ANNUAL REPORT 2011

PRO GENTIBUS SAPIENTIA

UNISA

UNIVERSITY OF SOUTH AFRICA

UNISA ANNUAL REPORT 2011

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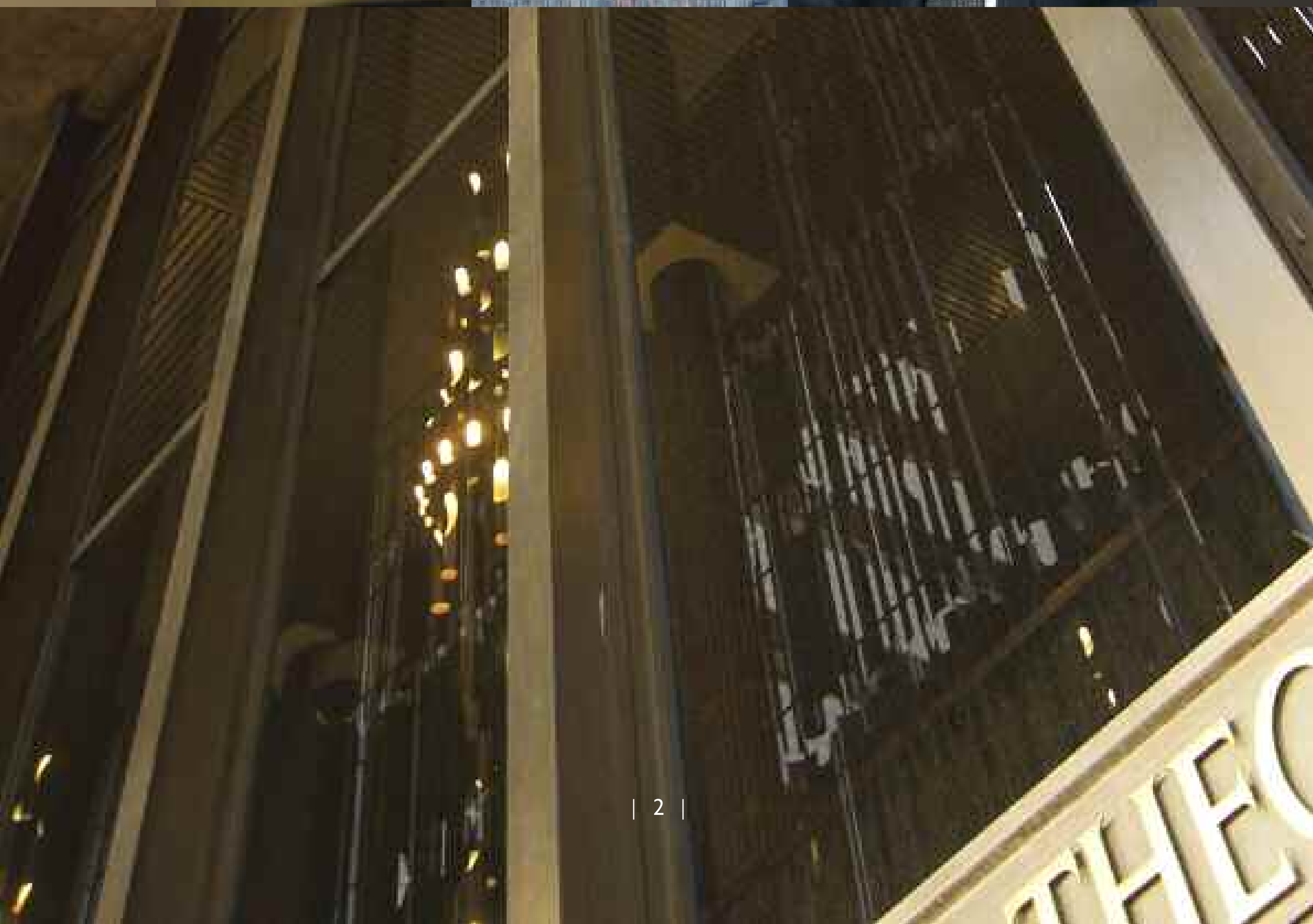


LETTER FROM THE UNISA CHANCELLOR JUDGE PRESIDENT BERNARD M NGOEPE

I recall the commitment of Professor Mandla Makhanya:

We have a 'new look' extended management, a 'new look' Council, and a 'new look' institutional structure. What we are working towards here, and on into the future, is a 'new look' institution – in terms of its culture of academic excellence, its service to its stakeholders and its efficiency and effectiveness. Cumulatively these will form a critical mass of common purpose and expertise towards Unisa as a high-performance university.

These words placed Unisa's 2011 academic year into perfect context. New beginnings and a focus on being a high-performance educational institution presented challenges that could clearly not be resolved overnight. These challenges also had to be met within the framework of a university in transition toward an ethos of caring and inclusivity. The dynamic nature of a higher education environment further means that Unisa cannot adopt a rigid interpretation of its mandate – be this legal or social. It needs to act with conviction and wisdom and deconstruct the myth that it operates in an ivory tower, distinct from those it serves. The revised institutional structure that Council approved offers evidence of this new approach. It is clearly focussed on the achievement of the institutional vision, mission and goals and will firmly establish Unisa as a key contributor to growth and development in South Africa (and by extension in Africa). As this report reveals, in 2011 progress toward this end is truly noteworthy.

Unisa's initiatives in Ethiopia and its growing involvement in the e-learning and OER domains are exciting ventures that I will watch; whilst at local and national level, the directed focus on co-operative governance will certainly contribute to Unisa's growing success as a modern, higher education institution committed to quality and service excellence. I, thus, record with pride my relationship with Unisa. I also record the view that much of Unisa's success during 2011 would not have been possible without truly exceptional leadership. The commitment and conduct of Council under the chairpersonship of Dr Mathews Phosa, and the performance of top and extended management under the leadership of Professor Mandla Makhanya, the Principal and Vice-Chancellor, has been exemplary. The calibre of our new members of Council and Management will, I believe, ensure that we grow from strength to strength in the years ahead. I look forward to our work toward becoming a truly high-performance university.

Judge President Bernard M Ngoepe
Chancellor: Unisa

BACKGROUND AND CONTEXT OF UNISA

The University of South Africa (Unisa) is as fascinating as it is unique. At the grand old age of 138 years, Unisa is South Africa's oldest university and the longest standing dedicated distance education university in the world. Founded in 1873 as the University of the Cape of Good Hope, the university became a federal university in 1918, and in 1946 it became the first public university in the world to teach exclusively by means of distance education. The federal university was the examining body for seven constituent institutions, which today comprise most of South Africa's historically 'white' universities. It could therefore be claimed that Unisa is also the primogenitor of a number of South Africa's oldest universities.

The past one-and-a-half centuries in South Africa have marked some of the most pivotal moments in its history: moments that have irrevocably changed the course of events in the country and indeed the world. Seminal events include the Anglo-Boer War in 1910, the First and Second World Wars, the assumption of power of the nationalist government in 1948, the advent of democracy and the ANC government in 1994, and the complete reconfiguration of the higher education landscape in 2001 from which the new Unisa emerged in 2004 as South Africa's single, dedicated, comprehensive distance education institution.

Throughout the years, Unisa was perhaps the only university in the country to have resisted exclusionary dictates and provided all people with access to education, irrespective of race, colour or creed (although graduation ceremonies were differentiated by race for a time in terms of national legislation). This vibrant past is mirrored in Unisa's rich history, more particularly its massive and impressive database of alumni, some of whom are to be found in the most senior echelons of society across the world. Given its rootedness in South Africa and the African continent, Unisa today can truly claim to be *the* African university in the service of humanity.

Unisa is the largest open distance learning (ODL) institution in South Africa and on the continent, and one of the world's mega-institutions. Unisa enrols nearly one-third of all South African students. The student profile reflects South Africa's democratisation process and its status on the continent since 1994, underscoring the pivotal role that Unisa plays in higher education, and its strategic position on the continent and in the world as a key vehicle for transformation, growth and development.

As it has developed and matured into an effective and efficient 21st century university since the merger with Technikon SA in 2004, Unisa's institutional and management structures have been continually adapted and adjusted to meet emerging regulatory requirements, socioeconomic dynamics and institutional transformation and growth requirements. The top management for 2011 reflects the most recent iteration of that process (refer to page 9).

The institution has embraced the fact that it needs to adapt quickly to the fast-paced higher education environment of the 21st century and this is reflected in its management style and leadership practice. Unisa continues to operate in an environment characterised by pressing and complex challenges, emanating largely from the ongoing transformation imperative. Key among these are: unrelenting demands for access to higher education by school-leavers, many of whom are underprepared for the rigours of university education; unachievable and perhaps unrealistic enrolment ratios and targets; increasing reporting requirements over a broad planning and governance front; and a shrinking academic cohort of appropriately qualified academic staff.

In line with its ODL character, Unisa must also implement the upgrading and integration of all of its ICT and other systems and processes, and the ongoing rationalisation of the programme qualification mix (PQM) toward a more efficient and effective matrix of qualifications on offer. The ICT implementation plans have been constrained to some extent by the national ICT infrastructural environment whose disparities echo those which exist in the country, and whose affordability and availability are extremely concerning in the context of ODL. Unisa is, however, working in a concerted manner to overcome the challenges and to provide quality distance education to all of its students, and has spent large sums of money to support the ICT initiatives. This focus is clearly evidenced in Goal 7 of Unisa 2015 revisited which asserts: "Redesign organisational architecture in line with institutional strategy and the ODL model." Additionally, Unisa's commitment to being a high-performance university demands a thorough embedding of the emerging plethora of governance and sustainability dynamics, principles and practices across the institution in line with strategic Goal 6 to establish Unisa as a leader in sound corporate governance and the promotion of sustainability. Multi-, inter- and trans-disciplinary (MIT) research was also a key focus area for 2011, together with the promotion of indigenous knowledge systems (IKS) and the creation of courses that can be used as open educational resources (OER) and for e-learning, as set out in Goal 2: "Increase innovative research and research capacity."

Much of the work will be described in more detail in this report, which sets out Unisa's operations and performance for 2011. Any further information that may be required on any matter in this report may be located on the Unisa website or by contacting the office of the University Registrar by email at molaml@unisa.ac.za.

UNISA AT A GLANCE

Following is a brief overview of Unisa's philosophy and goals, its organisational structure and information on its student and staff profiles. The reports to follow on governance and institutional-related matters give account of how Unisa's operations supported its philopsophy and goals in 2011.

Vision

Towards *the* African university in the service of humanity.

Mission

Unisa is a comprehensive, open distance learning institution that produces excellent scholarship and research, provides quality tuition and fosters active community engagement. We are guided by the principles of life-long learning, student centredness, innovation and creativity. Our efforts contribute to the knowledge and information society, advance development, nurture a critical citizenry and ensure global sustainability.

Values

Social justice and fairness: Inspired by the foundational precepts of our transforming society, social justice and fairness animate our strategy, guide our efforts and influence our imagined future.

Excellence with integrity: Subscribing to the truth, honesty, transparency and accountability of conduct in all that we do and upholding high standards of aspiration in all our practices, with continuous attention to improvement in quality.

Value proposition

Accessible, flexible and globally recognised.

Transformation Charter

Preamble

We, the Council, Management, Staff and Students of the University of South Africa –

Affirming

that context of transformation in Unisa is unprecedented political and social change following the advent of democracy in South Africa

Endorsing

the need to:

- galvanize the university to help fulfil societal aspirations for a just, prosperous society as encapsulated in the Constitution
- provide equitable access to higher education institutions, programmes and knowledge
- redress previous injustices referred to in the Constitution and the Higher Education Act 1997, (Act 101 of 1997) based on race, gender, class and ethnicity, and
- provide scholarship and tuition aimed at social and human resource development that is socially responsive

Acknowledging

the collective efforts of higher education in South Africa thus far, towards a more equitable dispensation

We declare that

Transformation is fundamental and purposeful advancement towards specified goals: individual, collective, cultural and institutional, aimed at high performance, effectiveness and excellence. It entails improvement and continuous renewal guided by justice and ethical action, and achievement of a state that is demonstrably beyond the original.

Individual and collective change requires regular and frequent introspection and self-critique to examine how assumptions and practices are expressive of and resonant with transformational goals.

Cultural change requires the creative disruption and rupture of entrenched ways of thinking, acting, relating and performing within the institution and a willingness to adapt.

Institutional change entails the reconfiguration of systems, processes, structures, procedures and capabilities to be expressive of transformational intent. Transformation is monitored, milestones agreed, progress evaluated and measured, with individual and collective accountability for clearly identified responsibilities.

Transformation is sponsored, driven and led by the Vice-Chancellor. It is also articulated and advocated by the entire institutional leadership.

Transformational leaders are to be found at all levels and in all sectors of the organisation, not necessarily dependent on positional power. They are distinguished from mere actors by their insight into how things are in comparison to where they need to be, with the resolve and capability to act catalytically in pursuit of institutional and societal change imperatives, in the face of opposition, resistance and limited resources.

Transformation keeps us at the frontier as pathfinders: to find ever better and innovative ways of enriching the student experience, elaborating and building upon African epistemologies and philosophies, developing alternative knowledge canons, and advancing indigenous knowledge systems that ground us on the African continent, without averting our gaze from the global horizon.

We commit to

constructing together a new DNA for Unisa, characterised by openness, scholarly tradition, critical thinking, self-reflection and the values of African cultures – openness, warmth, compassion, inclusiveness and community...

This we shall accomplish through

- COMMUNICATION: Ensuring shared meaning and promoting mutual understanding at all levels, by making explicit relevant decisions, actions, choices and events timeously and transparently
- CONVERSATION: Active participation in dialogue that transforms the relationship and narrows the scope of differences while enhancing understanding and empathy
- CONSERVATION: Preserving and utilising what is best from our legacy, making choices and decisions and taking actions in the present, which ensure a sustainable future
- COMMUNITY: The university staff, students and alumni cohering around our shared vision, aspirations and interests in the spirit of ubuntu, while embracing diversity in its multiple forms
- CONNECTION: Reinvigorating stakeholder relations to find greater synergy, harmony and meeting of minds in pursuit of transformational goals
- CARE: Fostering a sense of belonging among the members of the Unisa community so that they feel accepted, understood, respected and valued
- COLLEGIALITY: Cultivating an ethos of professionalism, shared responsibility, mutual respect, civility and trust while understanding and acknowledging each other's competencies and roles
- COMMITMENT: Dedicating ourselves individually and collectively, to promoting and upholding the vision, goals and values of Unisa
- CO-OPERATION: Working together proactively and responsively towards the realisation of Unisa's goals and aspirations
- CREATIVITY: Nurturing an environment that is open and receptive to new ideas, that liberates potential and leads to imaginative and innovative thinking and action
- CONSULTATION: Taking into account, in good faith, the views, advice and contributions of appropriate stakeholders and individuals on relevant matters...... and:
- **COURAGE** to act, decide and make choices with conviction and resolution in the best interests of the Institution.

THIS PLEDGE WE MAKE,

confident that the institutional climate we seek to create will free us from the shackles of our pasts in order that we may face the future with confidence, pride and dignity.

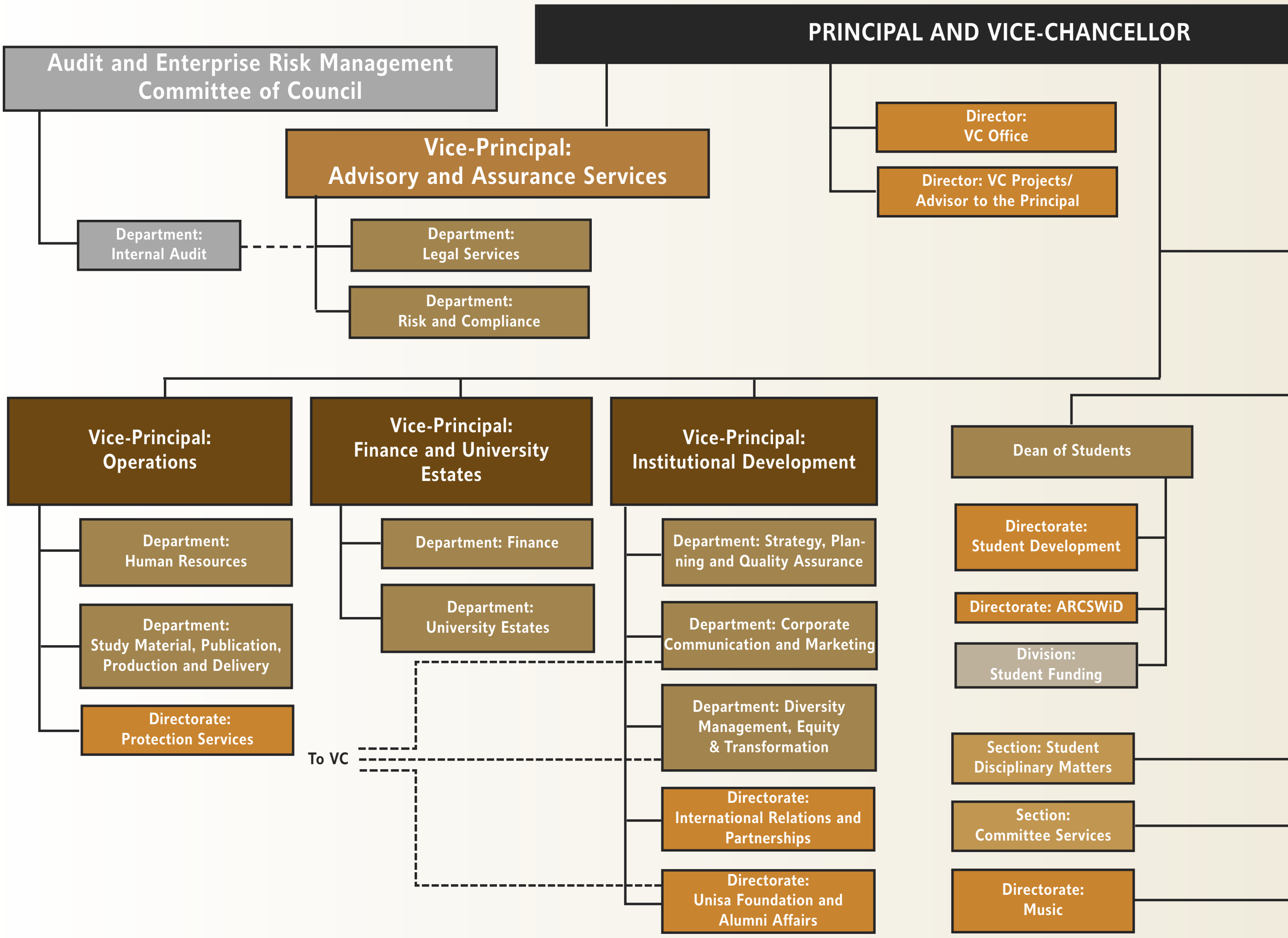
Strategic goals

- Goal 1: Revitalize the PQM, teaching and learning
- Goal 2: Increase innovative research and research capacity
- Goal 3: Grow community engagement initiatives
- Goal 4: Position Unisa as a leading ODL institution
- Goal 5: Create an enabling environment for persons with disabilities
- Goal 6: Establish Unisa as a leader in sound corporate governance and the promotion of sustainability
- Goal 7: Redesign organisational architecture in line with institutional strategy and the ODL model

Organisational structure

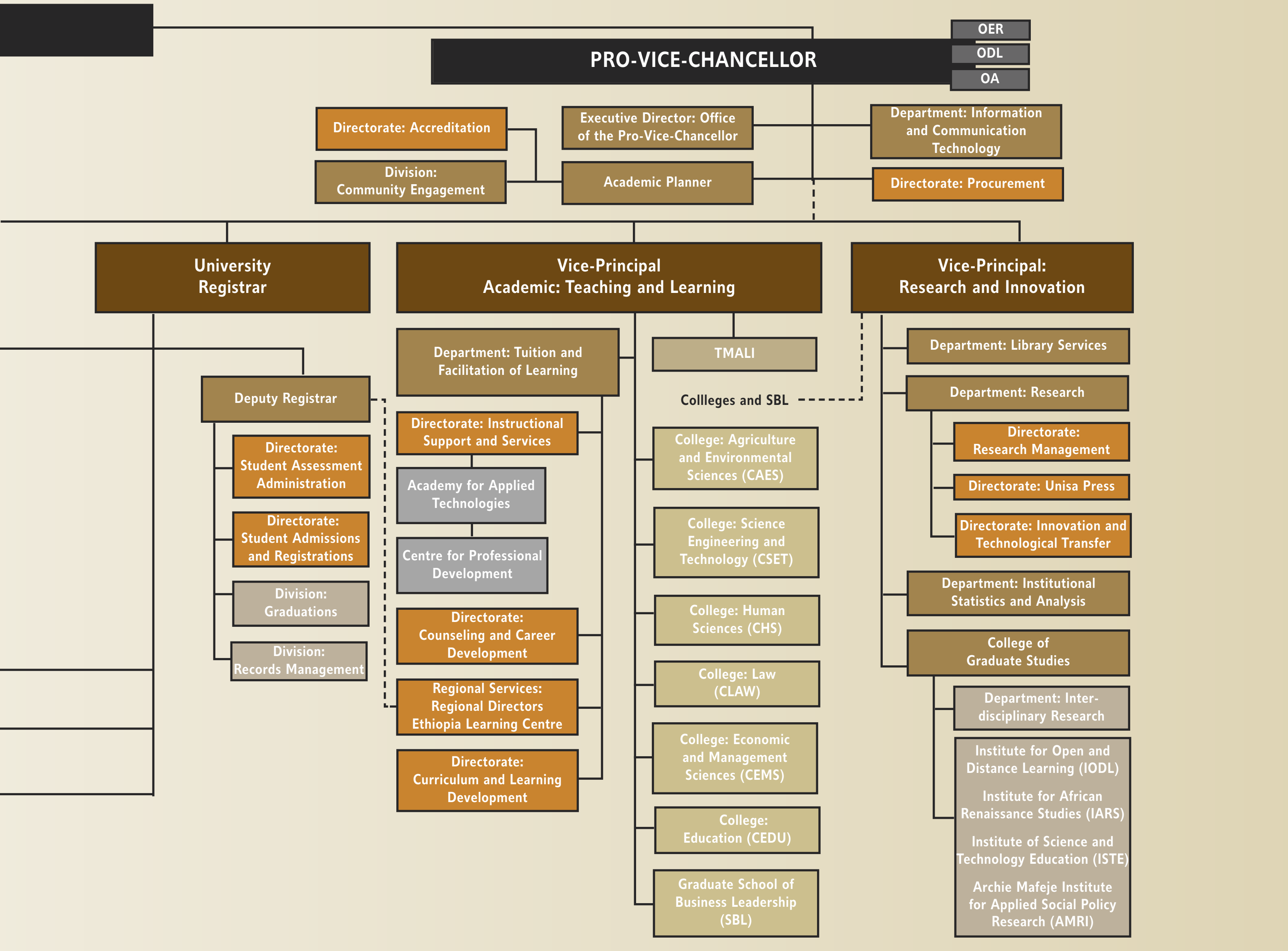
The organisational structure focusses on giving practical effect to the identified and agreed institutional strategic and operational priorities. It introduces an equitable distribution of functions across the portfolios and promotes horizontal integration of activities bringing cognate functions under the correct departmental and portfolio responsibility.

The Vice-Chancellor remains the overall head of the institution; while the Pro-Vice-Chancellor concentrates on the academic imperatives and commitments of the university.



Executive management

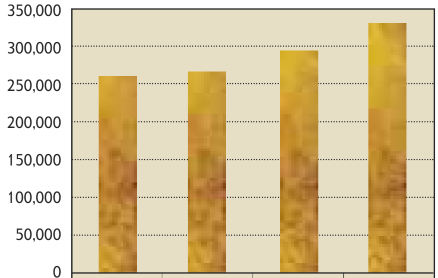
Principal and Vice-Chancellor – **Professor Mandla Makhanya**
Pro-Vice-Chancellor – **Professor Narend Baijnath**
Vice-Principal Academic: Teaching and Learning – **Professor Rita Maré**
Assistant Principal – **Professor Divya Singh**
Vice-Principal: Finance and University Estates – **Professor Kobie Kleynhans**
Vice-Principal: Institutional Development – **Dr Molapo Qhobela**
Vice-Principal: Operations – **Professor Barney Erasmus**
Vice-Principal: Research and Innovation– **Professor Mamokgethi Setati**
University Registrar – **Professor Louis Molamu**
(pictured below from left to right)



Student profile[1]

The following graphs reflect the Unisa student profile and the changes experienced over the past four years in terms of total enrolments, race, gender, region, college and nationality.

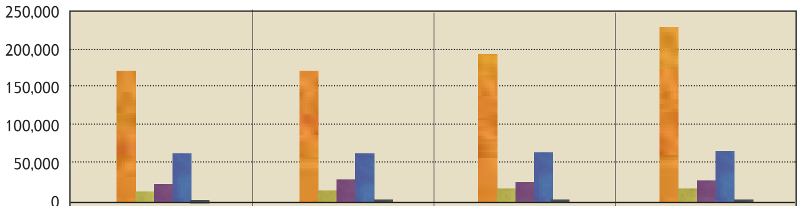
Student enrolments: 2008 to 2011



	2008	2009	2010	2011*
Enrolments (HC)	261,927	263,559	293,437	328,179

** Preliminary student enrolments for 2011 were 328 179, compared to 293 437 in 2010 (an increase of 11,8%).*

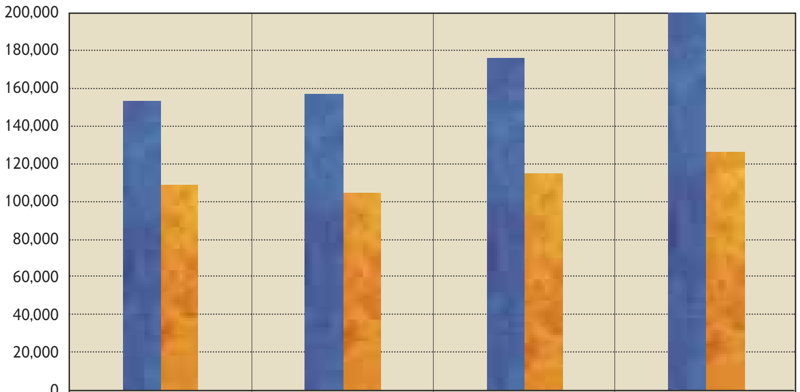
Student enrolments by race group



	2008		2009		2010		2011 (Preliminary)	
African	167,613	64.0%	168,614	64.0%	195,553	66.6%	227,680	69.4%
Coloured	15,280	5.8%	15,338	5.8%	16,610	5.7%	17,605	5.4%
Indian	22,701	8.7%	23,418	8.9%	24,113	8.2%	24,505	7.5%
White	56,294	21.5%	56,117	21.3%	56,965	19.4%	57,993	17.7%
No information	39	0.0%	72	0.0%	196	0.1%	396	0.1%

The 2011 figures indicate that the proportion of African students has increased to close to 70% of the total student population.

Student enrolments by gender

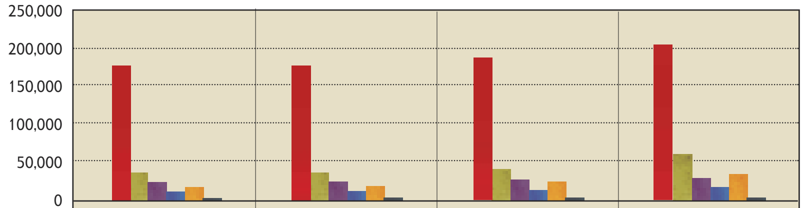


	2008		2009		2010		2011 (Preliminary)	
Female	153,212	58.5%	158.699	60.2%	177,503	60.5%	201.624	61.4%
Male	108,715	41.5%	104,860	39.8%	115,934	39.5%	126,555	38.6%

Female students account for 61,4% of the total student population.

[1] The 2008 to 2010 student figures presented are based on data extracted from the final audited HEMIS submissions to the Department of Higher Education and Training (DHET). The 2011 figures represent information extracted from preliminary HEMIS student data information.

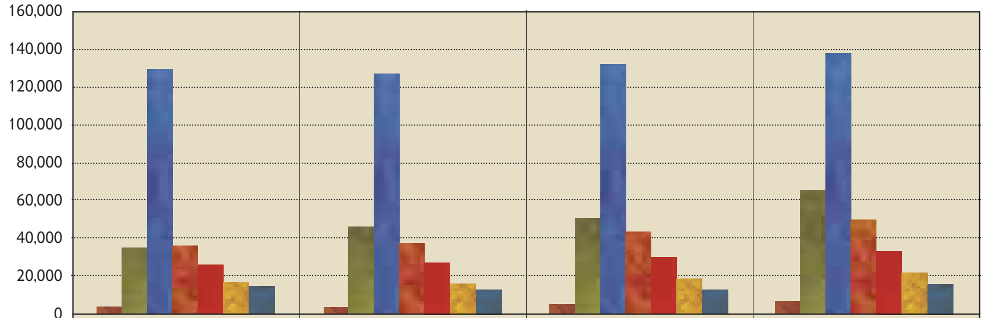
Student enrolments by region



	2008		2009		2010		2011 (Preliminary)	
Gauteng	173,328	66.2%	174,130	66.1%	187,956	64.1%	202,725	61.8%
KwaZulu-Natal	32,587	12.4%	33,960	12.9%	41,917	14.3%	56,045	17.1%
Limpopo	22,228	8.5%	24,056	9.1%	25,675	8.7%	25,765	7.9%
Midlands	10,568	4.0%	10,649	4.0%	12,751	4.3%	15,314	4.7%
Cape Coastal	22,149	8.5%	20,627	7.8%	24,990	8.5%	28,160	8.6%
Foreign/ Unknown	1,067	0.4	137	0.1%	148	0.1%	170	0.1%

The highest proposition of students reside in Gauteng (61,8%), but KwaZulu-Natal has experienced the highest and Midlands the second highest year-on-year growth in the past four years.

Student enrolments by college



	2008		2009		2010		2011 (Preliminary)	
CAES	4,077	1.6%	4,030	1.5%	5,341	1.8%	6,937	2.1%
CEDU	34,208	13.1%	43,501	16.5%	49,509	16.9%	64,701	19.7%
CEMS	128,659	49.1%	122,825	46.6%	133,482	45.5%	139,358	42.5%
CHS	35,292	13.5%	36,248	13.8%	41,796	14.2%	48,093	14.7%
CLAW	25,627	9.8%	25,648	9.7%	29,008	9.9%	32,469	9.9%
CSET	17,278	6.6%	17,122	6.5%	19,335	6.6%	21,608	6.6%
Occasional	16,786	6.4%	14,185	5.4%	14,966	5.1%	15,013	4.6%

The College of Economic and Management Sciences (CEMS) is the largest and the College of Education (CEDU) the second largest college at Unisa.

Student enrolments by nationality

Nationality	2009		2010		2011(Prelim)	
South Africa	245.512	92%	269.061	97.7%	300.221	91.5%
Other SADC countries	15.682	6.4%	18.647	6.6%	21.774	6.6%
Other African countries	3.815	1.4%	4.067	1.4%	4.250	1.3%
Rest of the world	1.505	0.6%	1.606	0.5%	1.746	0.5%
No information	45	0.0%	56	0.0%	188	0.1%

Approximately 92% of Unisa students were South African with a further 6,6% from other SADC countries.

