



UNIVERSITY OF
KWAZULU-NATAL

ANNUAL REPORT 2009

African-led Globalisation
Pre-eminence in Research
Institution of Choice for Staff
Institution of Choice for Students
Excellence in Teaching and Learning
Responsible Community Engagement
Efficient & Effective Management
Proactive and Innovative
Sustainable Development



ANNUAL REPORT 2009 CONTENTS

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REPORT OF THE CHAIR OF COUNCIL

MR M MIA



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The strength of the Council lies in its membership, which comprises a wide array of people who bring knowledge, skill and experience in Higher Education to the deliberations of the University. Council members play a leading role in the various sub-committee structures of the University.

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THE year under review marked the completion of the six-year period following the merger of the former Universities of Natal and Durban-Westville. I believe that, in discharging its duties, Council has ensured that our University remains at the forefront, not only of academic excellence but is also forging ahead in terms of its research output.

Academic excellence and research cannot be separated. We are proud that great strides have been made towards achieving both these objectives.

Public debate in respect of academic freedom resulted in the establishment of the Governance and Academic Freedom Committee (GAFC) which, after a due process, produced a report with several recommendations. These, together with the recommendations detailed in the final report of the Ministerial Committee on Transformation and Social Cohesion and the Elimination of Discrimination in Public Higher Education Institutions, were considered by the wider University community. Arising from this, an action plan has been put in place and pleasing progress is being made.

The process leading to this report had far-reaching and positive consequences, as all stakeholders were not only given an opportunity to voice their views, but are the owners of what has to be done at the University. It is important to note that Council is unflinching in ensuring that governance, policies and procedures are adhered to by all concerned.

The strength of the Council lies in its membership, which comprises a wide array of people who bring knowledge, skill and experience in Higher Education to the deliberations of the University. Council members play a leading role in the various sub-committee structures of the University, where detailed input is provided by the management of the University. This allows for robust debate before Council approves any policy. I would like to pay tribute to all the Council members for their contributions and to the Executive Management who, in no small measure, ensured that 2009 was a watershed year for the University.

Council continues to grapple with key issues which include campus student residential accommodation and the high level of student debt. Both have consequences for the continued financial sustainability of the Institution. With regard to student accommodation, Council, as a matter of

principle, decided to dispose of the University's off-campus facilities, and thereby create an opportunity to build more accommodation, particularly on the Westville campus. The issue of student debt is of greater concern and more needs to be done to reduce these levels.

Key executives who played an important role in the six-year merger period and whose terms of office came to an end in 2009 were Professor Leana Uys, Professor Fikile Mazibuko, Professor Peter Zacharias, Professor Dasarath Chetty, Mr Trevor Wills, and Ms Reena Budree. Council wishes to place on record its appreciation to all these members of the Executive for having responsibly carried out important functions during the merger period. In particular, we wish to congratulate Professor Mazibuko on her recent appointment as the Vice-Chancellor of the University of Zululand.

I welcome the following new Executive members: Professor Joseph Ayee (Deputy Vice-Chancellor and Head of the College of Humanities); Professor Rob Slotow (Deputy Vice-Chancellor and Head of the College of Agriculture, Engineering and Science); Professor Tahir Pillay (Deputy Vice-Chancellor and Head of the College of Health Sciences); Ms Nomonde Mbadi (Executive Director: Corporate Relations); Dr Mojaki Mosia (Executive Director of Human Resources) and Ms Mochaki Masipa (Executive Dean of Students).

The appointment of these experts in their fields augurs well for the University as we enter the consolidation phase. In this regard, an office dedicated to corporate governance was established in 2009 and Mr Ravi Govender was appointed to the portfolio Director: Corporate Governance.

Investment in the University's resources is dependent on funding and partnerships forged in South Africa and globally. Last year, through the University's Foundation, a total of R118 million was raised for various projects at the University. Significant new partnerships which received funding include: the African Centre for Childhood, the Northern Cape Maths and Science Educator Development Project, the Chair in Indigenous Health Care Systems Research and the African Institute of Sustainable Rural Livelihoods Building. The University has embarked on a bold initiative to build a R100 million 'green' building on the Pietermaritzburg campus to house the African Institute for Sustainable Rural Livelihoods. The primary intention of the Institute is to reduce poverty and increase food security in

Africa by improving access to food and potable water, access to superior crop varieties and agronomic practices, and better resources, markets and administration, through improved agricultural policies.

On 19 March 2009 Professor Malegapuru Makgoba and Dr Thomas Cech, President of the Howard Hughes Medical Institute (HHMI) in the United States, announced the establishment of the KwaZulu-Natal Research Institute for Tuberculosis and HIV (K-RITH) at the Nelson R Mandela School of Medicine. This historic announcement, which took place in Washington DC, was the culmination of over two years of discussion between the HHMI and UKZN. Council acknowledges the significant investment of approximately US\$70 million in the building and research studies which will be undertaken over a ten-year period.

The highlight of the 2009 financial year for the University's wholly-owned subsidiary company, UKZN Innovation (Pty) Ltd, has been the creation of Fermentation Technologies and Innovation (Pty) Ltd (FemTech) that is a joint venture between UKZN Innovation and BioTecnol, the largest biotechnology company in Portugal. In terms of the business venture, FemTech will be responsible for the production of Insulin Growth Factors, a key media component for the development of Monoclonal Antibodies. This venture represents a breakthrough in Biotechnology in South Africa, and places UKZN on the international front in terms of research, development and commercialisation in Biotechnology.

Universities worldwide have unique challenges. UKZN is no exception. Without the support of all its stakeholders, notably students, support staff, academic staff, Foundation staff, Executive management, sponsors, well-wishers, donors and, of course, provincial and national government, the objectives of this review period may have not materialised. On behalf of Council, I convey a personal thanks to all of the afore-mentioned. I wish to thank my colleagues on Council, and particularly the Vice-Chair, Ms Phumla Mnganga. I record my sincere appreciation for your commitment and support.

Mr M Mia

Chair of Council





Officers and Members of Council as at 31 December 2009

Analysis of Membership, Representation on Major Committees of Council and Attendance Statistics

NAME/CATEGORY OF MEMBERSHIP			COMMITTEES OF COUNCIL						COUNCIL MEETING ATTENDANCES								TOTAL OVERALL	
			ARC	FC	RC	RPC	CMC	SC	Feb	Feb (sp)	May (sp)	May	June	Oct	Nov (sp)	Dec	No.	%
Executive Committee of Council																		
1	Mr M Mia (Chair)	(4)		✓	✓		✓		P	P	P	P	P	P	P	P	8	100%
2	Mrs P Mnganga (Vice-Chair)	(1)			✓		✓	✓	P	P	P	P	P	P	P	P	8	100%
3	Prof M W Makgoba (Vice-Chancellor)	(2)		✓	✓	✓	✓		P	R	P	P	P	P	P	P	8	100%
4	Ms B Hlongwa (SRC) (term of office ended October 2009)													P			1	100%
5	Prof D Jaganyi	(3)							P	P	P	P	P	P	P	P	8	100%
6	Mr T Maistry	(3)							P	P	P	P	AP	P	AP	P	6	75%
7	Mr M Mndebele (SRC) (appointed November 2009)	(5)		✓											P	P	2	100%
8	Prof J C Mubangizi	(2)					✓		P	P	P	P	P	P	P	P	8	100%
9	Mrs P Nzimande (alternate)	(1)		✓					AP	AP	P	P	P	P	AP	P	5	63%
10	Adv P J Olsen	(4)							P	P	P	AP	AP	AP	P	P	5	63%
11	Dr M J Phaahla	(1)	✓				✓		P	P	AP	P	P	P	AP	AP	5	63%
12	Mr S Phakathi (SRC) (recalled June 2009)								A	A	P	A	AP				1	20%
13	Mrs S E Skweyiya	(1)			✓				P	P	P	P	P	P	AP	P	7	88%
Other Members of Council																		
14	Prof H Africa	(1)	✓						P	P	P	P	P	AP	AP	AP	5	63%
15	Dr R Badal	(1)							A	A	A	AP	P	AP	AP	P	2	25%
16	Ms K Dasi (SRC) (recalled June 2009)								A	A	P	AP	P				2	40%
17	Mr M Dlangamandla (SRC) (term of office ended October 2009)													P			1	100%
18	Prof S Essack (appointed May 2009)	(3)		✓	✓						P	AP	P	P	P	P	5	83%
19	Prof K Govinder	(3)		✓					P	P	AP	P	P	P	AP	AP	5	63%
20	Mr K A Gumede (appointed June 2009)	(3)												P	P	P	3	100%
21	Dr C M Hendricks	(1)					✓		P	P	P	P	AP	AP	AP	P	5	63%
22	Mrs M M Jean-Louis (resigned October 2009)								P	P	P	P	AP	P			5	83%
23	Mr K Mabaso (term of office ended June 2009)								P	A	A	P	P				3	60%
24	Mr K Makan	(1)							P	P	AP	AP	AP	AP	P	P	4	50%
25	Prof M Mangaliso (resigned February 2009)																0	0%
26	Ms G Mtombeni	(1)			✓	✓			P	P	P	P	P	AP	P	P	7	88%
27	Mr S C Ngcobo	(1)		✓		✓			P	P	P	P	P	P	AP	P	7	88%
28	Mr S S T Ngcobo (appointed October 2009)	(1)													P	AP	1	50%
29	Mr M T Ngwenya	(4)	✓			✓	✓	✓	AP	AP	P	AP	P	AP	P	P	4	50%
30	Prof D North	(3)							AP	AP	P	AP	AP	P	P	P	4	50%
31	Mr A G S Osman	(4)		✓					P	P	P	P	AP	P	P	P	7	88%
32	ClIr F Peer	(1)				✓			P	AP	P	P	P	P	AP	P	6	75%
33	Mr T Sabelo (SRC) (appointed November 2009)	(5)													P	P	2	100%
34	Mr B Sibiya (resigned November 2009)								P	P	P	P	P	AP	A		5	71%
35	Prof D Spurrett (resigned February 2009)								P	P							2	100%
36	Prof L R Uys	(2)							P	P	AP	AP	P	P	AP	P	5	63%
37	Mr A D Young	(1)		✓					P	P	P	P	P	P	P	P	8	100%
TOTAL ATTENDANCE									23	22	23	20	21	21	17	24	171	
TOTAL MEMBERSHIP									29	29	29	29	29	29	29	28	231	
OVERALL ATTENDANCE as a % of maximum possible									79%	76%	79%	69%	72%	72%	59%	86%		74%

KEY CATEGORIES OF MEMBERSHIP

- (1) Independent non-executive Council Members
- (2) Executive Management representatives
- (3) Employee representatives
- (4) Government-appointed representatives
- (5) Student representatives

KEY TO COMMITTEES OF COUNCIL

- ARC Audit & Risk Committee
FC Finance Committee
RC Remuneration Committee
RPC Resource Planning Committee
CMC Council Membership Committee
SC Staffing Committee

KEY TO ATTENDANCE

- Not a Council member during the highlighted period
P Present
AP Apologies for non-attendance
A Absent without apology

Major Committees of Council for the year ended 31 December 2009

Analysis of Attendance at Major Committees of Council for the year ended 31 December 2009

AUDIT & RISK COMMITTEE								
Members	Apr	June (sp)	Aug	Nov				%
Mrs M M Jean-Louis (resigned October 2009) (Chair)	P	P	AP					67%
Prof H Africa	P	A	AP	AP				25%
Ms L Francois	P	P	P	P				100%
Mr P Naidoo	AP	P	P	P				75%
Mr T Ngwenya	AP	AP	P	AP				25%
Dr M J Phaahla	AP	AP	AP	AP				0%
Mr B Sibiya (resigned 30 November 2009)	AP	P	AP	AP				25%
Total Attendance (%)	43%	57%	43%	33%				44%

FINANCE COMMITTEE								
Members	Mar	May	June (joint)	Aug	Nov	Nov (sp)	Nov (sp)	%
Mr S C Ngcobo (Chair)	P	P	P	P	P	P	P	100%
Mr R H Clarkson	P	P	P	P	P	P	P	100%
Prof S Essack				P	P	AP	P	75%
Prof K S Govinder	P	P	P	P	AP	P	P	86%
Ms B Hlongwa (term of office ended October 2009)				P				100%
Prof M W Makgoba	P	AP	P	P	P	AP	AP	57%
Mr M D Mdebele (appointed November 2009)					P	P	A	67%
Mrs P Nzimande	AP	AP	AP	AP	AP	AP	AP	0%
Mr A G S Osman	P	P	P	P	P	P	P	100%
Mr S Phakathi (recalled June 2009)	A	A	A					0%
Mr A Young	AP	A	AP	A	P	P	P	43%
Total Attendance (%)	75%	63%	63%	78%	78%	67%	67%	67%

REMUNERATION COMMITTEE								
Members	Mar	April	July	Sept	Nov	Dec (sp)		%
Mrs P Mnganga (Chair)	P	P	P	P	P	P		100%
Ms R Budree	P	P	P	P	AP	P		83%
Prof S Essack (appointed May 2009)	P	P	P	P	AP	P		83%
Prof M W Makgoba	P	AP	P	P	P	P		83%
Ms G Mtombeni	P	P	P	P	P	P		100%
Mr S C Ngcobo	AP	P	P	P	P	P		83%
Mrs S E Skweyiya	P	P	AP	P	P	P		83%
Total Attendance (%)	86%	86%	86%	100%	71%	100%		88%

KEY TO ATTENDANCE

	Not a member during the highlighted period	A	Absent without apology
P	Present	(sp)	Special Meeting
AP	Apologies for non-attendance		

OTHER OFFICE BEARERS (IN ATTENDANCE AT COUNCIL)		AUDITORS	BANKERS	POSTAL ADDRESS
Prof J J Meyerowitz	Registrar	Deloitte & Touche	First National Bank	University of KwaZulu-Natal
Mr R H Clarkson	Chief Finance Officer	P O Box 243	P O Box 4130	Private Bag X54001
		Durban	The Square	Durban
		4000	Umhlanga Rocks	4000
			4320	



COUNCIL'S STATEMENT ON CORPORATE GOVERNANCE

MR M MIA / MRS L FRANCOIS

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The Council of the University of KwaZulu-Natal is responsible for the overall strategic direction of the University, approval of major developments and the receipt of regular reports from the Vice-Chancellor, other executive officers and members of management on the day-to-day operations of the University's business.

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" **T**HE University is committed to the highest level of corporate governance. In associating itself with the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, it is aligned to the King Reports on Corporate Governance and is in compliance with the Higher Education Act.

The Council, as far as it is practicable to do so, applies the Code of Corporate Practices and Conduct, and the Code of Ethical Behaviour and Practice set out in the King II Report. This commitment has been reinforced by Council's adoption of its own customised Code of Conduct, including disciplinary provisions, transparency, independence, accountability, responsibility, fairness and social responsibility, for members of Council. In supporting these Codes and in fulfilling its guardianship role in relation to public and trust funds administered by the University, the Council recognises the need to conduct the affairs of the University with integrity, ethically and in accordance with generally accepted business and legal practices.

In entrenching governance into the institutional culture, the University's values, as adopted, include: "Ensure effective governance through broad and inclusive participation, democratic representation, accountability, and transparency that serve as an example that contributes to building the democratic ethos of our country."

In implementing the aforementioned commitment, Council has approved a structure for an independent Corporate Governance Division. This division will house the function of the Internal Audit Services, Forensic Services and Risk and Compliance Management. In addition, Council has commissioned an Ombuds Office that will have clear and independent reporting mechanisms.

Included in the mandate of the Audit & Risk Committee is the monitoring of compliance with these Codes. This is evident by coverage on the approved annual audit plan that includes tests of compliance with King II and the Higher Education Act.

The Council

The University of KwaZulu-Natal Council was incorporated on 1 January 2004 in terms of the Higher Education Act of 1997. During the year under review, the Council functioned in accordance with the prevailing Statute for the University of KwaZulu-Natal, which was promulgated on 14 July 2006. In terms of this statute, the Council comprises 30 members, the majority of whom (63%) are neither employees nor students of the University. The independent non-executive members comprise a cross section of external expertise.

Council is made up as follows:	
Independent non-executive members	11
Government-appointed representatives	5
Convocation representatives	3
Executive management staff	3
Employee representatives	6
Student representatives	2
Total	30

In terms of good governance, the role of the Chairperson of Council is separate from that of the Chief Executive Officer, the Vice-Chancellor. The Council of the University of KwaZulu-Natal is responsible for the overall strategic direction of the University, approval of major developments and the receipt of regular reports from the Vice-Chancellor, other executive officers and members of management on the day-to-day operations of the University's business. Council met eight times during the year under review: five scheduled meetings and three special ones. Details of its composition and meeting attendance statistics for the year, together with those of the major committees of Council, are contained on pages 6-7 of this Annual Report. In discharging its governance role, Council is supported by a number of standing committees, including a Remuneration Committee, a Finance Committee, an Audit & Risk Committee, a Staffing Committee and a Council Membership Committee. All of these Committees are formally constituted with specified terms of reference and in all cases comprise a majority of external members of Council. Brief details of the respective Committees follow overleaf:

Remuneration Committee

The Remuneration Committee's specific terms of reference include direct authority to act for Council in proposing changes to the Conditions of Service as they relate to employees' salaries and benefits. The Remuneration Committee is also responsible for the periodic determination and review of mandates for the University's management team in its negotiations with staff representative bodies in the Joint Bargaining Forum (JBF). As in prior years, the Remuneration Committee played a strongly supportive and guiding role to the management during 2009, which contributed significantly to an amicable settlement of the annual pay award

between the JBF parties. A sub-committee of the Remuneration Committee, comprising four independent, non-executive members, is responsible for considering and deciding upon executive salaries and benefits in relation to prevailing market conditions.

The Remuneration Committee met six times during the year and was chaired by Mrs P Mnganga, Vice-Chair of Council.

Finance Committee

The Finance Committee comprises a majority of external members with a cross-section of expertise and specific terms of reference. The Finance



Committee is responsible for monitoring the University's financial position, ensuring its ability to operate as a "going concern", and for the adequacy of its financial accounting, treasury management and control systems. It met seven times in 2009 and considered a range of matters relevant to the fiduciary duties of the University Council and advised Council on financial strategy, policy and the University's budgets. The Finance Committee has specific responsibility for overseeing investment management, loan finance and risk management issues, and for ensuring (through the office of the Chief Finance Officer) compliance with the University's Financial Regulations. This responsibility extends to ensuring that the accounting information systems and personnel complement keep the accounting records of the University in good order.

The committee was chaired by Mr S C Ngcobo, an independent non-executive member of the University Council during the year under review.

Resource Planning Committee

Prior to its disestablishment at the end of 2009, the Resource Planning Committee was responsible for overall resource planning of the University, including academic, financial, infrastructural and physical planning in terms of the Strategic Plan. It also received and considered the detailed budget proposals from the Executive and recommended these to Council in consultation with the Finance Committee. The committee consisted of 22 members of whom 12 were external, and met only once in 2009. As it had become largely dysfunctional, its responsibilities were, with effect from 2010, subsumed by other committees, primarily by the Finance Committee.

During 2009, the committee functioned under the chairmanship of Mr T Ngwenya, who is an independent non-executive member of the University Council.

Audit and Risk Committee

The Audit and Risk Committee consists of five members of Council, none of whom is either an employee or a student, and two non-Council members with appropriate expertise. Four meetings were held during 2009; these

meetings were also attended by the external and internal auditors and by appropriate members of executive and senior operational management.

Both the external and internal auditors had unrestricted access to the Audit and Risk Committee, which ensured that their independence was in no way impaired. In addition, the Audit and Risk Committee reviews the Forensics and Risk Register and monitors all reports and their outcomes ensuring appropriate action is taken. The Audit and Risk Committee operates in terms of a written charter which provides assistance to Council in:

- ▶ ensuring compliance with applicable legislation, the requirements of regulatory authorities and applicable codes of corporate conduct;
- ▶ determining the adequacy and effectiveness of financial and internal controls, accounting policies, reporting and disclosure;
- ▶ assessing and managing all areas of financial risk, in conjunction with the Finance Committee;
- ▶ reviewing and approving audit plans and reports emanating from external and internal auditors;
- ▶ monitoring the scope, adequacy and effectiveness of the internal audit function;
- ▶ meeting its statutory reporting responsibilities.

The committee was chaired, for the first nine months of the year by Mrs M Jean-Louis, an independent non-executive member of Council, and for the remaining three months by Mrs L Francois, one of the non-Council members with appropriate expertise. A separate report on Internal Control and Risk Management, as is required for statutory purposes, has been prepared and forms part of this Annual Report.

Staffing Committee

The Staffing Committee makes recommendations to the University Council regarding all new and revised human resources and employment equity policies, approves systems and procedures for the implementation of these policies and monitors their implementation. It consists of 13 members of whom three are external members of Council and four are non-Council



members with appropriate expertise. Those members internal to the University include representatives of unions, academic and support staff, and senior management.

The committee met five times during the year and was chaired by Ms P Mnganga, Vice-Chair of Council.

Membership Committee

The Membership Committee meets as and when necessary to consider nominations to fill vacant positions on Council, in accordance with the UKZN Statute. It consists of nine members, five of whom are external to the University. It met once in 2009 under the chairmanship of Mr M Mia, Chair of Council.

