERESTS	TOTAL
	R000	R000	R000	R000	R000	R000	R000	R000
<b>31 DECEMBER 2017</b>								
<b>Surplus for the year</b>	900 842	-	-	-	-	-	1 129	901 971
<b>Other comprehensive income</b>								
<i>Item that will not be reclassified to profit or loss</i>								
Actuarial profit for the year	27	7 381	-	-	-	-	-	7 381
<i>Items that may be reclassified to profit or loss</i>								
Fair-value reserve								
- Realisation to income statement								
- profit realised on disposal of investments	(218 981)	(17 434)	-	-	(475 712)	(46 241)	-	(758 368)
- impairment loss recognised on investments	36 541	2 939	-	-	89 121	7 089	-	135 690
- Adjustment for the year	214 692	17 268	(875)	-	523 618	41 650	-	796 353
Apportionment (from)/to reserves	(784 612)	81 152	8 623	8 961	277 158	397 870	10 848	-
Transfers to/(from) reserves	90 981	(77 425)	-	17 659	(96 123)	64 908	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>246 843</b>	<b>6 500</b>	<b>7 748</b>	<b>26 620</b>	<b>318 062</b>	<b>465 276</b>	<b>11 977</b>	<b>1 083 027</b>
<b>31 DECEMBER 2018</b>								
<b>Surplus for the year</b>	414 982	-	-	-	-	-	758	415 740
<b>Other comprehensive income</b>								
<i>Item that will not be reclassified to profit or loss</i>								
<b>Fair-value reserve</b>								
- Adjustment for the year	(165 393)	(9 428)	(19)	-	(236 164)	(24 389)	-	(435 393)
Actuarial profit for the year	27	16 639	-	-	-	-	-	16 639
Profit realised on disposal of investments	24 390	2 363	-	-	66 858	6 337	-	99 948
<i>Items that may be reclassified to profit or loss</i>								
Apportionment (from)/to reserves	304 554	96 670	(402)	42 900	232 704	(673 203)	(3 223)	-
Transfers to/(from) reserves	(328 430)	(108 373)	-	26 371	(44 004)	454 436	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>266 742</b>	<b>(18 768)</b>	<b>(421)</b>	<b>69 271</b>	<b>19 394</b>	<b>(236 819)</b>	<b>(2 465)</b>	<b>96 934</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	EDUCATIONAL & GENERAL	STUDENT AND STAFF ACCOMMODATION	SUBSIDIARY COMPANIES	LOAN FUNDS	ENDOWMENT FUNDS	FIXED-ASSET FUNDS	NON-CONTROLLING INTERESTS	TOTAL
		R000	R000	R000	R000	R000	R000	R000	R000
<b>BALANCE AS AT 1 JANUARY 2017</b>		<b>4 016 854</b>	<b>217 969</b>	<b>23 343</b>	<b>368 505</b>	<b>3 319 149</b>	<b>4 307 359</b>	<b>1 028</b>	<b>12 254 208</b>
<b>Surplus for the year</b>		900 842	-	-	-	-	-	1 129	901 971
Movement of interest in subsidiary		-	-	-	-	-	-	867	867
Other comprehensive income for the year		(653 997)	6 500	7 748	26 620	318 063	465 276	10 848	181 058
<b>BALANCE AS AT 31 DECEMBER 2017</b>	2	<b>4 263 699</b>	<b>224 469</b>	<b>31 091</b>	<b>395 125</b>	<b>3 637 212</b>	<b>4 772 635</b>	<b>13 872</b>	<b>13 338 103</b>
<b>BALANCE AS AT 1 JANUARY 2018</b>		<b>4 263 699</b>	<b>224 469</b>	<b>31 091</b>	<b>395 125</b>	<b>3 637 212</b>	<b>4 772 635</b>	<b>13 872</b>	<b>13 338 103</b>
<b>Surplus for the year</b>		414 982	-	-	-	-	-	758	<b>415 740</b>
Movement of interest in subsidiary		-	-	-	-	-	-	(1 735)	<b>(1 735)</b>
Other comprehensive income for the year		(148 240)	(18 768)	(421)	69 271	19 394	(236 819)	(3 223)	<b>(318 806)</b>
<b>BALANCE AS AT 31 DECEMBER 2018</b>	2	<b>4 530 441</b>	<b>205 701</b>	<b>30 670</b>	<b>464 396</b>	<b>3 656 606</b>	<b>4 535 816</b>	<b>9 672</b>	<b>13 433 304</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 R000	2017 R000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from government grants		<b>2 225 292</b>	1 967 210
Cash received from student accommodation and other fees		<b>1 384 277</b>	1 210 319
Cash received from private donations		<b>234 529</b>	238 152
Cash received from grants and contracts		<b>1 123 674</b>	1 111 515
Cash received from sale of services and products		<b>228 026</b>	204 043
Cash paid for staff costs		<b>(2 435 026)</b>	(2 278 548)
Cash paid for inventories and services		<b>(2 181 902)</b>	(2 042 865)
Cash generated by operations	24	<b>578 869</b>	409 825
Plus: Interest received	20	<b>223 742</b>	243 119
Dividends received	21	<b>147 759</b>	109 404
Less: Interest paid	22	<b>(26 669)</b>	(11 526)
Net cash inflow from operating activities		<b>923 701</b>	750 822
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Addition to investments		<b>(3 962 205)</b>	(5 988 801)
Disposal of investments		<b>3 200 184</b>	5 789 775
Addition to property, books and equipment		<b>(546 186)</b>	(536 486)
Proceeds from sale of property, books and equipment		<b>6 843</b>	6 738
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Decrease in interest-bearing borrowings	23	<b>(8 581)</b>	(58)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(386 244)</b>	21 990
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
		<b>774 115</b>	752 124
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	25	<b>387 871</b>	774 115

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
*31 December 2018*

## I. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and judgements made by management are evaluated continuously and are based on past experience and other factors, which include future expectations and are deemed reasonable under the given circumstances.

Consequently, the accounting estimates used in the consolidated annual financial statements will not necessarily be in line with the actual outcome in subsequent periods. The estimates and assumptions below may have a material effect on the carrying amounts of assets and liabilities.

### *Staff benefits*

A number of assumptions are made in the provision for staff benefits. Refer to note 27 for the assumptions.

The significant assumptions are a discount rate of 10,1% (2017: 9,9%), a medical inflation rate of 8,3% (2017: 8,8%) and an expected retirement age of 65 years (2017: 65 years).

	2018 R000	2017 R000
<b>The effect of a 1% increase in the discount rate will be as follows:</b>		
Decrease in the accrued medical liability	(56 595)	(57 767)
<b>The effect of a 1% decrease in the discount rate will be as follows:</b>		
Increase in the accrued medical liability	67 891	69 575
<b>The effect of a 1% increase in the medical inflation rate will be as follows:</b>		
Increase in the accrued medical liability	65 349	66 608
Increase in the current service and interest cost of the medical liability	9 203	8 741
<b>The effect of a 1% decrease in the medical inflation rate will be as follows:</b>		
Decrease in the accrued medical liability	(55 368)	(56 277)
Decrease in the current service and interest cost of the medical liability	(5 066)	(5 750)
<b>The effect of an increase of one year in the expected retirement age will be as follows:</b>		
Decrease in the accrued medical liability	(11 329)	(11 414)
<b>The effect of a decrease of one year in the expected retirement age will be as follows:</b>		
Increase in the accrued medical liability	11 767	11 956

The University's policy on retirement age states that employees retire at 65 years of age. After age 65, employment may be extended to a maximum age of 70, based on the "Regulation for application and/or continuation of service after the age of 65" of the University. For computation purposes, the normal and expected retirement age is therefore deemed 65 years.

### *Impairment of outstanding student fees and loans*

#### **Applied from 1 January 2018**

IFRS 9, "Financial Instruments", was adopted by the University on 1 January 2018. IFRS 9 replaces IAS 39 as the international accounting standard for the classification and measurement of financial instruments. The main difference between the accounting standards is that IFRS 9 is based on an "expected credit loss" (ECL) model, whereas IAS 39 was based on an "incurred loss" model. The application of the ECL model results in the earlier recognition of impairment losses as well as the incorporation of forward-looking information in determining the expected credit losses.

The new IFRS 9 standard impacts the following debt instruments held by the University:

- student loans;
- student fees;
- trade and other receivables; and
- debt instruments.

For the student loans portfolio, the ECL is calculated using the generalised approach, which is based on a probability of default (PD) and loss given default (LGD) model. The PDs are calculated based on monthly historical hazard rates, whereas the LGD model is based on a discounted cash flow approach using historical recoveries. The PD and LGD are multiplied by the exposure at default, which is the expected balance at default to obtain the ECL estimate. The calculated ECL is discounted using the original effective interest rate applicable to the financial asset.

Under IFRS 9, the ECL distinguishes between a 12-month ECL and lifetime ECL. Determining whether a loss allowance should be based on 12-month ECL or lifetime ECL, depends on whether there has been a significant increase in the credit risk (SICR) of the financial instrument since initial recognition (or the commitment date). If the credit risk has increased significantly since initial recognition, the loss allowance is measured at lifetime ECL and classified as being in Stage 2 or Stage 3. If it has not, it is measured at 12-month ECL and classified as Stage 1. The following staging criteria is applied in the student loans portfolio:

- Stage 1: 0 instalments in arrears
- Stage 2: more than 0 but less than 3 instalments in arrears (i.e. SICR trigger)
- Stage 3: 3 or more instalments in arrears (i.e. default status)

The standard also requires the ECL model to incorporate forward-looking information (FLI) that is available without undue cost and effort when calculating the ECL. Historical macroeconomic factors with associated forecasts were obtained from the Bureau for Economic Research at the University and considered in the ECL model.

IFRS 9 allows for the use of a simplified approach when calculating the ECL for trade and other receivables, contract assets and lease receivables. Under IFRS 9, the simplified approach allows for the use of a provision matrix based on historical loss rates to estimate a lifetime expected loss allowance. For student fees receivable, the University adopted the simplified approach and the ECL is calculated using historical loss rates to estimate expected future losses. The historical loss rates are calculated based on a discounted cash

flow approach using historical recovery information observed for outstanding student fees.

#### **Applied until 31 December 2017**

The annual provision for the impairment of student loans was based on the assumption that students can obtain loans in the market at prime on average. This assumption was based on enquiries made at various financial institutions.

Student loans were categorised as redeemable or non-redeemable. A provision for impairment of their loans was based on historical information according to the category of the student. Overdue student loans were considered annually for possible creation of an allowance for credit losses.

Provision for impairment of outstanding student fees was based on historical trends. The probability of collection was taken into account and based on that an allowance for credit losses was recognised. The probability of collection decreased with the ageing of debt and consequently a higher allowance for credit losses was recognised for older debt. A higher percentage was applied to debt handed over for collection.

### *Impairment of investments*

#### **Applied from 1 January 2018**

IFRS 9, "Financial instruments" was adopted on 1 January 2018 and impairment losses on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

#### **Applied until 31 December 2017**

The University determined the significance of a fair value decrease to below market value by taking into account the volatility of the specific instrument. A decrease to 20% lower than the cost, or lasting longer than 12 months, was deemed significant.

### *Useful life and residual value of property, books and equipment*

Land is deemed to have an indefinite useful life. Consequently, land is not depreciated. The useful life of other assets is estimated in terms of past experience and the features of the specific items.

The residual value of assets other than land is estimated in terms of past experience and the features of the specific items.

### *Market value of buildings*

Two methods are applied in determining the market value of buildings. The first is the directly comparable method, in terms of which value is determined with reference to the actual selling price of comparable property. The second is to base an evaluation on the potential rental income, taking into account the unique nature of the properties of the University and occupation rates.