Proxy graduation rate

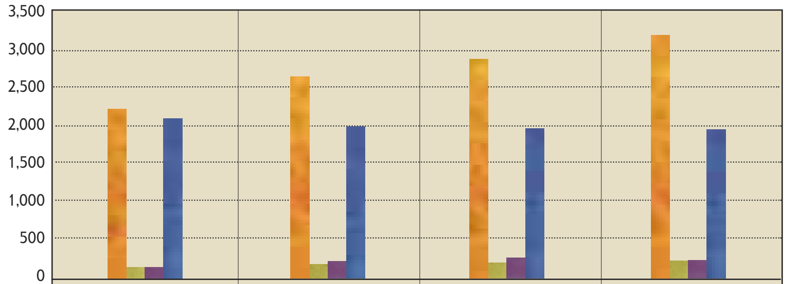
	2008	2009	2010
Total	6.8%	8.6%	8.9%

The graduation rate, an indicator of the student success rate, has shown a year-on-year increase and was close to 9% in 2010. (The 2011 figures will only be available in July 2012).

Staff profile[2]

The graphs present the Unisa staff profile and the changes experienced over the past four years in terms of race, gender and personnel category.

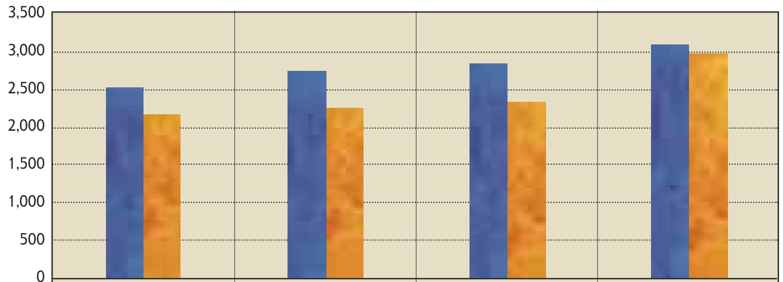
Staff by race



	2008		2009		2010		2011 (Preliminary)	
African	2,240	48.2%	2,648	53.0%	2,874	55.0%	3,211	57.6%
Coloured	165	3.5%	169	3.4%	175	3.3%	200	3.6%
Indian	160	3.4%	188	3.8%	204	3.9%	200	3.6%
White	2,084	44.8%	1,989	39.8%	1,977	37.8%	1,964	35.2%

The proportion of African staff has a seen significant growth from 48,2% in 2008 to 57,6% in 2011.

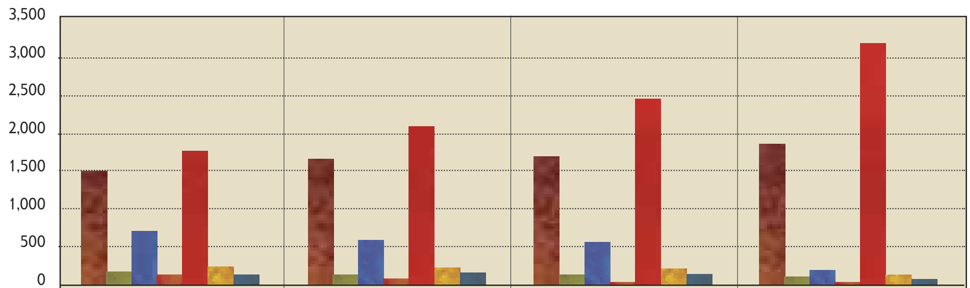
Staff by gender



	2008		2009		2010		2011 (Preliminary)	
Female	2,508	53.9%	2,742	54.9%	2,888	55.2%	3,088	55.4%
Male	2,141	46.1%	2,252	45.1%	2,342	44.8%	2,487	44.6%

55,4% of staff were female. The proportion of female staff has shown a slight increase over the past four years.

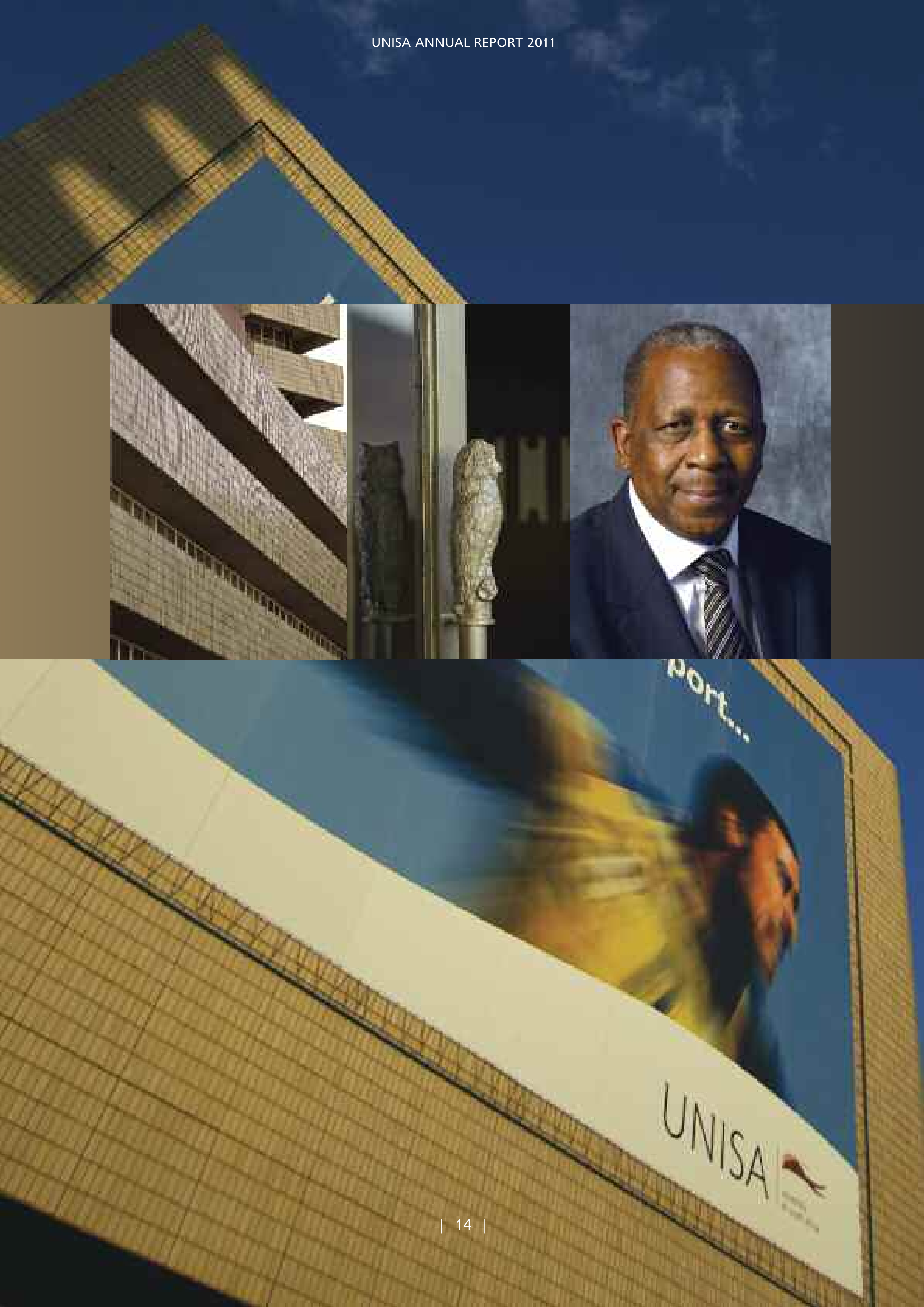
Staff by category



	2008		2009		2010		2011 (Preliminary)	
Institutional/Research Professional	1,504	32.4%	1,670	33.4%	1,689	32.3%	1,849	33.2%
Executive/Management Professional	182	3.9%	158	3.2%	128	2.4%	118	2.1%
Specialised/Support Professional	707	15.2%	602	12.1%	564	10.8%	194	3.5%
Technical	134	2.9%	92	1.8%	51	1.0%	21	0.4%
Non-Professional Admin	1,751	37.7%	2,086	41.8%	2,435	46.6%	3,164	56.8%
Crafts/Trades	230	4.9%	226	4.5%	215	4.1%	143	2.6%
Service workers	141	3.0%	160	3.2%	148	2.8%	86	1.5%

61,2% of established staff were categorised as non-professionals, of which the majority were in administration positions (56,8%). The second largest personnel category in 2011 was instructional/research professionals (33,2%).

[2] The 2008-2010 staff figures presented are based on data extracted from the final audited HEMIS submissions to the Department of Higher Education and Training (DHET). The 2011 figures represent information extracted from preliminary HEMIS staff data information.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STATEMENT BY THE CHAIRPERSON OF COUNCIL DR N MATHEWS PHOSA

The role of Council is prescribed by the Higher Education Act of 1997. As members of Council we are required to govern the institution. While the Act does not define the concept of governance, the fundamental value proposition of good governance is clearly spelled out in the King III code and it embraces (i) ethical leadership, (ii) co-operative governance, and (iii) sustainability, which includes the triangle of people, the planet and fiscal propriety.

The challenge that I have this morning, however, regards how we can move to the next level, in other words move from being just a 'great' Council to an 'excellent' Council. As a Council our role concerns strategic leadership and direction for the organisation. We hold this office at a time when scrutiny of the role of and expectations for transparency and ethical conduct in organisational operations has never been higher. Public intolerance of corporate misfeasance is reaching a peak – new rules, controls and quality assurance standards are being legislated because individuals cannot always be relied upon to distinguish between right and wrong. The promulgation of the Consumer Protection Act of 2008 will certainly impact Unisa, and the Minister of Higher Education has also set his sights on governance entities and made a clear proposal to regulate the conduct of members of Council (and staff) at public higher education institutions.

Excerpt from the address by Dr Phosa at the Council Induction Workshop in July 2011

Institutional value

The Council of the university is accountable for institutional governance and the proliferation of legislative, regulatory and policy obligations that are relevant to effective, efficient, and ethical governance – all, to a greater or lesser extent, impact on the good leadership and control of an institution such as Unisa. Unisa is as complex as it is large, with a global reach that covers the world. It is this character that makes it such an exciting entity to lead. However, the distinction between the strategic leadership of Council and the operational leadership of the Principal and Vice-Chancellor and his senior Management team (the Management Committee) must be underscored. They always remain accountable for matters of management and administration, whilst the Senate remains the conduit to Council on all matters of an academic nature as defined in the *Higher Education Act*, 1997. To the credit of the institutional leaders, the synergy between the different accountability organs has been seamlessly maintained and ensured.

In 2011, the Council revisited the institutional vision and mission statement. I believe that Unisa has unequivocally illuminated its vision and strategic goals, which reflect the national and continental imperatives. We recognise our priority to South Africa as our home, but there is an African obligation to which we remain committed.

There is no gainsaying the key role that Unisa plays in the higher education milieu in South Africa and in the region. Unisa not only enrols the largest number of students nationally but it is also home to the largest highest of foreign students, particularly registered for postgraduate qualifications. With regard to creating opportunity for African students, Unisa has adhered to the commitments in the SADC Protocol and slightly exceeded the agreed number of 5%. The Ethiopia project is continuing and 708 students from Ethiopia were registered and 69 qualified in 2011.

Unisa also makes the greatest contribution to the pool of university graduates each year. Unisa's student profile reflects the diversity of its students in terms of race, age and gender and speaks to the key role of the institution in facilitating lifelong learning and continuous development; as well as providing higher education opportunities for students from historically disadvantaged backgrounds. The significant majority of Unisa students are at undergraduate level, although the postgraduate student numbers are steadily increasing. Unisa's reach and strategic commitment to the communities it serves has been the platform on which community engagement activities and involvement has been built. The more-intensive focus on community engagement since 2011 creates some very exciting opportunities for Unisa.

As the Chairperson of the Council, I am cognisant of the financial constraints confronting higher education. Consequently, issues such as increased third-stream income and sustainable investment have received priority focus in the Council discussions and Management has been prompted to plan with fiscal prudence; whilst not compromising on the quality of the service and the offering to its students. I acknowledge that this is a tough ask, especially with the annually increasing student numbers. In this regard, Unisa has had some difficult decisions to make in balancing open admission with service delivery and infrastructure and systems constraints.

All of these issues receive more attention in the later sections of this report.

However, Unisa's sound financial management practices in 2011 and its progressive and proactive commitment to transparent corporate governance have ensured not only its longer term financial sustainability, but its dependability as an ongoing growing source of the critical human capacity needed for national and continental socio-economic development. Unisa's longevity, its growth and the calibre, quality and sheer number of its graduates speak to a contribution to higher education that is significant; and to a value that is incontrovertible.

Infrastructure development

Unisa engaged in four major infrastructure development projects in 2011 to a total value of R755 million. They included a new structure for the entrance of the Graduate School of Business Leadership, the upgrade of the Parow Regional Centre in the Western Cape, the ongoing project to build the science laboratories on the Florida Campus,[3] and the refurbishment of Government House in Pietermaritzburg. These projects constitute the final phase of Unisa's Infrastructure Development Programme for the present planning period. Green building practices are infused into all infrastructure developments insofar as is reasonable and cost-effective.

The Regional Offices are integral to Unisa's effective and efficient functioning and ensure that the university provides a relevant service to our students across the country. The Regional Offices offer a variety of student support services including for example, online facilities and administrative support, a variety of workshops, computer training and face-to-face tutorials.

During 2011 there were several infrastructure developments in the regions; these included the finalisation of the new Cape Town regional centre building (referred to above), which was occupied in October 2011. The addition of the new section and development around the building has been a major improvement and changed the character of the regional centre from an office block to a campus. The George Centre relocated to new premises and was officially opened in 2011. Positive feedback from staff, students and visitors emphasised the improvement on the previous offices, particularly the provision that has been made for tutorial classrooms and satellite delivery and video conferencing facilities. Similarly, the Kimberley office was redeveloped and opened by the Vice-Chancellor in 2011.

[3] A grant of R39,2 million was received from the Department of Higher Education and Training from the infrastructure and efficiency fund allocations for 2010/11 and 2011/12. This grant was earmarked for effecting improvements to the undergraduate Engineering laboratories, and for the erection of new buildings for the Life Sciences and Physical Sciences.

New examination venues were established in the Western Cape at Milnerton and Goodwood, and additional venues were identified in KwaZulu-Natal (Durban). The new examination centres relieve the pressure on existing facilities and ensure that accessibility to venues is enhanced. The university is cognisant of the fact that students sometimes have to travel long distances to reach examination sites, and this concern has been receiving remediation attention.

Social responsibility and community engagement

Despite being one of the acknowledged three pillars of higher education, community engagement has received less attention than teaching and learning as a result of the silence on defining the concept and parameters in the *Higher Education Act*, 1997. However, during the last three years there has been a more concerted focus on community engagement as a social imperative. In 2011 the Council directed an added focus that community engagement be clearly aligned to the institutional research commitments.

In alignment with the institutional vision, mission and values, it was agreed that the context and purpose of community engagement should be predicated upon the millennium development goals. 2011 saw the establishment of a dedicated Senate Community Engagement Committee to implement and monitor the community engagement quality management framework and report to Senate and Council.

The university has a comprehensive community engagement report for 2011 and only a few of the strategic community engagement projects are highlighted to give a flavour of the institutional projects:

The Chance 2 Advance programme is geared towards upliftment and empowerment of socio-economically disadvantaged and marginalised communities through customised workshops, discussion groups, public lectures and skills development sessions to suit the unique needs of participating communities. Workshops are designed in consultation with participating communities and fall into five thematic categories namely skills training and the world of work; maths, science and technology; social justice; lifestyle and creative arts; and education. In 2011, over a hundred workshops were hosted in Pretoria and KwaZulu-Natal. There are plans to extend the programme into the Eastern Cape in 2012.

The Unisa Centre for Early Childhood Education (UCECE) was initiated with the purpose of establishing a space that will support teacher training and research training opportunities to Unisa students and academics. The centre is self-funding from the fees that it receives. It also benefits from additional support from the university, which it uses for improvements and renovations.

The new College of Education spearheaded a project for improving teaching in mathematics and literacy/home language with the Department of Basic Education through the Workbooks Project. The project is funded by the DBE. It produced 300 workbook titles for nine grades and in 11 languages, and has adapted these for production in Braille as well. This large-scale project will result in the distribution of approximately 50 million workbooks to schools in 2012. There has been further emphasis on improving teacher training in the mathematics and physical sciences in collaboration with the Gauteng Provincial Department of Education and the lesson study training model has been rolled out in eight Mamelodi primary schools.

Anglo American funded a significant project geared towards Empowering School Managers. Education managers from 30 schools in the Nkangala region participated and their success will be monitored in the following years.

The Learn not to Burn project raises awareness amongst children about safety measures when living in environments without electricity. Open fires have been a scourge in many communities and the project worked with foundation phase children and their teachers to teach them about home safety and the dangers of fire. The skills learned from this engagement are now being incorporated into the design and content of the qualification curriculum.

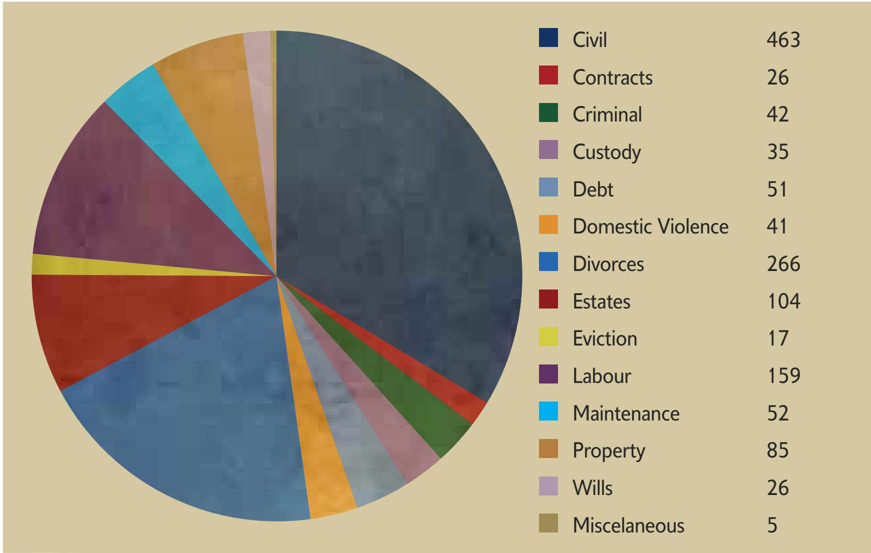
The Unisa Law Clinic has a dual mandate as a specialised unit dedicated to teaching legal practice and also providing legal advice and assistance to Unisa personnel and indigent communities. The Law Clinic's community outreach programmes also include the community law programme and moot court training. Final-year LLB students participate on a voluntary basis, with the aim of empowering them to apply the acquired legal skills in the community. Students are trained and then present informal seminars to community groups, schools and prisons. The programme was offered in Tshwane, Johannesburg, Polokwane and Durban, and will be extended to a fifth Unisa region, namely Parow, during 2012 because of the success of the initial roll-out.

The clinic operates on a no-fees basis and only disbursements are recovered from clients. The clinic was funded by special funds dedicated by the Unisa Council, as well as a contribution from the Attorneys Fidelity Fund.

Other matters

Matters pertaining to student bodies, student activities, and student governance are contained in the stakeholder report and will not be repeated in my report. Similarly, the academic issues, particularly the roll-out and implementation of the ODL Plan are fully canvassed in the Senate Report. I will make no further comment save to confirm that the Council is satisfied with the progress made in this regard and the achievement of the targets aligned to the institutional strategic Goals 1 and 4.

Screening/Legal Advice for 2011

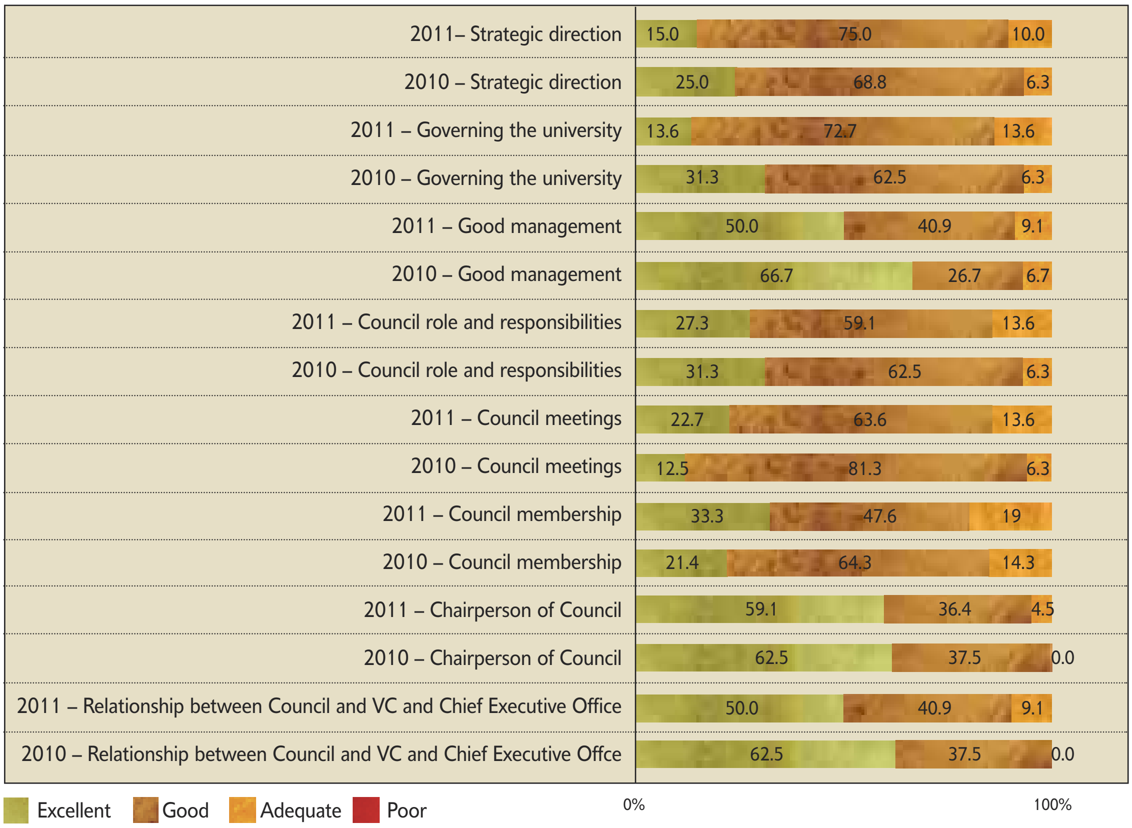


Assurance and assessment

As part of its best practice regimen, the Council continued the practice of an annual self-evaluation. The self-evaluation instrument was developed by the Unisa Graduate School of Business Leadership in 2009 and the results were independently analysed by the Unisa Bureau for Market Research (BMR).

Excerpt from the BMR report on the Council self-assessment.

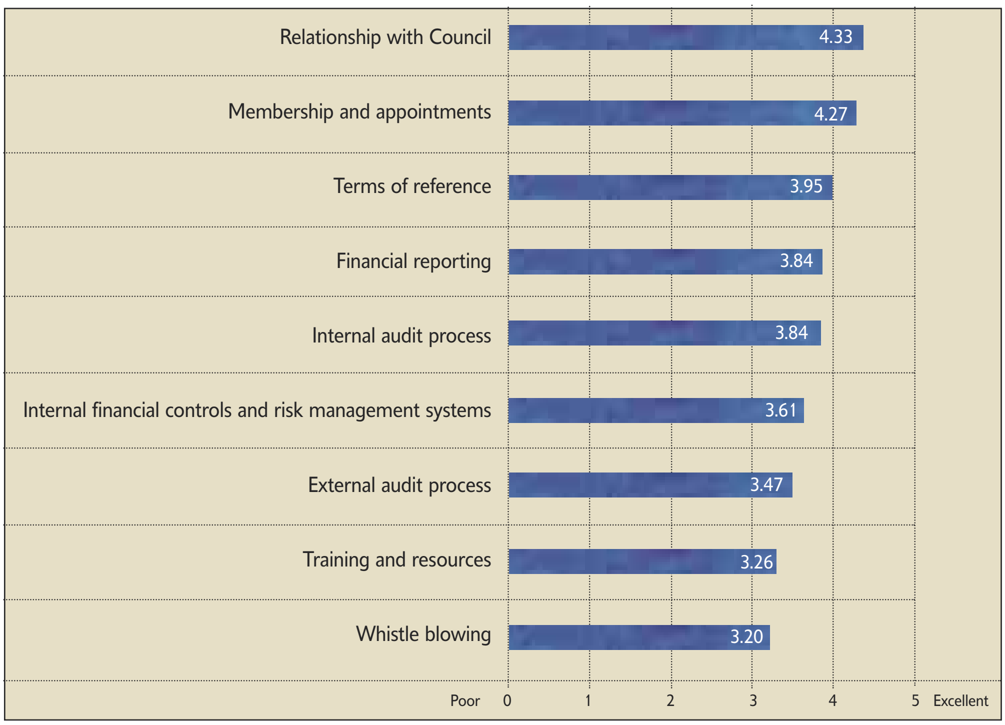
Overall performance of council



The outcome of this survey shows the highest assessment for the performance of the Chairperson of Council and the relationship between Council and the Vice-Chancellor for both 2010 and 2011. In general, the entire performance of Council was assessed fairly positively with rated assessment scores of all items ranging from 74 to 100 and 85 to 100 index points for 2010 and 2011 respectively.

Further, in compliance with the principles of King III, the Audit and Enterprise Risk Management Committee (AERMC) went through a similar process of self-assessment for the first time in 2011. The evaluation instrument was objectively developed in accordance with the best practice norms and the results were independently analysed and evaluated by the BMR.

AERMC self-assessment performance assessment rating for 2011



I am satisfied with the results of both assessments which I deem a validation of my view that the Unisa Council, Executive Management and extended management have served the university in an exemplary manner in fulfilling their responsibilities and duties in 2011. I would like to thank each one of them and I sincerely believe that Unisa is richer for their engagement and involvement.

Dr N Mathews Phosa
Chairperson of Council


UNIS

COUNCIL REPORT ON CORPORATE GOVERNANCE

The University of South Africa has embraced the systematic inculcation of sound and transparent corporate governance in the institution and its operations. Goal 6 of the university's strategic plan **Unisa 2015 Revisited** ***stipulates unequivocally: "Establish Unisa as a leader in sound corporate governance and the promotion of sustainability." This will be done through the development of "an integrated strategy for corporate social responsibility in respect of economic, social, and environmental areas in line with King III and UNGC principles." I believe we have achieved great success, to the extent that Unisa's governance structure and practice easily rank among the best in higher education in South Africa. Ethical African leadership has been foregrounded in all the oversight activities and decisions of the Council; and yet in the dynamic environment in which we operate, there is always room for improvement, particularly around issues of environmental sustainability, and also in ensuring that the values of ethics and ethical leadership are effectively cascaded and implemented throughout the university in compliance with the agreed goal on governance.***

Ethics

Unisa has a Code of Ethics and Conduct for staff as well as a separate Code of Ethics for members of Council. The employee code is currently before the Bargaining Forum for review whilst the Code of Ethics for Council was reviewed and updated at the annual strategic Council workshop. The Code of Ethics is engaged and signed by all members of Council on an annual basis.

At the end of 2010, KPMG was requested to conduct an ethics audit of the university. The results were disconcerting and Council and Management recognised the need for a more dedicated, embedded programme of ethics training and awareness at the university.

Council is pleased with the many initiatives that have been – and continue to be – introduced to establish the appropriate values platform for the university in accordance with Goal 6. We look forward to monitoring the progress of the activities with EthicsSA to prepare a three-year ethics strategy for Unisa. It is acknowledged that this is a journey and the operational roll-out will be managed and monitored.

All members of Council are required to sign a Code of Conduct, as well as an Annual Declaration of Interests form. Members of Council were also alerted to the stringent provisions of the Higher Education Amendment Bill specifically with reference to conflict and declaration of interest. I also conveyed the message from Council to the Unisa community at the Vice-Chancellor's Summit and emphasised our commitment to ethics and governance.

The university also has an Ethics Hotline (which is externally situated) and an Ombudsman's Office to enable stakeholders to raise issues that they may have. The Ethics Hotline has been reasonably successful; however, the Ombudsman's Office was almost non-functional in 2011 due to unforeseen circumstances. An investigation into the value of the office was finalised in 2011 and accordingly, Council approved the continued operation of the Office. A new Ombudsman will be appointed in 2012.

Continued professional development of Council members

Over the two days of the annual strategic Council workshop, members were challenged on various aspects of ethics, governance and leadership within a strong higher education framework and also other best practice parameters. The aim of the workshop was to develop a common understanding and corporate culture amongst the Unisa leadership. A further important initiative, aimed at new Council members, was the Council induction workshop to ensure that new members were properly familiarised with the ethics and ethos of the Unisa Council and their roles and responsibilities as Council members, as well as enhancing their skills and knowledge to ensure that they maintained compliance during their tenures. The workshops entailed engagements at a strategic level and allowed members to share their thoughts *inter se*, but there were also external presenters to bring extension and an added dimension to the discourse.

During 2009 the focus of the Council annual strategic workshop was on cultural diversity and transformation imperatives; in 2010 the Council took up the challenge of understanding its obligations in terms of the King III Code; and in 2011 ethical leadership as a specific obligation of the Council was the basis of the strategic engagement of the Council. An area that has not received adequate emphasis is an in-depth and clear understanding of risk assessment, appetite and tolerance – and this is on the agenda for 2012 as the university moves towards a more clearly defined risk-based planning framework.

Co-operative governance

The university structures comply with the legislative strictures for co-operative governance. The Council, Senate and Institutional Forum are good exemplars of effective co-operative governance and are further discussed in the stakeholder report.

New institutional structure

During 2011, Council approved the new institutional structure that will better facilitate governance imperatives and appropriately place accountability. (See page 8-9). The academic project of the university continues successfully. I believe that the amended institutional structure – with a dedicated Vice-Principal: Academic: Teaching and Learning and a Vice-Principal: Research and Innovation – will place appropriate emphasis on strategic areas of the university's core business and simultaneously allow us to grow in the direction of research and innovation. A detailed Senate Report is included in this report reflecting on the highlights (and lowlights) of the year.

Additionally, Council approved the establishment of a dedicated Compliance Department that will focus the university's activities on proactive assurance and internal obedience to the necessary and benchmarked responsibilities and obligations.

Financial sustainability

In an institution as complex and diverse as Unisa, fiscal prudence and probity are always highlighted. A full report on Unisa's financial standing is included and follows later in the Annual Report together with the Financial Statement from the Chairperson of the Finance, Investment and University Estates Committee. At this point, suffice it to say that I am satisfied that the appropriate measures are in place to assure and ensure the integrity and rectitude of our financial processes. Council is, however, aware that there are challenges with the dwindling state subsidy and, consequently, responsible measures will need to be implemented if Unisa is to remain sustainable in the near future. In particular, Council is on record as requiring Management to investigate how it can increase its third-stream income to bolster the institutional coffers.