Senior Appointments Committee

The Senior Appointments Committee meets as and when necessary in accordance with Council approved procedures to recommend to Council preferred candidates to fill vacant Executive positions in the University. It consists of nine members, of whom the majority are independent, non-executive members of Council. The Institutional Forum and SRC each nominate a representative to this committee. In addition, up to two external persons may be co-opted to provide specific expertise, and the Unions may nominate a member. There were a series of meetings in the second half of 2009 to shortlist, interview and recommend candidates for a number of vacant executive positions. These meetings were chaired by Ms P Mnganga, Vice-Chair of Council.

Code of Ethics

The University is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders, including its Council members, managers, employees, students, customers, suppliers, competitors, donors and society at large. The University's policies include

provisions to deal with conflicts of interest. Council members and all staff who have decision-making authority, either individually or jointly through their service on committees, are expected to observe the University's ethical obligations in order to conduct business through the use of fair commercial practice. In terms of the respective Codes of Conduct for members of Council and Executive management, those bound by the Codes are obliged to disclose any noteworthy interests (as defined) in a register of contracts. Likewise, potential or actual conflicts of interests are required to be declared. Various general provisions underpin Council's commitment to ethical conduct. These are characterised *inter alia* by the requirements to act in good faith, to serve the interests of the University, to maintain the trust of Council or the Executive, as the case may be, the duty to respect Council decisions and to maintain confidentiality. Members of Council and the Executive are required to acknowledge and uphold the respective Codes by making signed declarations to this effect, which are, in turn, lodged with the Registrar's office.

Approval of Report on Corporate Governance

Council's commitment to good corporate governance is reaffirmed at least annually and consequently this report was approved by the University Council on 4 June 2010 and is signed on its behalf by:



Mr M Mia

Chair of Council



Mrs L Francois

Chair of the Audit and Risk Committee

REPORT OF SENATE

PROFESSOR M W MAKGOBA



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In the course of the year, the Senate fulfilled its statutory responsibilities and, in so doing, contributed to the enhancement of sound academic governance and the maintenance of quality of the University's various teaching and research activities.

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In terms of the Higher Education Act (No. 101 of 1997) and the Statute of the University of KwaZulu-Natal, the Senate is empowered with the ultimate responsibility for the maintenance of the academic integrity of the University. It also has responsibility for the development of all academic initiatives of the University. During 2009, the University Senate met four times to deal with routine operational business; one additional meeting was called to deal with urgent matters.

In the course of the year, the Senate fulfilled its statutory responsibilities and, in so doing, contributed to the enhancement of sound academic governance and the maintenance of quality of the University's various teaching and research activities.

Changes in the Academic Structure

The College Model System approved in 2004 is still operational as follows:

- ▼ College of Agriculture, Engineering and Science
 - Faculty of Engineering
 - Faculty of Science and Agriculture
- ▼ College of Health Sciences
 - Faculty of Health Sciences
 - Faculty of Medicine
- ▼ College of Humanities
 - Faculty of Education
 - Faculty of Humanities, Development and Social Sciences
- ▼ College of Law and Management Studies
 - Faculty of Law
 - Faculty of Management Studies

The following change to the academic structure was approved by Council in 2009:

- ▼ The discipline of Extension and Agricultural Rural Resource Management (ERRM) and the Farmer Support Group (FSG) were transferred from the School of Environmental Sciences to the School of Agricultural Sciences and Agribusiness.

Composition of Senate

The Senate was constituted in terms of S23 (1) of the Statute of the University of KwaZulu-Natal, which defines the composition of Senate as follows:

The Senate, subject to the provisions of the Act, consists of:

- the Vice-Chancellor;
- the Deputy Vice-Chancellors who are Heads of Colleges;
- the Deputy Vice-Chancellor: Research;
- the Executive Dean of Students;
- two other members of the senior management elected by the senior management;
- two representatives from the Council who must neither be employees nor students and who are elected by the Council;
- the Head of Library Services;
- the Director of Quality Promotion and Assurance;
- the Chairperson of the Institutional Forum;
- the President of Convocation;
- five members of the support staff, who are not already members of the Senate, being one from each of the Colleges and one from the central administration of the University duly elected by the support staff in each one of the aforementioned areas of operation;
- the Deans of the Faculties;
- the Deputy Deans of the Faculties;
- all Heads of Schools;
- five representatives from each Faculty duly elected by each such Faculty;
- a Fellow of the University appointed by each Faculty;
- six student representatives, one from each of the campuses, duly elected by the local Students' Representative Council (SRC) for that campus, and one student representative from the Central SRC having been duly elected by that Council;
- such additional members as are approved by the Senate. In this category, Senate has approved the inclusion of the Deputy Vice-Chancellor: Teaching and Learning and the Dean of Research as full members of Senate.

The majority of Senate members are academic members of staff.

Significant matters dealt with by Senate in 2009

Policies

The following policies were approved by Council following Senate recommendation:

- ▼ Policy on endowed and named Chairs
- ▼ Policy on academic management and leadership
- ▼ Sabbatical leave policy
- ▼ Naming policy
- ▼ Plagiarism policy
- ▼ Academic monitoring and exclusions policy
- ▼ Self-funded teaching programmes policy

In addition, a Code of Professional Conduct for Academic Staff was approved by Senate.

Transformation and Academic Freedom

Senate accepted and fully endorsed the Governance and Academic Freedom Committee (GAFC) Report, its findings and recommendations and decided that the GAFC Report and the Ministerial Report on Transformation be distributed widely to all University staff and students. It further decided that every member of the University be given time and an opportunity to engage fully with and reflect upon the contents of both reports and that every member of the University make constructive inputs or comments through the appropriate structures on the implementation and the way forward.

Comments by the University community were distilled by a task team which included representatives from each Faculty before being presented to a special Senate meeting. Consequently, the subsequent University actions were fully informed, enriched and owned by the whole University community.

At a special meeting of Senate, the report was presented and a number of recommendations regarding actions required were discussed, including the development of a Transformation Charter. Senate expressed its strong support for these recommendations and recommended the approval and

adoption of the report to Council. Progress on the actions identified is being reported on at each Senate meeting.

Research

Senate established a task team to analyse data related to the research productivity of academics and to recommend strategies to increase academic research productivity. The task team will report early in 2010.

Review of Committee Structure

Proposals regarding the restructuring of the Senate and Council committees were accepted by Senate and Council for implementation in January 2010. The aim of the restructuring was to reduce bureaucracy and improve efficiency. In the restructuring, the number and size of committees was reduced, terms of reference have been clarified to remove overlap and duplication, reporting lines and decision flows have been clarified, and responsibility and accountability for the effective functioning of the University clearly established.

Significant Developments and Achievements in Instruction

- ▼ At the Nelson R Mandela School of Medicine extension and restructuring of the MBChB programme from five to six years has resulted in a curriculum with one foundation year in which Science and other basic knowledge for medical students is taught. This is followed by two years of Anatomy, Physiology, Pathology, Pharmacology and Microbiology/Virology. The final three years are clinical training during which students receive training in hospitals and other health care facilities.
- ▼ A BSc Honours course in Infection Prevention and Control was introduced.
- ▼ The KwaZulu-Natal Research Institute in Tuberculosis and HIV (K-RITH) has introduced short courses in Molecular Biology of Tuberculosis, Clinical and Laboratory Diagnosis of Tuberculosis and Basic Immunology.
- ▼ The Faculty of Health Sciences has received approval from the Higher

Education Quality Committee (HEQC) to offer on-line/web-based coursework Masters programmes in Pharmacy and Health Sciences in general. Modules are in development using the online learning management system, Moodle, and the first cohort will commence in January 2011.

- ▼ In the Faculty of Law, staff members embraced a number of innovative instruction methods in 2009 to make the modes of delivery more interesting and accessible. In addition to web-based tests conducted in various courses *via* a dedicated website, new internet methods of disseminating information were put into use. However, as new challenges emerged in this discipline, the Faculty responded by developing new programmes/modules to provide knowledge and expertise in these developing areas. At the undergraduate level the number of legal electives expanded to include modules such as Gender and Law; Intellectual Property Law; and Constitutional Litigation. The Faculty intends to expand this list by the inclusion of modules such as Sports and Entertainment Law. At the postgraduate level approval was granted for the following new modules which will expand the offerings under the LLM programme: Gambling Law; Sports Law and Politics of Law.
- ▼ The Faculty of Management Studies made significant moves in introducing new teaching technologies and modes of delivery in various undergraduate and postgraduate modules. The School of Information Systems & Technology (IS&T) continues to make good use of state-of-the-art facilities for podcasting. The use of this technology enables teaching and learning to become more interesting and makes online course delivery possible; it improves communication platforms, making the interaction between students and staff easier, and facilitates delivery across multiple campuses. The School of Economics & Finance was also able to make use of this technology. In addition, the first year module, Integrated Business Studies, made effective use of Moodle to achieve its learning outcomes. Some undergraduate modules were also able to use innovative methodologies such as interactive group work in large lectures, the development of critical thinking through the use

of email journals and other online discussion technologies, and the use of intensive assessment and feedback. The text matching software, Turnitin, was consistently used in the Faculty.

- ▼ The Faculty of Engineering received a grant from the Department of Education (now DoHET) to establish an academic support system that includes supplemental instruction and academic guidance. The grant has been utilised to equip undergraduate laboratories. The Faculty recognises that teaching and learning represent a high priority area. Many (but not all) of the undergraduate courses are supported by on-line material. The best lecturers in each School are recognised at an annual awards function.
- ▼ The College of Agriculture, Engineering and Science hosted several teaching enhancement workshops, facilitated by international experts, which focused on real, effective teaching delivery. New, innovative teaching technology included audience response systems (clickers – interactive teaching devices for engaging students in large classroom environments) and dedicated servers to enhance the use of Moodle. During the course of 2009, the School of Biochemistry, Genetics and Microbiology ran a number of workshops on such topics as assessment and curriculum development. These have resulted in the enhancement of the teaching skills of the School's staff. Technology, in the form of tablet PCs, is being used by the School of Mathematical Sciences and the School of Biological Sciences to improve the teaching/learning interface.
- ▼ An exciting teaching initiative was the first intake into the Northern Cape Teachers Project. Twenty-five teachers registered for a BSc with majors in Mathematics and Physics, and will visit the Westville campus during their vacations to attend modules, completing their degree over five years. This programme is being funded by the SAMANCOR Foundation (R10 million over five years), with a contribution of R850 000 from Nedbank Eyethu Community Trust. A second innovation is the new Bachelor of Agriculture in Agricultural Extension, to be jointly offered with the Department of Agriculture on the Cedara campus. Furthermore, the Moses Kotane Institute is providing



R9.4 million every year to fund 200 disadvantaged students, enrolled in the Centre for Science Access.

- ▼ The Faculty of Education introduced a new programme, BEd: Limpopo with a cohort of 140 students in its Early Childhood Development (ECD)/Foundation Phase. The programme is funded by the Limpopo Provincial Department of Education. The Faculty was chosen because of its reputation for offering a quality ECD programme. In addition, the Faculty is also considering introducing a PGCE programme for Mpumalanga in July 2010. The Faculty undertook a review to assess the viability of offering the PGCE in Pietermaritzburg and developed different modes of delivery for both full-time and part-time students.
- ▼ The Faculty of Education is exploring the possibility of increased efficiencies in the modes of delivery to cope with increased demand for its initial and continuing teacher education programmes through a combination of face-to-face and mixed mode strategies across approximately 13 Open Learning Centres in at least three provinces.
- ▼ In the Faculty of Humanities, Development and Social Sciences, innovative teaching methodologies are being developed through the SANTED project that is concerned with infusing indigenous knowledge and perspectives into the curriculum, including the isiZulu language. Despite a scarcity of resources, the School of Social Work and Community Development is graduating increasing numbers of students to meet the critical national need in these fields. New modules in Advanced Development Theory, Principles of Community Development, Economic Policy, Culture and Environment Policies, Sustainable Development, and Economic Policies have been introduced.

Composition and Size of the Student Body

A total of 39 316 students registered for study at UKZN in 2009. Of these 59% were women and 41% men. Undergraduates constituted 77% of all students, with postgraduate students making up the balance of 23% of the student population. There were 326 disabled students in 2009.

The proportion of students registered in the four Colleges was as follows:

College of Agriculture, Engineering and Science	19%
College of Health Sciences	15%
College of Humanities	40 %
College of Law and Management Studies	26 %

Instruction

Limitations on Access to Certain Courses

The MBChB programme continues to be oversubscribed, with the number of applicants growing every year. In 2009, 4 428 learners applied for the MBChB, of whom 256 were offered places, and 246 registered. The high application numbers are an indication of the excellent reputation the Faculty enjoys.

The limited computer LAN facilities and physical size constraints of the Law Library restricted the numbers of students admitted to certain LLB courses involving a computer mastery component, eg Legal Research, Writing and Reasoning and other courses requiring intensive research.

In the Faculty of Management Studies many students were unfortunately faced with financial constraints which impacted on their ability to access degree programmes. With regard to progression into specific modules within the degree programmes, the School of Accounting limited access to the second and third year of the programme to students who achieved 55% or more in the previous year. This is to ensure that students with a solid foundation are allowed to progress and that throughput is achieved.

Because of the Faculty of Engineering's strong foundation in physical sciences, the entrance requirements include level 6 in Mathematics and Physical Science. Country-wide, this requirement may limit access of potential students from disadvantaged schools because of poor teaching or the lack of Science and Mathematics teachers. The UNITE (alternative access) programme has strong requirements for Mathematics and Physical Science, and has been over-subscribed. Academic retention and students who meet the high entrance requirements for entry at undergraduate level continue to be a challenge facing the Faculty.

Requests for places in one of the three alternative access routes into the Faculty of Science and Agriculture in 2009 far outstripped the available places. A total of 415 students were registered after more than 4 000 requests for places had been made and 1 696 students had written the entrance test.

The BEd undergraduate programme in the Faculty of Education is, likewise, over-subscribed. A total of 6 000 applications were received for the 500 available places. Similarly, in the Faculty of Humanities, Development and Social Sciences, which offers 72 disciplines to over 8 000 students, the “Big Four” disciplines, namely, English, Media, Psychology and Sociology had to reduce their student intakes.

Programmes in the Faculty of Health Sciences are over-subscribed by candidates meeting the admissions criteria. The Faculty would be able to increase its intake some four- to tenfold with a commensurate increase in human and infrastructural resources.

For the first time since the merger, the Faculty of Science and Agriculture met and surpassed its enrolment of new intake on the Westville campus, and met its overall enrolment target for 2009. This, combined with the increased academic support put in place to deal with challenges over the National Senior Certificate, placed substantial pressure on resources at Westville.

Levels of Academic Progress

The Nelson R Mandela School of Medicine achieved the following results in 2009:

MBChB programme: 184 students completed the degree

PhD graduates	4
MSc graduates	4
Master of Medicine graduates	11
Masters of Public Health graduates	11
BSc Honours graduates	23
Postgraduate diplomates	22

During 2009, the Faculty of Law endeavoured to increase its student enrolments at the PhD level. A significant number of staff members registered for their PhDs. In the future this will enable more academics in the Faculty to promote PhD students. In the Faculty of Management Studies, the number of registered doctoral candidates increased and doctoral graduates increased.

Overall, the Faculty of Engineering aims to have pass rates of above 70% in all modules. The Faculty has a strategic goal to achieve a throughput of 20% (graduates/FTE) compared to a theoretical maximum of 25% for a four-year degree.

The Faculty of Health Sciences evidenced a cohort completion rate of 96%, a graduation rate of 20%, an average module pass rate of 95% and a minimal exclusion rate of 1% during the reporting period.

Attempts to address student retention efforts were made to vigorously pursue access/foundation programmes in the College of Humanities. The Faculty of Education, for instance, pursued a Student Support Programme, named “STAR”, for students at risk. It is rated by students as one of the most successful programmes at UKZN. In 2009 the Faculties of HDSS and Education graduated 43 and 16 PhDs, respectively.

Research

The 2008 institutional research productivity (as reported in 2009), increased by 17% over the previous year. The research publications units awarded to UKZN by the Department of Higher Education and Training (DoHET) in 2008 increased by 12% compared to 2007. The UKZN *per capita* research productivity, based on the weighted output of publications and research degree graduations, increased from 80% (2007) to 95% (2008) of the national norm. In terms of the Senate norms, the *per capita* research productivity increased from 0.65 units (2007) to 0.78 units (2008). In both cases however, though increasing, the staff productivity was below the national and institutional norms. The proportion of research active staff increased from 60% to 69% in the same period, while the proportion of staff with doctorates increased from 39% (2008) to 40% (2009). According to the Academic Ranking of World Universities (ARWU) system, UKZN

improved its position in the top 500 universities in 2009, and was ranked third nationally.

In 2009, the Grants and Contracts Cluster of the Research Office processed external grants and contracts worth R267 million for over 450 projects. A historic agreement was signed with the Howard Hughes Medical Institute (HHMI) in the United States, whereby the HHMI has committed approximately R290 million towards the construction of a state-of-the-art laboratory building for the KwaZulu-Natal Research Institute for Tuberculosis and HIV/AIDS (K-RITH) and US\$40 million over the next ten years, for research in TB and HIV/AIDS. Internal grants processed by the Research Office included: competitive grants worth R2.3 million for 47 projects, doctoral grants worth R2 million for 117 applicants and 23

postdoctoral Fellowships worth R3.2 million.

A confocal microscope with a differential interference contrast (DIC) attachment was commissioned by the Faculty of Science and Agriculture. It was funded by a grant of approximately R2.5 million awarded to Professor Edith Elliot, through the National Research Foundation (NRF) National Equipment Programme (NEP). The equipment is used for multi-disciplinary application in cell biological research.

The Intellectual Property and Technology Transfer Office (IPTTO), set up in 2008 with funding from the Department of Science & Technology, became fully operational in 2009. By the end of the year, it had filed 17 patent applications based on research outputs carried out mainly in the Colleges of Health Sciences and Agriculture, Engineering and Science.



In 2009, a number of researchers received internal, national and international awards and honours in recognition of their outstanding contributions to research. Professors Michael Green (School of Literary Studies, Media and Creative Arts), Grenville Hadley (School of Paediatric Surgery), Sunil Maharaj (School of Mathematical Sciences) and Shunmugam Govender (School of Clinical Disciplines) were awarded UKZN Fellowships. Dr Deane-Peter Baker (School of Philosophy and Ethics) received the Vice-Chancellor’s Research Award. Professor Michael Chapman (School of Literary Studies, Media and Creative Arts) received the Humanities Academic Book Prize for 2006 and Professor Jacek Banasiak (School of Mathematical Sciences) received the Science Academic Book Prize for 2007. The 2006 Book Prize for Edited Books was jointly won by Professor Isabel Phiri (School of Religion and Theology) and Dr Sarojini Nadar (School of Religion and Theology).

Professors Steve Johnson (School of Biological and Conservation Sciences) and Michael Henning (School of Mathematical Sciences on the Pietermaritzburg campus) were both awarded an A-rating by the NRF due to the high quality and impact of their research outputs. This brought to five the total number of A-rated scientists at UKZN. By the end of the year, UKZN had 152 rated researchers, which is about 11% of the total number of research/instructional staff. The Research Office is working on strategies to encourage staff to apply for NRF ratings. Professor Julian May (School of Development Studies) was appointed SARCHI Chair for Applied Poverty Reduction Assessment. This increased the number of these Chairs to eight, one of whom is female.

Professor Anna Coutsooudis (Paediatrics and Child Health Research Unit) received the 2009 ASSAf Gold Medal for her outstanding research which has major public health implications for children in Southern Africa and other HIV endemic regions of the world. The Third World Academy of Sciences (TWAS) awarded its prestigious Prize for Medical Science to Professor Salim Abdool Karim (Pro Vice-Chancellor Research) for his exceptional and distinguished contribution in medicine and public health, specifically HIV prevention and treatment. The Vice-Chancellor, Professor

Malegapuru Makgoba, was elected to the Scientific Advisory Board of the Mymetics Corporation of Switzerland, a biotechnology company focusing on development of the next generation of preventive vaccines.

Access to Financial Aid

The Student Funding Centre (SFC) operates on the five campuses of the University. The Centre allocates funding to three main categories of students throughout the University. In 2009 funding was allocated as follows:

		Average Award
Scholarships	R25 650 762 for 2 916 students	R8 797
NRF funding	R9 124 100 for 286 students	R31 902
NSFAS loans	R140 249 200 for 5 536 students	R25 334
University loans	R13 393 823 for 346 students	R38 710

The total number of students who were assisted with various funding opportunities made available through the Student Funding Centre in 2009 was 14 421.