The revaluation of buildings as at 1 January 2004 (one-off revaluation) in terms of IFRS 1, "First-time adoption of International Financial Reporting Standards", is based on the following key assumptions:

- The buildings will be placed on and traded in the market under normal market conditions.
- All the properties of Stellenbosch University will not be placed on the open market at the same time.
- Where there are title restrictions registered against properties that restrict or prohibit their sale, such title restrictions will be removed, where possible, by means of the Removal of Restrictions Act 84 of 1967, before the properties are placed on the market.

## 2. FUND BALANCES

The accumulated balances as at 31 December are as follows:

	RESTRICTED R000	UNRESTRICTED R000	PROPERTY REVALUATION RESERVE* R000	FAIR VALUE RESERVE R000	NON- CONTROLLING INTERESTS R000	TOTAL R000
<b>2018</b>						
Educational and general	3 519 466	794 512	-	216 466	-	4 530 444
Student and staff accommodation	184 728	-	-	20 973	-	205 701
Subsidiary companies	30 591	-	-	79	-	30 670
Loan funds	464 396	-	-	-	-	464 396
Endowment funds	2 691 218	372 008	-	593 380	-	3 656 606
Fixed asset funds	1 940 839	-	2 538 731	56 246	-	4 535 816
Non-controlling interests	-	-	-	-	9 672	9 672
	<b>8 831 238</b>	<b>1 166 520</b>	<b>2 538 731</b>	<b>887 143</b>	<b>9 672</b>	<b>13 433 304</b>
<b>2017</b>						
Educational and general	3 213 708	668 133	-	381 858	-	4 263 699
Student and staff accommodation	194 068	-	-	30 401	-	224 469
Subsidiary companies	30 993	-	-	98	-	31 091
Loan funds	395 125	-	-	-	-	395 125
Endowment funds	2 463 708	343 960	-	829 544	-	3 637 212
Fixed asset funds	2 153 269	-	2 538 731	80 635	-	4 772 635
Non-controlling interests	-	-	-	-	13 872	13 872
	<b>8 450 871</b>	<b>1 012 093</b>	<b>2 538 731</b>	<b>1 322 536</b>	<b>13 872</b>	<b>13 338 103</b>

The allocation of the fair value reserve is as follows:

	FUNDS AT BOOK VALUE R000	ALLOCATION OF FAIR VALUE RESERVE R000	FUNDS AT MARKET VALUE R000
<b>2018</b>			
Restricted funds	8 831 238	957 366	9 788 604
Unrestricted funds	1 166 520	(70 223)	1 096 297
Earmarked funds	748 904	-	748 904
Unearmarked funds	417 617	(70 223)	347 393
	<b>9 997 758</b>	<b>887 143</b>	<b>10 884 901</b>
<b>2017</b>			
Restricted funds	8 450 871	1 111 645	9 562 516
Unrestricted funds	1 012 093	210 891	1 222 984
Earmarked funds	651 493	-	651 493
Unearmarked funds	360 600	210 891	571 491
	<b>9 462 964</b>	<b>1 322 536</b>	<b>10 785 500</b>

\*The property revaluation reserve relates to an one-off event in 2004 when the University applied the IFRS1 exemption in terms of which the fair market value of the buildings at the date of transition to IFRS, became the deemed cost of the buildings.

### 3. INTEREST-BEARING BORROWINGS

	2018 R000	2017 R000
One government loan at a fixed interest rate repayable in equal biannual payments ending 2018	-	67
Various loans from financial institutions at varying interest rates and terms, repayable in biannual payments	<b>39 628</b>	43 101
Bank facility for financing the University's various motor vehicle schemes	<b>33 626</b>	38 667
Finance lease liability	<b>138 209</b>	131 654
	<b>211 463</b>	213 489
Less: Portion repayable within one year	<b>(3 748)</b>	(11 078)
	<b>207 715</b>	202 411

The maturity dates of interest-bearing borrowings are as follows:

Within one year	-	67
Between two and five years	<b>73 254</b>	44 434
After five years	<b>138 209</b>	168 988
	<b>211 463</b>	213 489

The average interest rate on borrowings amounts to 16,3% (2017: 15,6%) at year-end. The interest rate applicable to the finance leases includes a maintenance charge.

Motor vehicle loans owing by employees are included in trade and other receivables (refer to note 8). All the borrowings, excluding the motor vehicle schemes, have fixed interest rates. Motor vehicle scheme rates are linked to prime.

The minimum finance lease payments are payable as follows:

Within one year	<b>19 192</b>	17 507
Between two and five years	<b>96 382</b>	88 248
After five years	<b>511 790</b>	541 706
Total payments	<b>627 364</b>	647 461
Less: finance charges payable	<b>(489 155)</b>	(515 807)
	<b>138 209</b>	131 654

The current value of lease payments is as follows:

Within one year *	<b>(7 705)</b>	(8 014)
Between two and five years *	<b>(24 299)</b>	(28 024)
After five years	<b>170 213</b>	167 692
	<b>138 209</b>	131 654

\*Interest capitalised in initial periods of the lease exceed the capital repayments.

## 4. PROPERTY, BOOKS AND EQUIPMENT

	2018			2017		
	COST R000	ACCUMULATED DEPRECIATION R000	NET CARRYING AMOUNT R000	COST R000	ACCUMULATED DEPRECIATION R000	NET CARRYING AMOUNT R000
Land	15 679	-	15 679	15 679	-	15 679
Buildings	5 739 688	1 167 609	4 572 079	5 397 766	1 069 060	4 328 706
Computer equipment	478 242	397 552	80 689	455 677	368 682	86 995
Other equipment and motor vehicles	1 162 143	473 846	688 297	1 079 571	426 907	652 664
Library books	734 962	734 962	-	668 260	668 260	-
	<b>8 130 714</b>	<b>2 773 969</b>	<b>5 356 745</b>	7 616 953	2 532 909	5 084 044

	LAND R000	BUILDINGS R000	COMPUTER EQUIPMENT R000	OTHER EQUIPMENT AND MOTOR VEHICLES R000	LIBRARY BOOKS R000	TOTAL R000
<b>2018</b>						
Reconciliation of the carrying amount:						
Cost at the beginning of the year	15 679	5 639 827	455 677	1 079 571	668 260	7 859 014
Less: Government grant	-	(242 060)	-	-	-	(242 060)
Restated cost	15 679	5 397 766	455 677	1 079 571	668 260	7 616 953
Accumulated depreciation at the beginning of the year	-	(1 069 060)	(368 682)	(426 907)	(668 260)	(2 532 909)
Net opening carrying value	15 679	4 328 706	86 995	652 664	-	5 084 044
Net additions and disposals	-	343 872	45 173	101 321	73 223	563 589
Depreciation per consolidated income statement	-	(100 499)	(51 478)	(65 688)	(73 223)	(290 888)
Net closing carrying value	15 679	4 572 079	80 689	688 297	-	5 356 745

<b>2017</b>						
Reconciliation of the carrying amount:						
Cost at the beginning of the year	15 679	5 238 213	413 853	1 028 134	673 955	7 369 834
Less: Government grant	-	(245 877)	-	-	-	(245 877)
Restated cost	15 679	4 992 336	413 853	1 028 134	673 955	7 123 957
Accumulated depreciation at the beginning of the year	-	(893 939)	(345 988)	(427 290)	(673 955)	(2 341 171)
Net opening carrying value	15 679	4 098 397	67 865	600 844	-	4 782 785
Net additions and disposals	-	323 271	65 159	114 528	81 660	584 618
Depreciation per consolidated income statement	-	(92 962)	(46 029)	(62 708)	(81 660)	(283 359)
Net closing carrying value	15 679	4 328 706	86 995	652 664	-	5 084 044

The register containing full details of land and buildings is available at the offices of the University. Included in land is property in Stellenbosch on which a notarial bond of R191,6 million (2017: R191,6 million) was registered. The rights in terms of the lease were ceded to the financier.

Work in progress to the value of R524,3 million (2017: R404,9 million) is included in the cost of buildings. No depreciation is recognised on work in progress. Additions and improvements amounting to R44,2 million, included in net additions and disposals to buildings, were funded by the maintenance budget of the University.

The University rents property through a lease with terms ranging from 15-20 years and these are included in the costs and accumulated depreciation of buildings.

## 5. INTANGIBLE ASSETS

	2018			2017		
	COST R000	ACCUMULATED AMORTISATION R000	NET CARRYING AMOUNT R000	COST R000	ACCUMULATED AMORTISATION R000	NET CARRYING AMOUNT R000
Software and programmes	<b>25 653</b>	<b>15 469</b>	<b>10 184</b>	13 913	13 913	-
Goodwill	<b>5 158</b>	-	<b>5 158</b>	5 158	-	5 158
	<b>30 811</b>	<b>15 469</b>	<b>15 342</b>	19 071	13 913	5 158

## 6. INVESTMENTS

	2018 R000	2017 R000
<b>LONG-TERM INVESTMENTS</b>		
Debt instruments at fair value through profit or loss	<b>1 524 258</b>	2 068 705
<i>Quoted/listed</i>		
Local fixed interest/Capital market	<b>875 464</b>	944 845
International fixed interest/Capital market	<b>33 381</b>	10 289
Local cash	<b>223 206</b>	703 316
International cash	<b>387 964</b>	406 500
<i>Unquoted/unlisted</i>		
Fixed deposits	<b>4 241</b>	3 754
Debentures	<b>1</b>	1
Equity instruments at fair value through OCI	<b>7 268 348</b>	6 820 003
<i>Quoted/listed</i>		
Local equity	<b>4 275 815</b>	3 934 899
International equity	<b>2 710 501</b>	2 665 909
Local property	<b>186 224</b>	174 081
International property	<b>92 450</b>	41 901
<i>Unquoted/unlisted</i>		
Local equity	<b>3 357</b>	3 213
Total long-term investments	<b>8 792 606</b>	8 888 708
<b>SHORT-TERM INVESTMENTS</b>		
Debt instruments at fair value through profit or loss	<b>523 831</b>	-
Short-term debt instruments consists largely of highly liquid cash and money market instruments.		
Total investments	<b>9 316 437</b>	8 888 708

### RECONCILIATION OF CARRYING VALUE:

Opening carrying value	<b>8 888 708</b>	7 893 329
Additions	<b>3 963 357</b>	5 988 801
Disposals (including realised gains/(losses))	<b>(3 200 184)</b>	(5 789 775)
Unrealised fair value (losses)/gains recognised in other comprehensive income	<b>(335 444)</b>	796 353
Closing carrying value	<b>9 316 437</b>	8 888 708

The average interest rate for purposes of valuation applicable to government bonds as at year-end was 7,7% (2017: 8,5%) and to fixed deposits 7,2% (2017: 6,5%).

The University's investment portfolios are managed by professional asset managers under the supervision of the Investment Committee of Council.