Appointments

During 2011, two new Council members joined the team as the ministerial appointees. Unfortunately, one of the new appointees resigned in August. A further vacancy on the Council was created when the tenure of the representative for Local Government reached the workplace age of retirement. However, he remained on the Council in the category 'persons with broad skills and expertise'. The Council bade farewell to four members – one external and three internal – who reached their end of tenure in September 2011. The positions will be filled by the beginning of 2012. One member of Council was removed after a disciplinary process. In

2011, Dr C von Eck was duly appointed by the Convocation at a meeting in November 2011 and continues to sit on the Council in this capacity.

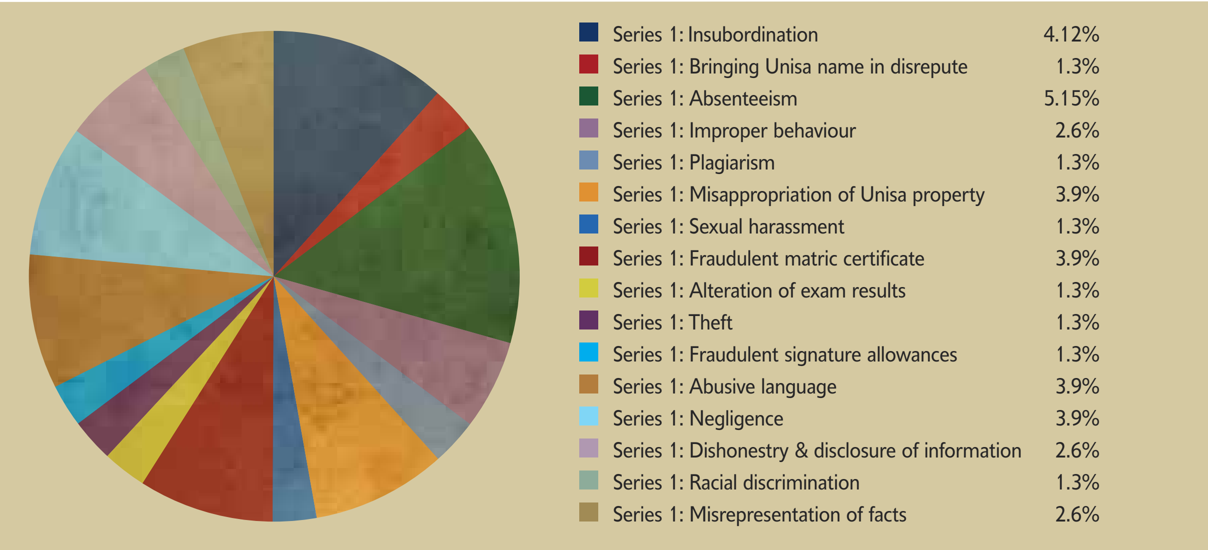
The following senior appointments to the Unisa Management team were approved by Council in 2011: Professor D Singh as the Assistant Principal; Professor M Setati as the Vice-Principal: Research and Innovation; Professor MC Maré as the Vice-Principal: Teaching and Learning; and Dr M Qhobela as the Vice-Principal: Institutional Development. We were unfortunately not able to fill the post of Registrar and the term of office of the current Registrar has been extended.

Conflict management, resolution and employee wellness

The institutional character is focussed on dealing with employee relations and industrial conflict in a positive and productive manner. The Employee Wellness Division serves employees on a proactive and reactive needs-based approach. The nature of the cases is diverse and includes issues resulting in absenteeism, mental health consequences, stress, trauma and family-related problems, workplace conflict, and financial and health repercussions. In 2010 the division dealt with 174 employee assistance requests and in 2011 the division attended to 182 cases. In 2010 most of the people making use of employee assistance counselling services were administrative staff members; however, in 2011 there was a significant shift with more academic staff making use of the services. The primary areas of assistance were claims of stress and burnout as a result of high workload, depression impacting on work performance, and interpersonal/intrapersonal/intra-group conflicts. This is of concern to Council and will be addressed with Management.

Internal disciplinary cases: there were 34 cases of misconduct registered as shown in the graph below. Thirty cases of misconduct were finalised in 2011.

Labour and High Court Litigation for 2010-2011



COUNCIL AND COMMITTEES OF COUNCIL

Meeting attendance and performance-based self-assessment

The Unisa Council comprises a total of 30 members who are appointed to office in categories specified in the Institutional Statute and whose tenure on the Council is also clearly defined in the Institutional Statute. During 2011, the terms of office of several members came to an end and appointments were duly made to fill the vacancies. Specifically, the term of office of all three members in the category *Ministerial Appointees* ended on 30 June 2011. Dr NM Phosa and Mr DV Kahla were appointed by the Council to fill vacant positions in the category *Members with broad bpectrum bxpertise* with effect from 1 July 2011 and Ms JA Glennie was re-appointed by the Minister together with Dr O Shisana and Mr E Motala with effect from 22 July 2011[4]. Dr NM Phosa was re-elected as Chairperson of the Council by a Resolution of the Council dated 22 July 2011.

There are seven committees of Council that support the activities of the Council. The chairperson of each committee is an external member of Council appointed by Council. All the committees are supported by the University Registrar and university staff members who serve the committees in an advisory capacity. In addition, two members of Council, Dr R Stumpf and Mr BP Vundla, served on the University Senate as Council representatives. Council is also represented on the Institutional Forum and in 2011 the appointed representatives were Professor JA Persens and Mr ER Maponya (until the end of his tenure on the Council).

A table of meeting attendance for 2011 of Council and its Committees is provided below.

Council meeting attendance: 2011

Members appointed by Council from broad spectrum of competencies	Appointed/ re-appointed	End of tenure**	28 Jan Special meeting[5]	15 Apr	24 Jun	22 Jul Special meeting[6]	6 Aug Induction Workshop[7]	22-23 Sep incl the annual strategic workshop[8]	6 Oct Special meeting[9]	18 Nov
Mr AA da Costa			✓	✓	A	A	A	A	A	✓
Mr SP du Toit			✓	✓	✓	✓	A	A	A	✓
Ms N Mapetla			✓	✓	✓	✓	✓	A	✓	✓
Mr ER Maponya		30 Jun	✓	✓	A					
Dr S Mokone-Matabane			✓	A	✓	✓	✓	✓	A	✓
Dr A Padayachee		23 Sept resigned	✓	✓	✓	A	A	A		
Prof J Persens			✓	✓	A	✓	A	A	✓	✓
Dr RH Stumpf	24 Jun re-appt	30 Jun	✓	✓	✓	✓	✓	A	A	✓
Mr F van Niekerk			✓	✓	A	✓	A	✓	A	✓
Mr BP Vundla			✓	✓	✓	A	A	✓	✓	✓
Ex officio members										
Prof MS Makhanya: Principal and Vice-Chancellor			✓	✓	✓	✓	✓	✓	✓	✓
Prof N Baijnath: Pro-Vice- Chancellor			✓	✓	✓	✓	✓	✓	✓	✓
Prof DL Mosoma: Deputy Vice-Chancellor		23 May resigned	✓	✓						
One nationally recognised local government sector representative										
Dr ES Jacobson	23 Sept re-appt in categ.1 above	30 Jun	✓	✓	✓	✓	✓	✓	✓	✓
Three persons appointed by the Minister of Higher Education and Training										
Ms JA Glennie	22 Jul re-appt	30 Jun	✓	✓	✓	✓	✓	✓	✓	✓
Adv. V Kahla	22 Jul re-appt in categ.1 above	30 Jun	A	✓	✓	✓	A	A	✓	✓
Dr NM Phosa (Chairman)	22 Jul re-appt in categ.1 above	30 Jun	✓	✓	A	✓	✓	✓	✓	✓
Dr O Shisana	22 Jul	20 Oct resigned				✓	A	A	A	
Mr E Motala	22 Jul					A	✓	✓	A	✓

[4] Dr Shisana resigned in September 2011.
[5] The Council meeting in November 2010 did not finalise the revised organisational structure and it was resolved that the matter be finalised at a special Council meeting in January 2011.
[6] The tenure of the Chairperson and Deputy Chairperson came to an end on 30 June 2011. The meeting appointed the new incumbents and also constituted the membership of the Council Committees after the new members were appointed by Council (the tenure of several members came to an end on 30 June 2011).
[7] This was not a formal Council meeting but an Induction Programme for new members of Council – all members of Council were invited to participate in the programme.
[8] The Council meeting was held on 23 September but it was preceded by a day-and-a-half strategic workshop.
[9] This was an urgent meeting to finalise the response to the Minister on the 2011-2013 Enrolment Plan. Members who did not attend the meeting submitted input to the discussion via email.

Members appointed by Council from broad spectrum of competencies	Appointed/ re-appointed	End of tenure**	28 Jan Special meeting[3]	15 Apr	24 Jun	22 Jul Special meeting[4]	6 Aug Induction Workshop[5]	22-23 Sep incl the annual strategic workshop[6]	6 Oct Special meeting[7]	18 Nov
Two members of Senate elected by Senate										
Prof K Pillay		30 Jun	✓		A					
Prof RM Setati		30 Jun	✓		✓					
Prof MJ Linington	01 Jul					✓	✓	✓	✓	✓
Prof VA Clapper	01 Jul					✓	✓	✓	A	✓
Two members elected by Convocation										
Prof T Sono		18 Nov	A	✓	A	✓	A	✓	✓	✓
Dr C von Eck			✓	✓	A	✓	A	✓	A	
Two permanent academic employees who are not members of Senate, elected by permanent academic employees										
Prof I Naidoo			✓	✓	✓	✓	✓	✓	A	✓
Prof JT Pretorius			✓	✓	✓	A	A	✓	A	✓
Two students elected by the Students' Representative Council										
Mr N Mokgotho			✓	A	✓	✓	✓	✓	A	✓
Mr N Siwela			✓	✓	✓	✓	✓	✓	✓	✓
One person nominated by the Board of Trustees of the Unisa Foundation										
Dr M Arnold			✓	✓	✓	✓	A	✓	A	✓
Chairperson of the Board of the Graduate School of Business Leadership										
Ms XE Shemane-Diseko			✓	✓	✓	A	✓	✓	A	A
Two permanent employees other than academic employees, elected by such employees										
Mr JL Segwale		31 Jan	✓							
Mr HM Bopape		31 Jan	✓							
Mr R Bezuidenhout	15 Apr			✓	✓	✓	✓	A	A	✓
Ms M More	15 Apr	31 Oct Re-signed		✓	✓	✓	✓	✓	✓	

Legend: *Attendance; A Apologies; x Without apologies

**** End of tenure included resignations and retirements on the Council.**

Executive Committee of Council (EXCO)

The Executive Committee of Council (EXCO) acts on behalf of Council in urgent matters and other matters referred to it by Council, with a subsequent reporting obligation to Council. The Committee is constituted by the Chairperson and Deputy Chairperson of Council, the Chairperson of the Committees of Council, and the University Vice-Chancellor and Pro-Vice-Chancellor.

Executive Committee meeting attendance: 2011

Members	Appointed	Resigned**	Mar 18/11	May 4/11	Jun 06/11	Nov 9/11
Dr NM Phosa (Chairman)			A	✓	✓	A
Dr S Mokone-Matabane (Deputy Chairman)			✓	✓	✓	✓
Mr AA da Costa			A	A	A	✓
Adv. V Kahla			✓	✓	✓	✓
Ms N Mapetla			A	✓	✓	✓
Prof MS Makhanya			✓	✓	✓	✓
Prof DL Mosoma		23 May	✓	✓		
Prof N Baijnath			A	✓	✓	A

Legend: *Special meeting; ✓ Attendance; A apologies; x Without apologies

**** Resigned includes retirements and conclusion of term of office.**

Dr ES Jacobson (Deputy Chairman: HRCOC) attended the meeting on 6 June 2011 by invitation.

Mr BP Vundla (Deputy Chairman: FINCOM) attended the meeting on 6 June 2011 by invitation.

Human Resources Committee of Council (HRCOC)

The Human Resources Committee *inter alia* approves appointments to the level of director and makes recommendations to Council for senior management appointments. It also considers general staff policies, remuneration and bonuses, executive remuneration, and retirement funds and, where appropriate, makes recommendations to Council.

The Chairperson of the HRCOC is Ms N Mapetla. She is an MBA graduate and served in the ranks of senior management since 1998. She has extensive experience in both the functional and strategic elements of human resource management. In 2011 she was the CEO of the Estates Agency Affairs Board, which position she held since 2004.

There were four scheduled meetings and two special meetings. The latter were scheduled to finalise the proposed Unisa structure (19 January 2011) and the review report on the contract of the Vice-Principal Academic: Teaching and Learning, as well as the appointment of the Deputy Registrar (13 September 2011).

Human Resources Committee meeting attendance: 2011

Members	Appointed	Resigned**	Jan* 19/11	Mar 11/11	Jun 10/11	Aug 26/11	Sep* 13/11	Nov 11/11
Ms N Mapetla (Chairman)			A	A	✓	✓	✓	✓
Dr ES Jacobson (Deputy Chairperman)			✓	✓	✓	✓	✓	✓
Mr SP du Toit			A	A	A	A	A	A
Dr A Padayachee		30 Jun	A	A	A			
Mr E Motala	22 Jul						A	A
Prof MS Makhanya			✓	A	✓	✓	✓	✓
Prof N Baijnath			✓	✓	A	✓	✓	A
Mr ER Maponya (by invitation)		30 Jun	✓	✓	✓			
Prof RM Setati		30 Jun	A	✓	✓			
Prof M Linington	26 Aug					✓	✓	✓
Dr S Mokone-Matabane (by invitation)				✓		✓	✓	

Legend: *Special; ✓Attendance; A Apologies; x Without apologies
**** Resigned includes retirements and conclusion of term of office.**
Mr ER Maponya attended the meetings on 19 January 2011, 11 March 2011 and 10 June 2011 by invitation.
Dr Mokone-Matabane attended the meetings on 11 March 2011, 26 August 2011 and 13 September 2011 by invitation.

Finance, Investment and Estates Committee of Council (Fincom)

The Finance, Investment and Estates Committee formulates, develops, maintains and recommends policy to Council in respect of all matters pertaining to the financial management and investments administration, and provision of appropriate physical infrastructure to support the core business of Unisa. It also recommends the budget in respect of Unisa's financial, human and physical resources for each year for submission to Council for approval. The Committee is responsible for recommending the annual financial statements of Unisa to the Audit and Enterprise Risk Management Committee annually for consideration and to Council for final approval, and it recommends to Council any amendments to the financial rules with a view to enhancing financial control and administrative efficiency. It also recommends investment strategy and the acquisition of immovable property.The university's property, refurbishment and maintenance plans are discussed at the Committee for recommendation to the Council.

The Chairperson is Mr A da Costa who has a postgraduate Commerce qualification and international training in auditing. He is the CEO of Ukuvula Investments Holdings, the Chairperson of African Unity Insurance Co., and a member of Audit Committees of two JSE-listed companies. He has experience of serving on the Councils of Unisa, the former Technikon Southern Africa and the former University of Port Elizabeth (and on the respective Finance Committees).

Finance, Investment and Estates Committee meeting attendance: 2011

Members	Appointed	Resigned**	Mar 4/11	Jun 01/11	Sep 02/11	Nov 14/11
Mr AA da Costa (Chairman)			✓	✓	✓	✓
Mr BP Vundla (Deputy Chairman)			A	A	✓	✓
Prof MS Makhanya			✓	✓	A	✓
Prof N Baijnath			A	✓	✓	✓
Dr S Mokone-Matabane			✓	✓	✓	✓
Mr HM Bopape		30 Jun	✓	✓		
Prof J Persens			✓	A	A	A
Prof JT Pretorius			✓	A	✓	✓
Dr RH Stumpf			A	A	✓	✓
Mr F van Niekerk			✓	A	✓	✓
Ms XE Shemane-Diseko			✓	✓	✓	A
Legend: *Special meeting; ✓ Attendance; A Apologies; x Without apologies ** Resigned includes retirements and conclusion of term of office.						

Audit and Enterprise Risk Management Committee of Council (AERMC)

The Audit and Enterprise Risk Management Committee comprises at least seven members, the majority of whom are external members of Council. The chairperson of this committee is Mr DV Kahla, who is a qualified lawyer by profession with the relevant and appropriate professional experience, knowledge and competence to serve as Chairpeson of the Audit and Enterprise Risk Management Committee. Both the external and internal auditors have unrestricted access to this committee, which ensures that their independence is in no way impaired.

The Audit and Enterprise Risk Management Committee (AERMC) assists in the evaluation of the adequacy and effectiveness of systems of all internal controls, accounting practices, human resource practices, information systems and auditing processes applied in the day-to-day management of Unisa, and approves any policies and procedures to give effect to these duties. It reviews the scope and focus of the external audit function and the reports emanating from the external audit processes, as well as the scope, focus and effectiveness of the internal audit function and the reports emanating from the internal audit processes. The Committee reviews the annual financial statements and considers whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles, and, if satisfied, the committee recommends them to Council for approval.

The AERMC ensures compliance with all relevant legislation, statutory requirements, Council directives and the Code of Ethics; and is responsible for assessing all areas of risk and the management thereof. The Committee also has the function of recommending to Council the appointment, resignation and/or dismissal of the external auditors.

All meetings of the AERMC were attended by the external and internal auditors.

Audit and Enterprise Risk Management Committee meeting attendance: 2011

Members	Appointed	Resigned**	Mar 04/11	Jun 08/11	Sep 02/11	Nov 04/11
Mr V Kahla (Chairman)			A	✓	✓	✓
Ms JA Glennie (Deputy Chairman)			✓	A	✓	A
Dr M Arnold			✓	✓	✓	✓
Prof MS Makhanya			A	✓	A	✓
Prof N Baijnath			A	✓	✓	✓
Mr JL Segwale		30 Jun	✓			
Mr SA Simelane (External specialist – not a member of Council)			A	✓	✓	A
Prof T Sono		18 Nov	✓	✓	✓	A
Prof K Pillay		30 Jun	A			
Mr TG Ramasike (External specialist – not a member of Council)			✓	A	A	A
Dr C von Eck				A		A
Prof V Clapper	22 Jul				✓	✓
Ms M More	22 Jul	31 Oct			✓	
Mr E Motala	22 Jul				A	✓
Legend: *Special meeting; ✓ Attendance; A Apologies; x Without apologies ** Resigned includes retirements and conclusion of term of office.						

In 2011, in compliance with the King III Code, the AERMC went through an independent self-evaluation process. The evaluation instrument was developed in accordance with the best practice norms and the results were independently analysed and evaluated by the Bureau for Market Research at Unisa. The Report concludes:

> *Overall, the AERMC performance assessment of all constructs seems fairly positive (all average rating score are above 3 - good performance). Relative to other constructs, whistle blowing, training and resources and the external audit process recorded lower average ratings scores. In turn, the relationship with Council and membership and appointments received higher and very good average rating scores respectively.*

Information and Communication Technology (ICT) Committee of Council

The ICT Committee oversees strategic and governance matters related to information technology operations and advises Council on information technology matters. It monitors the implementation of information technology strategic policies at the university and makes recommendations to Council on information technology policy issues.

Dr S Mokone-Matabane is the Chairperson of the Committee. She is a veteran of the broadcasting and telecommunications sector having served for more than 25 years in the field. She has wide regulatory and business experience and was the chairperson of the Independent Broadcasting Authority CEO of Sentech, a multimedia communications company.

ICT Committee meeting attendance: 2011

Members	Appointed	Resigned**	Mar 11/11	May 27/11	Aug 26/11	Nov 11/11
Dr S Mokone-Matabane (Chairperson)			✓	✓	✓	A
Ms JA Glennie (Deputy Chairperson)			✓	✓	✓	✓
Ms F Karodia (External specialist – not a member of Council)			✓	A	✓	A
Prof P Kotze (External specialist – not a member of Council)			A	✓	✓	✓
Prof J Persens			✓	A	A	A
Prof I Naidoo	22 Jul				✓	✓
Prof MS Makhanya			A	A	✓	✓
Prof N Baijnath			A	A	✓	A

Legend: * Special meeting; ✓ Attendance; A Apologies; x Without apologies
**** Resigned includes retirements and conclusion of term of office.**

Remuneration Committee of Council

The Remuneration Committee determines Council remuneration and fees, as well as the remuneration for the Executive Management at post grades 1-3. The Remuneration Committee's specific terms of reference include direct authority for, or consideration of and recommendation to Council on, matters relating to, among other things, general staff policies, remuneration and bonuses, executive remuneration, members of Council remuneration and fees, service contracts and retirement funds.

Remuneration Committee meeting attendance: 2011

Members	Appointed	Resigned**	Jun 24/11	Nov 09/11	Nov 18/11
Dr NM Phosa			A	✓	✓
Dr S Mokone-Matabane			✓	✓	✓
Mr AA da Costa			✓	✓	✓
Adv V Kahla					A
Ms N Mapetla			✓	✓	✓
Prof MS Makhanya			✓	✓	✓
Prof N Baijnath				A	✓

Legend: *Special; ✓ Attendance; A Apologies; x Without apologies
**** Resigned includes retirements and conclusion of term of office.**

Board of the Graduate School of Business Leadership (SBL)

The SBL Board is another standing committee of Council, whose responsibilities include exercising all powers and performance of all functions delegated or assigned to it by Council and being responsible for the good governance of the SBL. It remains accountable to Council for upholding the good name of Unisa, for satisfactory results, and for socially responsible operations, including transformation and employment equity at the SBL. Additionally the board is tasked with safeguarding the investment of Unisa in the SBL and the financial contribution of the SBL to Unisa and concomitantly, conducting a full review of the strategic plan of the SBL, its annual performance and its budget for the next year, and recommending these matters to Council on an annual basis for approval.

The tenure of the Chairperson of the SBL Board came to an end in 2010 and the Deputy Chairperson, Ms XS Shemane-Diseko, served as the Acting Chairperson. Ms Shemane-Diseko was appointed Chairperson of the Board from 26 May 2011.

Graduate School of Business Leadership board meeting attendance: 2011

Voting members	Appointed	Resigned**	Feb 25	May 26	Aug 25	Sep 14	Oct 28
Ms XE Shemane-Diseko (Deputy Chairperson)			✓	✓	A	✓	A
Mr AA da Costa Council representative			✓	A	A	A	✓
Dr M Arnold Council representative	1 Aug				A	✓	✓
Ms JA Glennie Council representative		30 Jun	✓	✓	✓		
Mr C Lombard			✓	✓	✓	✓	A
Mr D Makhura			✓	✓	A	A	A
Mr C Thokoane			✓	✓	A	✓	✓
Dr L Makuleni			✓	A	✓	A	A
Mr O Ngwenya			✓	A	A	✓	A
Prof MS Makhanya Principal and Vice-Chancellor			✓	A	✓	A	✓
Prof N Baijnath Pro-Vice-Chancellor			✓	A	✓	✓	A
Prof MC Maré VP: Teaching and Learning			✓	✓	✓	✓	✓
Mr JE Kleynhans VP: Finance and University Estates			A	A	A	✓	✓
Ms BM Modise			✓	A	✓	✓	
Mr TG Ramasike			A	✓	✓	✓	✓
Dr DN Abdulai GSBL Executive Director			✓	✓	✓	A	✓
Mr RJ Moyo			A	✓	✓	A	A
Prof HC Ngambi ED: CEMS			A	A	A	A	
Prof SO Migiro Academic representative			✓		A		
Mr ZW Ntoto Non-academic representative			✓		A		
Legend: *Special meeting; ✓ Attendance; A Apologies; x Without apologies							
****Resigned includes retirements and conclusion of term of office.**							

Dr N Mathews Phosa
Chairperson of Council


UNISA

STATEMENT OF THE PRINCIPAL AND VICE-CHANCELLOR ON LEADERSHIP, ADMINISTRATION AND OPERATIONAL MANAGEMENT
PROFESSOR MANDLA S MAKHANYA

Unisa's mission statement sets out our intention as an engaged, relevant and vibrant university. Our institutional values clearly express our commitment to social justice and fairness, and excellence with integrity. In line with our vision, mission and values and as the newly inaugurated Principal and Vice-Chancellor (in 2010), I embarked on a transformational agenda aimed at ensuring that Unisa realises its potential to be a dynamic, engaged, high-performance African university that produces quality graduates, and that plays an instrumental role in the socioeconomic development of our country and continent.

Leadership

Immediately after my inauguration in April 2011, I comprehensively shared with Extended Management at our annual *lekgotla* the kind of institution I envisaged and the kind of leadership it would take to get there. I addressed the imperative for us to forge a new ethos with a shared set of assumptions, values and practices that constitute a way of viewing reality for the community that is Unisa and its stakeholders. I emphasised the need to characterise Unisa through an ethos of servant leadership and a move away from the autocratic and hierarchical leadership to one that is based on teamwork and community; an interdependent state that seeks to involve others in decision-making, that is strongly based on ethical and caring behaviour and that attempts to enhance the personal growth of people while improving the caring and quality of our institution.[10] I emphasised the importance of focussing on the well-being of the Unisa staff, students, and stakeholders with particular focus on improving the well-being of staff and students with disabilities (see strategic Goal 5).

Two key initiatives emerged from the *lekgotla*: what we now call the Vice-Chancellor's 11 Cs + 1 manifesto and a Statement on Transformation. The 11 Cs + 1 manifesto speaks to the qualities that we seek to embody at Unisa in pursuit of a warm, caring and inclusive institution; whilst the Statement on Transformation was developed as a prelude to the 11 Cs + 1 and succinctly explains our understanding of Unisa as a relevant, quality, high-performance 21st century African university. It accepts our vision, and locates it unequivocally within the sectoral, national and global exigencies, promises and planning frameworks of our time.

[10] LC Spears in *Practicing Servant Leadership* 7 at www.sullivanadvisorygroup.com

An ethical university

Possibly one of the most exciting aspects of our focus on leadership and governance has been the systematic embedding of the principles of the King III Code, particularly aspects such as ethics and risk, which are covered extensively in this report. The project plan is premised on an intensely-focused two-to-three-year trajectory to embed an ethics platform at the university culture; and cascade a culture of ethics, which will be followed by a medium-paced maintenance programme. In 2011 the focus was on raising awareness, interrogating diversities, exploding myths, embedding a shared set of values, and on training. An online ethics training course for staff members – *Ethics in 60 minutes* – continues to be offered. At the end of 2011, 4 669 staff members had successfully completed the course. I am also pleased to note that 61 ethics awareness sessions have been held across the university and a total of 4 483 staff members attended these sessions.

Overall I believe that Unisa has made gratifying progress in raising awareness on the subject of ethics in the university, and that perhaps we are beginning to move the institution from the compliance (regulations-based) model to an integrity (values-driven) model of ethics. My goal for 2012–2013 is to embed this culture so that it becomes integrated into Unisa's lifeblood.

Stakeholder engagement[11]

Using the Charter on Transformation as a foundation, the university began to articulate just what it means for Unisa to be an engaged institution in the South African context. In 2011 we embarked on a dedicated process of stakeholder engagement aimed at drawing in the public and private sectors, as well as partners and licensees, to contribute to and participate in a holistic expression of education that produces quality graduates who can move into their fields of endeavour with confidence and aplomb. This is a strategy that is growing in stature as our various stakeholders are exposed to the strategic importance of Unisa as a resource for education delivery and socioeconomic development.

Our commitment to stakeholder engagement also extended to our unions (organised labour) and our student representative councils (SRCs), all of which have expressed the desire for more open and frequent engagement. Leadership training for our SRC members has been scheduled for 2012 with the intention that these young leaders of tomorrow are comprehensively immersed and acquainted with the functioning of the university and the higher education sector and an understanding of what it means to lead the charge on becoming an ethical citizen.

Transformation and employment equity

Finally, it would be remiss of me were I not to comment on the employment equity profile of the university during the period under review.

Unisa unequivocally subscribes to equity and transformation values as a strategic imperative and the policies and bedrock of change at Unisa are aligned with national legislation and policy statements and documents. The objective of transformation is a non-negotiable obligation in every staff member's performance agreement.

Key transformational projects for 2011 include work towards the finalisation of the Integrated Transformation Plan and showcasing service delivery activities. Unisa took much strain over the decision to close the contact centre. However, this was an informed and educated Management decision and was in the best interest of the university. The poor service delivery complaints and disputes arising from the contact centre made it unsustainable. Regrettably, however, the interim solution that should have been implemented consequent upon the closure did not materialise as anticipated and the final solution and platforms for a client relationship management system that should have been implemented by August 2011 did not happen for a variety of reasons. These failures have significantly contributed to the increased complaints of poor service delivery.

The Anti-Racism and Racial Harassment Policy was finalised. Unisa has been in the enviable position of not having to deal with a crisis of overt racial disharmony within the institution, and we trust that this policy will further embed an informed platform for greater racial harmony at the university in the true spirit of *ubuntu* and community.

Especially relevant in the spirit of transformation and in line with strategic Goal 5 have been the efforts to create an improved environment for staff with disabilities. The guidelines document on the appointment of care-givers for staff with disabilities was implemented, the Disability Policy and Statement was developed and approved by the Management Committee, and there have been sev-

[11] A comprehensive Stakeholder Report is provided later in this document.

eral disability awareness campaigns for staff at the university. While the physical infrastructure at the university is not yet optimally conducive to supporting staff with disabilities, steps are taken with all new buildings to ensure appropriate accommodation. However, Unisa has some very old infrastructure, and the refurbishment of existing buildings is an expensive initiative, but notwithstanding the costs, the matter is receiving attention and is part of the institutional Estates Plan. The employment equity compliance review 2008–2011 was finalised and challenges have been highlighted to be addressed in the 2012–2014 Employment Equity Plan.

Unisa is engaged with a very exciting project to analyse all policies and the workforce profile to assess its adherence to employment equity best practice standards. The outcomes will also be factored in to the 2012–2014 Employment Equity Plan.

New organisational structure

A significant focus of Unisa's transformation journey has been on the areas of teaching, research, education, science and technology, which needed an injection of newness that would bring to the fore the necessary spirit of innovation. With this in mind, in 2011 we adopted a new institutional structure which included a separate College of Education[12] and three new portfolios of Teaching and Learning, Research and Innovation[13] and Institutional Development.

Adequacy of staffing levels

Unisa needed to address escalating HR costs while continuing to ensure the adequacy of staff provisioning. Accordingly, the decision was taken to prioritise the human resources in line with the university's mandate and core business. In order to ensure that there are adequate academic resources, and to ensure the necessary agility to accommodate changes in the PQM and the nature of the student compliment, a 70/30 principle (70% permanent and 30% contract appointments) was introduced. This was used as a guideline in 2010 and it was formally implemented during the 2011 HR planning process. Further, during 2011 a gain of 10% was reported regarding the filling/appointment in academic positions and 7% in the primary support positions which are essential in terms of our ODL nature. This gain was at the expense of the institutional support where 9% fewer positions were filled compared to 2010. Additionally, the time taken to fill vacant positions showed an improvement of 33%. This aspect impacts on the availability of resources within the university. The initiatives will be further enhanced by the utilisation of technology in the future.