Changes in Tuition Fees

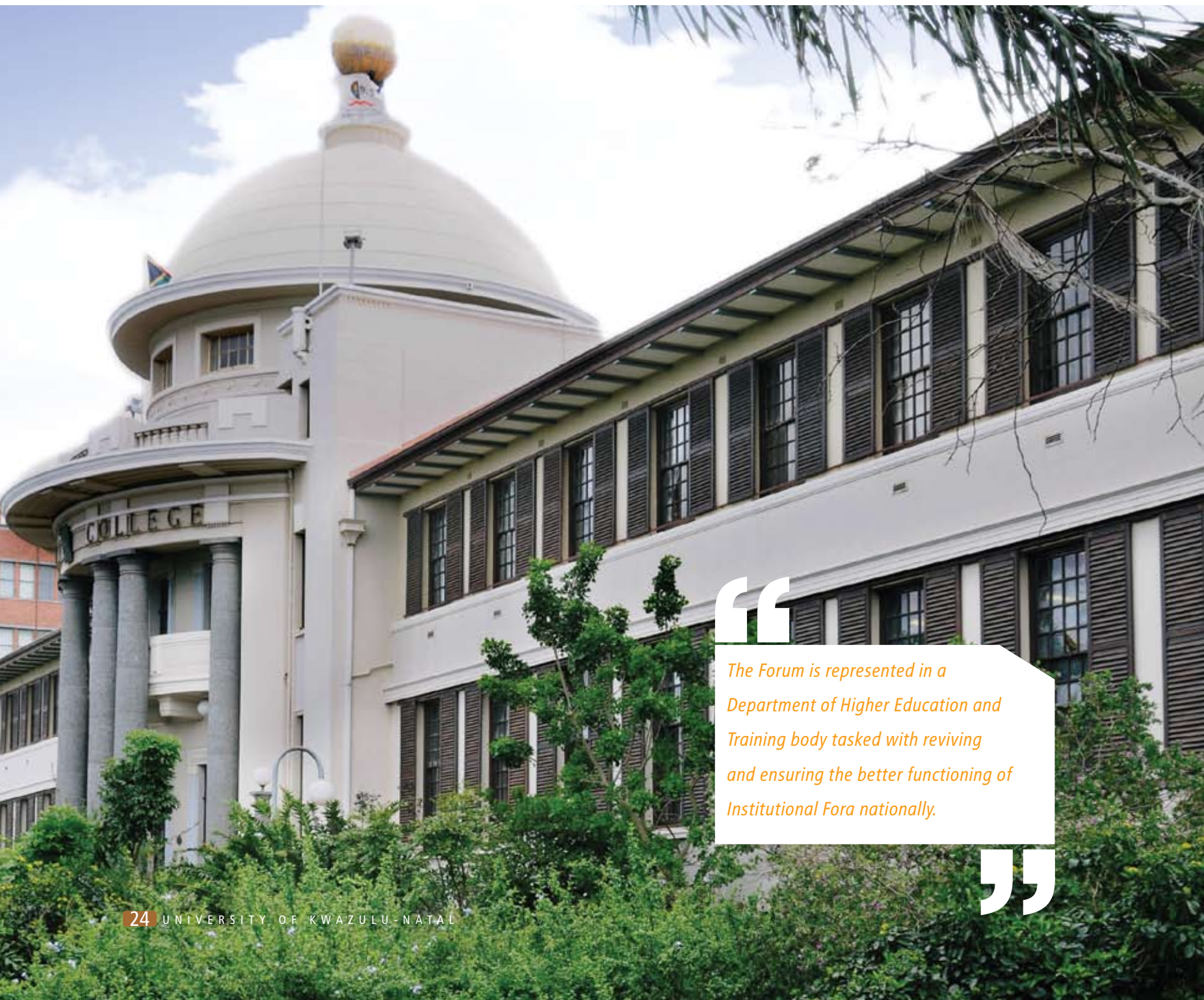
Following negotiations with the Student Representative Councils it was agreed that tuition fees be increased by 6.1% in line with prevailing inflation.

Professor M W Makgoba

Vice-Chancellor and Chair of Senate

THE INSTITUTIONAL FORUM

PROFESSOR K S GOVINDER



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The Forum is represented in a Department of Higher Education and Training body tasked with reviving and ensuring the better functioning of Institutional Fora nationally.

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THE Institutional Forum met at regular intervals during 2009. Unfortunately, the issue of inquorate meetings plagued the functioning of the Forum throughout the year. In spite of this, the Forum continued to meet and play a role at the University.

A representative of the Forum was a full member of the Executive Appointments Selection Committee. This committee recommended to Council the appointment of individuals to three posts of Deputy Vice-Chancellor and Head of College, the two Executive Director posts of Human Resources and Corporate Relations, and the post of Executive Dean of Students.

The Forum is represented in a Department of Higher Education and Training body tasked with reviving and ensuring the better functioning of Institutional Fora nationally.

In order to improve the functioning of the Forum as well as to ensure its better integration into the University, the Forum has been restructured from 2010. Representation from designated structures throughout the University, as well as representation from the Unions, have been included. In addition, the entire University community is invited to submit items to every meeting of the Forum.

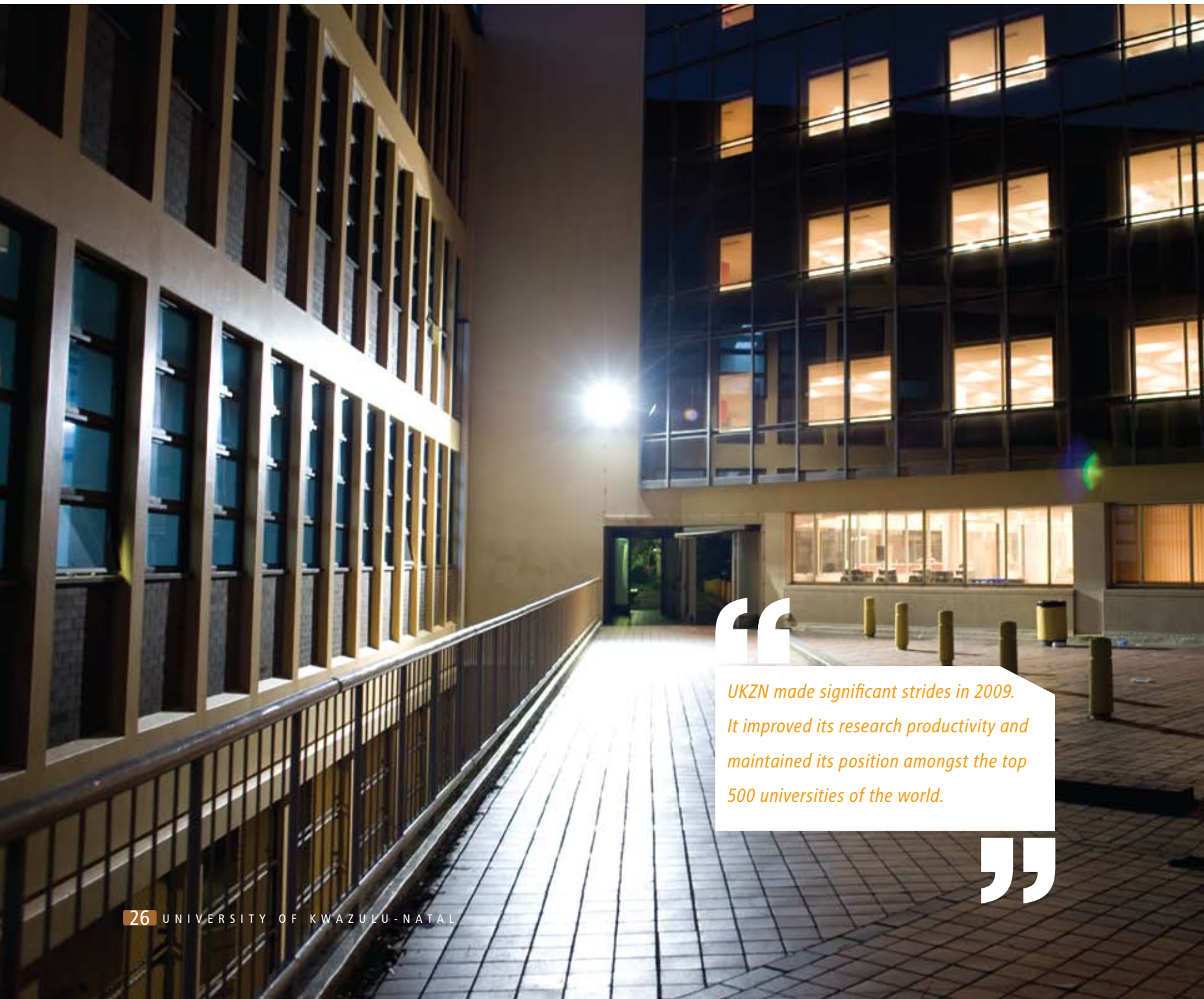
With these new modifications to its operation, it is envisaged that the Institutional Forum will become a vibrant and relevant body for University debate and engagement.

Professor K S Govinder
Chairperson



REPORT OF THE VICE-CHANCELLOR AND PRINCIPAL

PROFESSOR M W MAKGOBA



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*UKZN made significant strides in 2009.
It improved its research productivity and
maintained its position amongst the top
500 universities of the world.*

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THE University of KwaZulu-Natal (UKZN) is organised along four devolved Colleges viz. the College of Agriculture, Engineering and Science, the College of Health Sciences, the College of Humanities and the College of Law and Management Studies. A Deputy Vice-Chancellor (DVC) who is the highest academic leader heads each College. Each College represents an 'autonomous' academic unit. The DVCs are automatically members of the senior executive leadership and management team. This means that the College DVCs have a dual function that is College-specific and also University-wide.

In addition, there are two University-wide DVCs, namely, the DVC: Research and the DVC: Teaching and Learning.

This report of the Vice-Chancellor and Principal should be read in conjunction with the specific reports of the six DVCs covering the entire academic project of the University and as measured against the vision and mission contained in UKZN's Strategic Plan. The 10-year Strategic Plan contains seven Goals against which the University measures itself annually. The Goals are reviewed annually to assess achievements, progress and relevance and make improvements.

Plans and Objectives for 2009

Early in 2009, from 19-20 February, the Executive went on retreat to review progress on the UKZN 10-Year Strategy and identify new Key Performance Areas (KPA) for the year. These KPAs were to be shared in discussion but were also to be aligned to the strategic goals of the University's vision and mission. In all, 55 KPAs were identified and agreed upon addressing the seven Goals in UKZN's 10-year Strategic Plan. These KPAs were harmonised and assessed for measurability, standardisation, strategic *versus* operational types of KPAs by the Remuneration Committee of Council (REMCO) and were approved. They were assessed for achievements at the end of 2009 and the achieved scores approved by the REMCO.

Goal 1 is African-led Globalisation. Four KPAs focused on this Goal;

Goal 2 is Responsible Community Engagement. One KPA focused on this Goal;

Goal 3 is Pre-Eminence in Research. Ten KPAs focused on this Goal;

Goal 4 is Excellence in Teaching & Learning. Ten KPAs focused on this Goal;

Goal 5 is Institution of Choice for Students. Thirteen KPAs focused on this Goal;

Goal 6 is Institution of Choice for Staff. Eleven KPAs focused on this Goal;

Goal 7 is Efficient and Effective Management. Thirty-two KPAs focused on this Goal.

***Goals 1 & 2** are driven at the School and Discipline levels. An assessment at the School and Discipline levels has shown an overall improvement on each of these two Goals. Three hundred and twenty six Community Engagement projects are being undertaken by approximately 167 academics and these inform the teaching, research and service components of the University. African Scholarship as a concept has become translated and embedded in processes of our curricula transformation, some of our course offerings and our publications. Our scholarship is informed and takes comparative advantage of meaningful community engagement.

EXAMPLES

The University Committee structure, terms of references and charters were reviewed and a process to promote compliance with policies, regulations, processes and procedures was successfully undertaken.

One hundred and eighty teaching and learning venues were refurbished and updated to wireless technology.

An on-line student evaluation pilot study was initiated as part of the University-wide academic monitoring and support system.

The entire curriculum in Engineering was reviewed and overhauled in response to an Engineering Council of South Africa (ECSA) visit.

Overall 90% of these KPAs were achieved. Furthermore, the scores showed that on average 80% of the Executive's subordinates met their section's objectives.

The average attendance at Executive meetings during 2009 was 81.4%. This is important for providing leadership, decision-making and good governance. Taking all the factors into account, the University's set plans and objectives for 2009 were met at the level of 85%.

Three years into the Strategic Plan, the Executive found that each year the University has made progress in achieving the goals set up in the plan. More importantly it found the plan a poignant and important blueprint for advancing transformation at many levels of the University's vision and mission.

Managerial/Administrative Aspects

▼ **During 2009, six new members of the Executive were appointed to take up their respective appointments with effect from January 2010.** These were three Deputy Vice-Chancellors and Heads of College (Professors Joseph Ayee, Tahir Pillay and Rob Slotow); the Executive Director: Human Resources and Equity, Dr Mojaki Mosia; the Executive Dean of Students, Ms Mochaki Deborah Masipa; and the Executive Director: Corporate Relations, Ms Nomonde Mbadi.

▼ **Improve overall staff performance (Goals 3 and 4)**

We improved our enrolment this year through a process of continuous engagement with the Executives and Deans. This will impact on Goals 4 and 5. Our postgraduate registration at Masters and PhD levels improved overall by 5% in 2009 and currently 302 staff members are registered for Masters (131) and Doctorates (171); 214 of these are permanent staff members.

▼ **Social Cohesion and Transformation**

The responses to the Governance and Academic Freedom and Minister's reports were completed and approved by the Senate and Council. This represented five months of intensive consultations and University-wide submissions. The process of consultation and preparing the response united the University around a common purpose of transformation

and brought much-needed cohesion between staff and students. The Senate committee identified 25 Action Points and responsible staff/structures to implement these. Progress on each of these Action Points will be reported as standing items on the agenda of the Council and Senate.

▼ **Addressed inefficiencies identified during the Vice-Chancellor's Schools Visits**

One hundred and eighty common lecturing venues have been refurbished and are now wireless. We had initially targeted 100 teaching venues. The salaries of academics were normalised to the median through the new remuneration policy as from 2009.

Finance has a new structure that is in line with the College Model. Very few complaints have been recorded with regards to the Finance Division. The challenge for Finance is to fill key vacant positions with competent staff and further refine its devolution process to completion.

Corporate Relations has generated 98% positive media reports. The College PROs have also become an important component of devolution. The challenge in Corporate Relations is equity.

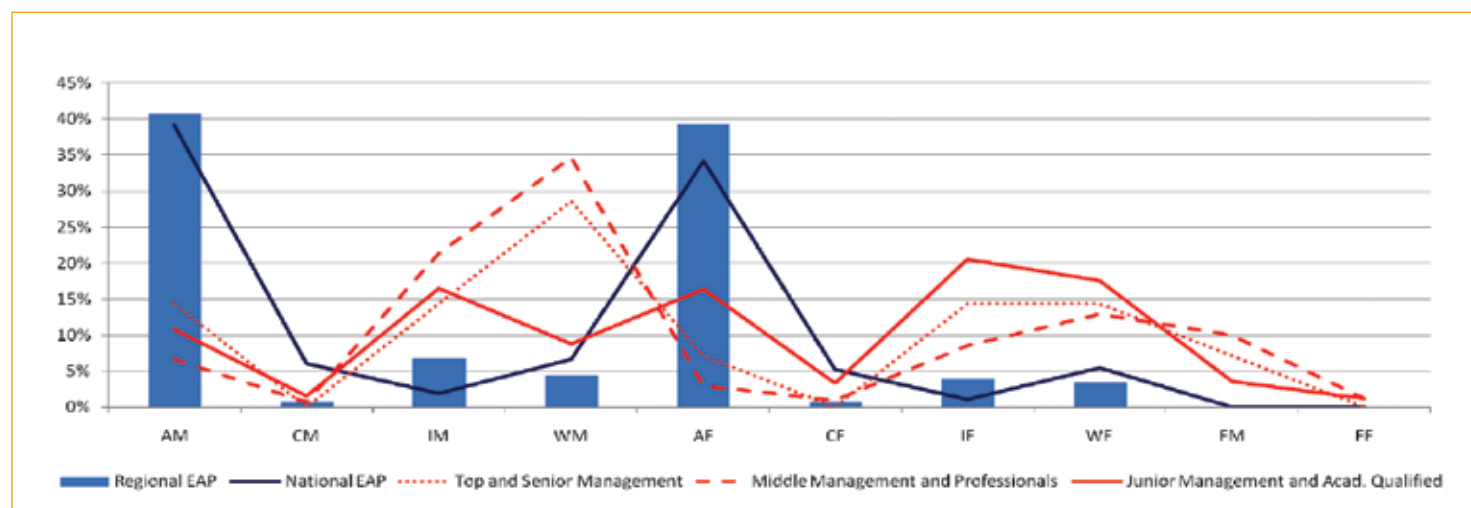
Human Resources and Equity (HR): Four regular meetings were held with HR managers which have significantly addressed the issues of recruitment, dispute mechanisms, staff turnover and job evaluations. For example, approximately 1 700 jobs have now been evaluated. As a result of the introduction of the Alternative Dispute Resolution process, the University's legal fees have been reduced and disciplinary inquiries have dropped significantly. Job advertisements and job filling have significantly improved and are now on track.

Overall, improved efficiencies have been achieved.

Equity

The University has reviewed and renewed its commitment to the broader transformation agenda within the South African context. The University workforce profile continued to be challenged, with regard to the national workforce profile and the comparative economically active population.

Percentage Representation of Three Management Levels by Race and Gender



Quarterly Labour Force Survey (3rd Quarter 2009)

The review confirmed a comparative reflection, that in our junior, middle and senior management levels, both Indians and Whites show a huge over-representation relative to their respective national and regional economically active population (EAP) statistics; as provided by Statistics South Africa. Africans have the highest deficit gap when comparing their representation to their respective national and regional EAP statistics – see the figure above.

Teaching and Learning

The newly established DVC: Teaching and Learning portfolio became fully operational in February 2009 once the core staffing of Personal Assistant to the DVC; Director of Projects (Teaching and Learning); and an administrator took up their appointments. This enabled the establishment of the University Teaching and Learning Office (UTLO). Presently, Quality Promotion and Assurance and the Open Learning Units are located in this portfolio. Discussions have taken place to establish a Higher Education Unit within this portfolio in partnership with the Faculty of Education.

A major focus for the portfolio in 2009 was academic monitoring, support and exclusions, particularly in the undergraduate degrees, which had begun in the previous year. At the request of Senate, the University Teaching and Learning Committee (UTLC) tabled a comprehensive report

and data on student academic exclusion and dropout rates by Faculty, race, gender and year of study. It showed that student dropout was a greater problem at 8% per year than academic exclusions, which averaged between 2-3% per year. These figures varied across Faculties, race and years of study though not to the same extent with respect to gender. Further cohort analyses were recommended and are being undertaken. The UTLC also provided Senate with a report on a review of academic monitoring and support systems within Faculties. Senate approved a set of minimum criteria with respect to such systems, requiring annual Faculty reports to be tabled at the respective College Academic Affairs and Quality Boards. The Department of Higher Education and Training Teaching Development Grant (R3 million) was allocated to Faculties based on proposals submitted by them to develop and strengthen their academic monitoring and support systems. Following lengthy consultations Senate and Council approved a policy and detailed procedures related to Academic Monitoring and Exclusions and one on Plagiarism by the end of the year.

Quality of Information Available to Management

During the Research Productivity Analysis an opportunity was taken to review and integrate sources and information data. Human Resources, Research,

Information and Communication Technology (ICT) and Data Management and Information (DMI) all came together to improve, update, share and integrate their data systems. Finally, it was agreed that the DMI should be the custodian of the University's data. The general quality of information available to management has improved and continues to improve.

Student Services

Graduation 2009 consisted of 18 ceremonies held over seven days from 16-24 April 2009. 7 951 students graduated, an increase of 3.6% over 2008.

- ▼ 9.5% of these were masters or doctoral candidates;
- ▼ 59% were women;
- ▼ 46% were African, 36% were Indian and 14% were white;
- ▼ 6% of all students, and 13% of masters and doctoral students, were international students;
- ▼ 202 students who had entered University through an access programme graduated with a Bachelors degree, and 36 with a postgraduate qualification.

Three areas: Enhancing Safety and Security, Transforming Student Housing and Making the Student Discipline System More Effective, were focused upon during 2009.

Enhancing Safety and Security was done by implementing the recommendations of the MacKay/Magwaza Commission relating to the residences and setting up a Safe Campus Project;

A five-year plan for Student Housing and Redrafting the Residence Admissions policy were undertaken;

A rapid response team for handling cases of gender violence was established and guidelines for handling plagiarism by undergraduates were prepared and approved by the University Teaching and Learning Committee.

Finance

The University has, once again, enjoyed a year of significant growth, especially in research and other specifically-funded activities, and total consolidated turnover, of R2.6 billion, reflects an increase of 11% over the

prior year. Despite disproportionately high increases in the levels of certain recurrent operating expenditure – an area that is both of concern to, and receiving the attention of, all budget holders and senior management – the University has nevertheless posted a net surplus for the 2009 year, before finance costs and non-recurrent items, of R34 million, which is gratifying. Total assets under the University's stewardship, amounting to R2.5 billion at 31 December 2009 have, likewise, grown during the past twelve months and denote an increase of approximately 13% for the year. This, in part, recognises the reversal of prior year market-related devaluations of the University's investment portfolios and is in line with the gradual restoration of global equity markets – a trend that will, hopefully, be sustained into the current year and beyond.

The University's financial position and results for the past year are commented upon more fully in the Chief Finance Officer's Annual Financial Review and in the audited annual financial statements, which are to be found elsewhere in this Annual Report.

The achievements noted above were made possible through the guidance and support of Council and the Senate, and the commitment of the University's staff and students. I am particularly grateful to the Chair of Council, Mr Mac Mia, and the Vice-Chair of Council, Ms Phumla Mnganga, for their dedication to the vision and mission of UKZN. I am also grateful to have an executive team of passionate and dedicated colleagues who have driven the objectives set by the Council in early 2009.

In summary, UKZN made significant strides in 2009. The University improved its research productivity and maintained its position amongst the top 500 universities of the world; its student enrolment, student monitoring and evaluation system. Furthermore, it identified 25 Actions Points to address transformation and discrimination within its community arising from the Minister's Report. UKZN graduated 7 951 students in various disciplines, while as well as improving as an institution it posted a net surplus and reduced its accumulated deficit.