## 7. INVESTMENT IN ASSOCIATE AND SUBSIDIARY COMPANIES

### 7.1 INVESTMENT IN ASSOCIATE COMPANIES

NAME	NUMBER OF SHARES	INTEREST AND EFFECTIVE VOTING RIGHT
Unistel Medical Laboratories (Pty) Ltd	350	35,00%
Stellenbosch Nanofiber Company (Pty) Ltd	557	22,28%
GeoSUN Africa (Pty) Ltd	30	26,30%
Custos Technologies (Pty) Ltd	856	26,31%
Bridgiot (Pty) Ltd	365	36,50%
Surfactant Medical Technologies (Pty) Ltd	5 000	50,00%
Vulamanz (Pty) Ltd	-	0,00%
Sun Magnetics (Pty) Ltd	48	40,00%
Geosmart (Pty) Ltd	230	35,00%
Cubespace (Pty) Ltd	200	20,20%
Sharksafe Barriers (Pty) Ltd	24	20,00%
Cargo Telematics (Pty) Ltd	300	30,00%
Sein Media (Pty) Ltd	4 000	50,00%
<b>7.1.1 Unistel Medical Laboratories (Pty) Ltd</b>		
Balance at the beginning of the year	4 286	3 259
Net share in profit of associate company	61	1 027
Balance at the end of the year	4 347	4 286
<b>7.1.2 Stellenbosch Nanofiber Company (Pty) Ltd</b>		
Balance at the beginning of the year	116	-
Investment made	-	2 992
Net share of loss of associate company	(2 699)	(2 876)
Adjustment for net share of loss limited to zero	2 583	-
Balance at the end of the year	-	116
<b>7.1.3 GeoSUN Africa (Pty) Ltd</b>		
Balance at the beginning of the year	1 026	1 162
Net share in profit/(loss) of associate company	829	(136)
Balance at the end of the year	1 855	1 026
<b>7.1.4 Custos Media Technologies (Pty) Ltd</b>		
Balance at the beginning of the year	781	343
Investment made	-	1 700
Net share of loss of associate company	(1 683)	(1 262)
Adjustment for net share of loss limited to zero	902	-
Balance at the end of the year	-	781
<b>7.1.5 Bridgiot (Pty) Ltd</b>		
Balance at the beginning of the year	-	289
Net share of loss of associate company	(186)	(437)
Adjustment for net share of loss limited to zero	186	148
Balance at the end of the year	-	-

	2018 R000	2017 R000
<b>7.1.6 Surfactant Medical Technologies (Pty) Ltd</b>		
Balance at the beginning of the year	-	-
Investment made	-	5
Net share in loss of associate company	(314)	(997)
Adjustment for net share of loss limited to zero	314	992
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>7.1.7 Vulamanz Water Systems (Pty) Ltd</b>		
Balance at the beginning of the year	-	-
Net share of loss of associate company	-	(898)
Adjustment for net share of loss limited to zero	-	898
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>7.1.8 Sun Magnetics (Pty) Ltd</b>		
Balance at the beginning of the year	182	202
Net share in profit/(loss) of associate company	275	(20)
Balance at the end of the year	<u>457</u>	<u>182</u>
<b>7.1.9 Geosmart (Pty) Ltd</b>		
Investment made	1	-
Net share of profit of associate company	73	-
Balance at the end of the year	<u>74</u>	<u>-</u>
<b>7.1.10 Cubespace (Pty) Ltd</b>		
Investment made	1	-
Net share of profit of associate company	865	-
Balance at the end of the year	<u>866</u>	<u>-</u>
<b>7.1.11 Sharksafe Barriers (Pty) Ltd</b>		
Investment made	1	-
Net share of profit of associate company	34	-
Balance at the end of the year	<u>35</u>	<u>-</u>
<b>7.1.12 Cargo Telematics (Pty) Ltd</b>		
Investment made	1	-
Net share of profit of associate company	-	-
Balance at the end of the year	<u>1</u>	<u>-</u>
<b>7.1.13 Sein Media (Pty) Ltd</b>		
Investment made	1	-
Net share of profit of associate company	46	-
Balance at the end of the year	<u>47</u>	<u>-</u>
<b>Total investment in associate companies</b>	<u>7 682</u>	<u>6 391</u>

	2018 R000	2017 R000
<b>7.1.14 Assets, liabilities and profit of Unistel Medical Laboratories (Pty) Ltd</b>		
Non-current assets	15 722	9 710
Current assets	15 374	16 803
Total assets	<u>31 096</u>	<u>26 513</u>
Non-current liabilities	7 150	2 365
Current liabilities	1 548	4 061
Total liabilities	<u>8 698</u>	<u>6 426</u>
Profit	<u>4 155</u>	<u>2 604</u>

<b>7.1.15 Assets, liabilities and loss of Stellenbosch Nanofiber Company (Pty) Ltd</b>		
Non-current assets	3 260	3 474
Current assets	5 955	17 475
Total assets	<u>9 215</u>	<u>20 949</u>
Non-current liabilities	-	-
Current liabilities	650	225
Total liabilities	<u>650</u>	<u>225</u>
Loss	<u>(12 115)</u>	<u>(10 366)</u>

<b>7.1.16 Assets, liabilities and profit of GeoSUN Africa (Pty) Ltd</b>		
Non-current assets	210	237
Current assets	5 319	2 141
Total assets	<u>5 529</u>	<u>2 378</u>
Non-current liabilities	-	150
Current liabilities	48	394
Total liabilities	<u>48</u>	<u>544</u>
Profit	<u>3 316</u>	<u>113</u>

<b>7.1.17 Assets, liabilities and loss of Custos Media Technologies (Pty) Ltd</b>		
Non-current assets	126	147
Current assets	2 191	3 981
Total assets	<u>2 317</u>	<u>4 128</u>
Non-current liabilities	10 586	6 007
Current liabilities	136	107
Total liabilities	<u>10 722</u>	<u>6 114</u>
Loss	<u>(6 396)</u>	<u>(5 136)</u>

<b>7.1.18 Assets, liabilities and loss of Bridgiot (Pty) Ltd</b>		
Non-current assets	196	116
Current assets	4 160	3 325
Total assets	<u>4 356</u>	<u>3 441</u>
Non-current liabilities	600	600
Current liabilities	4 946	3 313
Total liabilities	<u>5 546</u>	<u>3 913</u>
Loss	<u>(510)</u>	<u>(1 159)</u>

	2018 R000	2017 R000
<b>7.1.19 Assets, liabilities and loss of Surfactant Medical Technologies (Pty) Ltd</b>		
Non-current assets	618	779
Current assets	1 535	1 788
Total assets	2 153	2 567
Non-current liabilities	4 828	4 574
Current liabilities	-	23
Total liabilities	4 828	4 597
Loss	(628)	(1 944)

<b>7.1.20 Assets, liabilities and loss of Vulamanz Water Systems (Pty) Ltd</b>		
Non-current assets	-	10
Current assets	-	729
Total assets	-	739
Non-current liabilities	-	-
Current liabilities	-	795
Total liabilities	-	795
Loss	-	(2 244)

<b>7.1.21 Assets, liabilities and profit of Sun Magnetics (Pty) Ltd</b>		
Non-current assets	85	97
Current assets	2 094	1 671
Total assets	2 179	1 768
Non-current liabilities	-	-
Current liabilities	132	83
Total liabilities	132	83
Profit	159	848

<b>7.1.22 Assets, liabilities and profit of Geosmart (Pty) Ltd</b>		
Non-current assets	-	-
Current assets	211	-
Total assets	211	-
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Profit	211	-

<b>7.1.23 Assets, liabilities and profit of Cubespace (Pty) Ltd</b>		
Non-current assets	772	-
Current assets	7 725	-
Total assets	8 497	-
Non-current liabilities	1	-
Current liabilities	603	-
Total liabilities	604	-
Profit	4 287	-

	2018 R000	2017 R000
<b>7.1.24 Assets, liabilities and profit of Sharksafe Barriers (Pty) Ltd</b>		
Non-current assets	-	-
Current assets	1 498	-
Total assets	1 498	-
Non-current liabilities	840	-
Current liabilities	484	-
Total liabilities	1 324	-
Profit	174	-

<b>7.1.25 Assets, liabilities and loss of Cargo Telematics (Pty) Ltd</b>		
Non-current assets	159	-
Current assets	-	-
Total assets	159	-
Non-current liabilities	-	-
Current liabilities	592	-
Total liabilities	592	-
Loss	(638)	-

<b>7.1.26 Assets, liabilities and profit of Sein Media (Pty) Ltd</b>		
Non-current assets	-	-
Current assets	95	-
Total assets	95	-
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Profit	94	-

## 7.2 INVESTMENT IN SUBSIDIARY COMPANIES

<b>7.2.1 Assets, liabilities and profit of Stellenbosch Trust</b>		
Non-current assets	1 626 174	1 677 587
Current assets	48 334	45 287
Total assets	1 674 508	1 722 874
Non-current liabilities	-	-
Current liabilities	80 922	87 668
Total liabilities	80 922	87 668
Comprehensive income for the year	250 738	418 593

<b>7.2.2 Assets, liabilities and profit of InnovUS Technology Transfer (Pty) Ltd</b>		
Non-current assets	27 559	11 615
Current assets	1 841	1 259
Total assets	29 400	12 874
Non-current liabilities	5 984	5 984
Current liabilities	367	409
Total liabilities	6 351	6 393
Comprehensive income for the year	620	3 870

	2018 R000	2017 R000
<b>7.2.3 Assets, liabilities and profit of USB Executive Development Ltd</b>		
Non-current assets	8 400	5 954
Current assets	36 601	37 565
Total assets	45 001	43 519
Non-current liabilities	-	239
Current liabilities	17 192	17 093
Total liabilities	17 192	17 332
Comprehensive income for the year	1 472	392

<b>7.2.4 Assets, liabilities and profit of Aquastel (Pty) Ltd</b>		
Non-current assets	1 928	1 744
Current assets	15	40
Total assets	1 943	1 784
Non-current liabilities	-	-
Current liabilities	325	323
Total liabilities	325	323
Comprehensive income for the year	158	151

<b>7.2.5 Assets, liabilities and profit of Sun Media Stellenbosch (Pty) Ltd</b>		
Non-current assets	782	832
Current assets	5 540	5 049
Total assets	6 322	5 881
Non-current liabilities	-	-
Current liabilities	2 369	2 501
Total liabilities	2 369	2 501
Comprehensive income for the year	572	730

<b>7.2.6 Assets, liabilities and profit of Stellenbosch Wind Energy Technologies (Pty) Ltd</b>		
Non-current assets	18	18
Current assets	31	31
Total assets	49	49
Non-current liabilities	5 765	5 765
Current liabilities	-	-
Total liabilities	5 765	5 765
Comprehensive income for the year	-	20

<b>7.2.7 Assets, liabilities and profit of Maties Gymnasium (Pty) Ltd [previously Stellenbosch University Sport Performance Institute (Pty) Ltd]</b>		
Non-current assets	9 527	8 580
Current assets	9 598	7 013
Total assets	19 125	15 593
Non-current liabilities	-	475
Current liabilities	3 413	2 423
Total liabilities	3 413	2 898
Comprehensive income for the year	3 017	4 312

	2018 R000	2017 R000
<b>7.2.8 Assets, liabilities and loss of LaunchLab (Pty) Ltd</b>		
Non-current assets	3 594	6 470
Current assets	7 464	9 699
Total assets	11 058	16 169
Non-current liabilities	-	-
Current liabilities	1 318	3 191
Total liabilities	1 318	3 191
Comprehensive income for the year	(2 185)	(304)

<b>7.2.9 Assets, liabilities and profit of The Stellenbosch Development Trust</b>		
Non-current assets	33 176	33 176
Current assets	24 325	24 797
Total assets	57 501	57 973
Non-current liabilities	-	-
Current liabilities	2 122	4 026
Total liabilities	2 122	4 026
Comprehensive income for the year	1 432	15 011

<b>7.2.10 Assets, liabilities and profit of Stellenbosch Law Faculty Trust</b>		
Non-current assets	42 203	38 229
Current assets	14 953	16 131
Total assets	57 156	54 360
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Comprehensive income for the year	2 368	2 021

<b>7.2.11 Assets, liabilities and profit of Stellenbosch Financing Partnership</b>		
Non-current assets	-	-
Current assets	-	32 824
Total assets	-	32 824
Non-current liabilities	-	-
Current liabilities	-	4 234
Total liabilities	-	4 234
Comprehensive income for the year	3 573	9 443

## 8. TRADE AND OTHER RECEIVABLES

Student fees	168 553	103 046
Student fees due	303 216	264 086
Less: Allowance for credit losses of student fees	(134 663)	(161 040)
Student loans	94 351	105 308
Student loans due	252 795	236 053
Less: Impairment due to non-market-related interest rates	(25 701)	(23 974)
Less: Allowance for credit losses of student loans	(132 743)	(106 771)
Trade receivables	117 247	98 215
Trade receivables due	120 075	102 844
Less: Allowance for credit losses of trade receivables	(2 828)	(4 629)
Motor vehicle loans	39 908	44 651
Interest and dividends receivable on investments	22 489	10 556
Insurance claim receivable	-	12 769
Other	117 757	113 518
	560 304	488 062
	(269 277)	(231 871)
Less: Long-term portion of motor vehicle loans	(26 642)	(30 267)
Less: Long-term portion of student loans, before taking into account allowance for credit losses	(242 635)	(201 604)
	291 027	256 191

The University is currently in the process of revising its policy with regard to writing off credit losses of student fees and student loans. The policy will be aligned to relevant legislation, including the National Credit Act 34 of 2005, as well as the University's own debt collection procedures. The revised policy will have no effect on the net amount reported for student fees and student loans, but will have an impact on the amount written off and the allowance for credit losses.