Environmental sustainability

Being an engaged and relevant institution also implies maintaining our relevance in the global context, and, in line with strategic Goal 6, I emphasised in my inaugural address all forms of sustainability, including the global groundswell of concern for the sustainability of our planet, the systems which drive it and the people who inhabit it. As a result, 2011 saw Unisa building upon the foundation laid in previous years. Unisa has committed to embracing and embedding an ethos and practice of sustainability in all its activities, and I have taken the step to place the monitoring and oversight function directly in my own office, as our ethical mandate and commitment to the United Nations Global Compact (UNGC) akes this a non-negotiable priority. A number of significant initiatives have been undertaken that demonstrate the growing commitment to comprehensive and concrete support for sustainability at Unisa. The university is favourably capacitated in its sustainability endeavours by the active and engaged support of the Council. The staff are equally responsive and we will begin a plan of action to ensure that our students will also soon be taking the necessary lead in this direction.

However, in 2011 our activities were more about raising awareness and supporting current and new quick-win initiatives in the area of environmental sustainability. Going forward, the university will develop a consolidated comprehensive plan under the gaze of Council, as the Environmental Sustainability Policy (which will be approved in 2012) is submitted along with an operational plan that sets clear deadlines of achievement.

As a signatory to the UNGC we have been engaged in a systematic process of embedding its ten principles across all university activities. We have also begun a successful process of developing an integrated strategy for corporate social responsibility in respect of economic, social and environmental issues, which is confirmed by the positive feedback from UNGC offices to the 2011 institutional report.

[12] Previously the School of Education was part of the College of Human Sciences. However, the national imperatives and priority on improved basic education made it clear that a dedicated College of Education was necessary.

[13] Previously there were two portfolios: Academic and Research, and Learner Support. The new structure emphasises the synergies between teaching and learner support while providing a separate dedicated focus on research and innovation which is an agreed growth area for Unisa.

Management Information

Planning and management decisions in an organisation of Unisa's complexity are, of necessity, informed by regular analyses and sophisticated business intelligence. These include, but are not limited to, surveys (annual student satisfactions surveys run consistently for the past five years and staff surveys for the past three years), *ad hoc* institutional research initiatives addressing institutional informational needs at all levels and multiple sectors of the organisation, portfolio-level dashboard reports which illuminate performance on operational objectives on a one-to three-year timeframe. In addition, quarterly reports from the various portfolios headed by Vice-Principals and the Registrar provide reports on the finances of the university, human resource performance, research, aggregated registration data, reports on examination performance, and annual Hemis submissions (which identify the complex range of statutory reporting requirements to the Department of Higher Education and Training). These reports are tabled at Management Committee and committees of Council committees. Individually and in combination, these information resources provide multiple lenses to assess institutional performance, and facilitate sound decision making by Management and Council.

Management Remuneration Committee

Remuneration in the university is governed through two remuneration committees, namely the Remuneration Committee of Council (RCoC) which determines the remuneration and fees of Council members and governs the remuneration matters of employees on post grades 1–3[14] (Executive Management), and the Management Remuneration Committee (Manrem) which manages all remuneration issues relating to employees on post Grades 4–18.[15] In addition to the basic cost to company remuneration package of staff on post grades 1–4, Unisa also applies an integrated performance management system which is based on an annual assessment of the individual staff member's performance in terms of his/her performance agreement with the Vice-Chancellor. Performance bonuses are paid, calculated on the rating of the staff member during the annual assessment. It is anticipated that the integrated performance management system and performance bonus payments will be implemented for all staff at the university from 2012. The Manrem is also the mandating body for remuneration related matters to be negotiated at the Unisa Bargaining Forum.

Both committees function within structured and approved terms of reference which are reviewed regularly to ensure compliance with the principles of King III and alignment to the delegation of HR powers within Unisa. Both terms of reference have been forwarded to the Department of Higher Education and Training for consideration, and we are awaiting feedback.

The membership of the Manrem[16] comprises the Principal and Vice-Chancellor, the Pro-Vice-Chancellor, the Assistant Principal, the Vice-Principal: Operations, the Vice-Principal: Finance and University Estates, and the Executive Director: Human Resources. Ten Manrem meetings were held in 2011. More detail regarding Management remuneration will be presented in the report on the Financial Statements.

Self-assessment of institutional performance

Institutional performance against pre-determined strategic objectives: 2011

Goal 1 **Revitalise the PQM, teaching and learning**	The university completed about half of the 20 pre-determined activities for the year. In retrospect, it is acknowledged that the partial compliance state of affairs is significantly attributed to the fact that the university was, perhaps, too ambitious when setting its annual goals, given the complexity of some of the projects and the dependency on external factors beyond the organisational span of control. The lesson in realism will characterise the planning parameters for the next three-year cycle (2012-2013). A highlight of achievement includes the finalisation of the PQM viability model which will finally address some of the on-going integrity and service delivery at the university and ensure a product range that is relevant both in terms of national needs and stakeholder demand. Other projects in which material progress was made include the approval of the Quality Management System for teaching and learning, the Virtual Learning pilot project, and the development of systems to facilitate digital submission of examination question papers and student assignments.

[14] The Peromnes Grading System is used to conduct job evaluations and grade positions at Unisa.
[15] The Peromnes Grading System is used to conduct job evaluations and grade positions at Unisa.
[16] The Remuneration Committee is a Council Committee and appropriately dealt with under that section of the Report.

Goal 2 **Increase innovative research and research capacity**	Research and innovation was given a boost with the introduction of a dedicated portfolio and I believe that the focussed attention will result in the university achieving increasingly improved compliance with the targets. More than 50% of the objectives were achieved in 2011 and the progress towards enhanced performance is evident in the Senate Report (subsection: Research and Innovation).
Goal 3 **Grow community engagement initiatives**	We have not been as effective as intended in realising the pre-determined objectives under this goal, with many of the targets not being met. However, the university acknowledges the importance of community engagement in compliance with both its sustainability commitment (based on the triple complex) and the national agenda imperatives. In 2012 a dedicated directorate will be established with a direct reporting obligation to the PVC to prioritise the implementation of the commitments and compliance.
Goal 4 **Position Unisa as a leading ODL institution**	The noteworthy achievement for 2011 was the approval of the ODL Implementation Plan. However, the establishment of partnerships on the continent remains work in progress; as is the case with regard to the OER project.
Goal 5 **Create an enabling environment for persons with disabilities**	I am very satisfied with the commitment to achieve the pre-determined objectives in this area. All the set objectives were met establishing a sound platform for continued growth and improvement to cater to the diverse needs of our stakeholders.
Goal 6 **Establish Unisa as a leader in sound corporate governance and the promotion of sustainability**	I am confident that Unisa is beginning to comprehend, and embed and internalise the best practice principles and values of sound corporate governance. I am pleased with the institutional performance, notably, the completion of the Integrated Transformation Plan, the sustainability initiatives (based on the triple complex), the organisational policy environment, and student governance. Taken holistically, they establish a sound foundation for future growth and improvement.
Goal 7 **Redesign organisational architecture in line with institutional strategy and the ODL model**	The organisation structure was reviewed and re-shaped to ensure optimal performance in the strategic areas of the university. Commensurate with this, there has been good progress in improving the regional structures and facilities as part of the larger commitments under the Unisa property plan. A focus for 2011 was embedding leadership, stewardship, performance orientation and management and an ethical institutional culture. I am pleased (and proud) to be able to report that the pre-determined objectives were all met in this regard. The organisational architecture is a major project and remains work in progress.

As part of the institutional performance management system (per Goal 7), my performance as Chief Executive Officer (CEO) and Vice-Chancellor is appraised by a panel comprising the Chairperson of Council, the Deputy Chairperson and the Chairperson of the Human Resources Committee. At the end of the year in 2011, it was gratifying to receive a personal performance rating that spoke to a belief by the Committee that I (and by implication the university) had performed in a manner that consistently exceeded expectations. Unisa is an exciting space at this point in time and I believe that with the support of my management team and the leadership of the Council, we will continue to grow from strength-to-strength.

Professor MS Makhanya
Principal and Vice-Chancellor

SENATE REPORT

Composition of the Senate

The Chairperson of the Senate is the Principal and Vice-Chancellor. The composition of the Senate is determined in accordance with the provisions of section 23(1) of the Institutional Statute. It consists of the following members:

- Principal and Vice-Chancellor, who is the Chairperson of the Senate
- Pro Vice-Chancellor, who acts as the Chairperson in the absence of the Principal and Vice-Chancellor
- Vice-Principals and the Registrar, who serves as the Secretary of the Senate
- Deputy Registrar, who acts as the Secretary in the absence of the Registrar
- Executive Deans of the colleges
- Deputy Executive Deans of the colleges
- Directors of schools and other Directors in the colleges
- Director of the Directorate: Curriculum and Learning Development
- Academic Director: Graduate School of Business Leadership
- Director: Short Learning Programmes
- Chairpersons of academic departments
- Heads of institutes, bureaus and centres that are formally constituted
- Executive Directors
- Dean of Students
- one full professor from each department of a college and the Graduate School of Business Leadership (or where there is no full professor, an associate professor) elected by the permanent academic employees of the relevant section
- a permanent academic employee who is not a full professor from each college and the Graduate School of Business Leadership elected from among the ranks of the academic employees in the college or Graduate School of Business Leadership, as relevant
- one permanent employee (other than an academic employee) from each college elected by employees of the college who are not academic employees
- two members of Council who are neither staff nor students of the university
- two students elected by the National Students Representative Council
- not more than five additional persons designated by Senate for the special contribution that they will be able to make to the role that the Senate plays at the university

Unisa embeds the academic character of the Senate and specifically requires the majority of the members of the Senate to be academic employees. All elected Senate members serve for a period of two years, except for the student representatives whose term of office is determined by the SRC. The manner of election of members is determined by each constituency. The only imposed proviso is that the persons elected reflect the institutional value and sensitivity to race, gender and disability.

Senate meetings are scheduled on a quarterly basis; whilst the Executive of Senate meets on a monthly basis. Ten members of Senate represent the Senate on the Executive Committee.

Teaching and learning

Teaching and learning is the core business of Unisa and all seven strategic goals of the university are apposite. However, particular emphasis must be placed on Goal 1: Revitalise teaching and learning and Goal 4: Position Unisa as a leading ODL institution. It is these two goals that formed the backbone of the academic imperatives in 2011 and should be read into all the initiatives highlighted in the Report of the Senate on teaching and learning.

Policy review

During 2011, the Academic Portfolio engaged in a number of processes that led to the review and approval of teaching and learning policies, guidelines and procedures of the institution. The Admissions Policy was amended in March 2011 through the introduction of new generic admission requirements for the undergraduate diplomas and degrees. In line with Unisa's character as an ODL institution, Senate accepted the principle that all students who meet the basic statutory requirements will be admitted to Unisa (access), but also accepted that additional requirements may be set (success). Students who do not meet these additional requirements will be provided with alternative pathways or opportunities to gain admission or may be placed on extended programmes, ensuring both access and success. Based on this principle, Senate approved an achievement rating of 4 (50%) in the NSC (or NCV) as additional generic admission requirement for the undergraduate diplomas and bachelor's degrees.

There was a focus on ensuring the comprehensiveness of the institution, and the Wor- Integrated Learning Policy was therefore reviewed and replaced with the more widely encompassing Policy on Experiential Learning, approved by Senate in June 2011. The university expresses its comprehensive nature by including experiential learning components in some of its qualifications. Experiential learning at Unisa includes work-integrated learning and simulated work experience. The policy supplements the Tuition Policy and aims to provide guidelines for standards and procedures for experiential learning at the university.

The curriculum development policy implementation plan was approved by Senate in May 2011. This plan provides for roundtable discussion to which all departments will be invited, the integration of the policy in the development of study material and the implementation of a due diligence form to ensure that all processes were followed.

As part of its contribution to the development of a national distance education policy, the university developed a Policy on Open Distance Learning (ODL) Pedagogy, which was approved by Senate in October 2011. The ODL pedagogy policy is a first for the university, as no other such formulations have been made in the past. The main aim of this policy is to provide a shared and agreed-upon broad framework for teaching and learning in an ODL context.

Senate amended the criteria for the Excellence in Tuition awards in August 2011 to be aligned with ODL practices and to facilitate the evaluation of the applications.

Social media guidelines were approved by the then Senate Tuition and Learner Support Committee in January 2011. These were developed to provide guidance in the use of social media in communication between Unisa employees and students. The purpose of the guidelines is to protect the university's corporate data and information and the privacy of employees and students of the university.

Evolving university culture

The Academic Portfolio continually reflects on its operations and functions to ensure renewal. The Senate Teaching and Learning Committee (STLC) was created from the erstwhile Senate Tuition and Learner Support Committee to ensure that all aspects of teaching and learning receive attention, including student support, and its terms of reference were approved by Senate in October 2011. The Framework and Strategy for Enhancing Student Success, Retention, Graduation and Satisfaction at Unisa, approved by Senate in June 2011, is widely acknowledged as innovative, cutting-edge and appropriate to its context. Considerable progress was made in 2011 in terms of the implementation of the framework. The transformation of Unisa into a recognised ODL institution gained momentum in 2011 with the implementation of the ODL Policy plan, and to give all members of Senate an opportunity to engage on ODL matters, a special Senate meeting was scheduled in May 2011. A very successful teaching and learning festival was held in September 2011 to celebrate Unisa's achievements in ODL. The festival drew on work undertaken by a number of ODL practitioners internationally and on best practice by local academics.

New developments

The institution is poised to embrace ICTs in its operations and in facilitating relevant learning and support to students in the 21st century. Unisa's commitment to the environment and UNGC principles also require that the university has in place sustainable and efficient systems and processes that offset for example, global warming. Senate approved an ICT Enhanced Teaching and Learning Strategy in October 2011 that will oversee all developments and ensure that these are driven from a pedagogical need. The strategy identified five objectives for the next five years, namely to:

- increase, sustain and support affordable, secure and reliable access for students and staff (lecturers, markers, tutors, etc) to a range of appropriate technologies and software
- strategically differentiate between available and future technologies and test and implement these technologies over a five-year period
- design and develop a change management strategy to support the foci in this plan
- support the creation and use of open educational resources (OERs)
- contribute to and support the institutional discourse on the social, ethical, legal, and human use of technologies and policy development in this regard.

The STLC, following on from the conceptualisation of the student support framework in 2010, developed and approved an Integrated Tutor Model (ITM). The ITM provides the framework for an all-encompassing tutorial system for the university and sets out an innovative way of ensuring interaction between students and staff of the university charged with teaching and learning. Students will be linked with tutors on registration, with the default tutoring format being electronic (e-tutoring), supported by a range of asynchronous and synchronous technology platforms.

As part of the implementation of the 2010 Senate decision to offer postgraduate programmes online from 2013 onward, five programmes were developed in 2011 for online delivery.

To support the optimal use of ICTs in supporting teaching and learning, Senate approved the creation of an Academy of Applied Technologies and e-Learning. The use of ICTs requires appropriately trained staff, and Senate therefore also approved the creation of a Centre for Professional Development in a restructured Directorate of Instructional Support and Services. The centre has been charged with carrying out Virtual Learning Environments (VLE) training across the institution. VLE development will undergird all curriculum development processes as from 2012. Senate has also ensured that ICTs are used not only in teaching but also in optimising the administration of learning. The STLC-approved implementation plan for onscreen marking is on track, and a minimum of 5% of all assignments submitted online in 2011 were marked onscreen, using the Unisa learning management system, myUnisa.

The university acknowledges the national challenges of providing students in outlying and rural areas with ICT platforms and connectivity. In order to ensure that these students are not prejudiced and that students in remote areas are also accommodated within the ICT developmental space, initiatives have been introduced to provide ICTs closer to them. The university launched two mobile units that provide hardware and connectivity to students in remote areas. Students access these mobile units, one in Limpopo and the other in North West, to process their assignments and to interact with the university through myUnisa. An impact assessment will be done in 2012 to consider rolling out the project to more regions.

As part of the process of optimising our systems and making our qualifications easily accessible to students, Senate reviewed and streamlined co- and pre-requisite modules in the curricula. The simplification of the Unisa calendars is an ongoing process, monitored by the STLC.

Viability of the PQM

Aligned to Strategic Goal 1– Revitalize the PQM, teaching and learning... – and to ensure that the PQM remains viable and relevant, a number of initiatives have been initiated over the years, with varying degrees of success. Senate again considered the matter in 2011 and approved an instrument to determine the viability of the PQM. Criteria that will be set to determine the viability of the programmes and modules in various CESM categories include alignment with Unisa's vision and mission, cost, market share, course success rate, quality of teaching and learning and strategic importance in the national context.

The PQM will be evaluated against the identified criteria during 2012 and a viability index will be developed. Once the process has been completed, a recommendation will be made to Senate on the prioritisation of programmes and modules and the reallocation of resources to programmes that have a higher viability index.

NSFAS/DHET student funding

The table below details the funding received from National Students Financial Aid Scheme (NSFAS) and Department of Higher Education and Training (DHET) and the utilisation of the resources from 2009 to 2011.

NSFAS/DHET fund utilisation 2009-2011

Year	Category	Allocation	Awarded	No. Students	No. Applications received
2009	NSFAS/DHET	R 89,452,000.00	R 89,279,510.00	12849	
2009	NSFAS/DHET Disability	R 3,571,000.00	R 1,143,815.52	159	
2009	NSFAS/DHET Teacher	R 4,490,000.00	R 3,060.00	1	
		R 97,513,000.00	**R 90,426,385.52**	**13009**	**27314**
2010	NSFAS/DHET	R 99,091,980.00	R 99,091,980.00	12548	
2010	NSFAS/DHET Disability	R 3,612,000.00	R 3,366,538.94	313	
2010	NSFAS/DHET Teacher	R 845,000.00	R 843,870.00	1130	
		R 103,548,980.00	**R 103,302,388.94**	**13991**	**46336**
2011	NSFAS/DHET	R 113,116,250.00	R 112,823,180.00	14777	
2011	NSFAS/DHET Disability	R 3,916,000.00	R 2,909,689.04	292	
2011	NSFAS/DHET Teacher	R 887,000.00	R 886,710.00	96	
2011	NSFAS/DHET Final year	R 5,512,925.00	R 5,113,190.00	499	
		R 123,432,175.00	**R 121,732,769.04**	**15664**	**69329**

As a university with a wide geographic reach, the equitable distribution of funds has been a key priority. The Unisa Student Funding Committee was re-established with participation from all role-players and 2011 realised the implementation of the formal guidelines and procedures to be followed in the provision of student funding to achieve parity. Further, Unisa also changed from a decentralised/regional model of allocating student funds to a central process of allocation. It is gratifying to note that these changes met the 'equitable distribution' purpose and the application of student funding received positive comment from students responding to the Student Satisfaction Survey.

Notwithstanding the successes, there also remain areas of improvement notably in the area of developing funding models and practices, quality control and effective reporting to Management and donors. This function has been constrained by limited human capacity and resources. The Directorate attempted to ameliorate the *status quo* by using student workers – but this comes with concomitant challenges. The ICT platforms have also not been established and much of the administration remains a manual and rigid process.

Graduations

Unisa hosts two graduation series during the year – the first is the autumn series from April to June and the second is the spring series from September to October. It is encouraging to see the numbers of students who attend the ceremonies, and we recognise the importance of this event in the lives of our students.

A total of 73 graduation and diploma ceremonies were presented. Ceremonies took place in Pretoria (41 ceremonies), Cape Town (4 ceremonies), Bloemfontein (2 ceremonies), East London (3 ceremonies), Nelspruit (3 ceremonies), Durban (13 ceremonies) and Polokwane (5 ceremonies).

Six honorary degrees were conferred on Professor Brenda Gourley (DLitt et Phil *hc*), Mr JA Chissano (DLitt et Phil *hc*), Mr Raymond D Ackerman (DEd *hc*), Mr M Mutloatse (DLitt et Phil *hc*), Mr Justice Dikgang Moseneke (Doctor of Laws *hc*) and Mr Donato Francisco Mattera (DLitt et Phil *hc*) respectively.

New qualifications

During 2011, 35 new programmes were submitted for PQM clearance and accreditation; 25 have already been approved by DHET and 14 accredited by the HEQC.

As of 2011, 180 changed qualifications were offered; these are all aligned with the Higher Education Qualifications Framework (HEQF).

Only one programme submitted to the CHE – the Bachelor of Science Honours in Life Science – was not accredited and was referred back to the university. The accreditation of this programme will not be pursued.

Student discipline

The university is concerned about the increase in the number of fraudulent school-leaving certificates received and cases of examination misconduct. The university will embark on a campaign to highlight the consequences of such fraudulent activities in the student communication and as part of the general engagement on becoming an ethical citizen. The trend in cases of student discipline for the period 2009-2011 is set out below:

Matters of student discipline for the period 2009-2011

Misconduct	2009	2010	2011
Plagiarism	**11**	**20**	**8**
Guilty	6	15	8
Not guilty	5	3	
Dismissed		2	
False matriculation certificates	**17**	**15**	**55**
Guilty	17	15	55
False documentation	**7**	**12**	**9**
Guilty	7	11	9
Dismissed		1	
Conduct unbecoming	**6**	**13**	**11**
Guilty	6	10	10
Not guilty		3	1
Examination suspension	**367**	**306**	**413**
Guilty	367	306	399
Not Guilty			14

Research and innovation

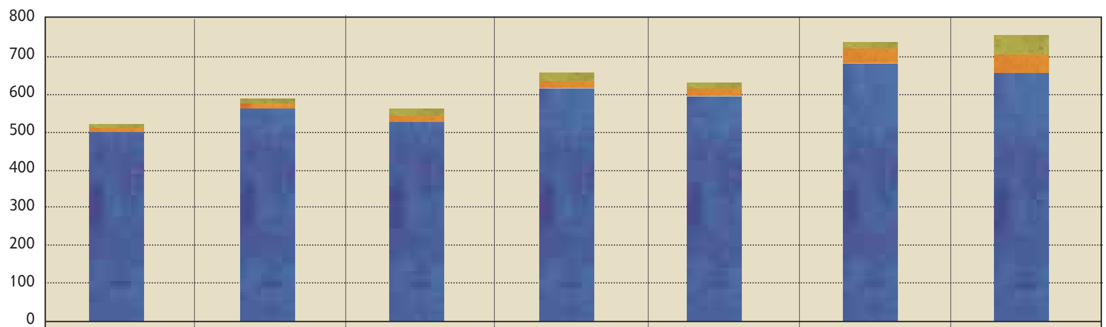
Knowledge generation

Research outputs

In 2011 there was a significant increase in outputs in the form of books, book chapters and conference proceedings, with a slight decline in journal papers. The number of research outputs is important for Unisa as it determines the subsidy that is earned for the university which in turn influences the cost units that are made available to colleges for staffing.

In 2011 there was 1 515 permanent academic staff, which equates to a research output per capita of 0.49. This is similar to 2010. The Unisa Press plays a major role in dissemination of knowledge through the publication of books and journals. In 2011, 35 journals and 40 books were published and without these channels, the number of research outputs would have been much lower.

Research outputs 2005 – 2011



	2005	2006	2007	2008	2009	2010	2011 (Provisional)
Books	6.66	10.36	13.26	18.26	12.81	15.85	44.71
Proceedings	10.94	10.68	18.83	20.41	19.63	37.92	50.72
Journals	502.25	564.7	521.75	613.71	593.26	680.83	653.89
TOTAL	519.85	585.74	553.84	652.38	625.70	734.60	749.32

[Note: The 2011 figures are provisional as research outputs are still being captured and have not yet been audited.]

Research Capacity

In 2011 there was a significant decline in the number of researchers newly rated by the National Research Foundation (NRF), with only 20 new ratings compared to 34 in 2010. The majority of the newly rated researchers were white males in the C category. Despite this there was a definite transformational change with one third of new ratings being awarded to African staff as opposed to only one quarter in 2010. This was also the first year that saw an A rating for Unisa.

Newly rated researchers: 2009-2011

	Race		Gender		Rating category					TOTAL
	African	White	Male	Female	A	B	C	Y	L	
2009	31	3	17	17	-	4	27	2	1	34
2010	8	26	22	12	-	1	30	3	-	34
2011	7	13	14	6	1	1	16	2	-	20

Notwithstanding the above, the total number of NRF-rated staff has increased. This is attributed mainly to the appointment of staff with existing NRF ratings. The majority of NRF-rated staff remains male and the gender ratio has remained constant since 2009.

Total NRF ratings

	2009			2010			2011		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Total number	43	61	104	49	69	118	51	77	128
Total %	41%	59%	100%	42%	58%	100%	40%	60%	100%

The year 2011 saw the first cohort of eight postdoctoral fellows being appointed. Their appointments yielded 11 journal articles and 13 conference papers.

In 2010 Unisa introduced a new category of academic rank, the research professorship, as a mechanism for, among other things, increasing dedicated research and innovation participation, expertise and research outputs.

The first group of ten research professors assumed their new positions from the beginning of 2011. The following (very satisfactory) research output was produced by the research professors:

- 45 accredited journal outputs
- 12 books and book chapters
- 34 peer-reviewed conference papers
- 1 invited conference guest speaker
- 13 master's students graduated
- 14 doctoral students graduated.

Research prizes and awards

Unisa appreciates the effort that goes into research and recognises excellence in research through various prizes and awards. The Principal's Prize for research was awarded to seven staff members in different colleges in recognition of excellence in research; whilst the Women in Research Awards were conferred in four categories as part of recognising and supporting the transformational agenda. In 2011 the following awards were conferred: 5 Leadership in Research Awards, 5 Developing Researchers Award, 1 Resilience in Research Awards, 1 Youngest PhD recipient in 2011.

The Hiddingh-Currie award for the best book published by Unisa Press in 2009/10 was awarded to Professor Anthony Court. His monograph, *Hannah Arendt's Response to the Crisis of Her Times*, attracted complimentary reviews and represents high-calibre scholarship. On the grounds of his book, he has been commissioned to translate the works of Carl Schmidt into English – a great honour for a South African scholar.

The National Science and Technology Forum (NSTF) named Professor Mamokgethi Setati as the Most Outstanding Senior Black Female Researcher over the last five to ten years in recognition of her innovative, quality research on teaching and learning mathematics in multilingual classrooms. Further acknowledgement went to Professor Tinyiko Maluleke who was awarded membership of the Academy of Science of South Africa (ASSAF) and joined three other Unisa colleagues. Finally, Professor Mpfariseni Budeli was named as one of the founding members of the South African Young Academy of Science (SAYAS).

Research support

Annually Unisa invests in research and innovation through the allocation of research funds to colleges, which are used to support researchers in various ways. This investment, which has grown steadily over the years, signifies the commitment Unisa has made to supporting and developing researchers in order to produce research outputs.

Research investment 2009-2011

Year	Investment	Increase from previous year
2009	R11,195,116	
2010	R18,730,000	67.31%
2011	R20,492,999	9.41%

Apart from this, another R54 987 000 was invested in research. This amount includes research incentives, bursaries, training, research groups and grants. Without this investment, Unisa would not have produced the research outputs in 2011 to which reference was made earlier in this report.

Apart from the internal funding allocations, 136 external research grants totalling R8 506 410.00 were awarded to Unisa researchers.

To ensure a future generation of researchers, Unisa has a dedicated Research Development Programme which provides staff with the opportunity to develop the required research skills. In 2011, 1 259 Unisa staff and postgraduate students attended research workshops and training sessions. This is significantly higher than the 965 that attended these programmes in 2010. Of importance is the profile of attendees, with a consistent increase in the number of African attendees over the last three years. In terms of gender, 86% of attendees were female. The majority of attendees also fell within the age group 31 to 40. This is encouraging as it represents the next generation of researchers.

A total amount of R2 379 120 was invested in the development of Unisa staff and postgraduate students. This investment speaks to the Unisa Transformation Charter as well as to the future of Unisa as both an academic and specifically a research-focussed institution.

In addition, and in response to its mandate to promote open and distance learning (ODL), the College of Graduate Studies (CGS) began developing a virtual research environment employing state-of-the-art semantic technologies to build a platform for master's and doctoral studies and research projects across the university. This will complement the various myUnisa project sites which were hosted by the CGS in partnership with the Unisa Library. These latter virtual hubs offered online support for research in theoretical and experimental fields and were accessed by staff and master's and doctoral candidates alike. The CGS also developed various research projects to attract master's and doctoral students. These include specialisations within the fields of Genocide and Holocaust Studies, Social Mobility Studies, Heritage Studies, Environmental Change and Governance, South African Historical Studies, Indigenous Knowledge Systems, Social Policy Studies and Sustainable Multilingualism.

Many academic staff members do not yet have a doctoral qualification. In order to strengthen the research capacity of Unisa, staff are encouraged and supported to complete postgraduate qualifications. The Master's and Doctoral Support Programme (MDSP) was developed to assist staff to complete their postgraduate studies. In 2011 this programme provided support to 40 staff members, of whom 25 were African and 21 female.

In March 2011 the Institute of Open Distance Learning (IODL) hosted the second Searchlight Research Writing Workshop, attended by 29 senior and novice researchers; as well as a colloquium on ODL and research. Presentations from local and international speakers were very well received and a special edition of *Progressio* (one of Unisa's in-house journals) was secured for the Searchlight articles of 2011.

The Unisa Institutional Repository (UnisaIR) supports Unisa's research strategy and contributes to the implementation of the Unisa 2015 agenda for transformation by disseminating Unisa's published research outputs in full text. The repository preserves, manages and disseminates locally produced intellectual output and research in electronic format thereby contributing to African knowledge in digital space. The number of articles used has surpassed the one million mark for the first time, indicating the increasing use of online articles.

In 2011 the library expanded its collections to include 27 037 electronic books, 84 247 electronic journal titles and 2 618 920 items in total. The library also acquired valuable research analytics tools to facilitate the analysis of the university's research output. The library offers various support services to assist researchers in their numerous activities and initiatives. The dedicated research space in the Muckleneuk library was also expanded in terms of facilities, services and operating hours. The use of the library has increased significantly since the opening of the space in 2010 - a total number of 31 630 clients visited and used the workstations during the year, as compared to 12 238 in 2010, resulting in a 158% increase in the number of researchers who visited the research space.

The library has also collaborated with the academic departments to develop departmental websites to provide relevant and customised information in support of research, teaching and learning. Forty-eight websites were added by the end of 2011, which enhance the integration of the library and information services and access to information resources resulting in more effective teaching and learning at the university.

REPORT OF THE INSTITUTIONAL FORUM

The Institutional Forum (IF) established in terms of the Higher Education Act, 1997 is representative of the various institutional constituencies, namely Council, Management, academic staff (i.e. a Senate representative as well as an academic member of staff not sitting in the Senate), administrative staff, students, and organised labour (both unions have one seat each). The Unisa Institutional Forum experienced problems not dissimilar to those experienced across the sector particularly with regard to the scheduling of meetings and meeting attendance.

The problem was aggravated by the number of vacancies on the Forum (including that of Chairperson) due to the end of tenure of members. A new Chairperson was appointed in May 2011 and the vacant positions were slowly filled over the passage of the year. The IF also acknowledged that it would be bolstered by the introduction of two external community members (as proposed by Management); it also supported the Management view that there was no reason for four student representatives on the forum and the proposed number submitted to Council should be two student members. The rationale for the revision is to ensure that all constituencies are equally represented – the IF does not deal only with student matters. These amendments will be addressed when the Institutional Statute is amended.

During the year, the IF advised the Council with regard to the filling of four senior Management positions namely the Vice-Principal: Institutional Development, Vice-Principal: Research and Innovation, Registrar, and Assistant Principal. The IF was represented on the relevant selection committee and submitted an independent advisory report to Council on its recommendations. The IF's advice to Council was in support of the recommendations from the selection committee.