Professor M W Makgoba
Vice-Chancellor and Principal

COLLEGE OF AGRICULTURE, ENGINEERING AND SCIENCE

PROFESSOR R SLOTOW



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With 1 400 staff, including 800 academic and specialist support staff, we have the largest group of scientists, engineers and technologists under one structure in Africa.

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THE College of Agriculture, Engineering and Science flourished in 2009 as it continued to focus on meeting the challenges and changing needs of the multi-faceted society it serves. With 1 400 staff, including 800 academic and specialist support staff, we have the largest group of scientists, engineers and technologists under one structure in Africa. In 2009 our main fund budget was R260 million, with an additional research and contract budget of over R250 million.

Consolidation

In 2009 the College achieved further consolidation of the Agricultural Disciplines and related groups into the School of Agricultural Sciences and Agribusiness (SASA). Plant Pathology and the African Centre for Crop Improvement (ACCI) moved from the School of Biochemistry, Genetics and Microbiology and the move of Rural Resource Management and the Farmer Support Group from the School of Environmental Sciences (SES) to SASA was approved. The Centre for Environment, Agriculture and Development was renamed the Centre for Environmental Development and fully incorporated into the SES.

The Faculty of Science and Agriculture embarked on a size and shape process, whereby all Schools interrogated their staffing and operating budgets, making substantial cuts to improve efficiency and effectiveness. Concurrently, the curriculum was revised for 2010, resulting in consolidation of offerings, including discontinuation of some majors, removal of streams within programmes, reduction of electives, and consolidation of redundant modules. Monetary savings through efficiencies, and increased time for academic staff to conduct research, contribute to achieving key management goals.

Intake

For the first time since merger, the Faculty of Science and Agriculture met and surpassed its enrolment of new intake on the Westville campus, and met its overall enrolment target for 2009. This, combined with the increased academic support put in place to deal with challenges over the National

Senior Certificate, placed substantial pressure on resources at Westville. The Faculty of Engineering continued to meet its Department of Higher Education and Training (DOHET) enrolment target. The College is now on track to meet its DOHET targets by 2011, a significant turn-around.

Teaching Innovations

The College hosted several teaching enhancement workshops, facilitated by international experts, which focused on real, effective teaching delivery. New, innovative teaching technology included audience response systems (clickers – interactive teaching devices for engaging students in large classroom environments) and dedicated servers to enhance the use of Moodle, an open source course management system.

An exciting teaching initiative was the first intake into the Northern Cape Teachers Project. Twenty-five teachers registered for a BSc with majors in Mathematics and Physics, and will visit the Westville campus during their vacations to attend modules, completing their degree over five years. This programme is being funded by the SAMANCOR Foundation (R10 million over five years), with a contribution of R850 000 from Nedbank Eyethu Community Trust. A second innovation is the new Bachelor of Agriculture in Agricultural Extension, to be jointly offered with the Department of Agriculture on the Cedara campus. Furthermore, the Moses Kotane Institute is providing R9.4 million a year to fund 200 disadvantaged students enrolled in the Centre for Science Access.

Sasol, Eskom, BHP Billiton and the Development Bank of Southern Africa contributed R2 million to a Winter School for 400 Grade 12 learners from disadvantaged backgrounds. The South African Biosystematics Initiative of the National Research Foundation (NRF) supported a Poster Competition run by the School of Biological & Conservation Sciences to illustrate their understanding of Systematics among Grade 12 learners. UKZN staff provided learning materials and support packs for teachers, and the quality of submissions was such that a Calendar illustrating the best posters has been produced.



Research

Agriculture, Engineering and Science maintained a high research profile and, for the sixth consecutive year, generated the highest research output within the University and produced the most research publications. The year started on a high note when an additional two of the College's academic staff members achieved the prestigious A-rating from the NRF. In 2009 the College recorded the following number of NRF-rated researchers: four A (leading international researcher); 24 B (internationally acclaimed researcher); 55 C (established researcher); 13 Y (young researcher with potential); and one P (young researcher with exceptional leader potential). Our P-rated researcher is one of only two in the country.

The College continued close engagement with a range of industry partners across the Disciplines. Examples of substantial financial support were from Sasol, Distell, Herman Olthaefer and the Carl and Emily Fuchs Foundation. The Faculty of Engineering, which already has a Trust fund that stands at approximately R25 million, actively pursued the formation of discipline-specific trusts in an effort to gain the support of the Engineering profession. Energy research was strongly supported by Eskom, with close linkages with the Eskom Academy. Mechanical Engineering received a small state-of-the-art wind turbine test facility from Inkanyiso Sustainable Systems that will enable it to conduct trials and research to benefit small-scale power producers.

In 2009 the College achieved NEPAD and SADC recognition as a Centre of Excellence in Water, an initiative combining five Schools in the College that focus on water-related activities. Furthermore, Umgeni Water is providing R15 million for the establishment and sponsorship of an Umgeni Water Chair of Water Resources Management at UKZN. Water is a critical resource, and UKZN is positioned to lead research and teaching in this area.

Noteworthy successes include the work by the Pollution Research Group (PRG) which drew the attention of Bill Gates, who interacted with the team to find out more about water, sanitation and hygiene interventions. The PRG has been researching the biotransformation mechanisms occurring in VIP latrines and urine diversion toilets for the past five years, linking closely with eThekweni Municipality to solve waste-management challenges. The ACCI received global exposure by featuring in a speech presented by Bill Gates at the 2009 World Food Prize International Symposium. The Mechatronics and Robotics Research Group produced the first prototype of its Contractible Arms, Elevating Search and Rescue Robot (CAESAR), which automates dangerous urban search rescue operations.

Professor R Slotow

Deputy Vice-Chancellor and Head of College

COLLEGE OF HEALTH SCIENCES

PROFESSOR S ESSACK



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*The College of Health Sciences
continues to make huge strides in
research, teaching and community
outreach.*

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THE College of Health Sciences continues to make huge strides in research, teaching and community outreach.

Grants and funding

The year 2009 began with the announcement of the Howard Hughes initiative, the KwaZulu-Natal Research Institute for Tuberculosis and HIV (K-RITH). The Howard Hughes Medical Institute (HHMI) has committed R290 million towards the cost of construction of the K-RITH research building. Further, the HHMI has contributed more than US\$40 million towards K-RITH research initiatives over a ten-year period. The HHMI-UKZN partnership is a major and unique investment into two of the major global health challenges, those of HIV and TB.

The second infrastructural development was that of the R2 million funding from the Ibn Sina Institute of Tibb for the construction of the first African Traditional Medicine Laboratory on the Howard College campus. The Institute has committed a further R5 million over a five-year period to sustain the programme which is run by National Research Foundation (NRF) Chair in Indigenous Health Care Systems; Professor Nceba Gqaleni. The third major infrastructural development is the building of a R49 million student residence on the Pietermaritzburg campus for medical students. At the Sod Turning Ceremony, MEC for Health in KZN, Dr Sibongiseni Dhlomo said, "It is good to see UKZN taking issues of student accommodation seriously especially those who are doing medicine. The country is at a critical stage in terms of the medical profession and as a provincial government we are happy to see positive developments in this effect."

Graduation 2009

At the 2009 graduation ceremonies, the College proudly awarded an Honorary Doctorate to esteemed international HIV researcher Professor Bruce D Walker and Fellowships to Professors Larry Hadley and Shunmugam Govender. At the same ceremonies, two members of staff were awarded Distinguished Teacher's Awards. They are Professors Thandinkosi Madiba and Robin Joubert. The College awarded 10 PhDs in 2009.

Teaching Initiatives

Teaching was enhanced with the introduction of several new programmes.

The Department of Telehealth introduced a programme leading to a Postgraduate Diploma in Medical Informatics and a Master of Medical Science in Medical Informatics. The School of Nursing's Healthy Mothers and Healthy Babies by Empowering Midwives Programme began in earnest with midwives from rural areas receiving advanced midwifery training through video conferencing. The School of Audiology, Occupational Therapy and Speech Language Therapy launched a coursework Masters degree in Hand Rehabilitation. The degree is one of only two offered in the country. The Department of Clinical Anatomy had the pleasure of opening its R3.5 million, newly-refurbished multi-media centre. State-of-the-art multi-media systems will allow anatomy students to explore the human body in 3-D virtual reality. This is a huge milestone in the field of anatomy, alleviating the progressive shortage of human cadavers.

Research

The College of Health Sciences at UKZN is renowned for its novel research findings in the field of health. At the year's College Research Symposium, 47 oral presentations were given. A breakthrough finding was presented by Dr Peter Owira from the School of Pharmacy and Pharmacology who showed that lactic acidosis was a real threat for type 2 diabetes patients on Metformin therapy that consume grapefruit juice. Dr Owira's study found that grapefruit juice seems to facilitate metformin uptake by the liver leading to increased lactate production, a condition that is often fatal.

In June, the International Council of Nursing hosted its 24th international conference titled, *Leading Change: Building Healthier Nations* in Durban. UKZN's School of Nursing played a pivotal role in the conference by showcasing its research on the retention of nurses in South Africa. Deputy Vice-Chancellor, Professor Leana Uys, hosted a Global Nursing Symposium to interested conference delegates the same week with an underlining objective of strengthening international health partnerships which are especially critical for developing nations.

October saw the culmination of two very successful research symposia hosted by the Faculty of Health Sciences. The National Young Health Scientists Symposium attracted participation from 10 universities. The symposium showcased research by undergraduate students in the health sciences with several studies showing the potential of optimising healthcare in South Africa.

Serving the Community

The College prides itself on serving the health care needs of the community. There were many projects that took place in 2009. Optometry students spent seven weeks on board the Phelophepa Healthcare Train whilst it was stationed at Crossmoor in Chatsworth. The students offered an eye-care clinic and supplied patients with glasses. A PEPFAR-sponsored project led by Professor Nceba Gqaleni launched a multi-media awareness HIV/AIDS campaign, spearheaded by traditional healers in the province. The technology demonstrated the use of multi-media messaging in the

transmission of HIV and AIDS awareness messages by traditional health practitioners. United States Consul General Ms Jill Derderian congratulated the department and stated that the United States recognised the importance of the campaign and the role it played in the South African community.

The province of KwaZulu-Natal has only one comprehensive health care centre for the largest number of patients living with Hemophilia in the country. The Department of Pediatrics launched a Hemophilia Foundation that will see the establishment of two more centres in KwaZulu-Natal at Grey's hospital in Pietermaritzburg as well as in Ngwelezana. The project will take expert health care services into the communities.

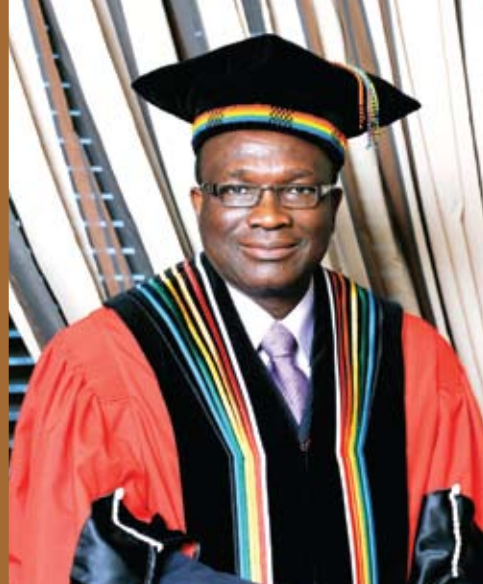
Professor S Essack

Acting Deputy Vice-Chancellor and Head of College



COLLEGE OF HUMANITIES

PROFESSOR J AYEE



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In the Faculty of Humanities, Development and Social Sciences, there are innovative teaching methodologies being developed through the SANTED project that is concerned with infusing indigenous knowledge and perspectives into the curriculum, including the isiZulu language.

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THE College of Humanities consists of the Faculties of Humanities, Development and Social Sciences (HDSS) and Education. In 2009 it had a total of 19 Schools, 13 in HDSS and six in Education.

Working with Industry

The School of Architecture, Planning and Housing has relations with industries connected with the building industry such as Corobrik and Otis. The School of Development Studies has ties with large corporations like Toyota and many staff in this School work with Statistics South Africa and other quantitative research agencies concerned with national development priorities. This area will have to be improved in the coming years to achieve one of the University's strategic goals of "responsible community engagement".

The Faculties have links with non-governmental organisations (NGOs) and some government ministries. The Faculty of Education has generated considerable third stream income from the national and provincial Department of Basic Education and Training, the Department of Higher Education and Training and parastatal organisations to offer relevant initial and continuing teacher education programmes and has secured the largest allocation of national Funza Lushaka student bursaries for initial teacher education.

Changes in Academic Structures

Some of the changes include the following:

- ▼ Granting of full accreditation to the School of Architecture, Planning and Housing by the South African Council for the Architectural Profession (SACAP);
- ▼ Reconfiguration of the School of Adult and Higher Education (SAHE) to merge with the School of Education and Development (SED);
- ▼ Completion of the review for the Schools of Literary Studies, Media and Creative Arts and Anthropology, Gender and Historical Studies;
- ▼ Of the 36 new appointments made in 2009 in the Faculty of HDSS, 72% were female and 58% were Africans.

Staffing Appointments

New appointments were made as follows: Professor Joseph R A Ayee as Deputy Vice-Chancellor and Head of College with effect from 19 January 2010; Professors Ruth Teer-Tomaselli and Julian Kunnie as Deputy Dean (Postgraduate Studies) and Deputy Dean (Pietermaritzburg campus) respectively. Professor Kunnie later became Acting Dean when the tenure of office of Professor Donal McCracken expired. Professor Thandi Magojo and Dr MJ Kometsi joined the lecturing staff at the Pietermaritzburg campus. Dr Nirmala Gopal was appointed Dean's Assistant with responsibility for student affairs; Professor Thabisile Buthelezi, as Deputy Dean, Initial Teacher Education; and Zinhle Nkosi, Claire Gaillard-Thurston and Bronwyn Anderson, as Leadership and Equity Advancement Programme (LEAP) lecturers.

Significant Developments and Achievements Instruction

The Faculty of Education introduced a new programme, BEd: Limpopo with a cohort of 100 students in its Early Childhood Development (ECD)/ Foundation Phase. The programme is funded by the Limpopo Provincial Department of Education. The Faculty was chosen because of its reputation for offering a quality ECD programme. In addition, the Faculty is also considering introducing a PGCE programme for Mpumalanga in July 2010. It also undertook a review of the viability of the offering of the PGCE in Pietermaritzburg and developed different modes of delivery for both full-time and part-time students.

In the Faculty of Humanities, Development and Social Sciences, there are innovative teaching methodologies being developed through the SANTED project that is concerned with infusing indigenous knowledge and perspectives into the curriculum, including the isiZulu language. The School of Psychology, for example, has developed an isiZulu lexicon of terms that can be used in Psychology classes, pioneered through research by Professor Nhlanhla Mkhize, Head of Psychology. The School of Psychology has developed Stats tutorial programmes as part of its research methodology component.

Research

Both Faculties made achievements either directly or indirectly related to research. They include:

- ▼ The library resource purchased in the Priebe Collection for the Centre for African Literary Studies;
- ▼ Scholarly books (sole authored or edited) published by Professors Duncan Brown, Michael Chapman, Jacobs and McCracken and Dr Munyaradzi Murove and Dr Sally-Ann Murray;
- ▼ The Faculty of Education institutionalised the following: an orientation evening for postgraduate students, research induction of new academic staff, a research day (including a postgraduate mini-conference), a research awards evening, a dedication and awards dinner as well as publications and supervision workshops. In addition, some of its staff worked on research projects such as SANTED, *Thuthuka* and SANPAD.
- ▼ Two major projects within the College received awards from the Department of Higher Education and Training Infrastructure and Efficiency Fund in April 2009. The Faculty of Education was awarded R73.8 million to increase the physical infrastructure of the Edgewood campus as well as provide additional staffing and bursary support for initial teacher education. Architecture also received an award for upgrading teaching studios.
- ▼ Among the top three most productive research and publication Schools at UKZN were two Schools from HDSS: Development Studies and Anthropology, Gender and Historical Studies.

Indigenous Knowledge and African-centred Curriculum

This is an initiative that is currently being planned by the Deputy Vice-Chancellor: Teaching and Learning which will involve numerous Departments – HDSS in particular. The objective is to infuse the curriculum with Indigenous African Knowledge resources and perspectives. The Acting Dean of HDSS participated in a workshop in April 2009 that discussed developing a structure that can advance indigenous knowledge across the University under the auspices of the DVC: Research and the DVC: Teaching and Learning.

Instruction

Given the diversity of the College, a number of challenges were faced.

- ▼ **Limitations on access to certain courses:** Inadequate lecture halls limited access to certain courses and programmes. For instance, over 6 000 applications were received for the BEd undergraduate programme by the Faculty of Education but only 500 students were offered admission. Similarly, in the Faculty of HDSS, which offers 72 disciplines to over 8 000 students, the “Big Four” disciplines, namely, English, Media, Psychology and Sociology had to reduce their student intake. In addition, the weak financial position of the Faculties led to drastic curtailment of the tutorial programme and its abolition at some senior levels. The Faculty of Education is exploring the possibility of increased efficiencies in the modes of delivery to cope with increased demand for its initial and continuing teacher education programmes through a combination of face-to-face and mixed mode strategies across approximately 13 Open Learning Centres in at least three provinces.
- ▼ **Level of academic progress in different disciplines and levels of study:** The College especially the Faculty of HDSS has one of the highest student drop-out rates in the University (31% of all students that drop-out of UKZN belong to HDSS). The Faculty of HDSS has 72 disciplines and given the level of expectation from all the disciplines, some of the students were unable to cope. Consequently, efforts were made to vigorously pursue access/foundation programmes to reduce declining retention numbers. The Faculty of Education, for instance, pursued a Student Support Programme, named, “STAR” (Students at Risk). It was rated by students as one of the most successful programmes at UKZN. The School of Psychology hosted a postgraduate conference at Howard College with numerous academic papers presented in late November 2009.

Awards and Achievements

- ▼ **Graduation output:** In 2009 the Faculties of HDSS and Education graduated 43 and 16 PhDs respectively;

- ▼ **NRF Award:** Professor Julian May (South African Research Chair in Applied Poverty Reduction Assessment);
- ▼ **NRF Rating:** Professors Deevia Bhana, Nithi Muthukrishna and Thabisile Buthelezi and Dr Vusi Mncube;
- ▼ **Honorary Appointments:** Professor Michael Green (University Fellow); Professors Robert Balfour, Crispin Hemson, John Aitchison (Emeritus Professor), Drs A Salojee and Rubby Dhunpath;
- ▼ **Mellon Research Awards:** Eight members of staff from the Faculty of HDSS;
- ▼ **Mellon Foundation Scholarship:** Seven students from the Faculty of Education;
- ▼ **Academic Promotions:** A number of academic promotions were made in both Faculties, the most significant being Professor Patrick Bond to Senior Professor;
- ▼ **Other Awards:** Professor Francesca Balladon (Distinguished Teacher), Professor Michael Chapman (the Sole-Authored University Book Prize), Professor Isabel Phiri and Dr Sarojini Nadar (the Best Edited Book Prize).
- ▼ The Faculty of Education was rated as the Faculty with the most improved research output at UKZN in 2009.



Relationship with the Community

The following activities took place: Poetry Festival; Time of the Writer; 30th Durban International Film Festival; Fifth Annual John Dube Lecture; the 40th International Council for Traditional Music Conference; the Names Society of Southern Africa Conference; the African Ceramics Conference; first Community Engagement Conference; and the Educational Association of South Africa Annual Conference. The College also signed an agreement with the Mazisi Kunene Foundation that includes appointing a senior scholar as the Mazisi Kunene Chair in the School of isiZulu Studies in 2010 and the support of a project that publishes all of the unpublished works of Mazisi Kunene into English and isiZulu.

Outlook for 2010

In 2010, the College will build on its achievements and find pragmatic solutions to its challenges. With the design of a strategic plan, the College will move forward and take its proper role as the driver of African scholarship and the transformation process.