Refer to note 29 for amounts outstanding by related parties included above.  
All non-current receivables are receivable within five years from the financial year-end.

### *Student fees*

#### **Accounting policy applied until 31 December 2017**

The largest component of outstanding student fees was due by former students. Debt is evaluated in terms of historical rates of successful collection. The probability of collection was taken into account and based on that, an allowance for credit losses was recognised. The probability of collection decreased with the ageing of debt and consequently a higher allowance for credit losses was recognised for older debt. A higher percentage was applied to debt handed over for collection.

The age analysis of outstanding student fees for which an allowance for credit losses has been recognised in the prior year is as follows:

One year	124 571
Between one and five years	10 264
Five years and older	8 505
Handed over	120 746
Total	264 086

### Accounting policy applied from 1 January 2018

IFRS 9 allows for the use of a simplified approach when calculating the expected credit loss. The simplified approach allows for the use of a provision matrix based on historical loss rates to estimate a lifetime expected loss allowance. For student fees receivable, the University adopted the simplified approach and the expected credit loss is calculated using historical loss rates to estimate expected future losses. The historical loss rates are calculated based on a discounted cash flow approach using historical recovery information observed for outstanding student fees. The provision was calculated as follows:

Debt grouping	Academic year	Outstanding student fees R000	Coverage %	Expected credit loss R000
Current year	2018	163 570	31%	49 511
One year old	2017	35 296	61%	21 467
Two years old	2016	23 921	64%	15 421
Older than two but less than 5 years old	2015 and 2014	37 136	65%	24 025
5 years and older	Older than 2014	43 293	56%	24 240
<b>Total</b>		<b>303 216</b>		<b>134 663</b>

The increased recoveries observed for the five years and older debt ageing bucket is due to the long process of getting summonses to court. Once it reaches the judgement stage, normally from five years onwards, fees are settled or debtors enter into a debit order arrangement.

The increase in the allowance for the year, as well as irrecoverable debts written off, is shown in the consolidated income statement under 'Other operating expenditure'.

The movement in the allowance for credit losses for student fees is as follows:

Balance at the beginning of the year	161 040	122 016
(Decrease)/increase in allowance for the year	(24 333)	39 958
Amounts written off during the year as irrecoverable	(2 044)	(934)
<b>Total</b>	<b>134 663</b>	<b>161 040</b>

### Student loans

Student loans are granted at rates below market-related interest rates. An impairment on outstanding student loans is calculated at recognition of the loan.

### Accounting policy applied until 31 December 2017

Student loans were categorised as redeemable or non-redeemable. A provision for impairment of their loans was based on historical information according to the category of the student. As at 31 December 2017, student loans that were not redeemable amounted to R79,5 million and no further allowance for credit losses was deemed necessary for this group. Redeemable student loans amounted to R156,5 million, of which R39,4 million had not been overdue. No allowance for credit losses was deemed necessary for non-overdue loans. Overdue student loans amounted to R117,1 million. Overdue student loans were considered annually for the possible creation of an allowance for credit losses.

### Accounting policy applied from 1 January 2018

For the student loans portfolio, the expected credit loss (ECL) is calculated using the generalised approach, which is based on a probability of default (PD) and loss given default (LGD) model. The PDs are calculated based on monthly historical hazard rates, whereas the LGD model is based on a discounted cash flow approach using historical recoveries. The PD and LGD are multiplied by the exposure at default, which is the expected balance at default to obtain the ECL estimate. The calculated ECL is discounted using the original effective interest rate applicable to the financial asset.

The ECL distinguishes between a 12-month ECL and lifetime ECL. Determining whether a loss allowance should be based on 12-month ECL or lifetime ECL, depends on whether there has been a significant increase in the credit risk (SICR) of the financial instrument since initial recognition (or the commitment date). If the credit risk has increased significantly since initial recognition, the loss allowance is measured at lifetime ECL and classified as being in Stage 2 or Stage 3. If it has not, it is measured at 12-month ECL and classified as Stage 1. The following staging criteria is applied in the student loans portfolio:

- Stage 1: 0 instalments in arrears
- Stage 2: more than 0 but less than 3 instalments in arrears (i.e. SICR trigger)
- Stage 3: 3 or more instalments in arrears (i.e. default status)

	2018 R000	2017 R000	
IFRS 9 stage	Exposure R000	Coverage %	Expected credit loss R000
Stage 1 – registered	81 161	3,3%	2 711
Stage 1 – deregistered	17 322	17,7%	3 060
Stage 2	1 444	45,3%	654
Stage 3	127 167	99,3%	126 318
<b>Total</b>	<b>227 094</b>		<b>132 743</b>

Stage 1 exposures are split between registered and deregistered loans in order to incorporate the activation rate for the registered stage 1 exposures.

The ECL model incorporates forward-looking information (FLI) when calculating the ECL. Historical macroeconomic factors with associated forecasts were obtained from the Bureau for Economic Research at the University and considered in the ECL model.

The movement in the allowance for credit losses of student loans is as follows:

Balance at the beginning of the year	106 771	78 125
Increase in allowance for the year	26 049	29 355
Amounts written off during the year as irrecoverable	(77)	(710)
Balance at the end of the year	<b>132 743</b>	106 771

The increase in the allowance for the year, as well as irrecoverable debts written off, is shown in the consolidated income statement under “Other operating expenditure”.

### *Trade And Other Receivables*

#### **Accounting policy applied until 31 December 2017**

As at 31 December 2017, trade and other fully performing receivables amounted to R157,6 million.

Other receivables included a number of smaller receivables that did not have a significant history of non-performance and were of good standing. Due to the nature of income levied, mainly consisting of research-related income for which contracts were in place, receivables younger than four months were not considered for the allowance of credit losses. The age analysis of overdue receivables was as follows in the prior year:

Between one and four months	45 696
Older than four months	21 248
Total	<b>66 944</b>

#### **Accounting policy applied from 1 January 2018**

For trade and other receivables, the University adopted the simplified approach and the expected credit loss is calculated using historical loss rates to estimate expected future losses. The historical loss rates are calculated based on a discounted cash flow approach using historical recovery information observed for outstanding student fees.

Receivables older than four months are considered for an allowance for credit losses. The allowance for credit losses of receivables is as follows:

Balance at the beginning of the year	4 629	3 359
(Decrease)/increase in allowance for the year	(1 235)	5 021
Amounts written off during the year as irrecoverable	(566)	(3 751)
Balance at the end of the year	<b>2 828</b>	4 629

### *Motor Vehicle Loans*

The recoverability of motor vehicle loans owed by employees is regarded as highly probable and consequently no allowance for credit losses is created for this category (refer to note 3).

### *Interest And Dividends Receivable On Investments*

The amounts are receivable from the University’s investment managers. The University’s investment portfolios are managed by professional asset managers and hence the amounts are deemed fully recoverable.

2018  
R000

2017  
R000

## 9. DEFERRED TAX

The movement in the deferred tax asset is as follows:

Balance at the beginning of the year	<b>1 885</b>	2 277
Movement during the year:		
Temporary differences on property, books and equipment	<b>(1 885)</b>	(392)
Balance at the end of the year	<b>-</b>	1 885

The deferred tax balance consists of the following:

Temporary differences on property, books and equipment	<b>-</b>	1 885
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A deferred tax asset is recognised for tax losses only to the extent that recovery is probable. The movement in deferred tax for the year is included in "Other operating expenditure".

## 10. INVENTORIES

Inventories consist of the following items:

Stationery	<b>3 024</b>	1 697
Consumables	<b>4 210</b>	4 974
	<b>7 234</b>	6 671

## II. OPERATING LEASE ASSET

The net operating lease asset is made up as follows:

Operating lease asset	<b>1 204</b>	1 404
Operating lease liability	<b>-</b>	-
	<b>1 204</b>	1 404

The expected movement in the net operating lease asset is as follows:

Balance at the beginning of the year	<b>1 204</b>	1 404
Receivable within one year	<b>(409)</b>	(200)
Receivable within two to five years	<b>(354)</b>	(710)
Receivable after five years	<b>(441)</b>	(494)
	<b>-</b>	-

## 12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITY

### TRADE AND OTHER PAYABLES

Trade payables	<b>44 509</b>	20 293
Student fees received in advance	-	131 299
Accrued remuneration costs	<b>65 025</b>	62 656
Accrued expenditure	<b>49 767</b>	50 111
Accrued leave liability	<b>186 573</b>	180 193
Income other than student fees received in advance	<b>450 633</b>	319 346
NRF deposit	<b>75 400</b>	71 800
Interstructure balances (STIAS, WAT, MCS)	<b>70 729</b>	79 160
Other	<b>137 747</b>	134 867
	<b>1 080 384</b>	1 049 726

### CONTRACT LIABILITY

Student fees received in advance	<b>173 648</b>	-
Grants and contracts received in advance	<b>88 398</b>	-
Donations received in advance	<b>4 642</b>	-
	<b>266 688</b>	-

Refer to note 29 for amounts payable to related parties included above, and note 31 for details of the contract liability.

## 13. COMMITMENTS

As at 31 December, commitments relating to capital contracts approved or orders placed for buildings, library books and journals were as follows:

Buildings	<b>1 651 273</b>	134 490
Library books and journals	<b>671</b>	621
	<b>1 651 944</b>	135 111

## 14. INCOME

The University's main income streams comprise the following:

### GOVERNMENT GRANTS

- subsidy income	<b>1 681 764</b>	1 470 702
- research grants	<b>341 528</b>	411 689
	<b>2 023 292</b>	1 882 391
- over time	<b>2 023 292</b>	1 882 391

Subsidy income and research grants from government are recognised over time and do not contain a significant financing component.

### STUDENT, ACCOMMODATION AND OTHER FEES

- student course and registration fees	<b>1 076 131</b>	979 520
- student accommodation fees	<b>321 668</b>	302 907
	<b>1 397 799</b>	1 282 427
- over time	<b>1 397 799</b>	1 282 427



## 15. STAFF COSTS

Remuneration and fringe benefits	<b>2 448 518</b>	2 298 704
Increase in provision for staff benefits in income statement	<b>31 559</b>	32 877
(Decrease)/increase in provision for long service benefits in consolidated income statement	<b>(573)</b>	43
	<b>2 479 504</b>	2 331 624
Increase in provision for staff benefits included in comprehensive income	<b>(16 639)</b>	(7 381)
	<b>2 462 865</b>	2 324 243

The number of permanent employees (which includes fixed term employees) is 3 441 (2017: 3 443).