The IF has specifically engaged on the need to improve its contribution to the University; whilst not overlapping with and usurping the function of other forums.

Professor RMH Moeketsi
Chairperson: Institutional Forum

STAKEHOLDER REPORT

Stakeholder relationship management

It is acknowledged that stakeholder relationships and corporate reputation are undisputedly linked. The university implements a model of integrated strategic communication and marketing to ensure that all media platforms are used optimally to reach Unisa stakeholders within the agreed parameters of fiscal prudence.

There are currently nine internal target market categories including Council, academic and support service departments, and unions, and 37 external target market categories including alumni, government, business and research institutions. The 46 categories provide a database of over 10 000 contacts. The main media platforms for 2011 include publications, corporate events, face-to-face marketing, and media.

The university received free media coverage to the advertising value equivalent (AVE) of R296 975 906 during the year. This includes both generated and incidental media coverage. There has been a steady increase in AVE since 2006 as is reflected in the table below.

Advertising value equivalent (AVE) coverage and publicity value

Year	2006	2007	2008	2009	2010	2011
Total	R39 742 276	R85 482 958	R247 690 369	R249 538 777	R251 704 102	R296 975 906

Of specific note, the Unisa website offered information to all stakeholders, but specifically for staff, students, prospective students and the general public. Dedicated portals for staff and students (myUnisa) provided customised information. Absolute unique visitors to the Unisa website were approximately 3.5 million. More than 200 000 students joined myUnisa in 2011.

Social media also showed steady growth to more than 30 000 students on Facebook and close to 10 000 students on Twitter. Social media provided a platform for students to raise their concerns and voice their opinions. Sites such as HelloPeter.com were monitored and reported on monthly. The main focus in the social media strategy was relationship building with students.

University employees

Worker participation and the relationship with organised labour

Organised labour participates on institutional structures as defined by the Institutional Statute, Council and/or management. Both unions (APSA and Nehawu), therefore, have representation on the Institutional Forum. Unisa has an active Bargaining Forum (UBF) constituted by representatives of both unions and employer representatives.

Unisa staff members also participate in the various institutional governance structures. For example, Senate has representation on Council, at the IF, and on the Selection Committees for the filling of the vacant top Management positions. Council, according to the Institutional Statute, also counts amongst its members two academics who are not members of Senate and two non-academic representations. These persons are elected by their constituencies as and when the need arises.

Management further engages with employees through staff assemblies, meetings with union leadership, various staff publications and daily electronic communiqués. Specifically, in 2011, the practice was entrenched that any relevant information from the weekly Management Committee meetings is immediately published on the university's intranet for the notice of all staff members.

Staff training initiatives

A total of 213 staff training sessions were arranged and attended by 9 344 persons. The total skills development budget for external training was R22 616 271, 00 and R16 413 504, 00 was spent. In respect of the internal training budget allocation, R35 942 408, was allocated and R28 324 259, 50 was spent.

Student governance

Student Representative Council

Governance: The Student Representative Council (SRC) was elected in 2010, and 2011 marked their second year in office. Twelve of the 84-member SRC were based in Pretoria as the National SRC of the university. Six of the 12 members constituted the National Working Committee of the SRC and were charged with managing the day-to-day work of the SRC. The other 72 members continued to serve students in Pretoria, Johannesburg, Cape Town, Midlands, Limpopo and KwaZulu-Natal.

Student associations and structures: The SRC is the convenor of all student interactions, fellowship, participation and networking. Several student structures and organisations complied with all constitutional requirements for recognition which was duly given. There were 15 structures in Johannesburg, 13 structures in Pretoria, 10 structures in KwaZulu-Natal, 3 structures in the Cape Coastal region, 5 structures in the Midlands, and 8 structures in the Eastern Cape region. Support was provided to these structures in accordance with their respective programmes of action.

Participation in university structures/activities: The relationship between the SRC and the institutional Management was characterised by co-operation and respect. There are two members of the SRC on the University Council and they participate as equal members of Council on various Council committees. The SCR is also represented on the Senate, and several committees of Senate including the Senate Tuition and Learner Support Committee. The students occupied four seats on the Institutional Forum in terms of the University Statute, they also have representation on the International Relationship Committee and each of the College Boards. The university is satisfied with the student contribution and participation in the various fora and lauds their enriching perspectives and contributions to the committee discussions. (At an individual level, several members of the student leadership also made an impact in the national arena of student and political leadership (including SASCO, the Black Management Forum, the SA Union of Students, and the Black Lawyers' Association) and were elected to various offices across the country.)

The work of the SRC was guided by its approved strategic plan and programme of action. Some of the highlights of the year included the launch of the Graduate Alive Campaign in Limpopo, which aimed at encouraging Unisa students to prioritise their academic work, take care of their health, know their HIV/Aids status, and receive their qualifications while they are still alive. Another highlight is the launch of the SRC Alumni programme. There was also a co-operative effort between the NSRC and the University administration, whereby SRC members took on the roles of advisors to help students in the regions with access to registration and admission.

The SRC 2010/11 was also able to work with the Advocacy and Resource Centre for Students with Disabilities (ARCSWiD) to form an association of students with disabilities. The launch of the association is planned for 2012.

Training and development: In keeping with its goal to enhance and empower student leaders, the Management Committee approved a week-long study programme in Ireland for the President of the SRC. In addition, six members of the national working committee accompanied young academics on an exchange visit to India, again with the aim of sharing and learning. In 2011 a leadership development programme for student leaders was conceptualised and discussed with SRC members during their meeting with the Vice-Chancellor. The programme is aimed at inculcating the traits of ethical and servant leadership in the student leaders and will be implemented for all members of the SRC from 2012. In order to ensure the cost-effectiveness of the programme, it will be offered through the mode of satellite delivery to all the regions.

The following further training and development interventions were implemented for members of the SRC: a workshop on the impact of free education, a discussion on balancing student life with leadership roles and work; and training was also done on procurement, budget, investment and financial statements.

SRC Elections: 2011 marked the election of the 2012/13 SRC. The SRC Constitution, the Electoral Policy, and the Directive: Recognition of Student Organisations and Structures were revised and approved by Council in September 2011 prior to the hosting of the elections. In terms of the Policy, Management also appointed an Independent Electoral Commission and constituted the Election Tribunal.

Candidates were allowed to stand along party-political lines and the elections were reasonably successful. Electronic and manual voting systems were used and about 9% of the Unisa student population took part in the elections. This was a significant increase from the 0.1% participation rate in 2009. The new National Working Committee of the NSRC for 1 January 2012 to 31 December 2013 was elected. The regional representatives were inaugurated in 2011 while the appointment and inauguration of the National SRC was deferred to 2012 because of time constraints occasioned by the examination period and year-end activities.

Alumni Relations

Unisa has regular and effective communication with its alumni across the globe through chapter meetings, the *Unisawise* magazine and an alumni website. During 2011, the university hosted 32 events which facilitated the opportunity for alumni members to engage with one another *inter se* and with the university. It is gratifying to note that the attendance of these events has doubled from 2010.

January 2011 saw a concerted drive from the Alumni Office to make contact with Unisa's more than 430 000 alumni members to verify their contact details. The updated alumni database currently includes 81 453 alumni members and the project is ongoing. The magnitude of the project and limited resources were the primary reasons that it could not be completed in 2011.

Unisa alumni are embarking on different community engagement projects in collaboration with the regional offices and over R600 000 has been raised from the alumni chapters as their contribution to Unisa.

At the annual Chancellor's Gala Dinner and Calabash Award Ceremony, Unisa paid tribute to the excellence and achievements of alumni as well as other South African educators. Awards were presented to Professor Quarraisha Abdool Karim and Mr Selaelo Seboni for their exceptional contributions to education and research development in Africa. Professor Kader Asmal (posthumously) received the Outstanding Alumnus Award.

Unisa Foundation

The Unisa Foundation working with the alumni office has been instrumental in raising third stream income for the University. Unisa is the first tertiary institution in South Africa to establish a chair in electoral studies in Africa. The Brigalia Bam/WIPHOLD Chair in Electoral Democracy is funded by Women Investment Portfolio Holdings (WIPHOLD) to the value of R7 466 million over a five-year period, and is a partnership with South Africa's Independent Electoral Commission (IEC).

The Management of Democratic Elections in Africa (MDEA) project is a strategic project aimed at building and enhancing capacity for effective and responsible management of elections in South Africa and the rest of Africa. The project is a partnership between Unisa and the IEC, SA and is funded by the United States Agency for International Development (USAID) to the value of $3.1m over a five-year period.

The Unisa Library successfully hosted the inaugural African Library Summit in collaboration with the International Federation of Library Associations (IFLA). The summit was made possible by generous donations of R613 670 from the Bill and Melinda Gates Foundation, R232 676 from the Carnegie Foundation, R38 160 from the International Federation of Library Associations and R30 000 from suppliers to the Unisa library. Themed *The future of African librarianship*, the summit provided a platform to debate how libraries will have to adapt in order to stay relevant in the 21st century.

International and inter-institutional relationships

Erasmus Mundus Partnership Programme: One Unisa staff member was awarded the SAPIENT-Erasmus Mundus Fellowship in 2011 and is currently furthering her doctoral studies at the University of Sienna in Italy.

Unisa International Fellowship Programme: In 2011, 13 staff members were awarded fellowships – eight were black males, one a black female, one a white male and three white females – to study/research abroad. All participants are required to present their work either independently or in collaboration with the partner university in line with Unisa's strategic objectives.

Special issue of ***Commonwealth Youth and Development Journal* results from Unisa and the Vrije Universiteit, University Amsterdam Soccer 2010 Project:** In 2010 Unisa, in collaboration with the Vrije Universiteit Amsterdam hosted a series of seminars and soccer clinics in South Africa in support of the FIFA 2010 Soccer World Cup under the theme, *Soccer: Nation Building and Higher Education*. The events were aligned to the Archbishop Emeritus Desmond Tutu Programme of the VU University Amsterdam on *Youth, Sports and Reconciliation* and aimed at strengthening academic and cultural partnerships and activities between the two universities.

The seminar papers arising from this initiative were peer-reviewed and published in two special issues of the *Commonwealth Youth and Development Journal*. The first issue was launched on 27 October 2011 and the second in April 2012. This is the first significant academic and research contribution arising from an inter-institutional relationship at Unisa.

Capacity building project for Uganda: Unisa, through its School of Criminal Justice in the College of Law, and the Hogeschool Leiden at the University of Applied Sciences, Leiden, in the Netherlands, was awarded a bid to collaborate on a capacity building project for the Ugandan Police Service in 2011. The project will commence in 2012 and is funded by the Dutch Government through its funding agency, Nuffic. This project speaks directly to Unisa's vision statement and will enhance Unisa's footprint in African reconstruction and development projects. Unisa and the Hogeschool Leiden have also agreed, in a memorandum of understanding, to explore other possible areas of collaboration including bidding for capacity building projects in other parts of Africa.

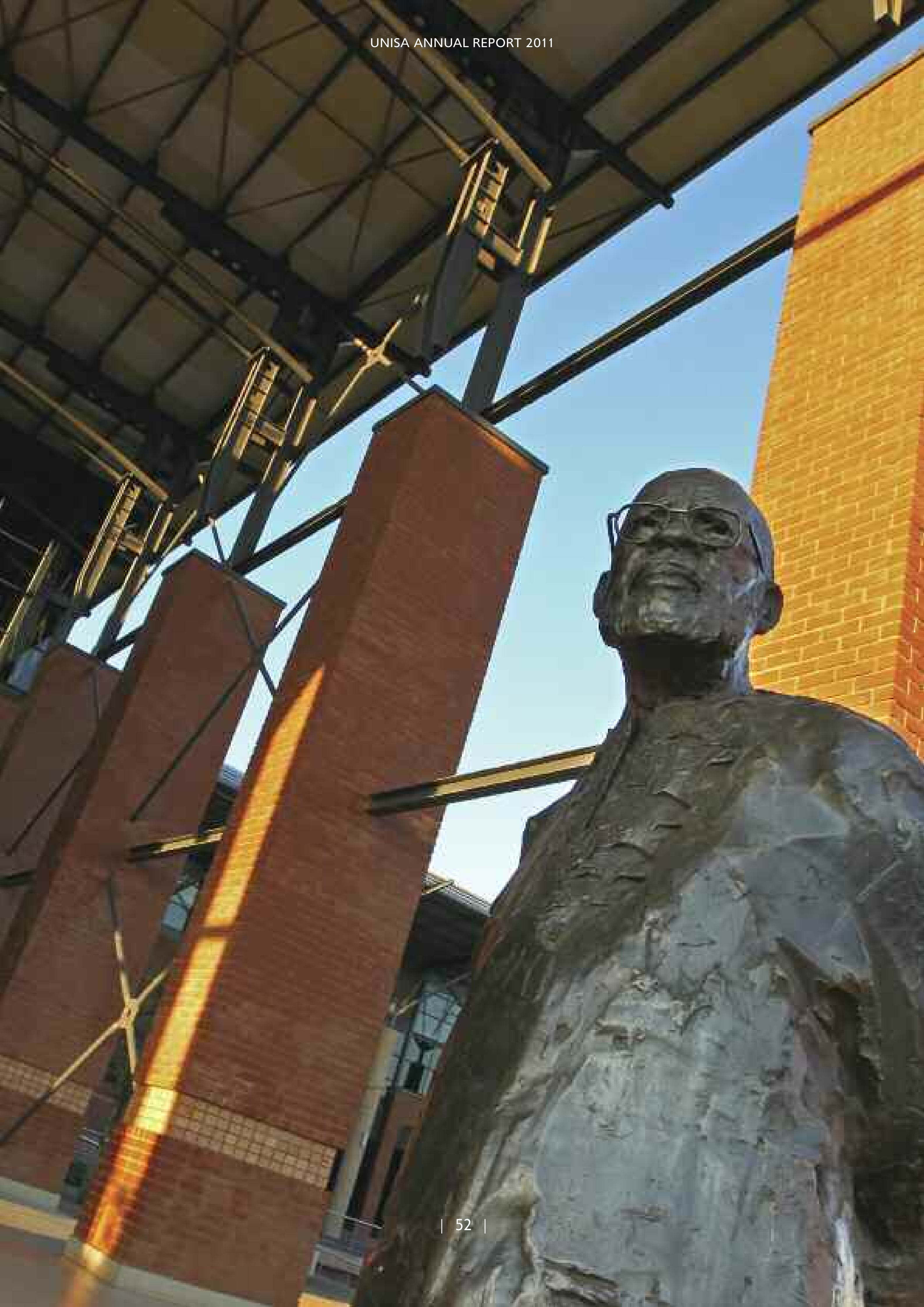
Collaboration between Unisa and the North Carolina Central University on the COIL jazz programme: In 2011 Unisa and North Carolina Central University (NCCU), won the bid to design and develop a jazz programme suitable for a multicultural online learning environment. The project is sponsored by the Center for Collaborative Online International Learning (COIL) based at the State University of New York (SUNY) Global Center in New York, USA and supported by the COIL Institute for Globally Networked Learning in the Humanities. The objective of the COIL jazz programme is to form multicultural teams that will co-design, develop and construct multicultural learning environments on their respective campuses using advanced technologies.

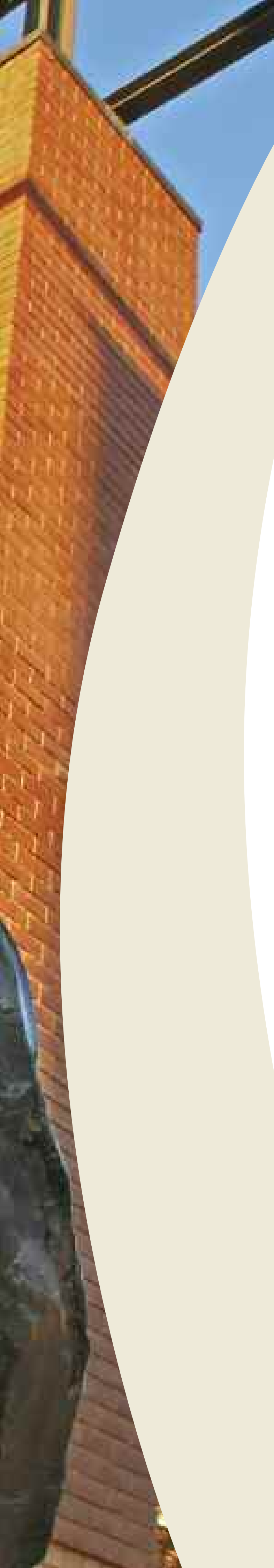
Building relationships with Indian universities: During 2011 Unisa established strategic relationships with Indian universities, including the University of Hyderabad, University of Mumbai and University of Madras, as well as institutes such as the Institute of Fundamental Research, the Homi Bhabha Center for Science Education and the Tata Institute of Technology.

The engagement with the Tata Institute of Technology focused on mathematics, science and technology education. Unisa and the University of Mumbai established a student exchange programme based on the life and work of Mahatma Gandhi in South Africa, India and the world.

African Council for Distance Education: The African Council for Distance Education (ACDE) remains a strategic initiative for Unisa and we have continued to support, participate and contribute to strengthening the ACDE in its mission to promote research and innovation, policy and quality in open and distance education in Africa. In 2011, Professor Makhanya was elected as ACDE Treasurer and formed part of the delegation to Addis Ababa engaging in discussions with the African Union, which recognised the ACDE as its official agent on open distance learning.

Collaboration between Unisa and further education and training colleges in the Western Cape: Government has identified further education and training (FET) colleges as critical to its strategy to reduce poverty, create employment and accelerate long-term growth through technical, vocational and commercial training. Unisa is already playing a major role through memoranda of agreement with three Western-Cape-based FET colleges which will allow the colleges to provide certain higher education qualifications under the certifying authority of the university. The three colleges are the College of Cape Town, Northlink College and Boland College.





REPORT ON INTERNAL ADMINISTRATIVE CONTROLS

Unisa uses internal administrative controls to provide reasonable assurance that the following activities are accomplished:

- the university's objectives are achieved on an effective, efficient, economical, socially responsible and ethical basis
- financial reporting is accurate, timely and in accordance with financial reporting standards;
- assets and information are safeguarded
- quality is improved
- legislation and regulations are complied with
- the ethical culture is infused into the operational activities of employees.

The existing internal administrative controls are directive, detective and corrective and include policies, procedures and standard business forms; defined structures, roles, responsibilities and segregation of duties; and delegation of authority and signing powers, accountability processes and system controls.

All policies are compiled and/or revised through a due diligence process and approved at Council level. The due diligence process gives some level of assurance pertaining to the probity and compliance with institutional standards. Business forms have been incrementally standardised to assist employees in their day-to-day activities, structures have been revised and approved, and roles and responsibilities are defined as reflected in the structures. The segregation of duties is established through the aforementioned structures and responsibilities. The delegation of authority and signing powers is designed to mitigate the risk of unauthorised transactions and accountability processes, as well as labour relations operations such as internal disciplinary and grievance processes.

Systems are widely used in the university and system controls are in place to secure the systems control over the input, processing and output of information. This receives attention during the systems design phase, and improvements for input, processing and output controls are continuously assessed through internal and external assurance reviews. Back-ups of data are made and a disaster recovery plan is available for the university. Fortunately Unisa has not had to put the efficacy of the plans and systems to the test. Information communication and technology standards are in the process of being embedded into the systems and ICT is aligned to the university's objectives with an ever-increasing focus on service delivery, support and control over processes and data.

The determination of strategic and operational objectives is based on an established and proven planning methodology and is inclusive of risk management practices. The planning process has commenced with a dedicated focus on identification of the risks associated with the planned objectives as well as the appropriate mitigation strategies to address the risks.

Since the merger in 2006, the focus of the university has increasingly veered toward effective, efficient, economic use of resources — and ethics became more of a focus point during 2008. 2011 saw a renewed and intense ethics drive on the part of Management and this process is set to continue concertedly through the next planning phase, and as an ongoing institutional focus. Although the university has not yet reached its target on effective, efficient, economic and ethical operations, plans are in place to introduce and embed the necessary improvement standards – including ensuring continual policy reviews, establishing and implementing procedures to ensure certainty of acceptable practices, and clarifying and/or re-defining roles and responsibilities to promote accountability — and many have already been implemented.

Council, operating through its Audit and Enterprise Risk Management Committee (AERMC), oversees the university's corporate governance, control and risk matters. The Management of the university monitors institutional risk, ethics and controls through the Risk, Ethics and Controls Committee (RECC) to pay attention to recommendations made in audit reports. All RECC reports are submitted to and discussed at the Management Committee and then submitted to the AERMC. Late in 2011 a Compliance Department was approved by Council to give greater attention to the aspect of controls compliance at the university. While compliance was monitored in a decentralised manner in both ICT and Finance, the institution of the Compliance Department will provide better institutional insight into this area. The structure of the department has been approved and positions will be filled from 2012.

Compliance reviews were also performed by the Internal Audit Department. A well-established internal audit function exists that is independent and objective and provides assurance and consulting services to the university's Council and Management on governance, risk management and controls. Reports issued by the internal audit function receive appropriate attention from the Management Committee and the Audit and Enterprise Risk Management Committee. Where weaknesses in any of the controls are identified through the aforementioned internal assurance reviews, recommendations are made to improve control and Management develops appropriate action plans to address the weaknesses. A process of following up on internal audit and external audit reports is well established and supported by the Department: Internal Audit and the Directorate: Enterprise Risk Management.

It must be noted, however, that the system of internal administrative controls is effective only to the extent that human error, noncompliance and intentional circumvention can be prohibited or prevented in a timely manner. The system of control is thus not entirely infallible.

As the university's focus in 2011 was on the effective, efficient, economic, social and ethical approach to its activities, controls and compliance therewith were assessed. Where weaknesses or noncompliance were identified, these were raised with the line managers for the controls to be reconsidered and improved. In most instances, the levels of acquiescence and co-operation toward ensuring a strict control environment could not be faulted. However, in some instances implementation was slower than required. These cases were identified and dealt with in the follow-up audits.

Based on the findings, Unisa assessed its internal administrative controls for the financial year ended 31 December 2011 taking cognisance of the results and findings from the continuous and periodic internal assurance reviews. Based on this assessment, Unisa believes that for the financial year ended 31 December 2011 the internal administrative controls reasonably meet the criteria to effectively, efficiently, economically and ethically safeguard its employees, operations, information and assets, and to ensure accountability to its stakeholders.

ASteenkamp

Ms A Steenkamp
Executive Director: Internal Audit

Advocate V Kahla
Chairperson: Audit and Enterprise Risk Management Committee
Unisa Council


INFO DESK
ACCESS CARD
MAIN CAMPUS
PIAZZA
CONFERENCE
FACILITIES

REPORT ON RISK EXPOSURE AND RISK MANAGEMENT

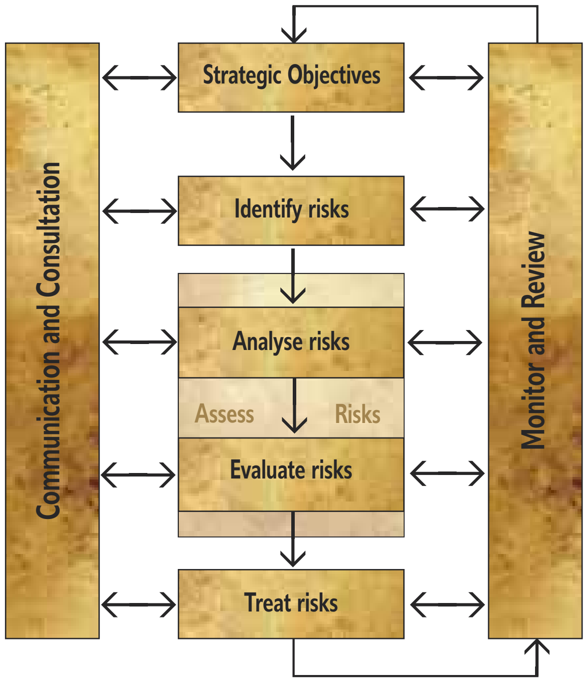
The university is committed to a continuous, systematic and integrated process of enterprise-wide risk management that focuses on identifying risks as well as managing and monitoring all known forms of risk across the institution. The features of this process are outlined in the Enterprise Risk Management Policy Framework of the university.

Risk may be defined as "a potential threat or possibility that an action or event will adversely or beneficially affect an organisation's ability to achieve its objectives". At Unisa there is a defined structure of engagement with regard to the monitoring of risk resilience.

The institutional approach is to give considerable focus to the organisational objectives at the various levels (strategic and operational) of the university. All key risks are managed within a unitary framework that is aligned to Unisa's strategic objectives. A decentralised process is followed to identify the critical business, operational, financial, strategic and compliance exposures of the university. The process further applies a rating based on the quality of control, severity and probability of occurrence, thereby ranking risks and setting priorities. The top risks are addressed through approved action plans with appropriately assigned responsibilities.

The figure below illustrates the detailed process that is followed in identifying and managing risks.

Risk management process



The risk management structures that are in place to assess, manage and monitor risk at the university include:

- The **Council** is responsible for overseeing the adequacy and overall effectiveness of the university's risk management function and its implementation by management.
- The **Audit and Enterprise Risk Management Committee of Council** has specific responsibility for the risk management process and receives the risk reports of the university, and reports to Council on key risks facing the university and associated risk mitigation responses.
- Central to the risk management process at Unisa is the **Risk, Ethics and Controls Committee** (a subcommittee of the Management Committee) comprising members of Executive Management. In 2011 this Committee met four times to review, evaluate and coordinate themanagement of identified strategic and operational risks (financial and non-financial) faced by the university. Management, acting on the advice of its Risk, Ethics and Controls Committee, is accountable to the Council for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the university. Accountability is established at Management level for each significant risk and the identified portfolio manager with his/her management team is tasked to identify relevant measures to manage identified risks. The control appropriateness of the measures is evaluated and the perceived residual risk exposure determined and monitored.
- A dedicated **Directorate: Enterprise Risk Management** comprises competent and experienced staff. The Directorate oversees the process from the perspective of strategic direction, ongoing improvement in methodology and processes, and technical assistance.

Operational risk registers for a number of departments have been developed and are in various stages of completion as reflected in the table below:

Summary of operational risk registers developed

Category	Description	Number (%)
A	Completed	56 (58%)
B	In progress	35 (35%)
C	Not started – valid reasons available	7 (7%)
	TOTAL	98 (100%)

Enterprise Risk Management has matured from operating under a reactive framework toward being effective in a wider context of identifying and managing risks proactively and seeking to introduce best practice initiatives. All basic structures are in place and operational to cope with the current maturity level. Risk registers are constantly being updated. However, it is acknowledged that the university has not as yet established enterprise-wide risk and compliance profiles and the process of ensuring compliance will receive additional focus throughout the next planning period and beyond.

In line with its concerted focus on sound corporate governance and sustainability (Goal 6) Unisa has embarked on a risk-based planning methodology for its 2013-2015 institutional planning cycle. The planning methodology is based on the national statutory and regulatory obligations, the principles of good practice as established by the King III Code, and the institutional requirements. The most significant risks that the university currently faces include those pertaining to service delivery (14,40), throughput and success rates (12,92), attracting and retaining competent staff (12,96), and technology and information systems (15,91). The criticality factor (residual rating) of these risks is indicated in brackets. (A rating scale of 1 to 25 is used: 25 being the highest exposure.) These risks are included in the university's Key Risk Register and Operational Plan.

The table on the following page provides a brief description of some of the key risks to which the university is exposed, and the mitigating controls in place to manage these risks, as approved by the Management and Council.

Identified 'financial risks' and 'non-financial risks' and are dealt with in accordance with their allocated levels of priority. Financial risks are discussed in the Consolidated Financial Statements.

Insurance policies are in place to cover risks. These are monitored by the Finance Committee, which satisfies itself that cover against fire and related risks, accidental damage, business interruption, theft, money and fidelity and, critically, both public and employee liability is adequate.

Despite the evident progress, the university acknowledges that embedding the awareness and understanding of risk management so that it becomes part of the integrated culture of the organisation is an organic process.

RISK	MITIGATION PLANS
Inadequate and deficient ICT resources and capacity to support the institutional requirements (Strategic goal 7)	• New ICT organisational structure approved; population of the new structure on track • ICT Policy Framework outlining all policies needed has been developed • ICT high-level key risks and root causes identified and risk assessment completed • Unisa 2015 Future-State ICT framework approved • ICT project management performance report reviewed regularly • Change management process implemented to improve and maintain ICT service delivery • ICT is currently ISO 9001: 2008 certified
Insufficient available institutional resources to adequately service growing student numbers (Strategic goal 7)	• Enrolment plan and statement submitted to the Department of Higher Education and Training • Development of an integrated tutor model • Definition and development of an ODL regional model • University Property Plan has been updated in line with the new enrolment planning targets
Failure to sustain and enhance research output (Strategic goal 2)	• Institutional Research Strategy and Plan developed and approved per capita • Dedicated Research and Innovation Portfolio created • Recruitment plans to identify scholars and young outstanding researchers for ratings for each college have been drawn up • Workshops and internal peer review panels are already in place and individual coaching of staff to prepare their research applications is ongoing • Positioning of Unisa's research profile and promoting of research highlights • Showcasing of the researchers who received NRF ratings and research-related awards
Failure to sustain and enhance Unisa's success and throughput rate (Strategic goal 1)	• An effective tracking system has been developed • An online examinations process for dissertations and theses is to be developed • Processes and procedures are in the process of being developed to support the implementation of alternative assessment practices • Academic staff members have attended assessor and moderator training; academic staff members have been introduced to new assessment practices • Pilot testing phase on online submission of examination question papers currently in progress • Mobile platform for submission of answers to multiple-choice questions implemented
Inadequate succession plan for an ageing cohort of skilled and experienced staff (Strategic goal 4 & 7)	• Comprehensive talent management plan developed and approved • Reward strategy implemented • Identification and acknowledgement of high performers • Leadership and mentorship programmes launched • Two workshops on Creativity and Innovation for Academic and Professional Staff conducted • Guidelines developed for line managers to facilitate career discussions

However, recognising that risk management is an ongoing evolving capability, the remediation strategy which the university has adopted is an investment in continuous awareness and improvement and it is hoped that the emerging positive changes will inspire further action. There are some challenges ahead particularly with regard to developing risk management capabilities that are adequate for the needs and complexities of the university in the future. These however are being addressed in a systematic and incremental manner. Specific risk areas include:

- the types of risks to which the university is exposed, as well as their criticality factor, is growing and these range from supply chain to operations to regulations and to reputation. Recognising emerging trends and the growing scourge of fraud and corruption, the university has also increased its focus in this area within the organisation. (A special fraud and corruption report is presented in the following section.)
- performance gaps exist between expectations for risk management and what is actually achieved, given that this has not been a priority focus of the institution and general organisational knowledge is limited.
- the need to infuse risk awareness across the organisational culture is not a process that can be fast-tracked if one wants to ensure institutional buy-in to the process (as opposed to a more surface and superficial approach).

Finally, it is reiterated that in a world of continued, dramatic, changing commitment to stakeholder value and strategic output, the risk management process is dynamic and involves continuous engagement with as well as a periodic review of institutional risks. The control responses to achieve long-term competitive advantage and high performance are accordingly continually updated to ensure that the appropriate remedial measures are aligned with the institutional strategic and operational plans.