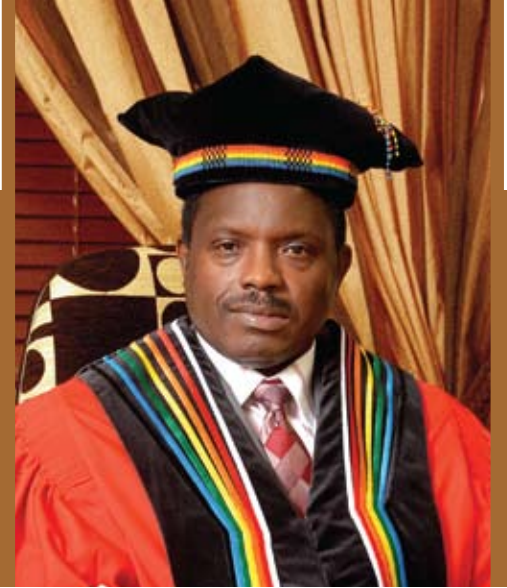
Professor J Ayee

Deputy Vice-Chancellor and Head of College



COLLEGE OF LAW AND MANAGEMENT STUDIES

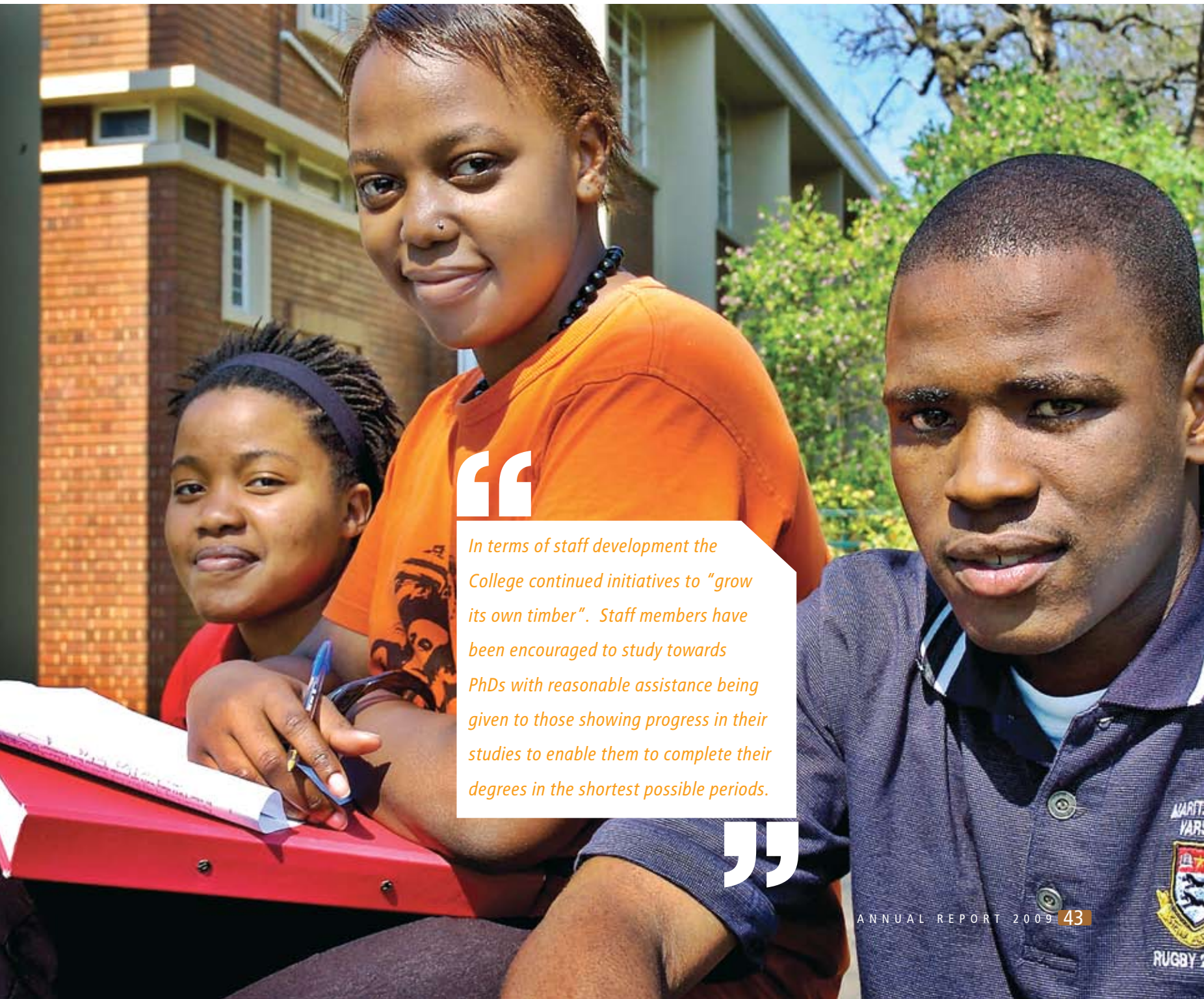
PROFESSOR J C MUBANGIZI



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In terms of staff development the College continued initiatives to “grow its own timber”. Staff members have been encouraged to study towards PhDs with reasonable assistance being given to those showing progress in their studies to enable them to complete their degrees in the shortest possible periods.

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In an attempt to achieve the goals set out in both the University Strategic Plan (2007-2016) and the College's own Strategic Plan (2007-2016), the College of Law and Management Studies focused on the following ten-point plan identified in the 2008 strategic planning process as the priority areas for 2009:

- ▼ Meeting enrolment targets;
- ▼ Strengthening research and improving research output particularly in the Faculty of Management Studies;
- ▼ Filling of academic posts and stemming the high staff turnover;
- ▼ Improving marketing and publicity;
- ▼ Increasing postgraduate intake, particularly in the Faculty of Law;
- ▼ Initiatives to increase PhDs among staff;
- ▼ Enhancing international collaboration and partnerships;
- ▼ Providing better facilities and resources for teaching and learning;
- ▼ Enhancing capacity building; and
- ▼ Fostering collegiality and promoting transformation.

Intake

In 2009 the College of Law and Management Studies exceeded its enrolment target by 6% – a total of about 550 students above target. Of the total 9 599 students enrolled by November 2009, 2 291 were postgraduate students (23.9%), a slight increase on the 2008 intake.

Teaching and Learning

In so far as the strategic goal of excellence in teaching and learning is concerned, we again put a lot of emphasis on the quality of our programmes. The first six-year cycle of quality evaluation/audit of all Schools was completed with the quality audit of the Graduate School of Business (GSB). As a result of quality efforts, the SAICA accreditation of the accounting programmes improved in 2009. A full audit of all the units, centres and institutes in the College was conducted. Some

recommendations have been implemented. Furthermore, student academic monitoring and mentoring initiatives led to improved results, fewer failures, and far fewer exclusions in the 2009 academic year.

Research

Several initiatives and interventions led to increased research productivity during 2009. Although the average *per capita* research output of the Faculty of Law decreased slightly, there was remarkable improvement in the Faculty of Management Studies' research productivity.

The College hosted two international conferences: the Faculty of Law hosted the Society of Law Teachers of Southern Africa Conference, and the Faculty of Management Studies hosted the International Business Management Conference. In addition, both Faculties held research workshops. At College level, a successful Research Capacity Building Workshop was held on 24-25 August 2009.

Staffing and Staff Development

Although the College is yet to achieve its equity targets and realise the correct staff/student ratios, for the first time in many years all the vacant academic and support posts were either filled or in the final stages of being filled at the end of 2009 – a clear indication that the strategic objective of being an institution of choice for staff was being achieved.

In terms of staff development the College continued initiatives to "grow its own timber". Staff members have been encouraged to study towards PhDs with reasonable assistance being given to those showing progress in their studies to enable them to complete their degrees in the shortest possible periods. In the Faculty of Law three members of staff obtained their PhDs in 2009 while a further 12 were registered towards PhD degrees. In the Faculty of Management Studies six members of staff obtained their PhD degrees with a further 29 being registered.

Community Engagement

In the Faculty of Law “responsible community engagement” included the work of the Law Clinic, the Griffith Mxenge Memorial Lecture and other public lectures, and the Law Professions’ Day, while the Faculty of Management Studies featured the regular business breakfasts hosted by the Graduate School of Business (GSB) and many other activities.

International Collaboration

The Deputy Vice-Chancellor and Head of College visited three East African Universities (Dar-es-Salaam, Nairobi and Makerere) in May 2009. A follow-up made towards the end of the year indicated that the University of Nairobi was ready to sign a Memorandum of Understanding (MOU) and the University of Dar-es-Salaam was also very keen on signing an MOU and resuscitating the student exchange partnership that previously existed.

The School of Management Studies hosted the third American-African-European (AAE) Summer School in October. The AAE Summer School is an interdisciplinary and intercultural study programme for Masters students from the Chemnitz University of Technology in Germany, the University of Texas in El Paso and UKZN.

In late July 2009 a delegation of four academics from the Faculty of Law, including the Dean, visited various leading law faculties in India and their National Judicial Academy with the intention of signing MOAs for academic collaborative and student and staff exchange purposes.

We hope to maintain the momentum gathered in 2009 as the College continues to play its role in the realisation of the University’s vision and mission and the achievement of the strategic goals and objectives.

Professor J C Mubangizi

Deputy Vice-Chancellor and Head of College



RESEARCH

PROFESSOR N IJUMBA



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In March 2009, UKZN and the Howard Hughes Medical Institute (HHMI) signed an agreement in terms of which HHMI would fund infrastructure and research programmes for the KwaZulu-Natal Research Institute for Tuberculosis and HIV/AIDS (K-RITH). This is the highest level of funding provided by HHMI outside the US and it is in recognition of the University's excellent research output in HIV/AIDS and TB.

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THE reconfigured Research Portfolio became operational from the beginning of 2009 with its constituent divisions of Research Office, Libraries and the UKZN Press. The newly appointed Deputy Vice-Chancellor: Research took office in January 2009.

With support from the Department of Science and Technology, UKZN set up the Intellectual Property and Technology Transfer Office (IPTTO) in the Research Office, in line with requirements of the National Intellectual Property Act. Since being set up the office has submitted 17 applications for patents.

Grants and funding

In March 2009, UKZN and the Howard Hughes Medical Institute (HHMI) signed an agreement in terms of which HHMI would fund infrastructure and research programmes for the KwaZulu-Natal Research Institute for Tuberculosis and HIV/AIDS (K-RITH). The funding comprises about R218 million for the construction of an ultra-modern laboratory and a further US\$40 million for ten years for research and capacity development in TB and HIV/AIDS. This is the highest level of funding provided by HHMI outside the US and it is in recognition of the University's excellent research output in HIV/AIDS and TB.

An additional R267 million was received for about 450 projects, through statutory and non-statutory grants and contracts from both national and international funding agencies. A confocal microscope with a differential interference contrast (DIC) unit was commissioned in the Faculty of Science and Agriculture. It was funded through the National Research Foundation's (NRF) National Equipment Programme grant worth R2.5 million to Professor Edith Elliot. The equipment is used for multi-disciplinary application in cell biological research.

Research Productivity

In terms of research output, the University was awarded 977.45 units by the Department of Higher Education and Training for 2008 research publications (submitted in 2009). This is a 12% increase over the 2007 outputs and the third highest output in the country. Nationally, the

weighted output per staff member increased from 0.80 units (2007) to 0.95 units (2008). Within the institution, the *per capita* research output increased from 0.65 units (2007) to 0.78 units (2008). Although improving, the *per capita* research productivity is still below the national and institutional norms. The proportion of staff with doctoral degrees increased to 40% in 2009 from 39% in 2008. According to the Academic World Ranking of Universities (AWRU), in 2009, UKZN improved its position in the top 500 universities.

Recognition and Awards

In 2009 a number of researchers received national, international and institutional awards and honours in recognition of their outstanding contributions to research. Professors Steve Johnson and Michael Henning were awarded an A-rating by the NRF due to the high quality and impact of their research outputs. This brought to five the total number of A-rated scientists at UKZN. By the end of the year, UKZN had 152 rated researchers, which is about 11% of the total number of research/instructional staff. The Research Office is working on strategies to encourage staff to apply for NRF ratings. Professor Julian May was appointed South African Research Chairs Initiative (SARCHI) Chair for Applied Poverty Reduction Assessment. This increased the number of SARCHI Chairs at UKZN to eight, one of whom is female.

Professor Anna Coutsooudis received the 2009 Academy of Science of South Africa (ASSAf) Gold Medal for her outstanding research which has major public health implications for children in Southern Africa and other HIV endemic regions of the world. The Third World Academy of Sciences (TWAS) awarded its prestigious Prize for Medical Science to Professor Salim Abdool Karim for his exceptional and distinguished contribution in medicine and public health, specifically HIV prevention and treatment. The Vice-Chancellor, Professor Malegapuru Makgoba was elected to the Scientific Advisory Board of the Mymetics Corporation of Switzerland, a biotechnology company focusing on development of the next generation of preventive vaccines. Internally, Professors Michael Green, Grenville Hadley, Sunil Maharaj and Shunmugam Govender were awarded UKZN Fellowships.

Dr Dean-Peter Baker received the Vice-Chancellor's Research Award. Professor Michael Chapman received the Humanities Academic Book Prize for 2006 and Professor Jacek Banasiak received the Science Academic Book Prize for 2007. The 2006 Book Prize for Edited Books was jointly won by Professor Isabel Phiri and Dr Sarojini Nadar.

In 2009 the Library launched the "Research Space" facility which enables the public to access digitised theses and dissertations. This is a significant step towards establishing an institutional repository of digitised

material. The UKZN Press published 20 new and reprinted four scholarly and general readership titles, mainly in the fields of humanities, social sciences, current affairs and politics. One of the titles, *A Man Who is Not a Man* by Mr Thando Mgqolozana, who is a UKZN staff member, was rated among the Top 10 books for 2009 by three major newspapers.

Professor N Ijumba

Deputy Vice-Chancellor: Research



TEACHING & LEARNING

PROFESSOR R VITHAL



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In support of its explicit vision and mission to support research-informed teaching and learning, a Teaching and Learning Competitive Research Grant was established in cooperation with the University Research Office for the first time in the history of the University.

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THE newly established Deputy Vice-Chancellor: Teaching and Learning (DVC: T&L) portfolio became fully operational in February 2009.

A number of projects are coordinated from the University Teaching and Learning Office (UTLO). Two such projects are the South African Norway Tertiary Education Development (SANTED) funding for the University of KwaZulu-Natal Access and Retention Project (SUKAR – R6.6 million) comprising six component sub-projects focusing on throughput in both undergraduate and postgraduate degrees and the SANTED Multilingualism (R3 million) projects enabling implementation of the University language policy and plan. The former project will continue into 2010 but the latter came to an end in 2009. Department of Higher Education and Training funding for access/foundation programmes and Foundation Training Provision (R7.8 million) is also managed through the UTLO for the University. The UTLO initiated a critical review of access/foundation programmes in the University through a two-day workshop and is in the process of producing a published volume on *Access in Higher Education*.

In support of its explicit vision and mission to support research-informed teaching and learning, a Teaching and Learning Competitive Research Grant was established in cooperation with the University Research Office for the first time in the history of the University. With the policy and procedures approved by mid-2009, the call for applications yielded some 19 proposals of which 10 were allocated funding of an approximate total value of R430 000. Another important activity that supports scholarship in teaching and learning is the 3rd Annual Teaching and Learning Conference, which was held from 21-23 September 2009 on the Edgewood campus, with the theme: *Multilingualism, Multiliteracies and Innovative Teaching Technologies in Higher Education*. This conference saw the number of participants double from the previous year to 242 with more than 43 papers presented. In addition, for the first time, the conference invited and received papers in isiZulu, developed a conference proceedings and supported staff and students with a range of pre- and post-conference workshops on abstract and paper writing and presentation.

In support of being a research-led university, the UTLO hosted a number of seminars, symposia and fora in 2009 covering a wide variety of themes and issues, involving academics and researchers from within the University and other institutions which proved to be a popular platform for debating current research and issues in Higher Education. In some instances, these were video-streamed live. Seminars included:

- ▼ *Why Do University Students Drop Out?* by Professor Moeketsi Letseka (UNISA) held on 20 March;
- ▼ Technology Forum: *Possibilities and Potential for Technology Driven Learning at UKZN* facilitated by Ms Kogie Naidoo (UKZN) (25 May);
- ▼ *Higher Education in South Africa: What have ICTs got to do with it? International trends and institutional responses* by Professor Laura Czerniewicz (UCT) with Professor Manoj Maharaj (UKZN) as respondent (29 May);
- ▼ *Conversations about Language* with the US Embassy featuring presentations by Mr Eran Williams (US Embassy) with Professor Rosemary Wildsmith-Cromarty (UKZN); Ms Penny Niven and Dr Emmanuel Mqgqwashu (UKZN) as respondents (5 June);
- ▼ *The State of Transformation in South African Higher Education* by Professor Crain Soudien (UCT) (30 June);
- ▼ *The Creation of a Bilingual Degree: Processes and Challenges* by Professor Esther Ramani & Dr Michael Joseph (Univ Limpopo) (18 September);
- ▼ *Shaping Institutional Research UKZN: Current and Future Perspectives* (23 October).

Four academics were nominated and successfully selected for the 2009 Distinguished Teachers' Awards. They are Dr Suzanne Francis (School of Politics); Ms Kerry Frizelle (School of Psychology); and Ms Heidi Matisonn (School of Philosophy & Ethics), all from the Faculty of Humanities, Development and Social Sciences; and Professor Deogratius Jaganyi (School of Chemistry and Dean of the Faculty of Science & Agriculture).

The first phase of the Teaching Venues Upgrade project which was undertaken by the UTLO in collaboration with various Divisions within the

portfolio of the Executive Director: Physical Planning & Operations was concluded at the end of 2009. Initiated following the Vice-Chancellor's School and Faculty visits, 18 months of work (July 2008 to December 2009) resulted in a number of achievements and recommendations. These include an accurate and updated data base of common teaching venues across the five campuses of the University; a much larger number of teaching venues (181), of which 170 (65%) were common teaching venues, were upgraded than was originally planned (110 or 42%) within the budget of R7.3 million provided by the Vice-Chancellor; the provision of data projectors and wireless connectivity as standard equipment in a majority of common teaching venues, expediting the implementation of Moodle as the University agreed learning management system; and the generation of a range of recommendations related to timetabling and teaching venue usage, planning, allocation and booking for optimising teaching space utilisation.

The UKZN PACT, which was crafted through a long and wide consultative process was approved in 2008 and widely disseminated in 2009 appearing on posters, student computer screens, diaries, handbooks, lecture halls, University academic and public spaces and the University website.

University of KwaZulu-Natal Pact

We, the staff and students
of the University of KwaZulu-Natal
agree to treat each other with respect,
to abide by the rules and regulations of the institution
and to commit ourselves to excellence in research-led
teaching and learning

Isivumelwano seNyuvesi yaKwaZulu-Natali

Thina, singabasebenzi nabafundi

baseNyuvesi yaKwaZulu-Natali

sivumelana ngokuthi siphathane ngenhlonipho,

silandele yonke imithetho nemigomo yesikhungo

futhi sizibophezela ekufundeni nasekufundiseni

okuholwa ucwaningo nokunobunyoningco

In the course of 2009 the University Teaching and Learning Committee (UTLC) identified several key priority areas by revisiting the University Strategic Plan Goal 4 on Excellence in Teaching and Learning; the UKZN improvement plans from the Council for Higher Education Institutional Audit Self Evaluation Report; reviewing the University Teaching, Learning and Assessment Policy implementation and taking account of the recommendations arising from the Senate response to the Governance and Academic Freedom Report and the Report of the Ministerial Committee on Transformation and Social Cohesion and the Elimination of Discrimination in Public Higher Education Institutions. The UTLC agreed on selected strategies and actions with respect to broad areas of curriculum transformation; assessment, evaluation and rewards; teaching and learning indicators and benchmarks; research on teaching and learning; Open- ; e- ; on-line learning teaching/learning environments and staff development. A set of recommendations emerging from this process were presented to and approved by Senate in December 2009. These priorities will underpin the work of the UTLC and UTLO in 2010 and 2011.

Professor R Vithal

Deputy Vice-Chancellor: Teaching & Learning

CORPORATE RELATIONS

MS N MBADI



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The University received excellent media coverage throughout the year which reinforced brand recognition. Print, broadcast and online coverage positioned the University's major activities, namely the partnership with the Howard Hughes Medical Institute, the University's A-rated scientists, strategic partnerships and the appointment of UKZN alumnus Dr Zweli Mkhize as the University's second Chancellor.

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RECOGNISED as one of three leading research universities in South Africa, UKZN continues to present opportunities to showcase the robust and vibrant ethos that is infused in the core strategic functions of the Institution.

Alumni Affairs

In 2009 the Alumni Affairs Office established and maintained excellent relationships between the University and its 100 000 plus alumni – the University's largest stakeholder group.

A variety of events coordinated both locally and internationally were attended by a total of almost 15 000 alumni. Relationships have been built with graduates with whom the University previously had minimal contact through the organising of contemporary and popular events. The demographic profile of the graduate attendees now represents the current demographic profile of the University. The attendance and support of young graduates through the Workshop Programme aimed at assisting these recent graduates with essential life/career-skills required for their career development is encouraging and creates the foundation for a long-term bond between these alumni and their *alma mater*. Considerable goodwill and support has been secured for the University from VIP alumni – *via* personal VIP alumni visits, regular contact (corporate gifts/letters) and invitations to all events. These events – together with the joint Alumni Affairs/UKZN Foundation events – contribute significantly to providing a sound platform for the fund-raising endeavours of the UKZN Foundation.

In addition to the events, the Alumni Affairs Office has interacted with over 100 000 alumni *via* a variety of media strategies. Such success would not have been possible without the comprehensive, updated and technically improved Alumni Database which contains the records of the former University of Durban-Westville, the former University of Natal and UKZN graduates. This is probably one of the largest databases of alumni in the country.

Events Management

The objective of Events Management is to create awareness amongst our stakeholders to promote and enhance UKZN's image. The Events Unit and

the College PROs organised and delivered over 100 events in 2009. These included Graduation 2009, the Installation of the new UKZN Chancellor, the Strini Moodley Memorial Lecture, International Cultural Day and the Pfizer UKZN Young Scientists Research Symposium.

Intellectual debates resonate with a vibrant university ethos – and nine public lectures with eminent experts from a range of institutions globally were coordinated through the Events Unit. Topics included: *The State of Transformation in South African Higher Education*, *Rethinking Strategies to Accelerate Smallholder Agricultural Growth and Rural Development* and the *Challenges Facing Higher Education in the UK – some perspectives*.

The Events Unit also supports Colleges in a range of events aimed at profiling and highlighting College activities. A large number of these events have received coverage in both local and national media.