The number of non-permanent employees is 1 026 (2017: 1 464).

## 16. STAFF COSTS: EXECUTIVE MANAGEMENT

The following information on amounts actually accrued during the financial year is supplied in order to comply with the Higher Education Act 101 of 1997, as amended, and the Regulations for Annual Reporting by Higher Education Institutions (section 7.8).

Payment to Council members for the attendance of Council and committee meetings:

Name	Position	Nature	Total value 2018	Period	Total value 2017	Period
			R000		R000	
Prof WJS de Villiers	Rector and Vice-chancellor	Remuneration paid out	4 490	Jan – Dec 2018	4 239	Jan – Dec 2017
		Bonus paid out	350	Jan – Dec 2018	330	Jan – Dec 2017
Prof A Schoonwinkel	Vice-rector (Learning and Teaching)	Remuneration paid out	2 518	Jan – Dec 2018	2 377	Jan – Dec 2017
		Additional remuneration paid out	2	Jan – Dec 2018	-	
Prof SA du Plessis	Chief Operating Officer 2018 (2017: Designate)	Remuneration paid out	2 905	Jan – Dec 2018	2 309	Jan – Dec 2017
		Additional remuneration paid out	1	Jan – Dec 2018	-	
Prof TE Cloete	Vice-rector (Research, Innovation and Post-graduate studies)	Remuneration paid out	2 465	Jan – Dec 2018	2 325	Jan – Dec 2017
		Additional remuneration paid out	23	Jan – Dec 2018	-	
Prof L van Huyssteen	Chief Operating Officer 2017	Remuneration paid out	-		2 961	Jan – Dec 2017
		Leave paid out	-		320	Jan – Dec 2017
Prof NN Koopman	Vice-rector (Social Impact, Transformation and Personnel)	Remuneration paid out	2 489	Jan – Dec 2018	2 348	Jan – Dec 2017
		Leave paid out	119	Jan – Dec 2018	155	Jan – Dec 2017
Prof HC Kloppe	Vice-rector (Strategy and Internationalisation)	Remuneration paid out	2 452	Jan – Dec 2018	2 315	Jan – Dec 2017

Payment to Council members for the attendance of Council and committee meetings:

Paid to	Number of members	Attendance of meetings Average value	Reimbursement of expenses Total value
		R000	R000
Chairperson of the Council	1	-	-
Members of the Council	29	-	84

No remuneration is paid to members of Council or committees for the attendance of Council and committee meetings.

## 17. TOTAL EXPENDITURE

Total expenditure includes the following:

### DEPRECIATION AND AMORTISATION

Buildings	<b>100 499</b>	92 962
Computer equipment	<b>51 478</b>	46 029
Other equipment and motor vehicles	<b>65 688</b>	62 708
Library books	<b>73 223</b>	81 660
Amortisation	<b>1 622</b>	86
	<b>292 510</b>	283 445

### OTHER OPERATING EXPENDITURE

Bursaries	<b>485 906</b>	455 974
Rent	<b>68 869</b>	67 130
- Buildings	<b>49 744</b>	52 154
- Equipment	<b>19 125</b>	14 976
Maintenance and repairs (refer to note 4)	<b>121 961</b>	156 616
Auditors' remuneration	<b>6 603</b>	5 185
For statutory audit		
- Provision for current year	<b>3 038</b>	2 695
For other audit services	<b>2 748</b>	2 285
For other consulting services	<b>817</b>	205
Internal audit	<b>3 643</b>	4 465
Forensic audit	<b>1 437</b>	1 215
(Decrease)/increase in provision for impairment of student fees, student loans and receivables	<b>(2 207)</b>	71 030
Impairment of investments	-	135 690
Other expenditure <sup>1</sup>	<b>1 503 619</b>	1 425 174
	<b>2 189 831</b>	2 322 479
Bursaries managed by the SU	<b>972 336</b>	767 393
- Own funds and research contracts	<b>485 906</b>	455 974
- Agent relationship (incl. NSFAS)	<b>452 282</b>	298 435
- Gap funding	<b>34 148</b>	12 984

<sup>1</sup> Other expenditure includes, amongst others, research contracts, consultation and other services, travel and accommodation expenses and utility services

## 18. INTEREST AND DIVIDENDS EARNED

Interest received	- short-term investments held at fair value through profit or loss	<b>78 726</b>	59 312
	- non-operating investments held at fair value through profit or loss	<b>115 787</b>	117 762
	- other	<b>41 162</b>	57 971
Dividends received		<b>147 759</b>	109 404
		<b>383 434</b>	344 449

## 19. PROFIT REALISED ON DISPOSAL OF INVESTMENTS

Profit realised from fair value reserve (refer to note 31)	-	758 368
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2018  
R000

2017  
R000

## 20. INTEREST RECEIVED

Amount receivable at the beginning of the year	<b>10 556</b>	18 630
Amount in consolidated income statement	<b>235 675</b>	235 045
Amount receivable at the end of the year	<b>(22 489)</b>	(10 556)
	<b>223 742</b>	243 119

## 21. DIVIDENDS RECEIVED

Amount receivable at the beginning of the year	-	-
Amount in consolidated income statement	<b>147 759</b>	109 404
Amount receivable at the end of the year	-	-
	<b>147 759</b>	109 404

## 22. FINANCE CHARGES PAID

Amount payable at the beginning of the year	<b>16 045</b>	-
Amount in consolidated income statement	<b>35 486</b>	34 948
Adjustment for non-cash items	<b>(7 181)</b>	(7 377)
Amount payable at the end of the year	<b>(17 681)</b>	(16 045)
	<b>26 669</b>	11 526

## 23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Balance at the beginning of the year	<b>213 491</b>	158 239
Non-cash flow items:		
Finance leases	<b>(626)</b>	48 218
Interest accrued	<b>24 738</b>	20 491
Less:		
Interest paid	<b>(17 558)</b>	(13 399)
Capital repayments	<b>(8 581)</b>	(58)
Balance at the end of the year	<b>211 464</b>	213 491

## 24. RECONCILIATION OF SURPLUS WITH CASH FLOWS

Surplus according to the consolidated income statement	<b>415 740</b>	901 971
Adjustments for:		
Realised profits on disposal of investments	-	(758 368)
Interest and dividends received	<b>(383 434)</b>	(344 449)
Finance charges	<b>35 486</b>	34 948
Profit on disposal of property, books and equipment	<b>(1 356)</b>	(4 875)
Increase in provision for leave gratuity	<b>6 380</b>	10 840
Increase in provision for staff benefits	<b>30 986</b>	32 920
(Decrease)/increase in provision for impairment of student fees, student loans and trade receivables	<b>(479)</b>	71 030
Depreciation	<b>292 510</b>	283 445
Impairment of investments	-	135 690
(Profit)/loss in associate companies	<b>(2 444)</b>	3 018
Adjustment to operating lease asset	<b>200</b>	(576)
Donation of property, books and equipment	<b>(35 069)</b>	(16 787)
Operating income before changes in working capital	<b>358 520</b>	348 808
Change in working capital	<b>220 349</b>	61 019
Increase in trade and other receivables	<b>(59 830)</b>	(82 073)
Increase in contract asset	<b>(8 486)</b>	-
Increase in inventories	<b>(563)</b>	(1 739)
Increase in trade and other payables and staff benefits	<b>22 741</b>	144 255
Increase in contract liability	<b>266 688</b>	-
(Decrease)/increase in operating lease asset	<b>(200)</b>	576
Cash generated by operations	<b>578 869</b>	409 825

## 25. CASH AND CASH EQUIVALENTS

Favourable bank balances	<b>387 871</b>	192 205
Short-term investments in cash	-	581 910
	<b>387 871</b>	774 115

The average interest rate on cash and cash equivalents for 2018 amounts to 5,8% (2017: 8,1%).

During the current year, short-term investments were no longer held in instruments that meet the definition of cash and cash equivalents. Short-term investments are disclosed in note 6.

The University's facilities at banks, reviewed annually	<b>260 897</b>	<b>204 932</b>
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As at year-end, only a portion of the facility for motor vehicle loans was utilised. The portion that has been utilised is included in interest-bearing borrowings. Refer to note 3.

## 26. FINANCIAL RISK MANAGEMENT

The University's activities expose it to certain business and financial risks, namely market risk, credit risk and liquidity risk. The University's overarching risk management programme focuses on both the identified operational risks and the unpredictability of financial markets and is aimed at minimising the potentially negative impact on the University.

### 26.1 BUSINESS RISKS

The main business risks of the University, as identified by Management, are as follows:

- national fee regulation;
- growing pressure on the unearmarked government subsidy to universities;
- infrastructure constraints and the high cost of the ongoing maintenance of facilities and science equipment; and
- the pace of transformation and broadening of accessibility.

These risks are monitored continuously and appropriate steps are taken to manage them optimally.

### 26.2 MARKET RISK

The University's activities expose it to various market risks, including foreign exchange risk, price risk and interest rate risk.

#### (a) Foreign exchange risk

The University's foreign exchange risk arises from its exposure to certain global unit trusts/pooled vehicles invested offshore. Although these unit trusts are rand-denominated and there is no financial risk of currency conversion, the underlying investments do expose the University to foreign exchange risk. The foreign currency risk is included in the price risk for these investments.

Total amount of offshore investments at 31 December	<b>3 224</b>	3 125
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Owing to international transactions in currencies other than the South African rand (the University's functional currency), the University is exposed to foreign currency risk. This risk arises from future financial transactions as well as recognised assets and liabilities denominated especially in US dollar, pound and euro. Foreign exchange risk associated with future financial transactions is managed by taking out forward cover through forward foreign exchange contracts.

If the exchange rate had increased/decreased by 5,0% as at 31 December 2018, with all other factors remaining unchanged, the surplus for the year would have increased/(decreased) as follows:

CHF	-	1
AUD	<b>30</b>	-
EURO	<b>11</b>	59
GBP	<b>43</b>	67
USD	<b>338</b>	240
	<b>422</b>	367

Forward foreign exchange contracts are entered into to manage exposure to exchange rate fluctuations in respect of certain transactions. A cautious approach to forward cover is maintained.

On 30 November 2015, Council approved that exchange rate losses that arise due to the difference between the exchange rates used for budgeting purposes, and the actual exchange rate at which the Library's foreign payments are incurred, will be funded from the exchange rate profit generated from foreign investments.

2018  
R000

2017  
R000

In respect of foreign exchange transactions, the following current assets and liabilities are not covered by forward foreign exchange contracts, as shown in the consolidated statement of financial position:

	Foreign exchange 2018	Rand value 2018	Foreign exchange 2017	Rand value 2017
	000	R000	000	R000
TRADE RECEIVABLES				
CHF	-	-	2	28
AUD	60	591	-	-
EURO	14	229	82	1 187
GBP	48	854	82	1 337
USD	479	6 761	396	4 794
Net foreign exchange asset		8 435		7 346

### (b) Price risk

The University is exposed to price risk due to changes in the market values of its quoted and unquoted equity share investments and unit trust investments, as well as certain debt instruments held for sale.

Should the share prices of the equity instruments in the portfolio rise or fall by 10% at 31 December 2018, and all other factors remain unchanged, the fair value reserve for equities would have increased/decreased by R726,0 million (2017: R720,3 million). A bond exchange rise or fall of 10% as at 31 December 2018 would have resulted in an increase/decrease of R205 million (2017: R93,8 million) in the fair value reserve for capital market and money market instruments. The University is not directly exposed to commodity price risk.