Advocate V Kahla
Chairperson: Audit and Enterprise Risk Committee of Council

Professor D Singh
Chairperson: Risk, Ethics and Controls Committee

FRAUD AND CORRUPTION REPORT

The university has policies and procedures in place to address fraud and corruption, all of which have been endorsed by Management and approved by Council. The relevant policies are:

- Anti-Fraud/Corruption/Irregularities Statement
- Fraud/Corruption/Irregularities Prevention Policy
- Policy on Whistle Blowing
- Fraud/Corruption/Irregularities Response Protocol
- Unisa Code of Ethics and Conduct

A hotline facility (hosted externally by KPMG) is in place and reports of unethical conduct, including fraudulent or corrupt activities may be reported anonymously.

The reports are directed to the Executive Director: Internal Audit and the Director: Internal Audit for assessment and a preliminary investigation. If there is reasonable evidence to support the allegations a full investigation is launched. At all times the external auditors are kept informed of the developments pertaining to the investigations in order for them to assess the impact on the materiality figures for purposes of their reporting responsibilities.

In 2011 the Office of the Vice-Chancellor raised the bar on institutional awareness of ethical and servant leadership. Amongst others, EthicsSA was appointed to conduct an ethics audit and assist the university in achieving its objective of becoming a leader in ethics in higher education. The EthicsSA ethics audit followed a previous assessment by KPMG in 2010 which presented cause for concern. It is pleasing to note that during the year reports received via the hotline focused on the detail of ethical conduct and questions were raised on unethical activities. This served as indication that the institutional efforts were beginning to bear fruit.

The investigated fraud cases in the university for 2011 that are important to note are as follows:

- In 2010, a lecturer in the School of Economic Sciences was found to have been involved in a syndicate committing procurement fraud against SARS and, by the same procurement fraud scheme, caused prejudice to the university. The investigation commenced in 2010 and was finalised in 2011.
- A manager in the Debtors Section of the Department of Finance contravened the principles of good internal control and requested refunds for own benefit. The manager was disciplined and dismissed after the investigation was finalised and a criminal case was registered with the relevant authority.
- Transfer and relocation payments were made to employees based on fraudulent documentation. The matter will be finalised in 2012 and reported to the Management Committee, and appropriate disciplinary and reporting action will be instituted.

- The latter two cases were investigated after receiving anonymous reports through the hotline and/or internal communication structures.
- The Management of the university and the Audit and Enterprise Risk Management Committee of Council seek to consistently apply the institutional policy principle of zero tolerance to fraud and corruption, and unethical conduct is dealt with in a serious light. The process is therefore that upon receipt of a report, the cases are investigated and where necessary internal disciplinary processes follow. All cases involving fraud and corruption are also reported to the relevant law enforcement agencies. This is in line with the provisions of the Fraud, Corruption, and Irregularity Protocol of the university.

Ms A Steenkamp
Executive Director: Internal Audit

Advocate V Kahla
Chairperson: Audit and Enterprise Risk Management Committee
Unisa Council


671,752
48,247
26,159
1,394,858
626,843
15,000
(6,814)
635,029
331,006
687,990
237,486
1,252,664

ANNUAL FINANCIAL REVIEW 2011

Unisa continues to be in a sound financial position with total income 8% higher than in 2010. There were, however, mounting challenges as was evidenced by the fact that total expenditure during 2011 increased by 15% and that investment-related income declined sharply compared to 2010. Income from interest and dividends decreased by 1% while the fair value adjustment decreased by 54%. Should the investment-related income be ignored, the good news is that total income increased by 16%, which is one percentage point higher than the increase in expenditure. Total investments have grown by 9%, while other non-current assets net of depreciation and fair value adjustments, increased by 23% over the previous year.

Economic overview 2011

Unisa functions within the broader South African economy and therefore national economic trends should be kept in mind when analysing the university's 2011 financial position. Following the slump in domestic economic activity during 2009, as characterised by the contraction of 1.5% in the Gross Domestic Product (GDP), the South African economy started to recover in 2010 as shown by a GDP growth rate of 2.8%. This recovery gained momentum and broadened further during 2011 when a 3.1% GDP growth rate was reported.

This improvement in production manifested to a large extent in relatively strong household income growth, but disappointingly did not translate into a similar growth rate in the number of jobs. Indeed, there were some 800 000 fewer people employed in 2011, compared to the first quarter of 2009. Subsequent to the reporting date, continuous high unemployment led to a further downgrading of the country's economic outlook by international rating agencies.

Ironically, those who continued to receive an income from various sources on average enjoyed a healthy increase in their income portfolios as reflected by the 5.1% increase in real disposable income of households. The increased disposable income in turn contributed to a real increase of 4.9% in household consumption expenditure.

As the economy gained momentum, so did price inflation. Whereas a year-on-year inflation rate of 3.5%, which is near the bottom of the Reserve Bank inflation target band, was experienced during December 2010, the comparable rate for 2011 was 6.1%, which is above the Reserve Bank inflation target band. The biggest price increases during this period were experienced with respect to cost items impacting Unisa directly, namely electricity (17.4% year-on-year increase) and fuel (26.4% year-on-year increase).

Household expenditure on services comprises almost 50% of total household expenditure. This expenditure includes spending on education. It expanded by a real growth rate of 4.2% in 2011.

Total nominal spending by households on education was approximately R50 billion in 2011. Based on information provided by National Treasury about 19% of government spending was allocated to education, of which spending on higher education amounted to 15.1%. Government expenditure on higher education will increase from R28.3 billion in 2011/12 to R31.5 billion in 2012/13, thus constituting an 11.3% growth in nominal terms (approximately 5.1% in real terms).

Higher education environment during 2011

In his Budget Vote speech at the National Assembly in May 2011, the Minister of Higher Education and Training signalled that his department's goals were located within the overall objectives of amongst other, prioritising job creation and the Human Resources Development Strategy. Access to decent education and training was emphasised as being essential for the completion of the liberation struggle, whose foundation must be economic liberation. Education is therefore the apex government priority and now accounts for 19.4% of the total national budget for April 2011 to March 2012. Of this allocation universities received R19.4 billion while R4.3 billion was allocated for Further Education and Training (FET) colleges. R4 billion was allocated to the National Student Financial Aid Scheme (NSFAS). With contributions from universities' own coffers, NSFAS was expected to disburse R5.4 billion in loans and bursaries, double the R2.7 billion disbursed in the previous year.

The block grant allocation to higher education institutions has decreased from 86.7% of the total government funding of higher education in 2004/5 to only 75.8% in 2009/10. This percentage has increased slightly to 76.8% for 2011/12. As a result, the higher education sector is facing a number of funding challenges:

- A decline in State subsidies may result in increases in tuition fees, which in turn may lead to an increase in unpaid student debt
- Inadequate funding of the NSFAS; already the demand for financial aid is outstripping the amount available. More than 25% of the total undergraduate student population is on financial aid and the demand is still unfulfilled and rising.

As a result of the above, the management of the increasing student debt has become an onerous task for most higher education institutions, as has the management of the balance between the recovery of outstanding debt and the interest of students to continue with their studies.

Overview of financial achievements

For the financial year under review, Unisa recorded an operating surplus of R639.9 million (2010: R797.6 million). One of the main reasons for the decrease in the operating surplus is the fair value adjustment of investments. Investments are exposed to the volatility of the global equity markets and the fair value adjustment changed by 54% from R377 million in 2010 to R174 million during the year under review.

Although tuition fee increases were contained at below 10% on average for the past few years, revenue from student fees was 16% higher than in 2010. This increase is largely due to the continuing strong growth in student numbers during the year under review. However, it should be noted that included in expenses is an amount of R38 million that was expended to top up NSFAS funding to Unisa students. Expenses also include an amount of R34 million written off as irrecoverable and doubtful. Net income from tuition fee income for the year was therefore R2.147 billion.

The phased implementation of Unisa's Admissions Policy should result in a decrease in the growth of student numbers, or even a negative growth, from 2013 onwards. This would have an adverse effect on income from tuition fees.

The gross subsidy has increased by 12% to R1.789 billion in 2011 from R1.605 billion for 2010. However, R19.7 million (2010: R67.4 million) of the teaching and development grant was deferred to 2012. At the time of reporting it was unclear what the effect of the revised subsidy formula of the Department of Higher Education and Training (DHET) would be in future years.

Total expenditure for the year, including operational and personnel costs, amounted to R4.012 billion in 2011 (2010: R3.501 billion) – an increase of 15% compared to the previous year. This increase in spending leaves some cause for concern; the year-on-year increase in spending for 2010 over 2009 was 9% against an average inflation rate of 4.09%. In 2011 the average CPI inflation in South Africa 5.03% against the increased spending of 13% at the university:

Table 1: Analysis of income and expenditure

	% increase	2011 R'000	% increase	2010 R'000	2009 R'000
Total income	8%	4 652 785	19%	4 299 313	3 602 721
Total income excluding FVA	14%	4 478 678	16%	3 922 222	3 381 387
Total expenditure	15%	4 012 848	9%	3 501 628	3 212 306
Total staffing cost	10%	2 620 390	19%	2 383 013	2 010 106
Average CPI for SA	5.03%		4.09%		
Increased spending as % of CPI	258.5%		220.0%		

The increase in spending now exceeds the increase in income while the increase in spending deviates further away from the average inflation rate.

Significant increased spending occurred in the following cost items:

Table 2: Significant increases in spending

	2011 R	2010 R	Increase R	% Increase R
Consultants and other Professional Services	58 391 913	29 787 336	28 604 577	96%
Printing	73 183 661	10 341 230	62 842 431	608%
Provision for bad debts	30 403 757	(17 429 203)	47 832 961	274%

The following are the main reasons for this increase in spending:

- Printing increase due to the fact that during 2010, it was decided that tutorial letters were counted as stock. This resulted in a transfer from the Expense to the Inventory Account.
- The increase in consultants and professional services is primarily due to ICT using contractors who have the required skills. It is not economically viable to appoint these staff members on a full-time basis as these skills are not required regularly. The increase is also due to reclassification of Computer Operating Costs to Consultants and other Professional Services which mainly consist of Oracle software licences. Contractors are also used where additional capacity is required.
- Personnel expenditure (including expenditure from earmarked funding) rose by 10%. Personnel costs accounted for 65% (2010: 68%) of total expenditure which is 64% above the previous DHET guideline of 59% for personnel costs in relation to total spending. At 54% (2010: 52%) of recurring income, staff costs are lower when compared against the DHET guideline of 59% and 62% of recurring income issued during 2010.

The increase in staffing costs can to some measure be ascribed to an increase in the number of permanent and fixed-term employees:

Table 3: Increase in number of employees

	2011	Increase	2010	Increase	2009
Number of permanent employees	4 469	5.7%	4 228	4.4%	4 049
Number of fixed-term employees	751	6.5%	705	24.7%	565
Number of temporary employees	8 062	(3.3%)	8 335	4.6%	7 965

Operating expenses including earmarked funding expenses and excluding personnel costs increased by 26%.

Productivity and financial position of Unisa

It appears from table 4 below that considerable headway has been made in reducing expenditure per graduate. This provides a clear indication that the growing number of students and the higher throughput of such students during the past few years provided economy of scale benefits with respect to productivity.

Table 4: Changes in expenditure per graduate

	2011	2010	2009	2008
Total expenditure (including from earmarked funding)	4 012 848 000	3 501 628 000	3 212 306 000	2 800 356 000
Number of graduates/diplomands	19 307	26 073	22 675	17 923
Expenditure per graduate	207 844	134 301	141 667	156 244

Tables 5 to 7 provide a trend analysis of the last five years with respect to Unisa's financial position.

Table 5: Consolidated statement of financial position

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Total assets	7 360 196	6 692 931	5 779 459	5 198 037	5 013 228
Total liabilities	1 675 929	1 648 602	1 524 458	1 336 303	1 351 006
Total net assets	5 684 267	5 044 329	4 255 001	3 861 734	3 662 222
Investments:					
Total investments	4 925 202	4 526 148	3 884 720	3 481 001	3 803 018
Fair value adjustment	174 108	377 091	211 334	(160 527)	206 923
Return on investments	265 250	269 171	254 082	308 574	233 182
Facilities:					
PPE net of accumulated depreciation	1 498 303	1 199 426	1 010 506	800 678	572 636
Spending on building projects	296 953	188 920	284 586	255 417	48 669

The following are some of the items which contributed to the increase of 10% in total assets as disclosed in the Consolidated Statement of Financial Position:

- An increase of R298.8 million (25%) in property, plant and equipment
- A 8% increase in investments (excluding cash)

Future planned infrastructure spending includes the following:

- Construction of a new building for the Polokwane campus (approved budget R63 million)
- Refurbishment of the Rustenburg campus building (approved budget R40 million)
- Refurbishment of existing buildings on Florida campus (approved budget R200 million)
- Upgrade of the Unisa Library in the Samual Pauw building and the Science Library at Florida campus (approved budget R372 million)
- Construction of training and conference facilities at Unisa Park, Irene (approved budget R206 million)

Table 6: Consolidated statement of comprehensive income

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Total revenue	4 652 785 [1]	4 299 313 [1]	3 602 721 [1]	3 000 047 [1]	2 942 283
State subsidies & grants	1 801 537 [1]	1 607 194 [1]	1 360 546 [1]	1 211 494 [1]	1 057 446
Tuition fee & other revenue	2 181 896	1 828 607	1 536 759	1 389 577	1 192 523
Total expenditure	4 012 848 [2]	3 501 628 [2]	3 212 306 [2]	2 800 356 [2]	2 563 285
Personnel costs	2 472 076 [3]	2 231 920 [3]	2 010 106 [3]	1 655 146 [3]	1 575 462
Operating expenses	1 224 213 [4]	1 154 076 [4]	1 003 554 [4]	1 044 915 [4]	910 776

[1] Includes earmarked funding of R275.635 million (2009: R279.643 million)
[2] Includes earmarked funding expenses of R287.189million (2010: R269.643 million)
[3] Includes earmarked funding expenses of R127.322 million (2010: R128.550 million) for Teaching and Research Development
[4] Includes earmarked funding expenses of R6.157 million (2010: R5.233 million) for Strategic Projects, R148.313 million (2010: R151.093 million) for Teaching and Research Development and R5.397 million (2010: R2.430 million) for staff restructuring

During the year under review the following transfers were made to reserves:

Business continuity reserve	R13.9 million
New buildings reserve	R9.3 million
Renewal & replacement of buildings reserve	R9.3 million
Maintenance reserve	R9.3 million
ICT renewal reserve	R4.7 million

The balances of reserve accounts at the end of 2011 were as follows:

Business continuity reserve	R919 million
New buildings reserve	R598 million
Renewal & replacement of buildings reserve	R301 million
Maintenance reserve	R42 million
ICT renewal reserve	R33 million

These reserves are matched with investments.

Analysis of ratios

Table 7: Important financial ratios

	2011	2010	2009	2008	2007
Current ratio	6.43:1	5.51:1	4.82:1	4.95:1	4.61:1
Quick ratio	6.31:1	5.38:1	4.73:1	4.87:1	4.55:1
Cash ratio	6.04:1	5.07:1	4.56:1	4.54:1	4.26:1
Surplus margin as a percentage of total revenue	13.78%	18.55%	10.84%	6.66%	10.88%
Subsidies and grants as a percentage of total revenue	32.54%	30.69%	37.77%	40.38%	35.94%
Tuition fee and other revenue as a percentage of total revenue	46.89%	42.53%	42.66%	46.32%	40.53%
Personnel costs as a percentage of total expenditure	61.60%	68.05%	62.6%	59.00%	61.46%
Operating expenses as a percentage of total expenditure	30.51%	32.96%	31.24%	37.31%	35.53%
Free cash flow	R210 772	R631 080	R114 708	R19 269	(R64 140)

Conclusion

Despite some challenges in 2011, Unisa has maintained and improved its financial position and sustainability. With its history of good corporate governance and continuous record of unmodified auditors' reports, the university deserves its reputation for sound financial planning, management and reporting.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Statement of responsibility by the Council for the year ended 31 December 2011

The Council is responsible for the preparation and fair presentation of the consolidated financial statements of the University of South Africa, comprising the statement of financial position at 31 December 2011, and the statement of comprehensive income, changes in equity and cash flow for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with South African Statements of Generally Accepted Accounting Practice, regulations for Annual Reporting by Higher Education Institutions and in terms of the requirements of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by management. In addition, the Council is responsible for preparing the Council report.

The Council is also responsible for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Council have made an assessment of the ability of the University to continue as going concerns and have no reason to believe that the University will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the University of South Africa, as identified in the first paragraph, were approved by the Council on 22 June 2012 and signed on its behalf by:

Dr Mathews Phosa
Chairperson of Council

Prof. MS Makhanya
Vice-Chancellor and Principal

Chairperson of Finance and Investment Commitee
Committee of Council

Prof. JE Kleynhans
Vice-Principal: Finance and University Estates

Independent Auditor's Report to the Council of the University of South Africa

Report on the Financial Statements

We have audited the consolidated financial statements of the University of South Africa as set out on pages 75 to 121, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practise, regulations for annual reporting by Higher Education Institutions and the requirements of section 41 of the Higher Education Act of South Africa, 1997 (Act No. 101 of 1997), and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University of South Africa as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, regulations for annual reporting by Higher Education Institutions and the requirements of section 41 of the Higher Education Act of South Africa, 1997 (Act No. 101 of 1997).

Report on Other Legal and Regulatory Requirements

Public Audit Act (PAA) Requirements

In accordance with the Public Audit Act of South Africa, and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the information supporting the University's performance against predetermined objectives described in the section headed Self-assessment of institutional performance as set out on pages 34 to 35 of the Statement of the Principal and Vice-Chancellor, and reported thereon to the Council.

The reported performance against predetermined objectives was evaluated against the overall criteria of reliability. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings concerning the reliability of the information supporting the reported performance against predetermined objectives.

Compliance with laws and regulations

We performed procedures to obtain evidence that the University has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in the Higher Education Act of South Africa.

Internal control

We considered internal control relevant to our audit of the financial statements, the performance against predetermined objectives and compliance with laws and regulations.

We did not identify any deficiencies in internal control that we considered sufficiently significant for inclusion in this report.

Other Reports

Investigation

During the financial year the University completed 11 investigations into alleged irregularities and fraud within the procurement and asset management environments. The outcomes of these investigations were assessed not to have a material impact on the financial statements. At the reporting date, four investigations are still ongoing.

Agreed-upon procedures

As requested by the University we conducted engagements to inspect the University's application of grant funding for grants received from the National Research Fund and Department of Higher Education and Training. The reports issued were per grant or subsidy and were issued throughout the year.

We have also performed agreed-upon procedures on the financial information of the Graduate School of Business Leadership (SBL) and the report was issued during the financial year.

KPMG Inc.
Registered Auditor

Per MA Sithole
Chartered Accountant (SA)
Registered Auditor
Director
22 June 2012

KPMG Forum
1226 Schoeman Street
Hatfield
0008

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	2011	2010
		R'000	R'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	1 498 303	1 199 426
Intangible assets	2	35 923	22 817
Investment property	3	65 508	66 517
Non-current receivables	4	0	81
Other investments	7	129 228	118 043
		1 728 962	**1 406 884**
CURRENT ASSETS			
Inventories	5	109 638	126 485
Trade and other receivables	6	153 635	199 387
Other investments	7	4 795 974	4 408 105
Pension fund asset	12.2	80 719	100 957
Cash and cash equivalents	8	490 684	450 529
		5 630 650	**5 285 463**
Non-current assets held for sale	9	584	584
		5 631 234	**5 286 047**
TOTAL ASSETS		**7 360 196**	**6 692 931**
EQUITY AND LIABILITIES			
RESTRICTED PPE DISTRIBUTABLE RESERVES			
Held for investment in property, plant and equipment	10	1 004 956	787 037
		1 004 956	**787 037**
DISTRIBUTABLE RESERVE			
Unrestricted	10	4 658 830	4 205 968
Restricted	10	20 481	51 324
		4 679 311	**4 257 292**
TOTAL EQUITY		**5 684 267**	**5 044 329**
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	11	7 464	23 577
Post-employment medical obligations	12.1	531 200	434 813
Employee benefit liability in respect of pension fund guarantee	12.3	87 199	64 026
Accumulated leave liability	13	117 631	109 354
Funds administered on behalf of Department of Higher Education and Training		57 011	57 911
		800 505	**689 681**
CURRENT LIABILITIES			
Trade and other payables		397 280	329 886
Post-employment medical obligations	12.1	32 070	148 935
Accumulated leave liability	13	26 249	12 769
Deferred income	14	242 298	298 924
Student deposits		152 871	137 809
Current portion of interest-bearing borrowings	11	24 656	30 598
		875 424	**958 921**
TOTAL EQUITY AND LIABILITIES		**7 360 196**	**6 692 931**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	Education and General: Council controlled unrestricted	Education and General: Specifically funded activities restricted	Sub Total	Student and staff accommodation restricted	2011	2010
		A	B		C		
		R'000	R'000	R'000	R'000	R'000	R'000
RECURRENT ITEMS		629 967	1 613	631 580		631 580	805 359
INCOME		4 348 109	9 130	4 357 239		4 357 239	4 019 681
State subsidies and grants		1 514 349		1 514 349		1 514 349	1 319 888
Tuition and other fee income		2 181 896		2 181 896		2 181 896	1 828 607
Income from contracts		8 703	7 341	16 044		16 044	13 622
For research		6 148		6 148		6 148	7 777
For other activities		2 555	7 341	9 896		9 896	5 845
Sales of goods and services		156 272	(160)	156 112		156 112	143 191
Private gifts and grants		49 480		49 480		49 480	68 111
Interest and dividends	15	263 301	1 949	265 250		265 250	269 171
Fair value adjustment – investments	15	174 108		174 108		174 108	377 091
EXPENDITURE		3 718 142	7 517	3 725 659		3 725 659	3 214 322
Personnel costs	16	2 344 551	204	2 344 755		2 344 755	2 103 370
Academic & professional		898 622	204	898 826		898 826	698 566
Other personnel		1 445 929		1 445 929		1 445 929	1 404 804
Other current operating expenses	17	1 205 463	7 196	1 212 659		1 212 659	965 103
Depreciation and amortisation		154 220	107	154 327		154 327	134 963
Finance costs	18	13 908	10	13 918		13 918	10 886
NON-RECURRENT ITEMS		8 358		8 358		8 358	(7 674)
INCOME		8 358	287 189	295 547		295 547	279 632
Special projects DHET			6 157	6 157		6 157	5 233
Profit/(Loss) on disposal of PPE		5 333		5 333		5 333	(9 063)
Profit on investments		3 025		3 025		3 025	1 389
Teaching and research development			275 635	275 635		275 635	279 643
Staff restructuring			5 397	5 397		5 397	2 430
EXPENDITURE			287 189	287 189		287 189	287 306
Special projects DHET			6 157	6 157		6 157	5 233
Staff restructuring			5 397	5 397		5 397	2 430
Teaching and Research Development			275 635	275 635		275 635	279 643
NET SURPLUS		638 325	1 613	639 938		639 938	797 685
Other comprehensive Income							
Total comprehensive Income		638 325	1 613	639 938		639 938	797 685

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

		Operating Funds – unrestricted			Operating Funds – restricted				Property, Plant and Equipment (PPE)				
	Notes	Accumulated funds Unrestricted	Unrestricted /designated	Sub Total A	Restricted use funds Residence	Restricted use Funds reserves other	Trust Fund	Sub Total B	Restricted Use	Fixed Asset Fund PPE	Unrestricted Use	Sub Total C	Total (A+B+C)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2010													
BALANCE AT 01.01.2010		3 158 995	(69 170)	3 089 825	10 502	36 779	1 733	49 014	91 675	1 027 423	(11 293)	1 107 805	4 246 644
Surplus		804 853	(39 296)	765 557		2 686		2 686			29 442	29 442	797 685
Transfers – Credit		236 026	540 273	776 299						190 215	1 102 867	1 293 082	2 069 381
Transfer – Debit		(370 997)	(54 716)	(425 713)		(376)		(376)		(1 217 638)	(425 654)	(1 643 292)	(2 069 381)
BALANCE AT 31.12.2010		**3 828 877**	**377 091**	**4 205 968**	**10 502**	**39 089**	**1 733**	**51 324**	**91 675**	**0**	**695 362**	**787 037**	**5 044 329**
2011													
BALANCE AT 01.01.2011		**3 828 877**	**377 091**	**4 205 968**	**10 502**	**39 089**	**1 733**	**51 324**	**91 675**	**0**	**695 362**	**787 037**	**5 044 329**
Surplus		578 376		578 376		1 043		1 043	12 796		47 723	60 519	639 938
Transfers – Credit		310 078		310 078							232 608	232 608	542 686
Transfer – Debit		(232 609)	(202 983)	(435 592)	(10 502)	(19 651)	(1 733)	(31 886)	(75 208)			(75 208)	(542 686)
BALANCE AT 31.12.2011		**4 484 722**	**174 108**	**4 658 830**	**0**	**20 481**	**0**	**20 481**	**29 263**	**0**	**975 693**	**1 004 956**	**5 684 267**

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011	2010
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	455 293	338 004
Interest received	15	211 581	229 326
Dividends received	15	53 669	39 845
Finance cost		(7 437)	(1 659)
NET INFLOW FROM OPERATING ACTIVITIES		**713 106**	**605 516**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(429 132)	(301 932)
Acquisition of intangible assets		(21 001)	(8 928)
Proceeds on disposal of property, plant and equipment		282	595
Proceeds on disposal of investments		3 025	1 389
Acquisition of investments		(224 946)	(278 945)
NET OUTFLOW FROM INVESTMENT ACTIVITIES		**(671 772)**	**(587 821)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest-bearing borrowings repaid		(637)	(695)
NET OUTFLOW FROM FINANCING ACTIVITIES		**(637)**	**(695)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		40 697	17 000
NET FOREIGN EXCHANGE DIFFERENCES		(542)	(4 503)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	8	450 529	439 195
Huguenot College		0	(1 163)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8	**490 684**	**450 529**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

1.1 REPORTING ENTITY

The University of South Africa is an institution domiciled in South Africa. The consolidated financial statements of the University as at and for the year ended 31 December 2011 comprise the University and entities which the University has the power to control. The basis of consolidation of the consolidated financial statements is set out in paragraph 2.3. The University as an educational institution is primarily involved in tuition, research and community engagement in South Africa and beyond.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements are prepared in accordance and compliance with South African Statements of Generally Accepted Accounting Practice, regulations for annual reporting by Higher Education Institutions and the requirements of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended.

2.2 BASIS OF PREPARATION

2.2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss and
- the defined benefit asset is recognised as the net total of plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

The methods used to measure fair values are discussed further in paragraph 2.20.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. (refer to paragraph 2.6)

2.2.2 Functional currency

The consolidated financial statements are presented in South African Rand, which is the University's functional currency, rounded to the nearest thousand.

2.2.3 Segment information and accumulated funds

A segment is a recognised component of the University that is engaged in undertaking activities and providing services that are subject to risks and returns different from those of other segments. Segmentation provided in the consolidated statement of comprehensive income of these financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training.

2.2.4 Specifically funded activities restricted (Education and general)

The specifically funded activities restricted consist mainly of research activity. Here decision-making rights over income earned and related expenses rest with researchers. Council retains an oversight role in regard to ensuring that expenditure is in accordance with the mandate received from funders.

2.2.5 Unrestricted Council controlled funds

The Council-controlled segment predominantly represents the teaching component of the University. Decision-making rights relating to income earned in this segment rest with Council.

2.2.6 Non-distributable Reserve

This reserve relates to the funds earmarked for investment in property, plant and equipment.

2.2.7 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP) requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
Judgements made by Management in the application of SA GAAP that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 12 – measurement of defined benefit obligations
- Note 20 – contingent liabilities
- Accounting policy 2.13 and note 7 – valuation of financial instruments
- Accounting policy 2.10 – lease classification

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements include all assets and liabilities of the University of South Africa, the University of South Africa Foundation, and the University of South Africa Fund Inc. Entities are included in the consolidated financial statements when the University has the power to control the entities. Control exists when the University, by contractual arrangement, has the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2.3.1 Transactions and grants eliminated on consolidation

Transactions

Inter-entity balances and transactions and any unrealised income and expenses arising from inter-entity transactions are eliminated in preparing the consolidated financial statements.

Grants

Grants between related funds are eliminated in the consolidated annual financial statements.

2.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost and is not depreciated as it is deemed to have an unlimited useful life. Property, plant and equipment acquired by means of donations are recorded at nominal value. Artwork is recorded at cost or the estimated fair value at the date of the donation. The fair value is deemed to be a reasonable market value at the date of the donation or the purchase price item. The useful life of artworks is determined to be indefinite. The carrying value is reviewed annually and adjusted for impairment when necessary.

Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. The cost of self-constructed items of property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the item to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an item of property, plant and equipment over its estimated useful life. Depreciation is charged on the depreciable amount to profit or loss on a straight-line basis over the estimated useful lives of the property, plant and equipment.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value.

Residual value is the estimated amount that the University would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment was already of age and in the condition expected at the end of its useful life.

Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the University will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

- Motor vehicles and farm equipment — 5 years
- Laboratory equipment — 5-10 years
- Computer equipment — 3 years
- Furniture and equipment — 5-15 years
- Buildings and improvements — 50 years
- Library books — Written off in year of acquisition

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The residual values, depreciation method and useful lives of items of property, plant and equipment are reassessed annually.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the item of property, plant and equipment will flow to the entity and the costs can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Profits/(Losses) on the disposal of items of property, plant and equipment are recognised in profit and loss. The profit or loss is the difference between the net disposal proceeds and the carrying amount of the item of property, plant and equipment.

Routine maintenance costs are recognised to profit or loss as they are incurred. The costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except if the cost had been recognised as a separate part of the cost of the item of property, plant and equipment.

2.5 INVESTMENT PROPERTIES

Investment properties are properties which are either held to earn rental income and/or for capital appreciation but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Owner-occupied properties are held for educational activities and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated by using the straight-line method to write off the depreciable amount over the investment property's estimated useful life.

The useful life is currently:

- Buildings and improvements - 50 years (2010 – 50 years)

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the University's accounting policies. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and employee benefit assets, which continue to be measured in accordance with the University's accounting policies.

2.7 INTANGIBLE ASSETS

An intangible asset is an identified, non-monetary asset that has no physical substance. An intangible asset is recognised when:

- it is identifiable
- the University has control over the asset as a result of a past event
- it is probable that economic benefits will flow to the University
- the cost of the asset can be measured reliably

The amortisation period and amortisation method are reassessed annually.

2.7.1 Research

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss when incurred.

2.7.2 Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the cost incurred to acquire and make available for use the specific software.

Costs associated with maintaining computer software programmes are capitalised as intangible assets only if they qualify for recognition. In all other cases, these costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the University and that will probably generate economic benefits exceeding one year are recognised as intangible assets. Direct costs include the costs of software development, employees' costs and an appropriate allocation of relevant overheads.

Computer software is amortised on a straight-line basis over its estimated useful life from the date it becomes available for use.

The current useful life is:

- Capitalised software - 3 years (2010 – 3 years)

Subsequent expenditure on capitalised intangible assets is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates and the costs can be measured reliably. All other expenditure is expensed as incurred.