International Relations

The emphasis in 2009 was to promote and forge international strategic partnerships with the signing of 12 Memoranda of Understanding (MOUs) to advance student exchange programmes and academic collaboration. Institutions include the Roosevelt University in the United States of America, Ghent University in Belgium, Aalborg University in Denmark and the University of Munster in Germany. The MOU with Aalborg University will facilitate the collaboration between the research centre CTiF at the University of Aalborg and the Radio Access and Rural Technologies Centre at UKZN, whilst the agreement with the University Omar Bongo in Gabon will allow exchange and research collaboration. Staff in the International Unit attended the Association of International Educators in the United States and the European Association of International Educators in Spain.

A three-week programme for 15 Music students from University of Waterloo was organised. Thirty-seven UKZN students went on student exchange programmes to universities in the US, Norway, Sweden and Canada. One hundred and eighty eight international students participated in the Study Abroad and Student Exchange Programmes.

Marketing

A survey was conducted to gauge the views of undergraduate students on UKZN. The results of this survey were used as a basis to design a series of undergraduate adverts for use in recruitment campaigns. A series of public lectures were advertised to both local communities and the University community.

With the installation of the new Chancellor, a number of print adverts were placed in the media to create awareness. Adverts were also placed in national publications aimed at positioning the UKZN brand, recruiting students and increasing UKZN's profile.

Media Liaison

The University received excellent media coverage throughout the year which reinforced brand recognition. Print, broadcast and online coverage positioned the University's major activities, namely the partnership with the Howard Hughes Medical Institute, the University's A-rated scientists, strategic partnerships and the appointment of UKZN alumnus, Dr Zweli Mkhize, as the University's second Chancellor.

Professional Conferencing

Professional Conferencing Services organised and managed more than 18 conferences in 2009.

Work for all the conferences included a full suite of conferencing services from design of registration forms, receipt and processing of registrations, accounting and financial management of registration funds to abstract receipt and coordination and abstract acknowledgement. The smallest conference organised and managed for 2009 was the assistance with the Executive Retreat for 16 Executive Board Members, and the largest was for the South African Association of Physics with 490 delegates.

Publications

The Publications Unit continues to showcase the strategic activities of the University through a suite of high quality publications.

In 2009, the Unit produced 14 issues of the campus newspaper, *ukzndaba*. A total of 300 articles were published in the newspaper and 428 articles appeared in the fortnightly electronic newsletter, *UKZN Online*. Articles were also posted on the University website and published in the commercial media. The articles reflect the vibrancy of the University and the extent of community engagement across disciplines. In June 2009 it was announced that UKZN had won the Association of Commonwealth Universities (ACU) Corporate Publication Award for the second consecutive year. The University's winning submission was its 2007 Annual Report. The ACU judges called the Report a "stunning, professional publication" which "matches the University's ethos and successfully promotes its international position." Once again, UKZN excelled and received recognition for excellence in communication. In addition, we received five Excellence Awards at the MACE Annual Conference held at the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth in October 2009.

Schools Liaison

Schools Liaison's core business is to market the University's undergraduate programmes to the secondary school community.

In 2009, the Schools Liaison Unit carried out 288 school visits to feeder schools. Schools Liaison hosted parents of new students at Parents' Day 2009, which was held on four campuses and attended by about 3 000 parents. A total of 18 career exhibitions were attended nationally and were visited by over 65 000 learners.

Schools Liaison created an information brochure for distribution at secondary school events. A total of 60 000 brochures were distributed in 2009. Three Open Days, which were attended by 12 000 visitors, were held in 2009. Schools Liaison hosted Information Evenings for top learners. The Unit also initiated dialogue and produced a discussion document on Postgraduate Recruitment, and helped the Research Office showcase its programmes at the NRF Exhibition held in Pretoria.

Web Management

UKZN's website was placed second in the Marketing, Advancement and Communication in Education (MACE) awards. The site receives approximately three million unique hits per annum. With the advancement of web technologies and the growing expectations of users for increased functionality in not just the UKZN website, but also websites at the departmental level, there was a need for a system which offered not only basic content pages but also blogs, forums, online polls etc. Following extensive research into web content management systems (CMS), Sitefinity, which offers compelling web applications, was selected as the ideal tool for implementing UKZN's main website as well as departmental sites since it requires no additional learning and is engineered for extensibility and customisation.

I wish to thank our academic and support staff who championed so many unique and significant projects that showcased the Premier University of African Scholarship.

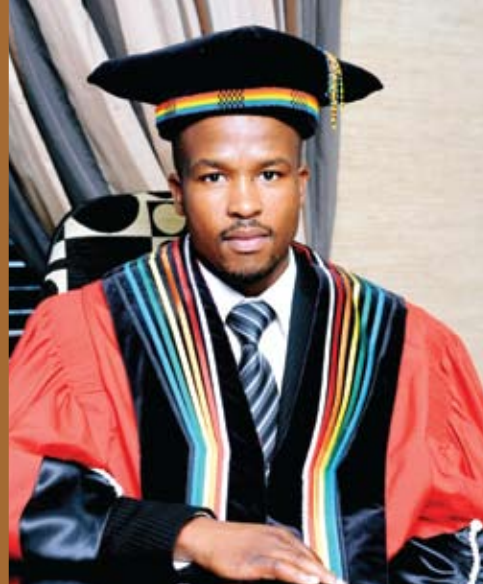
Ms N Mbadi

Executive Director: Corporate Relations



HUMAN RESOURCES AND EQUITY

DR M MOSIA



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UKZN's goal is to be an employer of choice in the Higher Education sector. An acid test for "employer of choice" is the University's ability to attract and retain key talent. UKZN's competitiveness in the area of academic research helps to attract and retain committed, talented people.

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Talent Attraction

U KZN's goal is to be an employer of choice in the Higher Education sector. An acid test for "employer of choice" is the University's ability to attract and retain key talent. UKZN's competitiveness in the area of academic research helps to attract and retain committed, talented people.

- ▼ In 2009 the University attracted a total of 229 new staff members; an overall attraction percentage of 6.6% of which African staff represented 40%. These figures can be summarised as follows: top and senior management: 1; professionals and middle management: 25; academically-qualified and junior management: 180 and 23 at semi-skilled level.
- ▼ During 2009, the University lost 254 staff members, an overall percentage turnover of 7.3%, with academic staff comprising 2.8% and support staff comprising 4.5%. The reasons for these staff movements were: resignation: 96; retrenchment: 5; retirement: 79; dismissal – misconduct: 9; dismissal – incapacity: 7; deceased: 12; and non-renewal of contract: 46. The highest turnover (173) was from the junior management and academically-qualified category, followed by the middle management and professional category at 42 and semi-skilled at 37, respectively.

Collective Leadership

- ▼ During the course of 2009, the University, through the leadership of the Human Resources and Equity Division, established a Joint Consultative Forum, referred to as the "JCF". This Forum meets on a monthly basis with the University's recognised Unions and consults with them on employment matters of mutual interest. This initiative was introduced to improve the working relationship between management and Unions and University staff, and to provide the staff with an opportunity *via* their union representatives, to engage with the University on employment matters that directly affect their working interests and lives.
- ▼ In addition, the formalisation of the Joint Bargaining Forum, referred to as the "JBF", was completed from a previously *ad hoc* structure, to

a fully recognised structure for the purposes of collective bargaining with the University's recognised Unions, on annual salary increases and changes to conditions of service. This structure concluded the collective agreement between all University Unions and the University to harmonise the previously disparate recognition arrangements transferred from the former Universities of Durban-Westville and Natal into UKZN.

- ▼ The year 2009 ended with the implementation of the Alternative Dispute Resolution, referred to as "ADR". The primary focus of this intervention is the implementation of effective and non-adversarial dispute resolution methods, so as to reduce instances of formal grievance, misconduct and employment litigation. A dedicated Unit for this purpose was established in the Division.

Delivering Greater Results

- ▼ In alignment with the University's Strategic Goal 7 – efficient and effective management – the University officially launched the pilot implementation of the Performance Management System. This will create a platform for individuals to take pride in achieving results and celebrating success. The overall purpose of the Performance Excellence Agreement is to enable individuals and teams to focus on critical success factors in delivering strategy and University results.
- ▼ This was the culmination of hard work which involved policy and procedure development, staff training, system customisation and integration, union negotiation and change management. Full implementation of the system is scheduled for 2010. The Performance Management System is the first pillar in the development of an integrated Talent Management System.

Future Challenges

- ▼ The 2010 year will be dedicated towards a devolution model which calls for higher competency levels amongst the human resources community. This demands a critical balance between devolution of resources and process ownership. Restructuring for strategic relevance is a necessity,

as is the need to resource the new teams.

- ▼ The other “people challenge” is understanding and knowing the capability profile to take the University to the next level. This includes future talent, team and leadership capability as well as actively engaged talent (those who are satisfied, committed and performing).
- ▼ Talent acquisition, retention and commitment within both the transformation and business context require attention.
- ▼ The success of migrating into a strategic partnering model is dependent on an efficient technological platform. The University must deploy Information Technology to enable Human Resources efficiencies in generating accurate and current reports.

Dr M Mosia

Executive Director: Human Resources and Equity



PHYSICAL PLANNING & OPERATIONS

MR C W POOLE



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Key achievements in 2009 included the successful upgrade of voiceover internet protocols (VOIP) giving UKZN one of the most sophisticated, converged voice systems internationally.

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A **RISING** from the Council's realignment of the Corporate Governance and Research portfolios during 2008, the portfolio Physical Planning and Operations (PP&O), comprising Information and Communication Technology (ICT), Campus Management Services (CMS) and Risk Management Services (RMS) became effective at the start of 2009. New externally-recruited appointees in the posts of Executive Director and Directors for CMS and RMS, respectively, commenced at the beginning of 2009. At the Executive Management breakaway in February 2009 a decision was taken to incorporate the Audio Visual Division (AV) as a fourth entity within PP&O.

A key focus for the portfolio during 2009 was the inculcation of an integrated ethos across the Divisions to effect cohesive management; this determined the need for extensive restructuring of CMS and RMS to align with the College Model, thereafter to effect a move towards streamlining and uniformity of service provision. All divisions across PP&O had significant involvement in the Teaching and Learning venues focused upgrade project led by the DVC: Teaching & Learning, Professor R Vithal, which was completed within budget and on time. The project gave much needed impetus to providing an exemplar in project cooperation and coordination across the Divisions; concurrently, it resulted in much needed improvement to some 70 academic facilities and a platform for further upgrades of teaching and learning venues during 2010.

The newly appointed Directors for RMS and CMS have been undertaking an intensive review and restructure of their operations in order to effect improvement in service delivery and to align with the College Model and merger dictates. It is anticipated that this will be completed by mid-2010.

The Division of Information and Communication Technology (ICT) continued to support alignment of its infrastructure and hardware with the goals of the Institutional Strategic Plan, thereby providing innovative and high quality solutions and services. Key achievements in 2009 included the successful upgrade of voice over internet protocols (VOIP) giving UKZN one of the most sophisticated, converged voice systems internationally. This implementation incorporated, amongst others, the Proof of Concept

(PoC) for fixed-mobile convergence and the integration of voice, data and video onto a single network, laying the platform for future initiatives with considerable potential for medium- to long-term savings.

The number of wireless application points (AP) increased to 260, providing wireless connectivity across a number of lecture venues as well as high usage open spaces. A decision was made to adopt Moodle as the standard for the University's Learning Management System. Moodle is open source software and its rollout will ensure that the University's online learning needs are catered for into the foreseeable future.

The student-to-PC ratio was further reduced: 4 795 PCs were provided for the exclusive use of students, with 79% of the academics having laptops. Wide-scale provision of the wireless networks coupled with the rollout of laptops to academics gives increasing opportunity for innovation in teaching, learning and research.

The acquisition of 800mbps of international bandwidth via the SEACOM initiative will increase capacity seventeen-fold from early 2010 with vast scope for teaching, learning and research and internet capacity of international comparability in Higher Education.

Across the Audio Visual Division, requests for Graphic Design services continues with high-end presentations, teaching and professional materials being in high demand across the Institution. Photographic services for several high profile and public events were provided including diverse promotional and teaching videos, as well as the digital capturing of live events, such as the Chancellor's inauguration where professional high quality production was achieved. In addition, AV continued to produce high volumes of CDs and DVDs for teaching purposes. A centralised call centre for handling user requests and enquiries has been established. In addition, the installation of control systems to a wide number of Teaching and Learning venues continues to be rolled out, as well as video conferencing and board room installations of communications equipment across all campuses.

Extensive attention has been paid to Phase I of the 'back log maintenance' for which capital expenditure budgets (CAPEX) were made available during fiscal 2008 and 2009. The initial phase focused upon

aligning infrastructure needs with the merger projects, which were due for and had effectively reached completion at the end of 2009; this is with the exception of work at the Edgewood campus and the Faculty of Law at Howard College where extensive additional remedial work became necessary. Attention is now being paid to upgrading the general infrastructure and security systems. A number of new projects are expected to be implemented during the course of 2010; these include the works associated with the Department of Education Infrastructure and Efficiency funding and K-RITH/HHMI projects.

Mr C W Poole

Executive Director: Physical Planning & Operations



REGISTRAR'S OFFICE

PROFESSOR J J MEYEROWITZ



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A major project brought to completion during 2009 was the restructuring of the Council and Senate committee system to streamline it, make it more effective and to improve the sometimes bureaucratic decision-making process.

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THE Registrar's Division consists of the Office of the Registrar which provides legal, administrative and secretarial support to Council and Senate; Student Academic Administration which provides coordination and support for the administration of students; and Corporate Governance which was established as a new directorate and incorporated into the Registrar's portfolio during 2009.

The Division of Corporate Governance comprises the three sections of Internal Audit, Forensic Investigation and Risk & Compliance Services and the newly-established position of Director of Corporate Governance has direct access to the Chair of the Audit & Risk Committee and the Chair of Council. The vacant positions of Director of Corporate Governance, Forensic Investigations Manager and Internal Audit Manager were advertised and filled in the latter part of 2009 but no suitable candidate has yet been found for the position of Risk and Compliance Manager. These responsibilities are currently being carried out by the Director of Corporate Governance.

A major project brought to completion during 2009 was the restructuring of the Council and Senate committee system to streamline it,

make it more effective and to improve the sometimes bureaucratic decision-making process. The number of committees has been reduced from 65 to 36 with significant savings in staff time and people opportunity costs. Charters have been developed for each committee and standard rules and operating procedures for committees have been approved.

As the first phase in the development of a technology-supported, streamlined and student-centred application, selection and registration system, the processes of student application and admission to the University were reviewed and a new selections module was developed that utilises cellphones and email for rapid communication with students where possible. A pilot self-help registration system was introduced in some Faculties whereby students could register on-line, either on campus or from a remote location using the internet.

Graduation 2009 consisted of 18 ceremonies held over seven days from 16-24 April 2009. Four ceremonies were held in Pietermaritzburg and the remainder at Westville. The Chancellor, Dr Frene Ginwala, presided at six of the ceremonies.

Graduation Statistics per Faculty and Category

	Doctoral	Masters	Honours	Bachelors	Postgrad Diplomas & Certificates	Undergrad Diplomas & Certificates	TOTAL
Education	16	59	121	387	149	1 212	1 944
Engineering	4	33	12	338	1		388
HDSS	43	217	295	1 147	37	15	1 754
Health Sciences	3	27	51	300		6	387
Law	1	41		332	5		379
Management Studies	8	82	329	1 251	35		1 705
Medicine	7	40	13	209	81		350
Science & Agriculture	56	117	227	599	45		1 044
TOTAL	138	616	1 048	4 563	353	1 233	7 951

Honorary Doctorates were awarded to: Raymond Ackerman, Doctor of Commerce; Sibusiso Bengu, Doctor of Education; Deborah Budlender, Doctor of Education; Paddy Kearney, Doctor of Theology; Pius Langa, Doctor of Laws; Richard Mkandawire, Doctor of Science in Agriculture; Billy Nair (posthumous), Doctor of Social Science; Deuteronomy Ntuli, Doctor of Literature; and Bruce Walker, Doctor of Science. In each case the recipient (or, in the case of the posthumous award, a representative of the family) gave the graduation address.

University Fellowships were awarded to: Professors Shunmugum Govender, Faculty of Medicine; Michael Green, Faculty of Humanities, Development and Social Sciences; Grenville Hadley, Faculty of Medicine; and Sunil Maharaj, Faculty of Science and Agriculture. Distinguished Teachers' Awards were made to: Dr Francesca Balladon, Faculty of Humanities, Development and Social Sciences; Professor Robin Joubert,

Faculty of Health Sciences; Professor Thandinkosi Madiba, Faculty of Medicine; and Professor Kriben Pillay, Faculty of Management Studies.

Guests at the ceremonies were treated to beautiful singing by the UKZN choir and soloists who showcased the exceptional talent in our Opera School and Choral Academy.

The term of office of the founding Chancellor, Dr Frene Ginwala, came to an end at the end of June 2009, and Dr Zwelini Mkhize was elected as the second Chancellor of the University. He was installed in a dignified ceremony on 19 August 2009.

Professor J J Meyerowitz
Registrar



STUDENT SERVICES

MS M D MASIPA



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One of the University of KwaZulu-Natal's strategic goals is to be an "institution of choice for students". With this goal in mind the Division of Student Services is committed to providing services to students that are not only attractive but also provide an atmosphere for learning.

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ONE of the University of KwaZulu-Natal's strategic goals is to be an "institution of choice for students". With this goal in mind the Division of Student Services is committed to providing services to students that are not only attractive but also provide an atmosphere for learning. The Division has in its management the Executive Dean who is assisted on the five campuses by Deputy Deans. The Deputy Deans manage all campus activities and also directly provide support and advice to students. Some Departments in the Division provide services across the entire Institution while others have been arranged to serve on campuses.

Services provided in 2009

Student Counselling Centres

Counselling forms an integral part of academic support. The categories of problems experienced that are dealt with by the Counselling Centres range from depression, to anxiety, academic exclusions, relationships, academic performance and skills development. Assistance is provided per campus and there are five campus-based Centres. The students are assisted from the level of access through to the completion of the degree.

The total number of students attended to at the Centres in 2009 is as follows:

Law and Management Studies (Westville)	224
Health Sciences (Westville)	34
College of Agriculture, Science & Engineering	180
Humanities (Edgewood)	56
Pietermaritzburg Campus Centre	1 112
Howard College and Medical School	340

Career Counselling and Student Employment Centre

The Career Counselling and Student Employment Centre has seen another increase in the number of companies participating in Career Exhibitions and Graduate Recruitment Programmes. This led to an increase in the

number of employment opportunities created for students in full time and several part-time jobs advertised throughout the year. There has been an overwhelming increase in enquiries and requests made by students at the Career Counselling and Student Employment Centre. Efforts of staff of the Centre to work closely with Faculties in 2009 resulted in discussions with staff in the Department of Pharmacy to develop a module on "Professional Behavior" for Pharmacy students in 2010.

Career information was disseminated to 9 795 students in 2008 and the numbers increased to 11 255 in 2009 due to increased promotions and career exhibitions. Student employment opportunities increased from 354 to 1 257 part time job offers for students on the Westville campus and 530 to 562 full time job offers on the same campus. This is due to interventions like career guidance, careers assessments, interview skills and CV writing skills that are offered to students by the Centre.

Disability Unit

In compliance with the White Paper on Special Needs Education (2001), the University of KwaZulu-Natal strives to accommodate students with special needs and to be a University of choice for students living with disabilities. Students are enrolled on all five campuses of the University with various disabilities, including visual impairment, physical disability, hearing impairments, learning disabilities and hidden disabilities like epilepsy and other chronic illnesses. Statistics reflect a moderate increase in the enrolment of students living with disabilities. In 2008 a total number of 207 were enrolled at UKZN whereas in 2009 the number increased to 217. Disability Support Units exist on all five campuses and are placed under the care of Student Counselling and Careers Centres. The Centres work directly with staff in Faculties and other support sectors to ensure that the students have equal access to academic programmes and other services. The Division of Student Services has since the beginning of 2009 been reviewing the model and services provided and has benchmarked with other institutions nationally and internationally to position itself within the broader national developments.

Campus Health Clinics

The Division has clinics on all five campuses managed by professional nurses. The Health Clinics provide primary health care to all students on a free of charge basis. The Clinics are also served by sessional Doctors and referrals to the nearest hospitals are made on diseases that require specialised treatment. The Clinics also have an emergency transport service for students who need to be transported to hospital after working hours. The assistance is provided by Europassist Emergency Services.

In addition to the normal services on primary health care in 2009, the Campus Health Clinics on all five campuses worked beyond their call of duty to keep students well informed of the current health issues. The Health Clinics held a series of Swine Flu Awareness campaigns in July 2009, visiting all campus residences after hours to run awareness programmes. Other aspects of health that were covered included: checking of blood pressure, blood sugar levels, eye tests, height and weight measurements and HIV screening, all free of charge.

HIV and AIDS Programme

The HIV and AIDS Programme responds to the needs of students by providing prevention, care and support and treatment services on all five campuses. In line with the national requirements the HIV and AIDS Programme performs HIV testing and counselling on a voluntary basis. Voluntary counseling and testing (VCT) services continue to be provided on all five campuses at campus health clinics where there are dedicated counsellors for HIV. Besides this arrangement, students also get access to these services through regular mobile testing services, which is done in partnership with non-governmental organisations such as NewStart. The VCT service on campuses is used not only by students; staff also make use of this service. In 2009 staff constituted 5.6% of VCT attendees at UKZN.