Although the University follows a policy of diversification, the portfolio managers must maintain the market exposure of the portfolios within the following permitted ranges:

Asset class	Permitted ranges
Equities	40% - 75%
Property	0% - 30%
Interest-bearing	0% - 60%
Commodities	0% - 10%

### (c) Interest rate risk

The interest rate features of new and existing loans are continuously reviewed. The University did not enter into any interest rate derivative agreements for the years ended 31 December 2018 and 2017. The interest rate profile of the debt securities is as follows:

At floating rates	257 816	384 186
At fixed rates	1 292 533	1 684 519
	1 550 349	2 068 705

Should the interest rate on floating interest rate investments as at year-end increase/decrease by 100 basis points, the surplus for the year would have increased/decreased by R2,5 million (2017: R3,8 million).

Should the interest rate on balances at banks as at year-end increase/decrease by 100 basis points, the surplus for the year would have increased/decreased by R3,9 million (2017: R7,7 million).

## 26.3 LIQUIDITY RISK

Transparent liquidity risk management implies the maintenance of sufficient cash and marketable securities, as well as the availability of credit facilities.

In order to cover possible liquidity risks, the University is in a position to realise long-term investments at short notice. Cash investments amounting to R616.5 million (2017: R1,109.8 million) have also been included in long-term investments.

Current assets	1 218 858	1 037 177
Current liabilities	1 350 820	1 060 804
Operating capital ratio	0.90	0.98

## Financial liabilities

	CARRYING AMOUNT R000	CONTRACTUAL CASH FLOW R000	< 1 YEAR R000	1-5 YEARS R000	> 5 YEARS R000
<b>31 December 2018</b>					
Interest-bearing borrowings	211 463	731 659	28 046	191 823	511 790
Trade and other payables	358 440	358 440	358 440	-	-
Total financial liabilities	569 903	1 090 099	386 486	191 823	511 790
<b>31 December 2017</b>					
Interest-bearing borrowings	213 489	747 311	34 102	159 005	554 204
Trade and other payables	599 081	599 081	599 081	-	-
Total financial liabilities	812 570	1 346 392	633 183	159 005	554 204

## 26.4 CREDIT RISK

Credit risk mainly arises from investments, outstanding student fees and student loans, trade receivables and cash resources.

Investment counterparties are limited to high credit quality financial institutions. The credit quality of debt securities that are subject to credit risk, is limited per investment management agreement. Money market investments must have a national short-term credit rating of FI or higher as defined by Fitch Ratings, or an equivalent rating from another recognised rating agency.

The following restrictions apply to SA bond investments:

Credit rating (Fitch/S&P national scale)	Issuer limit (% of total portfolio)
RSA Government issued or guaranteed	Unrestricted
AAA band (banks)	15%
AAA band (non-banks)	10%
AA band (AA+ to AA-) (banks)	12,50%
AA band (AA+ to AA-) (non-banks)	7,50%
A band (A+ to A-) (banks)	5%
A band (A+ to A-) (non-banks)	2,50%
BBB band (BBB+ to BBB-)	1%
Below BBB-	Nil

The largest component of outstanding student fees is due by former students. Trade receivables consist of a large number of clients and their creditworthiness is evaluated continuously by the University. Cash surpluses are invested only at reputable financial institutions. As at 31 December 2018 and 31 December 2017, there was no material credit risk for which adequate provision had not been made. Trade and other receivables are shown net of any allowance for credit losses.

## 26.5 ESTIMATION OF FAIR VALUE

The fair values of listed investments available for sale are based on quoted market prices as at year-end. The quoted market price refers to the closing price on the last date of business before year-end. The fair values of unlisted investments not traded in an active market are determined by means of applicable valuation methods, based on market conditions as at year-end. Fair values of the remainder of financial instruments are determined on the basis of discounted cash-flow models. The nominal values of trade and other receivables and payables and interest-bearing borrowings less impairments and allowances for credit losses, are deemed as their fair values. Short-term debt instruments represent endowment funds where the donor may determine the application and time of application, and are measured at fair value.

Fair value measurements are disclosed in accordance with the hierarchy below:

Level 1:	Quoted prices in terms of active markets for identical assets and liabilities
Level 2:	Inputs other than quoted prices obtained directly (prices) or indirectly (derived from prices)
Level 3:	Inputs for assets and liabilities not based on available market data

Assets as at 31 December 2018 shown at fair value:

	LEVEL 1 R000	LEVEL 2 R000	LEVEL 3 R000	TOTAL R000
<b>Capital markets</b>	1 432 676	-	-	1 432 676
Equities				
- Listed shares	7 264 993	-	-	7 264 993
- Unlisted shares	-	3 357	-	3 357
Money market	611 170	4 241	-	615 411
	9 308 839	7 598	-	9 316 437

The fair value of listed investments, government bonds, fixed deposits and other investments is based on current market prices. Other investments mainly consist of cash instruments forming part of the University's long-term investment pool. The University determines the fair value of unlisted investments and investments for which there is not an active market by making use of relevant valuation techniques. As at 31 December 2017, government bonds, listed shares, fixed deposits and other investments were classified as level 1 and unlisted shares as level 2.

The fair value of financial instruments not traded on the securities exchange ("bond exchange") is determined by means of relevant valuation techniques. These techniques mainly take into account available market data. The use of entity-specific estimates is limited. Should inputs comprise available market data only, the instrument is shown at level 2. Specific valuation techniques include the use of quoted or dealer prices of similar instruments, taking risk factors into account.

Should any of the inputs not be based on available market data, the item is shown at level 3.

## 26.6 MANAGEMENT OF AVAILABLE FUNDS

Stellenbosch University manages its funds in order to ensure that it will continue as a going concern. Funds consist of restricted and unrestricted funds. Restricted funds consist of operating, loan, endowment and fixed-asset funds with specific conditions for application. Unrestricted funds are those funds that Council may use at its discretion.

## 27. STAFF BENEFITS

### *Contributions To The University Of Stellenbosch Retirement Fund (USRF)*

The USRF, established on 1 November 1994 and managed in terms of the Pension Funds Act 24 of 1956, as amended, is a defined-contribution plan for permanent employees of the University. The fund is valued by independent actuaries at least every three years. The fund's assets amounted to R3 746,2 million (2017: R3 733,2 million) as at 31 December 2018, and members totalled 3 574 (2017: 3 570). Membership contribution rates vary from 10% to 35% of pensionable earnings. The actuaries declared the fund financially sound.

Total contributions paid amounted to R256,9 million (2017: R234,5 million). The most recent audit had been done for the year ended 31 December 2017 and an unqualified opinion was expressed.

### *Other Benefits*

Post-retirement medical benefits are provided to certain retired employees. Access to this benefit is limited to employees appointed before 1 June 2002.

The group life insurance scheme provides life insurance at the death of the member. Membership of the scheme is compulsory for all permanent employees of the University.

Liabilities are calculated by the independent actuaries at least every three years and are reviewed annually. A complete actuarial valuation was performed as at 31 December 2018. The most recent valuation was performed on 17 January 2019. The next actuarial valuation will be performed no later than 1 January 2020.

2018  
R000

2017  
R000

The actuarial valuation method is the projected unit credit method. The main actuarial assumptions are as follows:

Discount rate	<b>10,1%</b>	9,9%
Consumer price index	<b>6,3%</b>	6,8%
Medical inflation	<b>8,3%</b>	8,8%
Salary inflation	<b>7,8%</b>	8,3%
Expected average retirement age	<b>65,0</b>	65,0
Age difference between principal member and spouse	<b>4,0</b>	4,0
Income at retirement	<b>75,0%</b>	75,0%
Proportion married at retirement	<b>75,0%</b>	75,0%
Group life proportion married at retirement	<b>90,0%</b>	90,0%
Maximum age for orphan contributions	<b>21,0</b>	21,0
Continuation at retirement	<b>100,0%</b>	100,0%

Reconciliation of the carrying amount:

	2018			2017		
	MEDICAL LIABILITY R000	GROUP LIFE INSURANCE R000	TOTAL R000	MEDICAL LIABILITY R000	GROUP LIFE INSURANCE R000	TOTAL R000
Liability at the beginning of the year	<b>587 910</b>	<b>63 892</b>	<b>651 802</b>	573 921	52 385	626 306
Adjustments in the consolidated income statement:						
- Current service charges	<b>6 302</b>	<b>3 273</b>	<b>9 575</b>	6 688	3 007	9 695
- Interest charge	<b>56 224</b>	<b>6 163</b>	<b>62 387</b>	54 987	5 064	60 051
- Expected contributions payable by the employer	<b>(37 287)</b>	<b>(3 116)</b>	<b>(40 403)</b>	(34 516)	(2 353)	(36 869)
Actuarial (gain)/loss adjustments in the consolidated statement of comprehensive income	<b>(14 823)</b>	<b>(1 816)</b>	<b>(16 639)</b>	(13 170)	5 789	(7 381)
	<b>598 326</b>	<b>68 396</b>	<b>666 722</b>	587 910	63 892	651 802

The actuarial gain is attributable to the following:

Change in real discount rate	<b>(46 566)</b>	(32 462)
Change in expected cost inflation	<b>4 631</b>	(254)
Change in demographic assumptions	<b>16 947</b>	16 917
Change in membership numbers and details	<b>8 349</b>	8 418
	<b>(16 639)</b>	(7 381)

The liability at the end of the year is as follows:

Continued members	<b>481 053</b>	463 619
In-service members	<b>185 669</b>	188 183
	<b>666 722</b>	651 802

The expected increase in the liability for the next 12 months is R50,5 million (2017: R32,0 million).

### *Long-Service Benefits*

After 25 years' service, employees qualify for a gratuity to the value of 50% of the employee's monthly salary, with a minimum value of R400 and a maximum value of R5 000.

The liability at the end of the year is as follows:

Active members	<b>2 745</b>	3 318
Total liability	<b>669 467</b>	655 120

Summary of data for five years of:

	2018 R000	2017 R000	2016 R000	2015 R000	2014 R000
Current value of liability	669 467	655 120	629 581	571 105	546 735
Actuarial loss/(gain) due to experience	4 631	(254)	8 610	(28 378)	10 726

## 28. INCOME TAX

The University is exempted from normal income tax in terms of section 10(1)(cA)(i) of the Income Tax Act 85 of 1962. Some of the subsidiaries of the University are, however, liable for tax. Refer to note 9.