2.8 IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

The carrying amounts of the University's assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

The allowance accounts in respect of student and other receivables are used to record impairment losses unless the University is satisfied that no recovery of the amount owing is possible. At that point the amounts considered irrecoverable are written off directly against the financial asset.

The impairment of student receivables, loans and other receivables is established when there is objective evidence that the University will not be able to collect all amounts due in accordance with the original terms of the credit/loans given, and includes an assessment of recoverability based on historical trend analyses and events that exist at the reporting date. In assessing collective impairment the University uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement. The amount of the impairment adjustment is the difference between the carrying value and the present value. For debtors, impairment losses are recognised in profit or loss.

For loans and receivables the adjustment is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the loan or receivable. Objective evidence included default of delinquency by a debtor or adverse changes in the payment status of debtors to the University.

An impairment loss is recognised if the carrying amount of a non-financial asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

2.8.1 Calculation of recoverable amount

The recoverable amount of the University's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of non-financial assets is the greater of their value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.8.2 Reversals of impairment

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment losses on these financial assets is recognised in profit or loss.

2.9 FOREIGN CURRENCIES

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency transactions are translated to the University's functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at rates of exchange ruling at the end of the financial year.

It is not the policy of the University to take out forward exchange contracts on foreign currency transactions entered into.

2.10 LEASES

2.10.1 Finance leases

Leases of property, plant and equipment where the University obtains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct costs incurred in negotiating or arranging a lease is added to the cost of the asset. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line basis at rates considered appropriate to write off the depreciable amount over the estimated useful lives. Where it is not certain that an asset will be taken over by the University at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

Finance lease payments are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are charged to operating costs as they become due.

2.10.2 Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the University to enter into the agreement, such as up-front cash payments or an initial rent-free period. These benefits are recognised as a reduction in the rental expense over the lease term on a straight-line basis.

2.11 PROVISIONS

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.12 FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity and debt securities, student and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

2.12.1 Measurement

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, directly attributable transaction costs, for financial instruments through profit and loss, attributable costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

2.12.2 Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.12.3 Student and other receivables

Student and other receivables are subsequently classified as loans and receivables and measured at amortised cost using the effective interest method less any impairment losses.

2.12.4 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, using the effective interest method. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the University unless otherwise stated. Bank overdrafts that are repayable on demand and form an integral part of the University's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.12.5 Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are subsequently carried at amortised cost using the effective interest method, less any impairment losses.

2.12.6 Loans and receivables

Loans and receivables are stated at amortised cost, less any impairment losses. Amortised cost represents the original invoice amount less principal repayments received, the impact of discounting to net present value and impairment adjustments, where applicable.

2.12.7 Recognition and de-recognition

A financial instrument is recognised when the University becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the University's contractual rights to the cash flows from the financial assets expire or if the University transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date (the date that the University commits itself to purchase or sell the asset). Financial liabilities are de-recognised when the University's obligations specified in the contract expire or are discharged or cancelled.

2.12.8 Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the University has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the University manages such investments and makes purchase and sale decisions based on their fair value in accordance with the University's documented risk policy. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Fair value movement recognised in profit or loss excludes interest and dividends.

2.14 INVENTORY

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the first-in-first-out method. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated scrap values.

2.15 NORMAL TAXATION

The University is exempted from normal taxation in terms of section 10 of the South African Income Tax Act, 1962 (Act No. 58 of 1962).

2.16 FINANCING COSTS

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

2.17 RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operational decisions. Key Management staff and their close family members are also regarded as related parties. Key Management staff are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

2.18 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the University but not recognised in the statement of financial position.

2.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.20 DETERMINATION OF FAIR VALUES

A number of the University's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

2.20.1 Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the University's investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

2.20.2 Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-for-trading investments, is determined by reference to their quoted bid price at the reporting date.

2.20.3 Student and other receivables

The fair value of student and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2.21 REVENUE

2.21.1 Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be measured reliably, the amount of revenue can be measured reliably, and there is no continuing management involvement with the goods.

2.21.2 Services and tuition fees

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Stage of completion is assessed based on the proportion that costs incurred to date bear to the estimated total costs, subject to recoverability. Tuition fees are recorded as income in the period to which it relates. Deposits received from prospective students are recognised as income once the service has been rendered.

2.21.3 Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

2.21.4 Government grants

An unconditional government grant or subsidy is recognised in profit or loss when the grant becomes receivable. Other conditional government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the University will comply with the conditions associated with the grant. Grants that compensate the University for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Non-monetary assets received through a government grant are accounted for at a nominal amount.

2.21.5 Donations

Donations are recognised as income when received.

2.21.6 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 EMPLOYEE BENEFITS

2.22.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries and annual leave represent the amount which the University has a present obligation to pay as a result of employee services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

2.22.2 Long-term service benefits

The University's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise. The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating to the terms of the University's obligation.

2.22.3 Termination benefits

Termination benefits are recognised as an expense when the University is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the University has made an offer encouraging voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.22.4 Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution retirement plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.22.5 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The University's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The fair value of any plan assets and any unrecognised past service costs is deducted. The discount rate is the market yield at the reporting date on government bonds that have maturity dates approximating to the terms of the University's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

When the calculation results in a benefit to the University, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The University recognises all actuarial gains and losses arising from defined benefit plans immediately in profit or loss.

2.23 BASIS OF APPORTIONMENT BETWEEN FUNDS

2.23.1 Short-term assets and liabilities

Short-term assets and liabilities are accounted for in the various fund groups in which the related additions and deductions are reflected.

2.23.2 Investment income

The allocation of investment income and realised profits or losses on pooled investments is based on the effective monthly balances. Funds in the fund group restricted use and funds of institutes and centres which are not in terms of University policy invested in listed bonds and equities do not share in the investment income and the realised profits or losses of these investments.

2.24 OTHER

2.24.1 Transfers

Transfers are made to reserves in respect of property, plant and equipment to make provision for current and future fixed asset renovations, upgrading, acquisitions and maintenance.

2.24.2 Funds administered on behalf of Department of Higher Education and Training

As legal successor for the former Vista University, the University administers the medical aid liability of the Vista pensioners on behalf of the Department of Higher Education and Training. These funds are recognised as a non-current liability.

2.24.3 State guaranteed loans

In case of state guaranteed loans, the University receives an 85% subsidy from the Department of Higher Education and Training in respect of interest and capital repayments. These funds received are recognised as government grants in profit or loss.

NOTE 1: PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Furniture and equipment	Computer equipment and leased assets	Vehicles & farm equipment	Laboratory, museum, art and audio-visual	Library	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
At 1 January 2010							
Cost	969 070	137 658	361 899	8 392	85 251	508 112	2 070 382
Accumulated depreciation	(160 584)	(94 476)	(226 834)	(6 410)	(60 253)	(508 112)	(1 056 669)
Net carrying value	**808 486**	**43 182**	**135 065**	**1 982**	**24 998**	**0**	**1 013 713**
At 31 December 2010							
Opening net book amount	808 486	43 182	135 065	1 982	24 998		1 013 713
Huguenot College		(1 064)	(814)	(220)			(2 098)
Transfer from investment property	8 389						8 389
Additions	90 162	51 735	32 095	8 470	10 279	30 218	222 959
Disposals		(27 359)	(12 765)	(689)	(94)		(40 907)
Depreciation on disposals		18 461	11 852	637	299		31 249
Work in progress	94 185						94 185
Depreciation	(17 772)	(12 030)	(59 206)	(1 476)	(7 362)	(30 218)	(128 064)
Closing net carrying value	**983 450**	**72 925**	**106 227**	**8 704**	**28 120**	**0**	**1 199 426**
At 1 January 2011							
Cost	1 156 096	159 670	379 174	15 419	95 435	538 330	2 344 124
Accumulated depreciation	(172 646)	(86 745)	(272 947)	(6 715)	(67 315)	(538 330)	(1 144 698)
Net carrying value	**983 450**	**72 925**	**106 227**	**8 704**	**28 120**	**0**	**1 199 426**
At 31 December 2011							
Opening net book amount	983 450	72 925	106 227	8 704	28 120	0	1 199 426
Additions	80 954	13 523	88 178	1 336	11 976	33 151	229 118
Disposals	(400)	(3 016)	(14 722)	(32)	(167)	(1 357)	(19 694)
Depreciation on disposals		2 919	14 401		200	1 357	18 877
Work in progress	215 999						215 999
Depreciation	(29 103)	(14 571)	(57 642)	(2 259)	(8 697)	(33 151)	(145 423)
Closing net carrying value	**1 250 900**	**71 780**	**136 442**	**7 749**	**31 432**	**0**	**1 498 303**
At 31 December 2011							
Cost	1 452 649	170 177	452 630	16 723	107 244	570 124	2 769 547
Accumulated depreciation	(201 749)	(98 397)	(316 188)	(8 974)	(75 812)	(570 124)	(1 271 244)
Net carrying value	1 250 900	**71 780**	**136 442**	**7 749**	**31 432**	**0**	**1 498 303**

Net carrying value

At 31 December 2011	1 250 900	71 780	136 442	7 749	31 432	0	1 498 303
At 31 December 2010	983 450	72 925	106 227	8 704	28 120	0	1 199 426

Land included in the above land and buildings

	2011	2010
	R'000	**R'000**
Cost		
Balance as at 1 January	127 271	126 460
Acquisitions	700	811
Disposal	(400)	0
Balance as at 31 December	**127 571**	**127 271**

Leased assets included in the above comprise certain computer equipment, purchased in terms of financial lease agreements.

Opening net carrying value	56 155	59 329
Net acquisitions	39 289	26 741
Depreciation	(29 506)	(29 915)
Balance as at 31 December	**65 938**	**56 155**

Capitalised leased assets are encumbered in terms of finance lease agreements (refer note 11)

NOTE 2: INTANGIBLE ASSETS

Computer Software		
Cost		
Balance as at 1 January	40 273	31 345
Acquisitions	21 001	8 928
Balance as at 31 December	**61 274**	**40 273**

Accumulated amortisation		
Balance as at 1 January	(17 456)	(11 567)
Amortisation for the year	(7 895)	(5 889)
Balance as at 31 December	**(25 351)**	**(17 456)**

Carrying value		
At 31 December	**35 923**	**22 817**

NOTE 3: INVESTMENT PROPERTY

Cost		
Balance as at 1 January	77 793	87 458
Transferred to property, plant and equipment		(9 665)
Balance as at 31 December	**77 793**	**77 793**

Accumulated depreciation and impairment losses		
Balance as at 1 January	(11 276)	(11 543)
Transferred to property, plant and equipment		1 276
Depreciation for the year	(1 009)	(1 009)

Balance as at 31 December	**(12 285)**	**(11 276)**

	2011	2010
	R'000	R'000
Carrying value		
At 31 December	**65 508**	**66 517**

The investment property was valued during 2008 by Midcity Property Services (Pty) Ltd, a registered independent property appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined by using the income capitalisation method. The fair value as determined by the property appraiser as at 31 May 2008 amounted to R186 million. The University's assessment of the valuation indicated no significant change in the fair value of the property as at the reporting date.

Rental income from investment property amounted to R5,837 million (2010: R6,940 million) and the direct operating expenses amounted to R2,552 million (2010: R1,464 million).

A register of the land and buildings included in investment properties is available at the University's registered address.

NOTE 4: NON-CURRENT RECEIVABLES

Employee loans	-	4
Employee vehicle loans	-	77
	-	**81**

Vehicle loans		
Unsecured loans granted to University employees to enable them to purchase motor vehicles. These loans bear interest at a contractual variable rate of prime less 2% and are repayable over 54 months.		
The University no longer grants loans to staff members.	77	3 358
Less portion payable within twelve months included in current assets	(77)	(3 281)
	-	**77**

The weighted average interest rates on receivables (current and non-current) were as follows:

Other receivables	7%	8%
Vehicle loans	7%	8%

NOTE 5: INVENTORIES

Study materials and courseware	93 092	107 553
Technical inventories	1 682	1 833
Consumable inventory	14 864	17 099
	109 638	**126 485**

The study material and courseware balance disclosed above is after an impairment adjustment of R16,946 million (2010: R13,627 million). In 2011 paper, printing consumables, changes in finished goods and work in progress recognised as cost of sales amounted to R86,530 million (2010: R57,598 million).

NOTE 6: TRADE AND OTHER RECEIVABLES

	2011	2010
	R'000	**R'000**
Student receivables core	36 891	39 397
Student receivables other	7 649	5 994
Prepayments	21 136	14 551
Unsettled trades	28 355	28 251
National Student Financial Aid Scheme (NSFAS)	1 461	93 355
Other receivables	58 066	14 558
Short-term portion of non-current receivables (note 4)	77	3 281
	153 635	**199 387**

Movement in the allowance for impairment in respect of student and other receivables

Student receivables		
Balance as at 1 January	38 058	56 624
Impairment loss reversed	(38 058)	(56 624)
Impairment loss recognised	74 779	38 058
Balance as at 31 December	**74 779**	**38 058**

Other receivables		
Balance as at 1 January	25 863	26 873
Impairment loss reversed	(25 863)	(26 873)
Impairment loss recognised	19 398	25 863
Balance as at 31 December	**19 398**	**25 863**
Total allowance for impairment	**94 177**	**63 921**

The University's exposure to credit, currency and interest rate risks relating to other investments is disclosed in note 19.

NOTE 7: OTHER INVESTMENTS

Non-current investments		
Designated at fair value through profit and loss	**129 228**	**118 043**
Current investments		
Designated at fair value through profit and loss	57 668	57 920
Held for trading instruments	4 738 306	4 350 185
	4 795 974	**4 408 105**
	4 925 202	**4 526 148**

The University's exposure to credit, currency and interest rate risks relating to other investments is disclosed in note 19.

NOTE 8: CASH AND CASH EQUIVALENTS

	2011	2010
	R'000	R'000
Bank balances and cash on hand	245 162	212 713
Short-term bank deposits, money market deposits	245 522	237 816
	490 684	**450 529**

The weighted average effective interest rate, for the year, earned on short-term bank deposits was 6.22% (2010: 7.40%). The University's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in note 19.

NOTE 9: NON-CURRENT ASSETS HELD FOR SALE

The Council has formally approved the disposal of the three residential properties in Florida. The non-current assets held for sale comprise:

Carrying value		
Immovable property and improvements thereon	584	584
	584	**584**

NOTE 10: FUNDS

Undistributable reserves		
Restricted		
Held for investment in property, plant and equipment.	**1 004 956**	**787 037**
The balance represents funds earmarked for investment in property, plant and equipment.		
Distributable reserves		
Unrestricted	**4 658 830**	**4 205 968**
The balance represents operating funds controlled by Council.		
Restricted	**20 481**	**51 324**
The balance represents operating and property, plant and equipment funds restricted for specific use.		

NOTE 11: INTEREST-BEARING BORROWINGS

	2011	2010
	R'000	R'000
Secured		
State guaranteed loans		
The loans are guaranteed by the DHET and bear interest at fixed contractual rates varying between 7.875% and 14.7% per annum. The University receives a subsidy amounting to 85% of the interest and capital repayments.	551	1 187
Less:		
Amounts payable within twelve months included in current liabilities	(551)	(636)
	-	**551**

	2011	2010
Secured		
Finance leases		
Liability arising from finance lease agreements. The liabilities bear interest at rates linked to the prime bank lending rate and are repayable in monthly instalments.	31 569	52 988
Less		
Amounts payable within twelve months included in current liabilities	(24 105)	(29 962)
	7 464	**23 026**

	2011	2010
Total		
Amounts payable within twelve months included in current liabilities	**24 656**	**30 598**
Long-term portion	**7 464**	**23 577**

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2011			2010		
	Future minimum lease payment	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
	R'000	R'000	R'000	R'000	R'000	R'000
Less than one year	26 745	2 640	24 105	35 834	5 872	29 962
Between one and five years	7 820	356	7 464	24 975	1 949	23 026
	34 565	**2 996**	**31 569**	**60 809**	**7 821**	**52 988**

Terms and conditions of outstanding loans were as follows:

	Currency	Year of maturity	Nominal interest rate	2011 Fair Value	2011 Carrying Amount	2010 Fair Value	2010 Carrying Amount
				R'000	R'000	R'000	R'000
Eighty One Main St Nominees Ltd	ZAR	2012	9.25%			20	22
Eighty One Main St Nominees Ltd	ZAR	2011	9.75%	22	24	58	68
Eighty One Main St Nominees Ltd	ZAR	2011	11.9%			25	28
Sanlam	ZAR	2011	7.875%			11	12
Sanlam	ZAR	2011	9.25%			49	56
Sanlam	ZAR	2012	9.75%	65	70	123	147
Sanlam	ZAR	2012	14.7%	425	457	709	854
				512	**551**	**995**	**1 187**

The University receives a subsidy from the Department of Higher Education and Training amounting to 85% of the interest and capital repayments. The fair value was calculated at a rate of 7.55% (2010: 13.02%)

For more information about the University's exposure to interest rate and liquidity risks see note 19.

NOTE 12: POST-EMPLOYMENT OBLIGATIONS

12.1 Post-Employment medical Obligations: Former Unisa, TSA and Vista (Vudec)

In accordance with past personnel practice, the Council has undertaken to make contributions to a defined benefit plan that provides medical benefits for employees upon retirement. The plan entitles retired employees and future retirees of the former Unisa to receive the following contributions:

- Employees who retired up to and including 30 June 1990 – 100% of the contributions.
- Employees who retired on or after 1 July 1990 and were employed by Unisa before 1 February 1996, receive a subsidy of 80% of contributions to Bonitas and 73,44% of contributions to Bestmed.
- Employees who are employed as from 1 February 1996 up to and including 31 August 2003 – 50% of the contributions.
- Employees who are employed as from 1 September 2003 – 2% per year of employment with a maximum of 50% of the contributions.
- TSA members receive a subsidy of 60% of contributions, inclusive of any savings account contribution, on retirement.
- Vudec members receive a subsidy of 70% of contributions. The entitlement of these benefits is based upon employment prior to 1 January 2000.
- Employees employed after 31 December 2005 receive no post-retirement medical benefits.

Amounts recognised in the statement of financial position:

	2011	2010
	R'000	R'000
Post-employment defined benefit medical obligations	**563 270**	**583 748**
Non-current		
Post-employment defined benefit medical obligations	**531 200**	**434 813**

	2011	2010
	R'000	R'000
Amounts payable within one year, included in current liabilities		
Post-employment defined benefit medical obligations	**32 070**	**148 935**

The present value of this commitment is valued by an independent actuary, based on the specific contribution rates, and the costs are spread over the expected remaining period of employment.

The post-employment medical obligation is unfunded. The last actuarial valuation was at 31 December 2011.

Liability		
Present value of unfunded defined benefit obligation	563 270	583 748
Present value of unfunded defined benefit obligation comprises liabilities towards:		
Active employees	126 521	160 690
Continuation members	436 749	423 058
	563 270	**583 748**

Amounts recognised in profit or loss

Included as personnel costs in profit or loss

Current service cost	8 171	7 491
Interest cost	48 335	45 854
Actuarial (gain)/loss recognised during the year	(46 779)	47 577
	9 727	**100 922**

Movement in the net liability recognised in the statement of financial position is as follows:

Net liability at beginning of year	583 748	508 594
Expense recognised in profit or loss	9 727	100 922
Benefits payments	(30 205)	(25 768)
Liability at end of year	**563 270**	**583 748**

Historical information

	2011	2010	2009	2008	2007
	R'000	R'000	R'000	R'000	R'000
Experience adjustments arising on plan liabilities	**46 779**	**(47 577)**	**(56 239)**	**39 452**	**(12 300)**

Membership

Active employees	306	451
Continuation members	870	866
Total number of members at year end	**1 176**	**1 317**

There has been a decrease in the number of active employees due to the majority of employees accepting a buy-out option. Liability buy-out options were offered to current employees, eligible as at 31 December 2005. At 31 December 2011, 306 employees have chosen not to elect the buy-out option.

Valuation assumptions

	2011	2010
Discount rate	9.0%	8.5%
Healthcare inflation costs	8.0%	7.5%
Real discount rate	0.93%	0.93%

Sensitivity analysis

	Variation	Current Obligations	Revised Obligations	% Change
		R'000	R'000	
Assumptions				
Real discount rate	-100 basis points			
Active members		126 521	150 884	19.3%
Continuation members		436 749	481 353	10.2%
		563 270	**632 237**	
Real discount rate	+100 basis points			
Active members		126 521	107 258	(15.2%)
Continuation members		436 749	399 127	(8.6%)
		563 270	**506 385**	
Medical inflation rate	1% increase	563 270	626 646	11.3%
	1% decrease	563 270	509 336	(9.6%)

	Variation	Current Obligations	Service costs plus interest	% Change
		R'000	R'000	
Medical cost trends	1% increase	563 270	62 043	12.3%
	1% decrease	563 270	49 481	(10.4%)

12.2 Defined benefit pension fund asset

The assets of the Unisa Retirement Fund ("Unisarf", or the "Fund") are held independently of the University of South Africa's assets in a separate trustee-administered fund.

The Fund is valued by independent actuaries every three years, in line with the statutory requirement in terms of Section 16(8) of the Pension Funds Act. The last statutory valuation was undertaken with an effective date of 31 December 2008 and the Valuator reported that the Fund was in a sound financial position at that date. The next statutory valuation is to be performed with an effective date of 31 December 2014.

A valuation has been carried out as at 31 December 2011 specifically for the purposes of the University's AC116 (IAS19) disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of Unisarf for recognition in terms of the AC116 (IAS19) accounting standard. The movement in the value in the Fund's defined benefit assets and liabilities has been shown below.

	2011	2010
	R'000	R'000
Projected benefit obligations	(438 578)	(336 419)
Fair value of plan assets	519 297	437 376
Pension fund asset at year end	**80 719**	**100 957**
Asset Limitation		
Pension fund asset at year end after asset limitation	**80 719**	**100 957**

Plan assets comprise

Equity securities	221 221	201 936
Bonds and cash	298 076	235 440
	519 297	**437 376**

At 31 December 2011, 42.6% (2010:46.2%) of the plan assets were invested in equity securities and 57.4% (2010:53.8%) were invested in bonds and cash.

Movement in the present value of the defined benefit obligations

Defined benefit obligation 1 January	336 419	252 900
Transfers in – new pensioner capital	73 784	56 333
Benefits paid by the plan (net of reinsurance recoveries)	(38 715)	(24 396)
Current service cost and interest	31 738	25 935
Actuarial losses recognised	35 352	25 647
Defined benefit obligation as at 31 December	**438 578**	**336 419**

Movement in the present value of plan assets

Fair value of plan assets at 1 January	437 376	366 100
Transfers in – new pensioner capital	73 784	56 333
Contributions paid into the plan	1 036	2 135
Benefits paid by the plan	(38 715)	(24 396)
Expected return on plan assets	38 680	35 214
Actuarial gains	7 136	1 990
Fair value of plan assets at 31 December	**519 297**	**437 376**

Historical information:

	2011	2010	2009	2008	2007
	R'000	R'000	R'000	R'000	R'000
Present value of the defined benefit obligations	(438 578)	(336 419)	(264 800)	(52 100)	(34 400)
Fair value of plan assets	519 297	437 376	366 100	138 400	121 600
Pension fund asset at year end	**80 719**	**100 957**	**101 300**	**86 300**	**87 200**
Asset limitation			(5 204)		
Pension fund asset at year end after asset limitation	**80 719**	**100 957**	**96 096**	**86 300**	**87 200**
Experience adjustments arising on plan liabilities	(19 085)	(9 502)	(12 200)	(17 100)	2 000
Experience adjustments arising on plan assets	7 136	1 990	9 200	8 000	(10 600)

Amounts recognised in the consolidated statement of comprehensive income:

	2011	2010
	R'000	R'000
Current service costs	1 551	1 128
Interest on obligation	30 187	24 807
Expected return on plan assets	(38 680)	(35 214)
Actuarial gains recognised in profit or loss	28 216	23 657
Change in asset limitation	0	(17 104)
Income included in personnel costs	**21 274**	**(2 726)**

Movements in the pension fund asset recognised in the statement of financial position are as follows:

Net asset at beginning of year	100 957	96 096
Net (expense)/income recognised in profit or loss	(21 274)	2 726
Contributions	1 036	2 135
Net asset at end of year	**80 719**	**100 957**
Actual return on plan assets	**8.5%**	**10.1%**

Key valuation assumptions

Investment returns	8.75%	8.5%
Inflation	6.0%	5.3%
Salary increases	7.7%	7.0%
Pension increase	3.0%	2.65%
Pensioner mortality	PA(90)-1*	PA(90)-1*
Capitalisation factor for minimum benefit	6% PA(90)-1*	6% PA(90)-1*
Discount rate	8.75%	8.5%

The expected return on assets in 2011 and 2010 is the same as the rate used to discount the liabilities in each respective year, thus no provision has been made for the equity risk premium.

* Per the standard actuarial tables.

Sensitivity analysis

The sensitivity of the pension fund surplus to changes in certain key valuation assumptions is disclosed below:

	Variation	Current Assets	Revised Asset	% Change
Assumption				
Investment return	1% decrease	80 719	(2 552)	(103.2%)
Investment return	1% increase	80 719	87 025	7.8%
Salary increases	1% increase	80 719	34 234	(57.6%)
Salary increases	1% decrease	80 719	87 025	7.8%

The University expects to pay R186 million in contributions to be paid during 2012 in respect of its in-service members split equally between member and employer contributions (i.e. R93 million each). No further contributions will be made in respect of the minimum benefit guarantee from 2012.

12.3 National Tertiary Retirement Fund guarantee

In November 1994, the former TSA withdrew from the Government pension fund and transferred their funds to the National Tertiary Retirement Fund (NTRF). The NTRF is a defined contribution fund governed by the Pensions Act, 1956. In terms of the conditions of transfer, staff members who were in the employ at 30 November 1994 and members of the Government pension fund were guaranteed that they would not be worse off than if they remained on the defined benefit scheme. Any liability arising from the guaranteed amount is accounted for as a defined benefit obligation.

The fund is financed by employer and employee contributions and designated investment income. The University's contributions in respect of the defined benefit structure are based on actuarial advice and are shown in profit or loss. It is policy to ensure that the fund is adequately funded to provide the benefits of members, and particularly to ensure that any shortfall with regard to the defined benefit structure is being met by additional contributions.

A valuation has been carried out as at 31 December 2011 specifically for the purposes of the University's AC116(IAS19) disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of the NTRF for recognition in terms of the AC116(IAS19) accounting standard. Liabilities in respect of the defined benefit structure are calculated based on assumptions regarding the expected experience in respect of death, withdrawals, early retirement, family statistics, rate of increase in pensionable remuneration administration costs and the expected yield on assets.

Liability

	2011	2010
	R'000	R'000
Present value of unfunded defined benefit obligation guaranteed	**87 199**	**64 026**

Amounts recognised in profit and loss:

Current service costs	1 925	1 835
Interest costs	5 405	3 348
Actuarial losses recognised during the year in profit and loss	18 076	24 228
Income included in personnel costs	**25 406**	**29 411**

Movements in the pension fund liability recognised in the statement of financial position are as follows:

Liability at beginning of year	64 026	37 920
Expense recognised in profit or loss	25 406	29 411
Contribution by plan participants	(2 233)	(3 305)
Liability at end of year	**87 199**	**64 026**

Sensitivity analyses

The sensitivity of the liability to changes in the net discount rate is disclosed below:

	Variation	Current Assets	Revised Asset	% Change
Assumption	0.9% increase	87 199	68 759	21.15%
Net discount rate	1.8% increase	87 199	50 425	42.17%

Principal actuarial assumptions used for accounting purposes were

	2011	2010
Expected rate of return	10.25%	9.6%
Future pension increases	4.38%	3.9%
Future salary increases	7.25%	6.6%

The SA 56-62 ultimate table was used as a basis for mortality assumptions.

The University expects R45,4 million in contributions to be paid to the funded defined benefit plan of which employee contributions are R15,3 million and employer contribution is R30,1 million.

12.4 Former Vista University Distance Education Centre (Vudec)

The assets of the Vista University Pension and Provident Funds are held independently of the University of South Africa's assets in a separate fund administered by SANLAM. The Vista University Pension and Provident Funds are defined contribution funds. Employer contributions for active members are credited against the Provident Fund and employee contributions to the Pension Fund.

The liability in respect of the pensioners has been outsourced to Quantum Pensions, a Sanlam insurance product.

The Vista University Pension and Provident Funds are valued by independent actuaries every three years. The last actuarial valuation was carried out on 31 December 2010 and the Funds were fully funded.

The University expects R5,8 million in contributions to be paid to the funded defined contribution plan of which employee contributions are R1,9 million and employer contribution is R3.9 million.

NOTE 13: ACCUMULATED LEAVE LIABILITY

	2011	2010
	R'000	**R'000**
Balance at beginning of the year	122 123	100 123
Net current year charge to profit and loss	21 757	22 000
Balance at end of year	**143 880**	**122 123**
Accumulated leave liability	**117 631**	**109 354**

Amounts payable within one year, included in current liabilities

Accumulated leave liability	**26 249**	**12 769**

NOTE 14: DEFERRED INCOME

	2011	2010
	R'000	**R'000**
The amount represents student fees received in advance in respect of the 2012 academic and financial year, received in 2011. The student fees are recognised as income in the year when tuition is provided to the student.	49 367	79 195
Various other grants received by the University during 2011 amounted to R16,723 million (2010: R17,365 million). The University has spent R7,053 million during 2011 (2010: R 5 747 million).	9 670	11 618
The Department of Higher Education and Training (DHET) has made five funding allocations to the University:		
An amount of R100 million for the improvement of infrastructure and student output efficiencies. For 2011, an amount of R4,939 million (2010: R24,822 million) was spent on infrastructure, and R2,737 million (2010: R5,233 million) of this amount was charged through profit and loss.	87 742	90 479
An amount of R19,4 million for infrastructure and efficiency (undergraduate engineering laboratories – Florida campus). No expenditure was incurred during 2011.	19 400	-
An amount of R50 million for staff restructuring. The University has spent R5,397 million during 2011 (2010: R2,430 million).	21 644	27 041
An amount of R228,017 million (2010: R288,107 million) for teaching and research development. The University has spent R275,635 million during 2011 (2010: R275 565 million).	19 741	67 359
An amount of R10,922 million (2010: R8,970 million) for foundation programmes. The University has spent R1,450 million during 2011 (2010: R1,445 million).	29 704	20 232
An amount of R4 million (2010: R3 million) was received for veterinary sciences programmes. The University has spent R1,970 million during 2011 (2010: nil).	5 030	3 000
	242 298	**298 924**

NOTE 15: INVESTMENT INCOME AND FAIR VALUE ADJUSTMENTS

Interest income		
Loans and receivables	9 218	30 954
Held for trading instruments	202 363	198 372
	211 581	229 326
Dividend income		
Held for trading instruments	53 669	39 845
	265 250	**269 171**

Fair value adjustments		
Designated at fair value	11 185	16 325
Held for trading instruments	162 923	360 766
	174 108	**377 091**

NOTE 16: PERSONNEL COSTS

Academic and professional	898 826	698 566
Other personnel	1 445 929	1 404 804
	2 344 755	**2 103 370**

Included in Other personnel is an amount of R60,960 million (2010: R68,840 million) paid to invigilators, examiners tutors and markers .