HIV and AIDS Support Units are placed on all campuses to provide information and support to both staff and students. The programme continues to provide in-house, limited, ongoing care and support to students who are HIV positive but do not need ARV treatment yet. By conducting awareness campaigns these support units hope to eliminate

stigma and encourage VCT among staff and students. These services are provided through education and enhanced through audio-visual and written material. The Programme also has mobile units which are made visible to the University community as a drive to publicise awareness. As part of the prevention campaign, the HIV and AIDS Programme also distributes male condoms in residences across all five campuses. The provision of condoms is an important component of prevention of HIV infection and the positive upward trend observed in recent years must not only be consolidated but maintained and improved. With financial support from Higher Education AIDS (HEAIDS) in 2008/2009 the Programme was strengthened to support both staff and students.

The HIV and AIDS Programme has established partnerships with the Ford Foundation and Ibis Reproductive Health to implement a sexual and reproductive health and rights programme (SRHR) at UKZN. The partnership will run for three years (2009-2011) at Howard College and the Pietermaritzburg campus. The aim of the programme is to empower students to deal with issues like unplanned pregnancies, use of contraceptives, gender prejudice, relationships, sexual and reproductive health as a way of complementing the existing HIV prevention programme.

The HEAIDS contract comes to an end on 31 March 2010. The contract provided for the purchase of three vehicles which are going to be used as mobile health and wellness promotion units. The vehicles will be converted into mobile units and will be allocated to Howard College campus and Pietermaritzburg campus. The implementation of the project is nearing completion.

Indigenous Health Care and Counselling Systems

Indigenous Health Care is a culture-driven process serving the majority of African students. UKZN is the first University to pilot such a project and the results reveal the importance of the programme in improving the social and academic lives of students in a holistic manner. The project was born through students who expressed concern that certain aspects of their health needs were not being catered for adequately under the health services provided by the Institution. Conditions suffered by such students

included culture-bound syndromes, which are believed not to respond to Western-type treatment. In 2007 the University responded by introducing an Indigenous Health Programme at the Howard College campus where an isangoma (a diviner) was appointed to pilot the value of such a service.

This Programme has been very popular with the student leadership and students in general. Besides the job profile that has been evaluated and graded for the Indigenous Health Care Practitioner, the whole pilot has been evaluated and has been found to be a viable initiative to complement Western health care and counselling services. A total number of 502 students consulted the Indigenous Health Care Practitioner in 2007, 723 in 2008 and 584 in 2009.

Department of Student Housing

The basic premise under which the Department of Student Housing at UKZN operates is that the University's residences should add value to the learning experience, rather than simply provide shelter. The Department of Student Housing targets to provide safe, secure and suitable university housing for a minimum of 1:5 contact students (20%) enrolled at the University. In 2008 Student Housing accommodated 25.7% and 26.8% in 2009. The Department thus exceeded the 20% set target by 5.7% and 6.8% respectively in two consecutive years.

It was planned that in 2010 Student Housing would be hosting 2010 FIFA World Cup fans from different countries. Westville and Howard College would host 3 700 and 4 000 respectively from Nigeria while Edgewood would accommodate 753 fans from different countries. Pietermaritzburg campus would host 3 500 Angolan fans and spillovers would be hosted at the Edgewood campus. It was hoped that the Institution would generate revenue from this arrangement.

Student Governance, Student Leadership and Leadership Development

In terms of the Constitution and the Statute of the University, the University as a whole has a Central Students Representative Council (CSRC) which represents students on University-wide matters and in the formulation

of University-wide student policies and procedures. The CSRC represents students on statutory committees such as Council, Senate, the Institutional Forum and other University-wide governance structures. Each campus has its own Local Student Representative Council (LSRC). As a general rule, LSRCs, as the word "local" implies, represent students on matters relating to their specific campus.

In October 2008 the UKZN 2008/2009 SRC elections were held and the five LSRC and the CSRC were duly elected for the 2009 terms of office. The Provincial Independent Electoral Office was involved to assist and give guidance in the preparation of the elections.

In October 2009, the CSRC hosted the UKZN Cultural Diversity Celebration on the Westville campus as part of its commemoration of the six years of the merger of the former Universities of Durban-Westville and Natal. The Medical School LSRC organised a very successful Clinical Conference in May 2009 and a Curriculum Development Conference in August 2009. Student leaders also played a very significant role at the national level contributing significantly to the programmes and campaigns of the South African Union of Students (SAUS), whose current president is a former UKZN CSRC president.

In order to enable students to participate effectively in the citizenship and leadership processes of student government, student societies and community organisations attend leadership courses. These courses target students who occupy leadership positions within their structures or who aspire to occupy such position in their communities. The objective of the course is to develop a group of student leaders who are committed to high levels of responsibility, accountability and integrity, in shaping the nature and direction of the University in particular and the nation as a whole. Training was extended to include Residence Assistants (RAs).

Sport and Extra-curricular Activities

UKZN's students have had outstanding achievements at provincial, national and international level. Students participating in such sports codes as Canoeing, Cricket, Hockey and Tennis represented the country in the Students' World Championships under the auspices of University Sports

South Africa (USSA). The Rugby Club has competed in the Premier League on the Pietermaritzburg campus and the First Division team on the Howard College campus. Two hockey men's and women's teams competed in the KwaZulu-Natal Super League. The Cricket Club from the Pietermaritzburg campus regularly wins the KwaZulu-Natal Inland Premier League and has played at the National Championships. Sport Administration has identified five codes of sport that could serve as flagship codes: rugby, soccer, cricket, hockey and athletics.

An International Cultural Day was held on 11 September 2009 to encourage all cultures to come together and celebrate their differences in harmony, to increase awareness of different cultures and traditions and to promote and strengthen relationships between local and international students. This goes a long way towards accepting and appreciating ethnic and cultural diversity and in developing a greater willingness to interact across cultural, racial and ethnic divides.

In 2008/2009 the PMB Sports Office secured LOTTO funding to the value of R4 171 522. The funding will be used to upgrade cricket pitches and soccer fields and for outreach programmes through sports in the PMB area over a period of four years.

Student Discipline

The objective of the Student Discipline Office is to administer the University Student Discipline system aimed at maintaining the University's Code of Conduct and norms of behaviour of students. This is done in a way that protects the rights of individuals by ensuring the student is adequately represented in student discipline hearings, ethically, efficiently and in an appropriate manner and to uphold the rights of the University. The student discipline process plays a supportive role in the development of responsible student behaviour and protects the basic safety of the community as a whole.

It is hoped that policies that are developed would play a major role in decreasing misconduct of students. The Plagiarism Policy was approved on 4 December 2009 to be implemented in January 2010. Meanwhile,

the attention that has been given to this offence yielded significant decreases in plagiarism in 2009 (see table below). An initiative called the Safe Campus Project which was funded by the University was initiated to improve safety and security in the campus residences. Residences have been upgraded to high levels of student protection and Housing is working with Risk Management Services to secure the safety of students. There has been a decrease in some of the crimes (see table below) and more efforts will be initiated in 2010 to improve the situation even further. A booklet called *The Right Moves* was produced in 2009 to increase awareness of safety and security at the University.

The table below provides information on the decrease and increase in the crime rate at UKZN between 2008 and 2009.

Statistics for 2008 and 2009

Year	Total number of cases opened	Total number of cases dealt with and completed
2008	331	249
2009	327	292

Comparison of statistics for 2008 and 2009

Offence	Total number of cases	
	2008	2009
Assault	58	73
Plagiarism	70	27
Disobeying University instructions	36	56
Cheating	61	41
Theft	26	37
Damage to University property	19	47
Verbal abuse	1	12
Fraud	41	23
Illegal drugs	4	3
Misuse of student card	6	3
Sexual assault	9	2

Social responsibility

Student clubs and societies' outreach programmes have had a reciprocal benefit for the University. Peer career guidance and other interventions have had ripple effects, attracting potential students to the University. Winter Schools were held on the Edgewood and Pietermaritzburg campuses by the SRCs, clubs and societies, and learners from various high schools were tutored in Mathematics, Science and English.

Students in Free Enterprise (SIFE) at UKZN once more excelled in 2009. The project was crowned as National Champions to represent South Africa in the SIFE World Cup in Berlin, Germany. They were representing South Africa for the third time in six years. On all occasions they ended up as semi-finalists.

SIFE students translate what they learn in the classroom into practice by conducting outreach projects to assist communities with entrepreneurial skills that will provide economic opportunities. These competitions provide opportunities for students to meet and network with students from other universities and businesses world wide.

Student Services Council

The Student Services Council is an institutional structure that facilitates communication, consultation and cooperation between students and other University stakeholders on matters that impact on students and Student Services. Its purpose is to advise on and monitor the development and implementation of policies relating to Student Services.

Of importance is the development of a coherent quality assurance strategy for the Division in terms of provision of services to the student population.

Previously known as the Student Services Board, the Council was established to align with Section 27(3) of the Higher Education Act 101 of 1997. It has become a very vibrant forum for information sharing and dissemination amongst departments within the Division. The Student Services Council comprises 26 members.

Ms M D Masipa

Executive Dean of Students



INTERNAL CONTROL AND RISK MANAGEMENT

MRS L FRANCOIS



*Information technology systems
utilised by the University have been
developed and implemented according
to defined and documented standards
to achieve efficiency, effectiveness,
reliability and security.*

THE Audit and Risk Committee, acting on behalf of the University Council, is responsible for overseeing the University's systems of control and, together with the Finance Committee, for ensuring that management has implemented a risk management process that is both adequate and effective in providing reasonable assurance against material loss and misstatement.

Systems of Internal Control

The University maintains systems of internal control to safeguard its assets against unauthorised acquisition, use or disposition, and to ensure that proper accounting records are maintained. Such systems are designed to provide reasonable assurance to all University stakeholders and, in particular, to Council regarding the integrity and reliability of financial information, the protection of the University's assets, and the efficient and effective use of its resources. These systems, *inter alia*, include documented organisational structures; a clear delineation of responsibilities, including the devolution of authority, as appropriate; established policies and procedures; and codes of conduct that are conducive to fostering a strong ethical climate. The efficacy of these systems is dependent in part on the calibre and commitment of the University's leadership and management, in part on clear, consistent and timely communication of information throughout the University, and in part on the careful selection, training and development of its staff.

Information technology systems utilised by the University have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. Accepted standards are applied to protect the privacy of, and ensure the control over, all data. As far as is practicable, systems are also designed to promote ease of use for all users. The development, maintenance and operation of all systems are under the control of competently trained staff. In utilising electronic technology to conduct transactions with staff, students and third parties, the relevant controls and procedures are designed and implemented to minimise the risk of fraud or error.

Internal Audit

The role of the Internal Audit Services is to provide independent assurance on the adequacy and effectiveness of the internal control systems on an ongoing basis and to report their findings and recommendations to management, the Audit and Risk Committee and Council. Management endeavours to ensure that appropriate and timely corrective actions are taken to address control deficiencies and that other opportunities to improve these systems are pursued as far as is practicable. The Internal Audit Services have, during the past years in the post-merger period, been augmented to enable adequate focus to be placed on the assurance and investigative aspects of internal audit. This augmentation has been achieved in 2009 through co-sourced arrangements with the auditing company, Ernst & Young.

The focus of the internal audit plan during 2009 was a series of reviews of the key financial processes. These reviews have revealed a number of control weaknesses, which have been reported to management and the Audit and Risk Committee. Management has undertaken to give effect to remedial actions and action dates, the status of which is monitored on an ongoing basis by the Internal Audit service providers.

Over the past two years, progress was made in enhancing the control environment by the development, approval and implementation of a formal fraud policy and the introduction of a "whistleblowing" service. The latter is an independently administered service and provides University stakeholders with a hotline facility to anonymously report fraud, deviations from procurement and other policies, all forms of misconduct and other alleged irregularities, which are then investigated as appropriate.

An important initiative to further strengthen the control environment has been a decision by the University Council to set up an Ombud's Office, which is currently being established under the direction of the Audit and Risk Committee.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention, or overriding, of controls. Accordingly, even an effective

internal control system can provide only reasonable assurance with respect to the safeguarding of assets and financial statement preparation. Notwithstanding such limitations, the Audit and Risk Committee, acting for and on behalf of Council, has obtained appropriate representations from management, internal audit and external audit, which provided reasonable assurance regarding the integrity and reliability of the annual financial statements.

Risk Management

Council is very aware of its responsibility and accountability concerning the identification of and mitigation against risk. In order to embed risk management into the business, the process for risk management across the University has been delegated to the Executives of the structures with the responsibility of incorporating the activities related to this function into the normal course of operations. Management is responsible to Council for designing, implementing and monitoring the process of risk management and this is considered to be a key performance area, both collectively and also individually for members of the Executive.

To monitor compliance with the aforementioned strategy Council has approved, within the Corporate Governance Division, a 'Risk and Compliance' function which, *inter alia*, will be responsible for ensuring the following process:-

- ▼ Approval of an 'Enterprise Risk Management Framework'.
- ▼ Maintenance of risk registers at a Corporate level and for each of the Academic and Support Sectors.
- ▼ Appointment of Risk Champions for each Sector.
- ▼ Review of compliance with the programmes identified to address risk.
- ▼ Providing education and training on risk management throughout the organisation.

These processes will enable the Audit and Risk Committee to receive regular and independent assurance on the effectiveness of the University's risk management interventions.

The University's policy with regard to insurance and risk cover is set and monitored by the Finance Committee. The University is a participant in a national consortium of higher education institutions (TERISA), which provides both cost-effective insurance and service expertise. Consequently, it is adequately covered in terms of its insurance policy against fire and related risks, accidental damage, business interruption, theft, employee infidelity, and both public and employer's liability.

Financial Risk

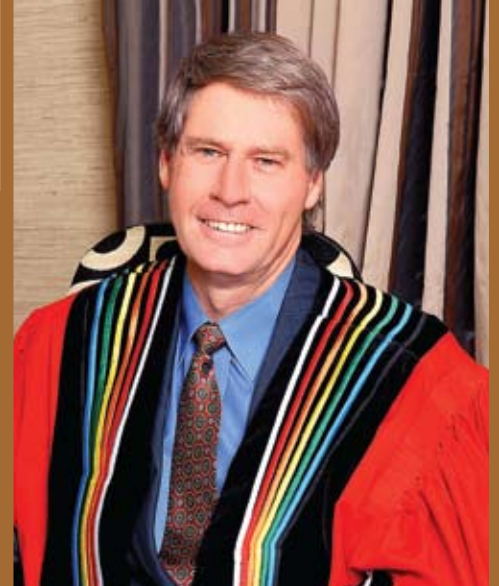
Decisions on the level of financial risk undertaken are made by the University's Finance Committee and enforced by the Chief Finance Officer and the Finance Division in terms of established limits by reference to the particular transaction type and are based on an assessment, in each case, of the values and the counter-parties involved. Financial risks faced by the University include credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk. As far as these can be assessed and quantified, the respective levels of exposure and the measures taken to mitigate such risks are described in the notes to the Consolidated Annual Financial Statements.

Mrs L Francois

Chair of the Audit and Risk Committee

ANNUAL FINANCIAL REVIEW

MR R H CLARKSON



“

The 2009 figures reflect an improved performance ... this being the second successive year that an overall surplus has been achieved in the past five years. These figures, although encouraging, serve to emphasise the need for continuing financial discipline by all budget-holders during the ensuing five years, to achieve financial sustainability in the medium- and long-terms.

”

Overview of 2009 Annual Financial Statements ("AFS")

It is pleasing to report on a period of moderate growth and relative financial health for the University during the past financial year. This report relates to the 2009 consolidated annual financial statements for the University of KwaZulu-Natal ("UKZN"). The respective statements incorporate all financial activities and results of the University and its subsidiaries, including those of the UKZN Foundation Trust. They therefore provide a comprehensive record of the University's financial operations, performance and cash flows for the past year, as well as a statement of its financial position as at 31 December 2009. A commentary on the salient features of these financial statements follows below.

Consolidated Balance Sheet

The financial position of the University as at 31 December 2009, together with comparative figures for 2008, is shown in the consolidated balance sheet (page 90 of the AFS). The major components of assets are analysed in **Table 1** below.

Total assets at 31 December 2009 amounted to R2.55 billion (2008: R2.26 billion), an increase of 13.0% (2008: 5.7%) relative to the end of 2008. This is pleasing, especially having regard to the continuing, largely unsettled state

of global financial markets throughout the year and the generally difficult environment in which the University operated for much of 2009.

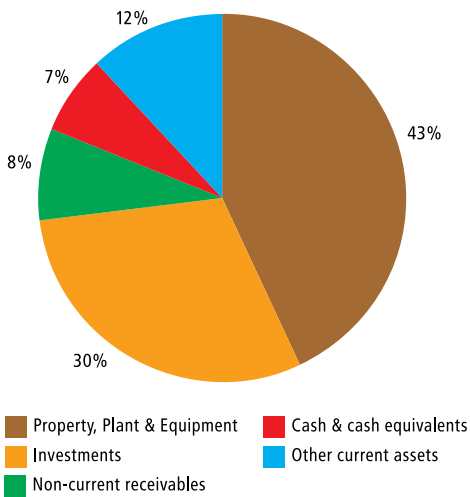
Asset growth during the past year was attributable mainly to a restoration of the market values of the University's investments and continuing infrastructural development. This growth was characterised by capital additions to property, plant and equipment ("PPE") of R197 million; this was, however, considerably lower than capital expenditure of R314 million in the previous year. It is both significant and pleasing to note that cumulative investment in PPE during the six year post-merger period (2004 to 2009 inclusive) has now exceeded R1.09 billion. When viewed together with future capital commitments of a further R1.5 billion (see note 23 to the AFS for details), which has been variously contracted for and/or approved, this constitutes an impressive record and speaks volumes for the level of confidence that investor stakeholders, including the Minister of Higher Education and Training and several major foreign benefactors, have in the University.

The University's investment portfolios appreciated in value by R116 million during 2009. For the most part, this represented a reversal of market losses sustained in the prior year (viz. R106.3 million). These value gains have continued during the 2010 year to date and, hopefully, the University's investment portfolios will benefit by ongoing favourable market conditions.

Current assets reflect an increase of R39.3 million (8.9%), compared with a corresponding net decrease in 2008 of R12.4 million (2.7%). The 2009 year was, however, characterised by volatility in the levels of cash and cash equivalents (call accounts and short-term bank deposits), and these balances fluctuated both during and subsequent to the period under review, reflecting the generally constrained credit and adverse liquidity circumstances within the economy as a whole and perhaps more acutely experienced by University students and some of its major stakeholders. Further comment follows overleaf (see section headed "Consolidated Cash Flow Statement").

At financial year-end (31 December 2009), there was a net increase in funds of 14.2%, compared with a decline of 11.7% at the same time in the previous year. This was achieved despite only minimal growth of R3.8 million (representing 0.6% of opening balances) in the University's restricted purpose funds, notably in research-related grants and contracts.

Table 1
Assets: 2009



These latter fund balances were, however, significantly affected by their re-classification and partial downward restatement in respect of unexpended government grants, which have been re-designated as deferred grants (hence, they now form part of non-current liabilities as opposed to "funds", as previously reported). This change was necessary to comply with the requirements of South African Statement of Generally Accepted Accounting Practice AC 134 (IAS 20): Government Grants and Disclosure of Government Assistance. It is nevertheless pleasing to record that endowed funds and the revaluation reserve increased by R18.3 million and R80.5 million, respectively, during the year.

Unrestricted Council-controlled funds continue to reflect a net deficit situation (albeit, an improvement relative to the previous year) of R293.5 million at 31 December 2009 (compared to 2008: R306.5 million). This matter continues to receive the close and ongoing attention of management and the Finance Committee. Expressed as a proportion of total assets, the respective accumulated deficits in respect of Council-controlled funds at the end of each of the past five years were as follows: 2005 – 23.0%; 2006 – 17.3%; 2007 – 12.4%; 2008 – 13.6%; and 2009 – 11.5%. This declining trend (noting that the deficit percentage has halved since 2005) and the consequential progress towards the re-establishment of financial viability, whilst modest, is

nevertheless gradual, positive and, above all, encouraging.

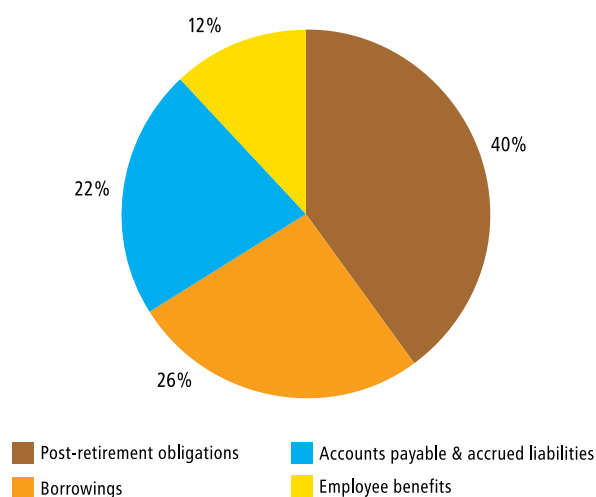
During the year, total liabilities rose by R185.9 million (2008: 220.5 million) and, at 31 December 2009, totalled R1.70 billion (equivalent to 66.5% of total assets), compared to R1.51 billion at 31 December 2008 (66.9% of total assets). The 2009 category percentages are analysed in **Table 2** below. It should be noted that almost one-half of the total liabilities, i.e. R796.3 million or 47% (2008: 49%) represent post-retirement obligations and employee-related benefits. Except for the relatively minor component of accrued service bonuses (R28.5 million) at 31 December 2009 and any subsequent encashment of leave (whether on resignation, retirement or, exceptionally, as permitted in terms of the conditions of service), these do not entail a cash-based obligation on the part of the University. Interest-bearing liabilities totalled R394.5 million at 31 December 2009 and have remained almost constant (2008: R398.5 million). Disturbingly, the levels of unexpended government grants for specific purposes (so-called "earmarked funds") have risen significantly during the past two years from less than R35 million at December 2007 to R171.4 million at 31 December 2009. This trend must be reversed and is currently receiving the renewed and urgent attention of management.