## 29. RELATED-PARTY TRANSACTIONS

### 29.1 THE ENTITIES BELOW ARE DEEMED RELATED PARTIES OF THE UNIVERSITY

The consolidated financial statements as at 31 December 2018 include the following trusts and partnerships:

Name of trust/partnership	Nature of activities	Loan
Stellenbosch Trust	Fund recruiting and investing of donations	Zero
The Stellenbosch Development Trust	Investment of property for educational and research activities	Zero
Stellenbosch Law Faculty Trust	Promotion of Law Faculty for access to members of the general public	Zero
Stellenbosch Financing Partnership	Loan of funds in accordance with partnership agreement	Zero

The University has the following investments in unlisted subsidiaries as at 31 December 2018:

Name of company	Nature of activities	Effective shareholding	Book value of interest	
			Investment R	Loan R
Unistel Properties (Pty) Ltd	Dormant	100.0%	Zero	Zero
InnovUS Technology Transfer (Pty) Ltd	Commercialising of intellectual property and sources from the University for research, educational and community interactions	100.0%	16 447 000	5 983 580

InnovUS Technology Transfer (Pty) Ltd, a wholly-owned subsidiary of the University, has the following investments in unlisted subsidiaries and associates as at 31 December 2018:

Name of company	Nature of activities	Effective shareholding	Book value of interest	
			Investment R	Loan R
USB Executive Development (Pty) Ltd	Development and presentation of executive development programmes and provision of consultation services	66,0%	20 729 580	Zero
Aquastel (Pty) Ltd	Development of aqua culture	100,0%	1 000	Zero
Sun Media Stellenbosch (Pty) Ltd	Publishing and printing services	55,0%	1 000	Zero
Unistel Medical Laboratories (Pty) Ltd	Providing human and animal genetic, diagnostic and testing services	35,0%	4 586 000	Zero
Unistel Technology (Pty) Ltd	Dormant	100,0%	1 000	Zero
Maties Gymnasium (Pty) Ltd [previously Stellenbosch University Sport Performance Institute (Pty) Ltd]	Providing of sport-related services	100,0%	1 000	475 532
Stellenbosch Nanofiber Company (Pty) Ltd	Commercialising of nanofiber technology	22,3%	2 992 000	Zero
Stellenbosch Wind Energy Technologies (Pty) Ltd	Commercialising of wind energy technology	74,0%	1 000	Zero
GeoSUN Africa (Pty) Ltd	Service providers to the solar power industry	26,3%	417 000	Zero
LaunchLab (Pty) Ltd	Support on campus through networking opportunities, mentorship and affordable leasing tariffs in an entrepreneurial environment	100,0%	1 000	Zero
Surfactant Medical Technologies (Pty) Ltd	Development of patented synthetic lung technology	50,0%	1 000	Zero
Custos Media Technologies (Pty) Ltd	Development of technology to dissuade consumers from illegally sharing purchased media	26,3%	1 701 000	Zero
Sun Magnetics (Pty) Ltd	The development and sale of inductance extraction and magnetic field calculation software for integrated circuit verification (including superconducting integrated circuits)	40,0%	48	Zero

Name of company	Nature of activities	Effective share-holding	Book value of interest	
			Investment R	Loan R
Bridgiot (Pty) Ltd	The development of an internet of things platform aimed at connecting household and other electronics to the cloud	36,5%	400	Zero
Vulamanz (Pty) Ltd	The use of a patented Capillary Ultrafiltration Membrane Nanotechnology to produce high quality drinking water	40,0%	733 187	Zero
Geosmart (Pty) Ltd	Geosmart finds solutions to geographical problems by combining out-of-the-box geospatial thinking with cutting edge technologies, such as geographical information systems, earth observation satellites, global navigation satellite systems, mobile devices, cloud computing and artificial intelligence	35,0%	1	Zero
Cubespace (Pty) Ltd	The company designs, builds, tests and supports innovative, high quality, miniaturised satellite components, with a strong focus on control systems	20,2%	1	Zero
Sharksafe Barriers (Pty) Ltd	The company develops eco-friendly technology that combines magnetic and visual stimuli to deter shark species considered dangerous to humans. The technology aims at keeping people safe from sharks while protecting the sharks	20,0%	1	Zero
Cargo Telematics (Pty) Ltd	The main object of the company is to provide products for the telematics transport industry	30,0%	1	Zero
Sein Media (Pty) Ltd	Sein offers prime film scoring and music recording services at Stellenbosch University	50,0%	1	Zero

Members of the executive management are also deemed related parties of the University. Refer to note 16 for a list of the executive management members and payments made to them during the year.

## 29.2 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties include payment for administrative services and finance charges, as well as investment income earned.

During the year stakeholders had no material interest in any material agreement of the University or any of its subsidiaries that could lead to a conflict of interest.

Transactions between Stellenbosch University and its subsidiaries are eliminated on consolidation.

The following related-party transactions took place between the University and related parties:

### 29.2.1 INCOME

From subsidiaries:

Distribution of earmarked donations from Stellenbosch Trust	<b>292 356</b>	274 296
Services	<b>26 183</b>	35 964
Interest	<b>77</b>	202
	<b>318 616</b>	310 462

### 29.2.2 EXPENDITURE

To subsidiaries:

Services	<b>19 213</b>	33 903
Interest	<b>792</b>	227
Contribution made	<b>-</b>	4 198
	<b>20 005</b>	38 328

### 29.2.3 AMOUNTS OUTSTANDING AS AT YEAR-END

Receivable from:

Subsidiaries 48 484 72 180

Payable to:

Subsidiaries 9 053 7 085

### 29.2.4 LOANS GRANTED TO RELATED PARTIES

Maties Gymnasium (Pty) Ltd [previously Stellenbosch University Sport Performance Institute (Pty) Ltd] 475 913

InnovUS Technology Transfer (Pty) Ltd 5 984 5 984

**6 459** **6 897**

The loan to Maties Gymnasium (Pty) Ltd [previously Stellenbosch University Sport Performance Institute (Pty) Ltd] bears interest linked to prime and has fixed terms for repayment. The loan to InnovUS Technology Transfer (Pty) Ltd bears no interest and has no fixed terms for repayment.

## 30. CONTINGENT LIABILITY

The University guarantees a percentage of the outstanding amount on mortgage loans of qualifying employees. The maximum exposure as at year-end amounts to R24 829 (2017: R24 829).

## 31. CHANGES IN ACCOUNTING POLICIES

The University's accounting policies changed due to the mandatory adoption of IFRS 9, "Financial instruments", and IFRS 15, "Revenue from contracts with customers", which became effective on 1 January 2018. These standards were adopted without restating comparative information as the adjustments were immaterial.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by the standard below.

The total impact on the University's financial statements as at 1 January 2018 is as follows:

	1 JANUARY 2018 AS ORIGINALLY PRESENTED R000	IFRS 9 R000	IFRS 15 R000	1 JANUARY 2018 RESTATED R000
Investments classified as available for sale	8 888 708	(8 888 708)	-	-
Debt instruments at fair value through profit or loss	-	2 068 705	-	2 068 705
Equity instruments at fair value through other comprehensive income	-	6 820 003	-	6 820 003
Total assets	8 888 708	-	-	8 888 708
Trade and other payables	1 049 726	-	(184 605)	865 121
Contract liabilities	-	-	184 605	184 605
Total liabilities	1 049 726	-	-	1 049 726

### 31.1 IFRS 9, "FINANCIAL INSTRUMENTS"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions, comparative figures have not been restated. Refer to the table above for the impact of the adoption of the new standard.

### 31.1.1 CLASSIFICATION AND MEASUREMENT

On 1 January 2018 (the date of initial adoption of IFRS 9), the University's management assessed which business models apply to the financial assets held by the University. Investments were classified as available for sale until 31 December 2017, and from 1 January 2018 they are split between debt instruments at fair value through profit and loss and equity instruments at fair value through other comprehensive income.

Management has elected to present fair value gains and losses on equity instruments in other comprehensive income. During the prior year, profit realised on realisation of investments of R758,3 million and an impairment provision movement of R135,7 million were recognised in profit and loss. Under IFRS 9, these movements are not reported separately from other changes in fair value. Comparative figures were not restated.

Debt instruments do not meet the criteria for amortised cost or fair value through other comprehensive income, and are measured at fair value through profit or loss.

### 31.1.2 IMPAIRMENT OF FINANCIAL ASSETS

The University has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:

- student fees;
- student loans;
- trade and other receivables; and
- debt instruments included in the investment portfolio.

The University was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in the impairment methodology on the University's retained earnings and funds are disclosed in the table in note 31.1.

The University assesses, on a forward-looking basis, the expected credit losses associated with student loans. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 1 details how the University determines whether there has been a significant increase in credit risk.

The University applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for student fees and trade and other receivables. Note 8 provides details about the calculation of the allowances.

## 31.2 IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS"

The University has adopted IFRS 15, "Revenue from Contracts with Customers" from 1 January 2018, which resulted in changes to accounting policy. The University's revenue streams are already accounted for in line with IFRS 15.

### PRESENTATION OF ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The University has changed the presentation of certain amounts in the statement of financial position to reflect the terminology of IFRS 15. Contract liabilities (income received in advance) related to student fees, research contracts, donations and sponsorships were previously disclosed as part of trade and other payables, and is now shown separately on the face of the statement of financial position. Refer to note 31.1 for the impact of this reallocation.

## 32. GOING CONCERN

The consolidated annual financial statements have been prepared on a going concern basis as Council has every reason to believe that the University has sufficient resources in place to continue with operations for the next twelve months.

## 33. SUBSEQUENT EVENTS

Between the year-end and the date of the approval of the consolidated annual financial statements, no material facts or circumstances have arisen that materially affect the financial position of the University.

## 34. BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

The University measures its BBBEE status against the generic scorecard criteria of the Department of Trade and Industry, excluding the ownership criteria. Per the most recent evaluation of the University's BBBEE status, which was performed in May 2018, the University obtained a score of 57,34 and subsequently attained a level 8 contribution status.

# Glossary

TERMS AND DEFINITIONS	
A-rated researcher	Researchers who are regarded as world leaders in their respective research fields.
graduate attributes	In order to create sustainable hope in Africa, Stellenbosch University seeks to equip every graduate with desirable and enduring attributes in the course of his or her studies. A Stellenbosch graduate: <ul style="list-style-type: none"> <li>• has an enquiring mind (accepts responsibility for lifelong learning and the application of knowledge; thinks critically and creatively);</li> <li>• is an engaged citizen at the local, regional and global level (acts accountably towards society and the environment; exercises efficient leadership; participates in a diverse, multilingual society; creates opportunities for others as a social entrepreneur);</li> <li>• is a dynamic professional (applies and communicates knowledge; seizes opportunities and solves problems; innovates; uses sustainable and efficient technologies; behaves ethically); and</li> <li>• is a well-rounded individual both socially and intellectually (utilises opportunities for personal growth – cultural, intellectual and in sports; seeks enriching experiences; takes informed and well-considered decisions).</li> </ul>
blended learning	A collaborative system of learning that integrates technologies such as web-based, satellite and mobile applications with face-to-face learning and teaching. Blended learning enhances interaction amongst students, and between staff and students, while also improving access to resources.
business model	An organisation's system of transforming its business activities into outputs and outcomes that aims to fulfil the organisation's strategic purposes and create value over the short, medium and long term.
capitals	The term capitals refers broadly to any store of value that an organisation can use in the production of goods or services. Using the term emphasises the role of the various capitals as stores of value that can be built up or run down over time, but which must be maintained if they are to continue to produce a flow of benefits in the future. Financial and manufactured capitals are the ones organisations most commonly report on. Integrated reporting takes a broader view by also considering intellectual, social and relationship, and human capitals (all of which are linked to the activities of humans) and natural capital (which provides the environment in which the other capitals sit). ( <i>Capitals Background Paper for &lt;IR&gt;</i> , 2013) This report uses structural capital to describe the value an institution creates through its governance activities when laws are adhered to and management and control structures and processes created.
designated groups	People who are black African, coloured, Indian and Asian (BCIA).
flipped classroom	A pedagogical model in which the typical lecture and homework elements of a course are reversed. The term is widely used to describe almost any class structure that provides pre-recorded lectures followed by in-class exercises. ( <i>Educause</i> , February 2012)
full-cost approach	In the context of facilities management, an approach that acknowledges that the organisation commits to a comprehensive chain of costs when procuring a specific facilities solution. By taking into account first costs (capital investment, purchase and installation) as well as future costs (energy, operating, maintenance, capital replacement and financing), this approach helps minimise overall costs by benchmarking them against alternatives.
full-time equivalent (FTE) staff	FTE staff is an important measure of staff utilisation. A full-time staff member appointed for a full university year (January to December), counts as 1 FTE. Full-time staff appointed for only part of the year, as well as part-time staff, count only as a pro rata part of 1 FTE. See the example under FTE student.
full-time equivalent (FTE) student	The FTE value of an undergraduate student enrolment in a specific year is calculated as the sum of the HEMIS credit values of the modules that the student has enrolled for. The HEMIS credit value of a relevant module is mainly based on the credits of the relevant module (e.g. 12) divided by the minimum number of prescribed module credits for the specific year of the relevant programme (e.g. 120). For enrolments in research programmes on postgraduate level, the average graduation time, as well as the minimum formal study time for the programme (as prescribed by the DHET) are used to establish the FTE value of a student enrolment. This is illustrated by means of an example: Suppose that there were 7, 8 and 7 graduates for the doctoral degree in Faculty A respectively in 2015, 2016 and 2017, while these graduates respectively were enrolled for a total of 30, 34 and 37 years to complete their degrees. According to national education policy the minimum formal time for the doctoral degree is 2 years. The FTE value for an enrolled doctoral student in Faculty A in 2017 is then calculated as: $2 \times (7+8+7) \div (30+34+37) = 0.436$
Horizon 2020	The European Union's biggest research and innovation funding programme to promote excellent science and industrial leadership, and to tackle social challenges. Funding is made available to a variety of projects over a seven-year period – from 2014 to 2020 – generally in a framework of three to four years per project.
hybrid learning	Students learn by a combination of face-to-face and online interaction. The pedagogically sound use of technology has significant potential benefits, including wider reach, more effective use of lecturers' time and potential savings through reduced physical infrastructure requirements, among others.