Compensation paid to Senior Management and Council members is included in Other personnel, and disclosed in note 23.

The number of persons employed as at 31 December 2011

	2011	2010
Full time	4 469	4 228
Part time	751	705
	5 220	**4 933**

NOTE 17: OTHER CURRENT OPERATING COSTS

The following items have been charged in arriving at the net surplus:

	2011		2010	
		R'000		**R'000**
Supplies and services		835 473		639 289
Cost of services outsourced		57 531		46 994
Maintenance		92 226		92 380
Bursaries		73 548		74 271
Non-capitalised assets		56 463		35 924
Student receivables impairment reversed		(38 058)		(56 624)
Student receivables impairment recognised		74 779		38 058
Other receivables impairment reversed		(25 863)		(26 273)
Other receivables impairment recognised		19 398		25 863
Loss on exchange rate transactions		542		4 503
Impairment write off		34 463		51 853
Student receivables	25 719		42 137	
Sundry debtors	8 744		9 716	
Operating lease charges		26 464		33 971
Property	22 742		25 345	
Vehicles	3 722		3 810	
Equipment	0		4 816	
Auditors remuneration		5 693		4 894
Audit	4 544		4 023	
Expenses	23		68	
Other services	1 126		803	
		1 212 659		**965 103**

NOTE 18: FINANCE COSTS

Interest-bearing borrowings	138	221
Finance leases	6 481	9 272
Interest paid	7 299	1 393
	13 918	**10 886**

NOTE 19: FINANCIAL INSTRUMENTS

	Note	Total	At fair value through profit and loss (Held for trading)	At fair value through profit and loss (Designated at fair value)	Loans and receivables	Financial liabilities at amortised cost	Other financial instruments outside of the scope of IAS39 (AC 133)
2011		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets							
Student receivables	6	36 891			36 891		
Trade and other receivables	6	116 744			116 744		
Other investments	7	4 925 202	4 795 974	129 228			
Cash and cash equivalents	8	490 684			490 684		
Total assets		**5 569 521**	**4 795 974**	**129 228**	**644 319**		
Liabilities							
Finance lease agreements	11	(7 464)					(7 464)
Funds administered on behalf of DHET		(57 011)				(57 011)	
Trade and other payables		(397 280)				(397 280)	
Student deposits		(152 871)				(152 871)	
Current portion of State guaranteed loans	11	(551)				(551)	
Current portion of finance lease agreements	11	(24 105)					(24 105)
Total liabilities		**(639 282)**				**(607 713)**	**(31 569)**
2010							
Assets							
Employee loans	4	4			4		
Employee vehicle loans	4	77			77		
Student receivables	6	39 397			39 397		
Trade and other receivables	6	159 990			159 990		
Other investments	7	4 526 148	4 350 185	175 963			
Cash and cash equivalents	8	450 529			450 529		
Total assets		**5 176 145**	**4 350 185**	**175 963**	**649 997**		
Liabilities							
State guaranteed loans	11	(551)				(551)	
Finance lease agreements	11	(23 026)					(23 026)
Funds administered on behalf of DHET		(57 911)				(57 911)	
Trade and other payables		(329 886)				(329 886)	
Student deposits		(137 809)				(137 809)	
Current portion of State guaranteed loans	11	(636)				(636)	
Current portion of finance lease agreements	11	(29 962)					(29 962)
Total liabilities		**(579 781)**				**(526 793)**	**(52 988)**

Financial risk management

The University's principal financial instruments comprise the following: interest-bearing borrowings, financial assets at fair value through profit or loss (including equity instruments, debt instruments and unit trust investments) as well as cash and cash equivalents. The main purpose of these financial instruments is to fund the University's current and future operations. The University has other financial assets and liabilities such as student and other receivables and trade payables, which arise directly from its operations.

The main risks arising from the University's financial instruments are credit risk, market risk and liquidity risk

The University's financial risk management objectives and policies are governed by a formalised investment policy and related procedures approved by the Council of the University. The means by which the risks referred to above are managed include a specified strategic asset allocation between different categories of financial assets and the appointment of specialised investment managers. The investment managers are issued with specific mandates that include restrictions to manage the financial risks referred to above. The Operational Investment Committee monitors the investment performance on a regular basis.

The University does not undertake any specific hedging activities.

19.1 Credit risk

Credit risk is the risk of financial loss to the University if a student, employee or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the University's receivables from students, employees and investment securities.

The University is exposed to credit risk arising from student receivables relating to outstanding fees. The University requires students to pay a minimum deposit on registration in respect of fees in order to mitigate this risk. Outstanding fees are monitored on a regular basis and action is taken in respect of long outstanding amounts. The University is also exposed to credit risk arising from unsecured vehicle loans made to employees. The University no longer grants loans.

Credit risk also arises from the University's other financial assets, which comprise cash and cash equivalents and financial assets at fair value through profit or loss. The University places cash and cash equivalents with reputable financial institutions and invests through specialised investment managers with mandates restricting credit risk exposure.

19.1.1 Exposure to credit risk

Impairment losses
The ageing of student receivables at the reporting date was:

	2011		2010	
	Gross debtors impaired	Gross debtors not impaired	Gross debtors impaired	Gross debtors not impaired
	R'000	R'000	R'000	R'000
Past 120 days	74 779	36 890	38 058	39 397
More than one year	0	0	0	0
Total	74 779	36 890	38 058	39 397

All debtors that are past 120 days are past due.

The maximum exposure to credit risk for student receivables at the reporting date by geographic region was:

	2011	2010
	R'000	**R'000**
Domestic	108 371	76 190
Foreign students	3 298	1 265
	111 669	**77 455**

For other financial assets the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

19.2 Market risk

19.2.1 Interest rate risk

The University manages its exposure to interest rate risk by limiting its investments in interest-bearing financial assets, as specified in its strategic asset allocation and mandate to investment managers. The level of interest-bearing borrowings is also monitored and kept at a conservative level. The University receives a subsidy amounting to 85% of the interest paid on long-term loans guaranteed by the DHET.

19.2.1.1 Exposure to interest rate risk

19.2.1.1.1 Short-term assets

The following table reflects the market value of the domestic cash portfolio:

Domestic cash portfolio	**535 874**	**499 844**

The University measures the value of the domestic cash portfolio for the purposes of its financial statements at amortised costs. As such, the market risk variable to which the University is exposed in terms of these assets is interest rates (domestic only). Cash balances bear interest at variable rates.

Sensitivity analysis: interest rate movements

The sensitivity analysis below focuses on cash flow sensitivity (the impact on future interest-related cash flows). It is understood that while interest rate changes may not have a significant impact on the fair value of the domestic cash portfolio, they would impact variable interest cash flows. The cash flow impact on the portfolio of a 2% parallel increase/decrease in South African interest rates was therefore considered.

The following sensitivity analysis was based on a regression model using data from 31 January 2002 to 31 December 2011:

	Scenario 1	Scenario 2
Annual change in interest rate	2.0%	2.0%
Projected portfolio performance	7.89%	3.68%

	Scenario 1	Scenario 2
	R'000	**R'000**
Projected interest cash flows for 2011	42 302	19 736

19.2.1.1.2 Long-term assets

As at 31 December 2011, the University had 89.4% (2010: 89.9%) of its domestic and international fixed interest portfolios invested locally and 10.6% (2010: 10.1%) internationally. The University measures the value of the above-mentioned portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is interest rates (domestic and international). The international portfolio is also exposed to currency risk, which is addressed separately in note 19.2.2.

Sensitivity analysis: interest rate movements

The table below sets out the impact on the fixed interest portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 2% parallel increase in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel increase in United States interest rates (relevant for the international fixed interest portfolio). All other variables have been kept constant. Note that a negative impact reflects the fact that the fair value of the fixed interest portfolios will fall in response to an increase in interest rates. The analysis is performed on the same basis as for 2010.

	2011	2010
	R'000	**R'000**
Domestic bond portfolio	(166 217)	(174 917)
International bond portfolio	(4 527)	(1 639)
	(170 744)	**(176 556)**

The table below sets out the impact on the fixed interest portfolios of a 2% parallel decrease in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel decrease in United States interest rates (relevant for the international fixed interest portfolio). Note that a positive impact reflects the fact that the fair value of the fixed interest portfolios will increase in response to a fall in interest rates. The analysis is performed on the same basis for 2010.

Domestic bond portfolio	201 238	211 865
International bond portfolio	4 527	1 639
	205 765	**213 504**

19.2.2 Foreign currency risk

The University's exposure to foreign currency risk arises from Ethiopian student fee income, international portfolio investments and foreign currency asset purchases. The University's international portfolio is managed by its asset manager. The remaining foreign currency exposure is not managed on an active basis.

19.2.2.1 Exposure to currency risk

As at 31 December 2011, the University had R616 million (2010: R547 million) invested in international assets within the long term portfolio, of which R427 million (2010: R383 million) was in equities and R189 million (2010: R164 million) was invested in bonds.

Sensitivity analysis: Exchange rate movements

A 10% strengthening of the Rand (ZAR) against the currencies listed below as at 31 December would have changed (increased/(decreased)) equity and profit or loss (on a pre-tax basis) by the amounts shown. This analysis assumes that all other variables remain constant. (For example, the US Dollar figure assumes that the Rand strengthens against the US Dollar only, and remains constant against the other currencies.) The analysis is performed on the same basis as for 2010.

US Dollar	(34 146)	(23 515)
Euro	(9 840)	(9 711)
Japanese Yen	(4 383)	(6 728)
	(48 369)	**(39 954)**

A 10% weakening of the Rand against the above currencies as at 31 December would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

19.2.3 Other market price risks

19.2.3.1 Equity price risk

Equity price risk that arises from equity securities at fair value through profit or loss is minimal, as the University follows a long-term and conservative investment strategy. The primary goal is to maximise investment returns. The equity portfolio is managed by specialised fund managers with specific mandates.

19.2.3.2 Exposure to equity price risk

As at 31 December 2011, the University had 83.3% (2010: 84%) of its equity portfolio invested in domestic equities and 16.7% (2010: 16%) in international equities. The University measures the value of the equity portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is equity indices (domestic and international).

Sensitivity analysis

The impact on the equity portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 20% fall in the JSE All Share Index (relevant for the domestic equity portfolio) and a 10% fall in the MSCI World Equity Index (relevant for the global equity portfolios) is as follows (the analysis is performed on the same basis as for 2010):

	2011	2010
	R'000	R'000
Domestic equity portfolio	(382 524)	(352 097)
International equity portfolio	(40 198)	(37 973)
	(422 722)	**(390 070)**

A 20% increase in the value of the JSE All Share Index and a 10% increase in the value of the MSCI World Equity Index as at 31 December 2011 would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

19.3 Liquidity risk

The University's operations are mainly cash driven. The liquidity is managed to ensure, as far as possible, that the University will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. The Operational Investement Committee is tasked to manage the cash requirements.

19.4 Maturity analysis

2011	Note	Carrying amount	Within 1 year	2-5 years	More than 5 years
		R'000	R'000	R'000	R'000
Funds administered on behalf of DHET		57 011	4 111	14 490	38 410
Trade and other payables		397 280	397 280		
Student deposits		152 871	152 871		
Interest-bearing borrowings	11	32 120	24 656	7 464	
		639 282	**578 918**	**21 954**	**38 410**

2010	Note	Carrying amount	Within 1 year	2-5 years	More than 5 years
		R'000	R'000	R'000	R'000
Funds administered on behalf of DHET		57 911	3 938	13 880	40 093
Trade and other payables		329 886	329 886		
Student deposits		137 809	137 809		
Interest-bearing borrowings	11	54 175	30 598	23 577	
		579 781	**502 231**	37 457	40 093

19.5 Fair values

The fair values together with the carrying amounts of all financial instruments shown in the statement of financial position are as follows:

		2011		2010	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		R'000	R'000	R'000	R'000
Financial assets carried at fair value					
Financial assets designated at fair value through profit or loss	7	186 896	186 896	175 963	175 963
Financial assets held for trading	7	4 738 306	4 738 306	4 350 185	4 350 185
		4 925 202	**4 925 202**	**4 526 148**	**4 526 148**
Financial assets carried at amortised cost					
Loans and receivables	6	153 635	153 635	199 387	199 387
Cash and cash equivalents	8	490 684	490 684	450 529	450 529
		644 319	**644 319**	**649 916**	**649 916**
Financial liabilities carried at amortised cost					
Interest-bearing borrowings	11	7 464	7 464	23 577	23 520
Trade and other payables		397 280	397 280	329 886	329 886
Student deposits		152 871	152 871	137 809	137 809
Current portion of interest-bearing borrowings	11	24 656	24 617	30 598	30 461
		582 271	**582 232**	**521 870**	**521 676**

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

- ### Listed debt and equity securities

  Fair value is based on quoted market prices at the reporting on date without any deduction for transaction cost.

- ### Unit trust investments

  The fair value of unit trust investments is determined as the redemption value of these investments at the reporting date.

- ### Interest-bearing borrowings and non-current receivables

  Fair value is calculated based on discounted expected future principal and interest cash flows. The discount rate used to calculate fair value is 7.55% (2010: 13.02%).

- Student and other receivables/payables and student deposits

  For receivables/payables and student deposits with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.

19.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
31 December 2011				
Financial assets designated at fair value through profit or loss	186 896			186 896
Financial assets held for trading	4 738 066	240		4 738 306
	4 924 962	**240**		**4 925 202**

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
31 December 2010				
Financial assets designated at fair value through profit or loss	175 963			175 963
Financial assets held for trading	4 349 966	219		4 350 185
	4 525 929	**219**		**4 526 148**

There have been no transfers between categories.

NOTE 20: CONTINGENT LIABILITIES

20.1 Guarantees

A contingent liability in the form of guarantees amounting to R329 928 (2010: R359 928) exists in respect of loans granted by financial institutions to staff of the University in terms of a housing loan scheme.

20.2 Industrial relations

At 31 December 2011 outstanding claims amounting to approximately R5 million (2010: R10,5 million) in respect of on-going industrial relations litigation existed. No provisions for settlement of these claims have been raised at year end.

NOTE 21: COMMITMENTS

21.1 Capital commitments

Contracts negotiated and orders placed in respect of capital items and inventories not yet executed:

	2011	2010
	R'000	**R'000**
Property, plant and equipment	287 727	482 595
Inventories and services	374 913	315 402
	662 640	**797 997**

Capital commitments approved, but not yet contracted amounts to R696 million (2010: R324 million). These commitments will be funded from existing unrestricted funds and operational cash flows.

21.2 Operating lease commitments

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

	2011	2010
	R'000	**R'000**
Not later than 1 year	14 743	24 391
Later than 1 year and not later than 5 years	3 088	23 092
	17 831	**47 483**

The University leases photocopying machines, motor vehicles, buildings and warehouse facilities countrywide for the purpose of regional offices, learning centres, examination centres and storage facilities under operating leases. The leases typically run for a period of three years with an option to renew the lease after that date. Lease payments will increase annually or as agreed-upon based on changes in the price index.

NOTE 22: CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

	2011	2010
	R'000	R'000
Net surplus	639 938	797 685
Adjustments for:		
Finance Lease payments	(31 535)	(28 247)
Pension fund loss/(surplus) recognised	20 238	(4 861)
Fair value adjustments	(174 108)	(377 091)
Depreciation and amortisation	154 327	134 963
(Profit)/Loss on sale property plant and equipment	(5 333)	9 063
Profit on sale of investments	(3 025)	(1 389)
Investment income	(265 250)	(269 171)
Finance costs	7 437	1 659
Net foreign exchange differences	542	4 503
Decrease in non-current receivables	81	2 857
(Increase)/Decrease in post-employment obligation	(20 478)	75 154
(Increase)/Decrease in funds administered on behalf of the DHET	(900)	2 171
Changes in working capital (excluding the effects of acquisition and disposal):	**133 359**	**(9 292)**
Accounts and other receivables	45 752	(29 473)
Inventories	16 847	(49 235)
Trade and other payables	70 760	69 416
Cash generated from operations	**455 293**	**338 004**

NOTE 23: COMPENSATION PAID TO EXECUTIVE MANAGEMENT AND COUNCIL MEMBERS

Compensation paid to Executive Management

The following disclosure relates to compensation paid to Executive staff. Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

Name	Office held	Basic salary (short- term)	Long-term employment benefits	Other short-term allowances/ payments	Total costs
		R'000	R'000	R'000	R'000
Prof M S Makhanya	Principal and Vice Chancellor	2 017	479	918	3 414
Prof N Baijnath	Pro Vice Chancellor	1 611	342	646	2 599
Prof D N Abdulai	Executive Director: SBL	1 306	280	567	2 153
Prof B J Erasmus	Vice Principal: Operations	1 395	293	422	2 110
Prof M C Maré	Vice Principal Academic: Teaching and Learning	1 416	273	400	2 088
Prof J E Kleynhans	Vice Principal: Finance and University Estates	1 361	224	499	2 084
Prof L Molamu	University Registrar	1 331	271	462	2 064
Prof R M Setati	Vice Principal: Research and Innovation	1 129	243	467	1 839
Prof D L Mosoma	Vice Principal: Learner Support and Student Affairs (Resigned May 2011)	550	113	33	696
Prof D H van Wyk	Assistant Principal (Retired June 2011)	687	149	248	1 084
Prof D Singh	Vice Principal: Advisory and Assurance Services	1 208	192	361	1 761
Dr M Qhobela	Vice Principal: Institutional Development (Appointed September 2011)	451	84	2	537
Dr T N D Sidzumo-Mazibuko	Executive Director: Diversity Management, Equity and Transformation	1 105	182	533	1 820
Prof T S Maluleke	Deputy Registrar	1 056	260	389	1 705
Prof M J Linington	Executive Dean: College of Agriculture and Environmental Sciences	1 201	242	230	1 673
Prof H C Ngambi	Executive Dean: College of Economic and Management Sciences	1 123	235	311	1 669
Ms L Sangqu	Executive Director: Information and Communication Technology	1 201	212	243	1 656
Prof G I Subotzky	Executive Director: Institutional Statistics and Analysis	1 169	253	225	1 647
Dr V Singh	Executive Director: Human Resources	1 205	198	243	1 646
Dr A M Mahomed	Executive Director: Study Material, Production and Delivery	1 146	235	257	1 638
Prof P H Havenga	Executive Director: Academic Planner	1 080	237	309	1 626
Ms V F Memani-Sedile	Executive Director: Finance	1 069	234	297	1 600
Mr J C van Wyk	Executive Director: Legal Services	1 084	231	284	1 599
Prof R M Moeketsi	Executive Dean: College of Human Sciences	1 099	207	284	1 590
Dr B Mbambo-Thata	Executive Director: Library	1 100	250	230	1 580
Dr M Ferreira	Executive Director: Corporate Communication and Marketing	1 131	218	208	1 557
Prof K P Dzvimbo	Deputy Executive Dean: Education	1 017	178	358	1 553
Ms L Griesel	Executive Director: Strategy, Planning and Quality Assurance	1 092	226	211	1 529
Dr J C Henning	Deputy Executive Director: Library Services	994	145	295	1 434

Name	Office held	Basic salary (short- term)	Long-term employment benefits	Other short-term allowances/ payments	Total costs
Mrs A Steenkamp	Executive Director: Internal Audit	1 008	235	191	1 434
Mr MC Baloyi	Dean of Students	1 018	205	189	1 412
Prof N L Mahao	Executive Dean: College of Law	1 049	222	120	1 391
Prof I W Alderton	Deputy Executive Dean: College of Science, Engineering and Technology	990	215	174	1 379
Prof E Sadler	Deputy Executive Dean: College of Economic and Management Sciences	969	163	246	1 378
Prof E O Mashile	Executive Director: Tuition and Facilitation of Learning	919	216	226	1 361
Prof R Songca	Deputy Executive Dean: College of Law	855	185	309	1 349
Prof P D Ryan	Executive Director : Office of the Pro Vice-Chancellor	946	178	225	1 349
Ms E N Ngcingwana	Deputy Executive Director: Information and Communication Technology	948	188	155	1 291
Prof V A Clapper	Deputy Executive Dean: College of Economic and Management Sciences	905	199	184	1 288
Mr I I Mogomotsi	Acting Executive Director: University Estates	694	171	311	1 176
Mr D van der Merwe	Deputy Executive Director: Information and Communication Technology	951	200	7	1 158
Mr J P Lombaard	Executive Director: University Estates (Retired October 2011)	925	156	52	1 133
Dr B E Zawada	Deputy Executive Dean: College of Human Sciences	336	70	359	765
Prof G C Cuthbertson	Executive Dean: College of Graduate Studies (Appointed July 2011)	453	109	179	741
Prof L Labuschagne	Acting Executive Director: Research	239	56	286	581
Dr I O G Moche	Acting Deputy Executive Dean: College of Science, Engineering and Technology	197	42	220	459
Prof V A McKay	Deputy Executive Dean: College of Education (Appointed December 2011)	73	17	27	117

Compensation paid to Executive staff

Exceptional payment amounts - each exceeding an annual aggregate of R249 999.

Name	Reason	Amount
		R'000
Prof D H Tustin	Profit-sharing and contract work	902
Prof A A Ligthelm	Profit-sharing and contract work	884
Prof G K Goldswain	Profit-sharing, contract work and Saica*	852
Prof J Marx	Profit-sharing and contract work	841
Prof C J Aardt	Profit-sharing and contract work	821
Prof J Young	Profit-sharing	806
Prof E C Udjo	Profit-sharing and contract work	791
Prof M Coetzee	Profit-sharing	739
Prof J A Badenhorst	Profit-sharing	719
Prof R T Mpofu	Profit-sharing and contract work	638
Prof M C Cant	Profit-sharing	558
Mrs M Marais	Profit-sharing and contract work	556
Prof S Rudansky-Kloppers	Profit-sharing and contract work	553

Name	Reason	Amount
Mr L A A Matthews	Profit-sharing	526
Prof R J Steenkamp	Profit-sharing and contract work	501
Prof M P van Rooy	Profit-sharing and contract work	491
Mrs S Warnich	Profit-sharing	472
Prof J H Prinsloo	Profit-sharing and contract work	455
Prof J W Strydom	Profit-sharing	447
Mr K Joubert	Profit-sharing and Saica*	446
Mr N J F Van Loggerenberg	Profit-sharing	434
Ms C J de Swardt	Profit-sharing	434
Mr A Risenga	Profit-sharing and contract work	427
Prof J P R Joubert	Profit-sharing and contract work	415
Dr J Kembo	Profit-sharing and contract work	407
Prof G S Du Toit	Profit-sharing and contract work	402
Prof J S Jansen van Rensburg	Profit-sharing and Saica*	388
Mr J D Nel	Profit-sharing and contract work	387
Prof L P Kruger	Profit-sharing and contract work	386
Prof J S Wessels	Profit-sharing and contract work	379
Mrs C Erdis	Profit-sharing	378
Mr A A De Beer	Profit-sharing	370
Mr W P Nel	Contract work	361
Prof A C Engelbrecht	Profit-sharing, contract work and Saica*	342
Prof T Brevis-Landsberg	Profit-sharing	341
Prof H W E Schenk	Profit-sharing	339
Prof J M Dreyer	Profit-sharing and contract work	339
Prof C van Zyl	Profit-sharing and contract work	329
Mrs M J Vrba	Profit-sharing	323
Prof J C Pauw	Profit-sharing and contract work	320
Prof A Brits	Profit-sharing and contract work	314
Ms A Davis	Profit-sharing	309
Mr B D Nkgabe	Profit-sharing	300
Mrs E G Trollip	Profit-sharing	298
Mr R Machado	Profit-sharing	297
Miss E Botha	Profit-sharing	297
Prof W G Schulze	Contract work	288
Prof A J J van Wyk	Profit-sharing and Saica*	285
Dr E J Ferreira	Profit-sharing	280
Prof P Msweli	Contract work	277
Prof D J Brynard	Profit-sharing	273

* The South African Institute of Chartered Accountants allowance

	Number of members	Attendance at meetings aggregate amount paid	Reimbursement of expenses aggregate amount paid
		R'000	R'000
Chair of Council	3	13	0
Chairs of Committees	9	272	5
Members of Council	25	143	13
Members of Committees	18	205	30

NOTE 24: ESTIMATIONS AND JUDGEMENT APPLIED BY MANAGEMENT IN APPLYING THE ACCOUNTING POLICIES

The following estimations and judgements were applied by the Council and Management in applying the accounting policies

24.1 Write-down of inventory

The level of study material and prescribed books on hand at each reporting date is examined and compared to the historical usage and estimated future student registrations. Study material that will be revised within a two-year period is also identified. Any material in excess of demand is written down and reflected at their scrap value.

Damaged inventory is similarly written down when identified.

24.2 Post-retirement employee benefits

The estimations and assumptions applied by the independent actuaries in valuing the University's post-retirement pension fund and medical aid liabilities are fully disclosed in the related notes.

NOTE 25: RELATED PARTIES

25.1 Senior Management and employees

25.1.1 Emoluments paid to Senior Management

Senior Management has been defined on all post grades between Deputy Executive Dean/ Director and the Principal and Vice Chancellor. Please refer to note 23 for more detail.

25.1.2 Unsecured loans advanced to employees

Please refer to note 4 for vehicle and personal loans granted to Senior Management and other personnel. No vehicle loans and no personal loans were granted during 2010 and 2011 to Senior Management. The outstanding loans were not impaired.

25.1.3 Study benefits

In terms of conditions of service, employees and dependants are entitled to the following study benefits:

- Senior Management and their close relatives who study at any other recognised tertiary institution will receive a subsidy from the University. During 2011 an amount of R39 015 (2010: R36 600) was paid as subsidies.
- Senior Management and their close relatives who study at the University will only pay the cost for one undergraduate semester module. In certain cases the study fees will be subsidised in full. During 2011 the benefit granted amounted to Rnil (2010: R21 627).

25.1.4 Council members, senior management and employees interest in supply contracts

In terms of the University's policy, all employees are required to declare any potential conflict of interest that may arise when the University contracts with an external supplier. During the year the following transactions were concluded with institutions where Council Members were involved:

Name	Supplier	Relationship with Unisa	Relationship with Supplier	Service rendered	Amount
Ms JA Glennie	SAIDE	Council Member	Director	To provide services to the Unisa ODL project	R 0,892 million
The value of the SAIDE contract is R1,5 million over a three-year period.					
Ms A Padayachee	SANTRUST	Council Member	CEO	Pre-doctoral development programme for Ethiopian students	R 8,080 million
The value of the SANTRUST contract is R17.55 million over a two-year period.					
Mr F van Niekerk	Atterbury IH Ltd	Council Member	Chairperson	Office space for rental	R 0,763 million
The value of the contract is R31.08 million over a three-year period					

25.2 Exchanges with the Department of Higher Education and Training (DHET)

25.2.1 Subsidy on loan repayments

The DHET guarantees the loan agreements held by the University. In terms of their subsidy policy the University is entitled to an 85% subsidy on the loan repayments. Subsidy received for 2011 amounted to R0,740 million (2010: R0,778 million).

25.2.2 Funds administered on behalf of the DHET

The University has been appointed as legal successor for the former Vista University. In terms of a memorandum of agreement with the DHET the University will administer the medical aid liability of the Vista's pensioners on behalf of the DHET. The funds that are administered amounted to R57,011 million (R2010: R57,911 million) at year end.

25.2.3 Amount receivable from the DHET

The University received R1,514 billion (2010: R1,319 billion) as subsidy for the year 2011.

25.2.4 Funds allocated for the improvement of teaching/learning facilities and infrastructure, student output efficiencies and for staff restructuring

The DHET has allocated R100 million in 2007 to the University for the improvement of infrastructure and student output efficiencies. The funds will be spent according to the pre-approved project plans submitted to the DHET. The University is required to submit regular reports to the DHET on the implementation of the projects, including accounting for all expenditure. For 2011, an amount of R4,939 million (2010: R24,822 million) was spent on infrastructure, and R2,737 million (2010: R5,233 million) of this amount was charged through profit and loss.

The DHET has allocated R50 million in 2007 for staff restructuring. An amount of R5,397 million was spent in 2011 (2010: R2,430 million).

25.2.5 Funds allocated for teaching and research development

The DHET has allocated development funding to the amount of R228,017 million (2010: R288,107 million) for the improvement of teaching and research. The funds will be spent within the parameters as set out in the University's proposal to the DHET. The University is required to submit regular reports. An amount of R275,3 million was spent in 2011 (2010: R275,6 million).

25.2.6 Funds allocated for foundation provision

The DHET has allocated foundation funding to the amount of R10,922 million (2010: R8,970 million). These funds will be spent within the parameters as set out by the DHET. An amount of R1,450 million was spent in 2011 (2010: R1,445 million).

25.2.7 Funds allocated for veterinary sciences programmes

The DHET has allocated funding to the amount of R4 million (2010: R3 million) for the improvement of equity profiles of veterinary sciences programmes, increases in the graduate outputs of these programmes, institutional cooperation and improvements in the geographical distribution of veterinary sciences specialization. An amount of R1,970 million was spent in 2011 (2010: Rnil)

25.2.8 Funds allocated for infrastructure and efficiency (Engineering and Undergraduate Life and Physical Sciences)

The DHET has allocated funding to the amount of R19,4 million for infrastructure and efficiency (Engineering and Undergraduate Life and Physical Sciences). These funds will be spent within the parameters as set out by the DHET.

25.3 Post-employment benefit plans

Contributions by the University to these plans are disclosed in note 12.

NOTE 26: CAPITAL MANAGEMENT

The University's objectives when managing capital are to:

- safeguard the University's ability to continue as a going concern
- generate additional investment income
- act as a short-term relief for operational cash flow requirements
- act as a source of bridging capital when required
- provide project finance
- provide financial stability and security
- protect the capital base of the reserve funds against inflation

Funds are invested according to the cash flow requirements and projected future cash flows.

The University manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The management of the capital has been outsourced to specialised investment fund managers who are issued with specific mandates and restrictions. The performance of fund managers is monitored on a regular basis by the Operational Investment Committee and reported to the Finance, Investment and Estate Committee of Council.

The University is subject to the regulatory requirements of the Department of Higher Education and Training relating to its capital management.

NOTE 27: STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

In terms of IAS 8(AC 103), entities are required to include in their financial statements disclosure about the future impact of Standards and Interpretations issued but not yet effective at the reporting date.

At 31 December 2011, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date
IAS 1 amendment	*Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*	Jun-11	1 July 2012
IAS 12 amendment	*Deferred tax: Recovery of Underlying Assets*	Dec-10	1 January 2012
IAS 19 amendment	*Employee Benefits: Defined benefit plans*	Jun-11	1 January 2013
IAS 27	*Separate Financial Statements* (2011)	May-11	1 January 2013
IAS 28	*Investments in Associates and Joint Ventures* (2011)	May-11	1 January 2013
IFRS 1 amendment	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	Dec-10	1 July 2011
IFRS 7 amendment	*Disclosures – Transfers of Financial Assets*	Oct-10	1 July 2011
IFRS 9 (2010)	*Financial Instruments*	Oct-10	1 January 2013
IFRS 10	*Consolidated Financial Statements*	May-11	1 January 2013
IFRS 11	*Joint Arrangements*	May-11	1 January 2013
IFRS 12	*Disclosure of Interests in Other Entities*	May-11	1 January 2013
IFRS 13	*Fair Value Measurement*	May-11	1 January 2013

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