TERMS AND DEFINITIONS	
income stream	The University's financial capital was until recently divided into four income (money) streams, numbered for easy distinction. The four streams depend on different financial inputs, namely: <ul style="list-style-type: none"> <li>• first-stream income: government subsidy;</li> <li>• second-stream income: student and accommodation fees paid by students;</li> <li>• third-stream income: earned from (contract) research and related consultation contracts; and</li> <li>• fourth-stream income: philanthropic donations and bequests.</li> </ul> A fifth income stream was recently added. This is a newly pursued income stream generated from leveraging and commercialising the University's assets more effectively (investment income, commercialisation, technology transfer, short courses).
indirect cost recovery	A general practice in the higher education sector that enables the University to recover the indirect costs associated with externally funded projects (third-stream income) from its clients by means of a surcharge for legal, financial, human resources, research management, information technology and library services, as well as support with intellectual property matters.
interpreting	The class is presented entirely in either Afrikaans or English, and an interpreter simultaneously translates the lesson into the other language. The interpreter uses a headset or hand microphone, and students listen to the lecture through earphones.
knowledge and other partnerships	The University establishes relationships through formal, institutional partnerships with civil society organisations, local governments or municipalities, the Western Cape provincial government, the Western Cape Department of Health, the national departments of Defence and Military Veterans, churches (Theology), Elsenburg (AgriSciences), etc. These partnerships are usually informed by a formal memorandum of understanding.
language policy and plan	Available at <a href="http://www.sun.ac.za/language">www.sun.ac.za/language</a> .
module	A module is a set of classes or lectures, seminars or practical sessions forming a unit within a subject.
parallel-medium instruction	Instruction is offered in separate classes in Afrikaans and in English.
postgraduate bachelor's degrees	Bachelor's degrees which may be taken as second bachelor's qualifications, e.g. BPhil and the two- and three-year LLB degrees. This excludes Bachelor Honours degrees.
programme	A combination of modules making up a curriculum for a degree qualification, for example BA, BEd, BEng, BAcc, BSc. Also known as learning programme, instructional programme or study programme. We differentiate between undergraduate programmes – the first university qualification in a certain field of study – and postgraduate programmes – programmes that follow on the first qualification, for instance postgraduate diploma, honours, master's and doctorate. We also differentiate between degree programmes, diploma programmes and certificate programmes.
responsibility centre	An organisational unit headed by a manager, who is responsible for its activities and results. At SU the responsibility centres are each focused on specific business activities and headed by the Chief Operating Officer and vice-rectors and each unit is comprised of several divisions.
society-centred scholarship	A scientific and societal approach to social impact, utilising transdisciplinary collaborative methodologies to build capacity.
sustainable sourcing	The University's sustainable sourcing model, as an alternative to insourcing, strikes a sound balance between the provision of decent and dignified jobs on the one hand and financial sustainability on the other. The model enables the University to determine transparently the optimal solution for the supply of essential-services, such as cleaning services. The model relies on the principles of human dignity; sustainability of SU; financial feasibility; transparency and confidentiality; stakeholder inputs; signing of a code of conduct; corporate governance; and best mutual benefit.

STRATEGIC MANAGEMENT INDICATORS EXPLAINED		
Strategic priorities	Strategic management indicator	How the management indicator (SMI) is calculated
Broaden Access	Share of students from black African, coloured, Indian and Asian population groups (%)	For a given year, determine the number of students who are registered at the University on the official census date (A). Determine the total number of students from the black, coloured, Indian and Asian population groups who are registered at the University on the official census date (B).
	Share of permanent staff from black African, coloured, Indian and Asian population groups (%)	Calculate the SMI as (B) divided by (A).
	Share of female permanent staff (%)	For a given year, determine the total number of permanently employed staff members (only primary appointments) on the official census date (A) in the Salaries HR group. Determine the total number of permanently employed staff members (only primary appointments) from the black, coloured, Indian and Asian population groups in the Salaries HR group who are in service on the official census date (B).
	Share of undergraduate module credits taught in Afrikaans and English to PARALLEL class groups (%)	Calculate the SMI as (B) divided by (A).

## STRATEGIC MANAGEMENT INDICATORS EXPLAINED

Strategic priorities	Strategic management indicator	How the management indicator (SMI) is calculated
Sustain Momentum of Excellence	Share of undergraduate module credits taught in BOTH Afrikaans and English to the SAME class group (%)	Add the credits of the modules offered in BOTH Afrikaans and English in THE SAME class group, excluding NQF level 8 modules and Faculty of Military Science modules (A). Add the credits of all the modules, excluding NQF level 8 modules and Faculty of Military Science modules (B). Then calculate the indicator as (A) divided by (B) × 100.
	Share of undergraduate module credits taught in EITHER Afrikaans OR English to a class group (%)	Add the credits of the modules offered in ONLY Afrikaans or English to a class group, excluding NQF level 8 modules and Faculty of Military Science modules (A). Add the credits of all the modules, excluding NQF level 8 modules and Faculty of Military Science modules (B). Then calculate the indicator as (A) divided by (B) × 100.
	Permanent teaching and research staff with doctorates (%)	For a given year, determine the total number of permanently employed teaching and research staff on the official census date (A). Determine the total number of permanently employed CI staff with a doctoral qualification on the official census date (B). Calculate the SMI as (B) divided by (A).
	Ratio of weighted research outputs per full-time equivalent teaching and research staff member	For a given academic year, determine the number of masters' degrees awarded (A), and the number of accredited publication units produced by SU (B). For the same academic year, determine the number of doctoral qualifications awarded (C), and the number of fulltime-equivalent research and teaching staff members (D). Calculate the SMI as $[1 \times (A+B) + 3 \times (C)]$ divided by D.
	HEMIS-based success rate of undergraduate and post-graduate students (%)	For a given year, determine the total number of fulltime-equivalent (FE) students (A). Then determine the number of fulltime-equivalent (FE) degree credits for the same year (B). Calculate the SMI as (B) divided by (A).
Enhance Social Impact	Ratio of full-time equivalent students, weighted per level of study, per full-time equivalent teaching and research staff member	For a given academic year, determine the number of registered undergraduate and full-time equivalent students (A), the number of registered honours and full-time equivalent students (B), the number of registered master's full-time equivalent students (C), and the number of registered doctoral students (D). For the same year, determine the number of fulltime-equivalent teaching and research staff members (E). Calculate the SMI as $[1 \times (A) + 2 \times (B) + 3 \times (C) + 4 \times (D)]$ divided by E.
	Third-stream income <sup>1</sup> share of SU's total income <sup>2</sup> (%)	For a given year, determine the total revenue from all income streams (A). Then determine the total third-stream income (B) for the relevant year. Calculate the SMI as (B) divided by (A).
	Fourth-stream income share of SU's total income <sup>2</sup> (%)	For a given year, determine the total revenue from all income streams (A). Then determine the total fourth-stream income (B) for the relevant year. Calculate the SMI as (B) divided by (A).
	Share of personnel remuneration not financed via the main budget (%) <sup>3</sup>	For a given year, determine the total staff remuneration (A). Then determine the total staff remuneration which is not afforded from the main budget (B). Calculate the SMI as (A - B) divided by (A).

### Notes

1. Third-stream income excluding return on investments and realised profit from the sale of assets.
2. Total income excluding return on investments and realised profit from the sale of assets.
3. Stellenbosch University manages its funds to ensure that it remains in higher education as a going concern. Funds consist of restricted and unrestricted funds. Restricted funds consist of operational, loan, donor and fixed-asset funds with specific conditions for use. Unrestricted funds are those which Council uses at its own discretion. In the pool of unrestricted funds are funds which are earmarked for specific purposes and can therefore not be used for other purposes. The difference between future restricted and unrestricted funds may have an impact on the feasibility of the 2018 to 2023 targets which have been set.

ABBREVIATIONS	
AAC	Academic Affairs Council
ARC	Audit and Risk Committee of Council
ARUA	Alliance for Research Universities in Africa
BA	Bachelor of Arts
BEd	Bachelor of Education
BEng	Bachelor of Engineering
BSc	Bachelor of Science
BScHons	Bachelor of Science Honours
BEdHons	Bachelor of Education Honours
BCIA	black African, coloured, Indian and Asian
CHS	Campus Health Service
CRP	Campus Renewal Project
DHET	Department of Higher Education and Training
DSI	Division for Social Impact
DST	Department of Science and Technology
FMHS	Faculty of Medicine and Health Sciences
HEMIS	Higher Education Information Management System
ICT	information and communication technology
IF	Institutional Forum
IFRS	International Financial Reporting Standards
IIS	Stellenbosch University Institutional Intent and Strategy 2013–2018
<IR>	Integrated reporting
ISFAP	Ikusasa Student Financial Aid Programme
King IV	King IV Report on Corporate Governance for South Africa 2016
LGBTI	lesbian, gay, bisexual, transgender and intersex
MBCbB	Bachelor of Medicine and Bachelor of Surgery
nGAP	New Generation of Academics programme
NRF	National Research Foundation
NSFAS	National Student Financial Aid Scheme
NSTF	National Science and Technology Forum
PAIA	Promotion of Access to Information Act 2 of 2000
PASS	professional and administrative support staff
PCT	patent cooperation treaty
PhD	Doctor of Philosophy
POPIA	Protection of Personal Information Act
Prof	Professor
RADAR	Research Alliance in Disaster and Risk Reduction
RC	responsibility centre
SANDF	South African National Defence Force
SARChI	South African Research Chairs Initiative
SMI	strategic management indicator
SRC	Students' Representative Council
SREC	Senate Research Ethics Committee
SU	Stellenbosch University
SUNCEP	Stellenbosch University Centre for Pedagogy
SunCom	Stellenbosch University Commercial Services
THRIP	Technology and Human Resources for Industry Programme
UCT	University of Cape Town
UP	University of Pretoria
UPE	University of Port Elizabeth – today Nelson Mandela Metropolitan University
UWC	University of the Western Cape
Wits	University of the Witwatersrand

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