The debt : funds ratio (expressed as a percentage) is an important measure of the University's relative funding situation and, despite being relatively high at 31 December 2009, i.e. 46.2% (2008: 53.4%), is consistent with predetermined budgetary parameters. The related finance costs for both years were comfortably within the Council-prescribed debt threshold (currently, 3% of recurrent operating income), which forms one of the cornerstones of the University's long-term financial planning framework.

Consolidated Income Statement

A total (i.e. "consolidated") net surplus of R19.3 million was reported for the year ended 31 December 2009 (2008: surplus of R27.5 million), in both cases after so-called "non-recurrent" items of income and expenditure. The comparative figures in respect of recurrent operations only (and before finance costs) were as follows: 2009: R33.7 million and 2008: R43.8 million.

Table 2
Liabilities: 2009



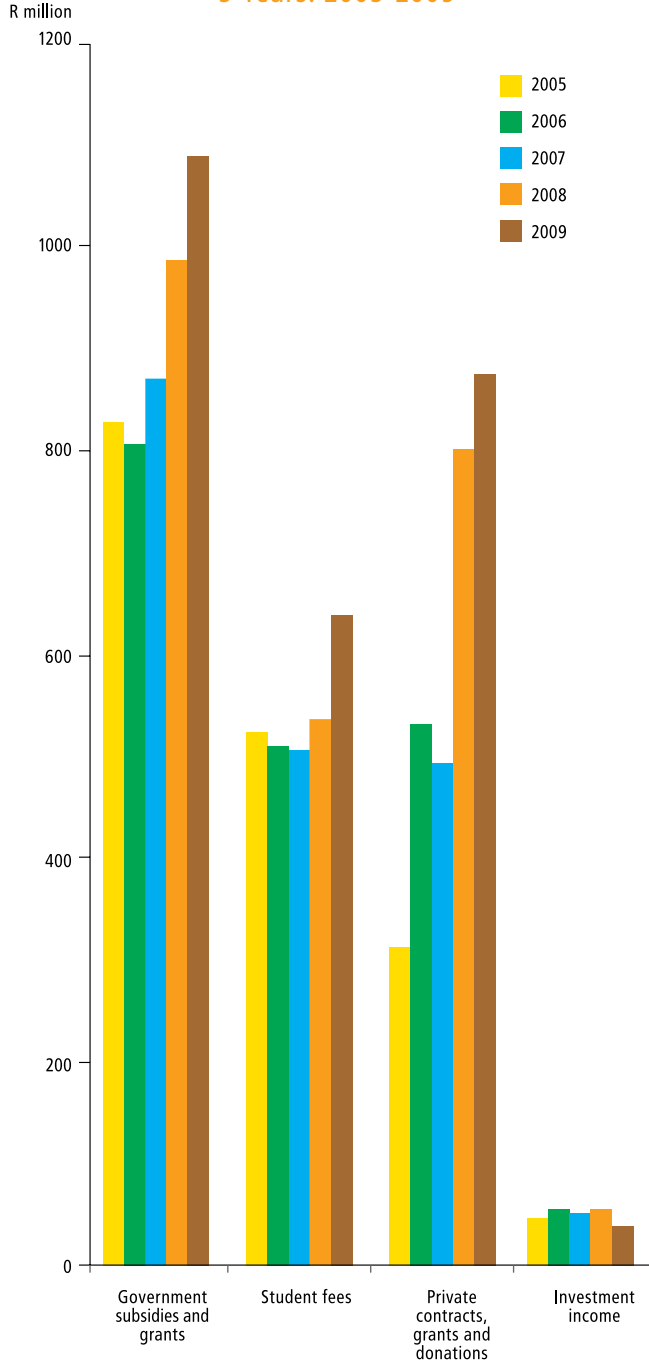
The Council-controlled component of the income statement reflected an operating deficit, before accounting for the abovementioned (non-recurrent) items and finance costs, of R44.7 million for 2009 (2008: R113.3 million). These results are analysed and commented upon more fully in **Table 5** on page 81 of this report.

Surpluses of R54.9 million and R21.9 million, respectively, in the specifically-funded activities and the endowment funds components of the consolidated income statement, served to compensate for the Main Fund operating deficit. These results, whilst gratifying, highlight the need for a more appropriate system of internal overhead cost recoveries to better account for the significant, and increasing, support (both direct and indirect) rendered by the University to all ostensibly “non-Council” activities, most notable of which are in the form of externally-funded research contracts and grants.

Table 3 depicts the major sources of income for each of the last five years. Appreciable growth has occurred in government subsidies and grants and, also, in the levels of research activity, the latter being reflected to a large extent in the category of private contracts, grants and donations. This growth has served to compensate for the relatively static nature of student fee income for four of the five years under review.

Despite a significant increase in tuition and other fee income of R102.4 million, or 19.1%, in 2009 (2008: R29.4 million (5.8%)), the net annual average growth during the five year period 2005-2009 inclusive, of 4.4% per annum, lagged prevailing inflationary trends. In part, this is explained by the effects of successively diminishing enrolments in 2006, 2007 and 2008. Although this trend was reversed in 2009, it was accompanied by an increase in the number, and cost, of students accommodated in off-campus housing, which in many cases proved to be financially non-viable. Although turnover in student residence fees increased by R28.7 million, the consolidated residences generated a loss of R3.7 million for the 2009 year (2008: net surplus of R7.3 million).

Table 3
Consolidated Income
5 Years: 2005-2009



An analysis of student fee income as a percentage of total (recurrent) income confirms this declining trend over the five-year period, as follows:

- 2005 – 30.5%
- 2006 – 26.8%
- 2007 – 26.4%
- 2008 – 22.5%
- 2009 – 24.2%

The importance of research-related and other specifically-funded activities in terms of their contribution to total turnover is evident from the trends in **Table 3**. In 2006, the income generated by this category exceeded, for the first time, the combined contributions from student tuition and residence fees income.

It is also noteworthy that, for each of the past two years, income from private contracts, grants and donations has accounted for approximately one-third of the University's total income. Their significant growth between 2005 and 2009 – albeit inconsistent from year to year – is demonstrated by the following figures (expressed both in monetary terms, as well as in percentages of total recurrent income, to emphasise the relative significance of contracts, grants and donations):

- 2005 – R320 million (18.6%)
- 2006 – R535 million (28.0%)
- 2007 – R494 million (25.7%)
- 2008 – R802 million (33.7%)
- 2009 – R875 million (33.1%)

Against the comparatively modest student fees growth of 4.4% per annum referred to above, the increases in externally-funded private contracts, grants and donations are equivalent to an average of 21.9% per annum

during the past five years. Government subsidies and grants, excluding merger-related and other non-recurrent grants, have increased, on average, by only 7% per annum during the same period.

Increases in consolidated personnel costs (8.2%) and other operating expenses (10%) were, during 2009, generally contained within budget, but nevertheless exceeded prevailing inflation. In the case of personnel costs, this is explained in part by increased retirement funding contributions and an overall increase in the average number of employees (2009: 5 198 compared with 2008: 4 814, in both cases expressed as full-time equivalent staff, or "FTEs").

Disproportionately high increases occurred in 2009 in a number of operating expenses, most notably in rates and utility charges, repairs and maintenance, operating leases, computer software costs and in certain outsourced service costs (see note 21 to the AFS for more details). Total recurrent expenditure rose by 11.9% (R272.3 million) in 2009 and in 2008 by 17.4%, in both years largely as a result of commensurate increases in research and related activities. Finance costs, too, rose significantly as a result of the commencement, in 2008, of debt service programmes in respect of recently completed buildings, including merger-related projects funded in part by external borrowings and, in the case of the Westville residences, by way of a financial lease arrangement. These expenditure trends are analysed in broad outline for the five-year period from 2005 to 2009 in **Table 4** (page 80).

As part of its endeavour to maintain its financial sustainability, the University has adopted a five-year financial plan (2008-2012) and a budgetary framework. These are based on, *inter alia*, achieving progressive reductions in budgeted personnel costs and operating expenses (in each case expressed as percentages of total recurrent income) from their previously high levels and to thereby ensure that the current operating deficits are first reduced and then eliminated over the ensuing four to five

years. Between 2004 and 2007, no meaningful progress was made in this respect, but it is pleasing to note that, in both 2008 and 2009, significant reductions in the Council-controlled (i.e. Main Fund) personnel costs were achieved. The respective figures (again, expressed as percentages of total recurrent income) are as follows:

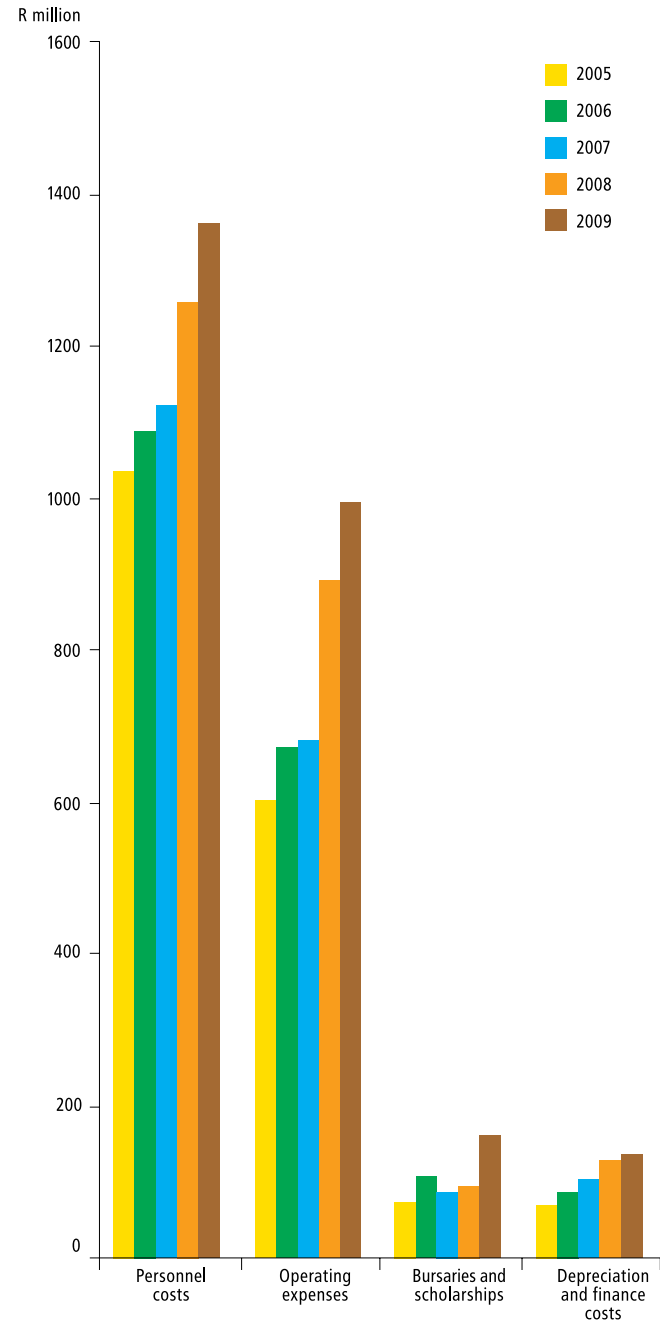
- 2005 – 71.0%
- 2006 – 69.4%
- 2007 – 70.1%
- 2008 – 65.6%
- 2009 – 62.2%

For statutory reporting and, also, the purposes of the above analysis, retirement funding contributions and post-retirement costs are included in personnel costs, although these are not readily controllable by budgetholders as they are consequences of conditions of service. Moreover, they are exceedingly susceptible to variations arising from actuarial valuations that are themselves sensitive to inflationary and market factors. Both items are significant and warrant close attention as part of the University's future financial management strategy to achieve its cost containment objectives. In 2009, for example, the combined sum of these costs was R171.3 million (or 12.6% of total personnel costs).

Depreciation and finance costs, although not material components of expenditure when compared with the above costs, are both set to increase significantly in line with the current and planned capital expenditure programmes. Current (actual) and five-year target figures are as follows:

- Depreciation: 2009 – 3.6%; 2012 (target) – 6.5%
- Finance costs: 2008 – 1.5%; 2012 (target) – 3.0%

Table 4
Consolidated expenditure
5 Years: 2005 - 2009



Recurrent Unrestricted Council Controlled Operations: 2005 to 2009

As stated above, the Council-controlled component of the income statement reflects the results of the University's core (unrestricted) operating activities. The results for the past five years are shown in **Table 5** below. Despite recurrent operating deficits recorded during that period, the 2009 figures reflect an improved performance, especially if

viewed as a percentage of recurrent income and, also, when related to the consolidated surplus from recurrent operations (R33.7 million; 2008:

R43.8 million) – this being the second successive year that an overall surplus has been achieved in the past five years. These figures, although encouraging, serve to emphasise the need for continuing financial discipline by all budget-holders during the ensuing five years, and beyond, to achieve financial sustainability in the medium- and long-terms.

Table 5 : Summarised Income and Expenditure (Recurrent Operations): 2005-2009

Council Controlled Funds	2005	2006	2007	2008	2009
	R'm	R'm	R'm	R'm	R'm
INCOME					
Government subsidies and grants	761	777	856	991	1 029
Tuition and other fee income	442	409	421	435	510
Grants contracts and donations	40	108	54	102	219
Investment income	29	33	17	3	5
Total recurrent income (A)	1 272	1 327	1 348	1 531	1 763
EXPENDITURE					
Personnel costs	903	921	945	1 028	1 097
Other operating expenses	371	378	399	499	517
Bursaries and scholarships	33	80	45	51	125
Depreciation	46	58	67	66	69
Total recurrent expenditure	1 353	1 437	1 456	1 644	1 808
Recurrent operating deficit					
Council-controlled funds (B)	(81)	(110)	(108)	(113)	(45)
Deficit (B) expressed as a % of (A)	6.4%	8.3%	8.0%	7.4%	2.6%
Comparatively :					
Consolidated operating surplus/(deficit) (R' m)	(48)	(41)	(58)	44	34

Consolidated Statement of Changes in Funds

The movements in funds for the three years ended 31 December 2007, 2008 and 2009, respectively, are shown in the appropriate statement (page 92) of the AFS. It should be noted that, as a result of a series of prior year adjustments, which are explained in the notes to the AFS, the 2009 opening fund balances were restated downwards, by R93.7 million, from R840.7 million to R747.0 million. Comparatively, the closing fund balances at 31 December 2009 increased to R853.3 million.

Apart from the operating surpluses and deficits to which reference has been made earlier in this report, there was an increase of R81.8 million in funds in the form of gains in the market value of investments (as opposed to a diminution in value of R139.8 million in 2008), which is reflected in the Revaluation Reserve. These movements resulted from unrealised market losses and gains in 2008 and 2009 respectively, which, in turn, were attributable to the global economic crisis.

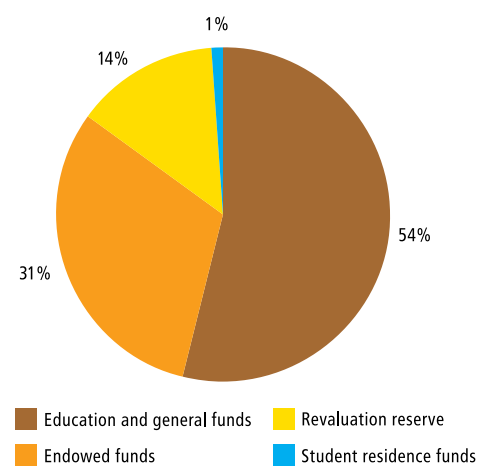
Other funds movements during the past year were collectively not material and are shown, as required, in the change of funds statement and incorporated in the balance sheet. The consolidated fund balances at 31 December 2009 reflect an overall net increase of 14.2% relative to the opening balances. The composition of the University's consolidated funds at 31 December 2009 is shown in **Table 6** alongside.

Consolidated Cash Flow Statement

Positive cash flows generated from operations during the 2009 year of R202.9 million (2008: R103.9 million) were utilised largely to finance additions to property, plant and equipment. Whilst liquidity levels remained tight for much of the year, net cash resources at 31 December 2009 increased by some R70 million relative to the prior year, mainly as a result of government grants having been received but not expended by financial year-end.

The 2009 year was characterised by a marked decline in the level of investment income, coupled with a corresponding increase in finance costs. Unlike the two preceding years, the net result of the treasury and cash management operations was an excess of finance costs over investment

Table 6
Funds: 2009



income, of R1.3 million (2008: net surplus of income over finance costs of R22.9 million; 2007: net surplus of R47.7 million).

Strict controls are exercised over cash flow and treasury activities. Bank balances, including call and notice deposits, are monitored closely on a daily basis to optimise investment returns. Efforts are also being continuously directed to improve collections from student and general debtors, although this remains problematic, especially in the prevailing poor economic climate. Additional borrowings are in the process of being raised through the Development Bank of Southern Africa to finance the University's continuing capital infrastructure programme; once in place, these facilities will alleviate pressure on cash flow.

Notes to the Consolidated Annual Financial Statements

The summary of accounting policies and notes describe, variously, the bases of accounting adopted by the University, the extent of adherence to recognised financial reporting frameworks and details of material components of assets, liabilities, income, expenditure and other information required to be disclosed in accordance with prevailing

reporting requirements. Except as otherwise indicated below, these do not require any further elucidation.

Note 26 to the AFS describes a number of prior year adjustments relating to the recognition of revenue from specifically-funded grants, and in respect of CAPRISA (Centre for the Aids Programme in South Africa), as well as the reclassification of a (prior year) deferred capital grant relating to the DBSA loan. The reasons for, and financial effects of, these adjustments are detailed in the notes, and have also been explained briefly in the foregoing paragraphs of this report.

As has been the case since the 2005 year, the auditors have once again qualified their audit opinion for the past year. This qualification stems from the University's non-compliance with South African Statement of Generally Accepted Accounting Practice ("GAAP") AC 123 – Property, Plant and Equipment (IAS 16). As more fully explained in note 30 to the financial statements, the University has elected not to adopt the so-called "componentisation approach" to depreciation, nor has it reviewed the useful lives and residual values of individual assets at balance sheet date. It is the opinion of management that it would be impracticable to carry out this exercise at the present time and that the cost of doing so would exceed the benefits derived. It nevertheless remains the objective and commitment of management to ensure that the University's fixed assets recording and control systems are sufficiently reliable to obviate the ongoing need for an audit qualification. This is likely to occur only once the present capital programme draws to a close, following which it will be possible to undertake a comprehensive assessment and valuation of all University properties and major equipment with a view to ensuring compliance with the relevant GAAP requirements, although the cost of doing so is likely to be significant.

Despite the foregoing, the auditors are satisfied that all other elements of the financial statements fairly present the University's financial position and the results of its operations, and their opinion to the University

Council is framed accordingly. Both Council and management, in affirming their respective roles and responsibilities, are asked annually to attest to the integrity and fair presentation of the financial statements (see page 87 of the consolidated AFS for full details of Council's responsibility). In this way, the University is in a position to report to its stakeholders with confidence as to its compliance with prevailing reporting frameworks and statutes, as well as its "going concern" status. The respective management representations for 2009 were presented to, noted, and endorsed as being appropriate, by a joint meeting of the University's Finance and Audit & Risk Committees; this being preparatory to the financial statements serving before Council and, in turn, prior to their submission to the Department of Higher Education and Training.

A Commitment to Good Governance, Accountability and Service Delivery

The creation of a culture of good corporate and financial governance that is, in turn, fostered by a strong sense of accountability and transparency, is crucially dependent on the Finance Division's capability to produce regular, timely, accurate and relevant financial reports. This annual report is one such example of the University's commitment to public accountability.

So, too, the University's financial sustainability and, in turn, its academic and research reputations depend on its ability to attract, alternatively to generate, new funding sources in the form of endowments, donations, research grants and contracts, and other forms of third-stream income. For this to happen, it must have in place an efficient financial system that is not only capable of effectively managing and accounting for the University's finances, but also one that instills confidence in all who depend on its services. The attainment of an enabling environment that is consistent with the University's vision and that is capable of delivering on its strategic plan remains a key objective for the senior management in the Finance Division.

Thanks and Conclusion

I wish to take this opportunity to thank our externally-contracted consultants and advisors for their assistance and, also, those members of staff in the Finance Division who ensured that the University met its statutory reporting obligations and deadlines on a timely basis.

A special word of appreciation is extended to the members of the Audit & Risk and Finance Committees, for their guidance in the course of finalising the 2009 financial statements and the audit thereof. The thorough interrogation of all representations, reports and draft financial statements presented to them for review is testimony to their diligence and the sincerity of commitment to properly discharge their fiduciary responsibilities in a manner that serves the best interests of the University. University stakeholders who are reliant on the stewardship of its financial custodians and governance structures alike should be reassured accordingly by the positive tenor of the 2009 Annual Report.



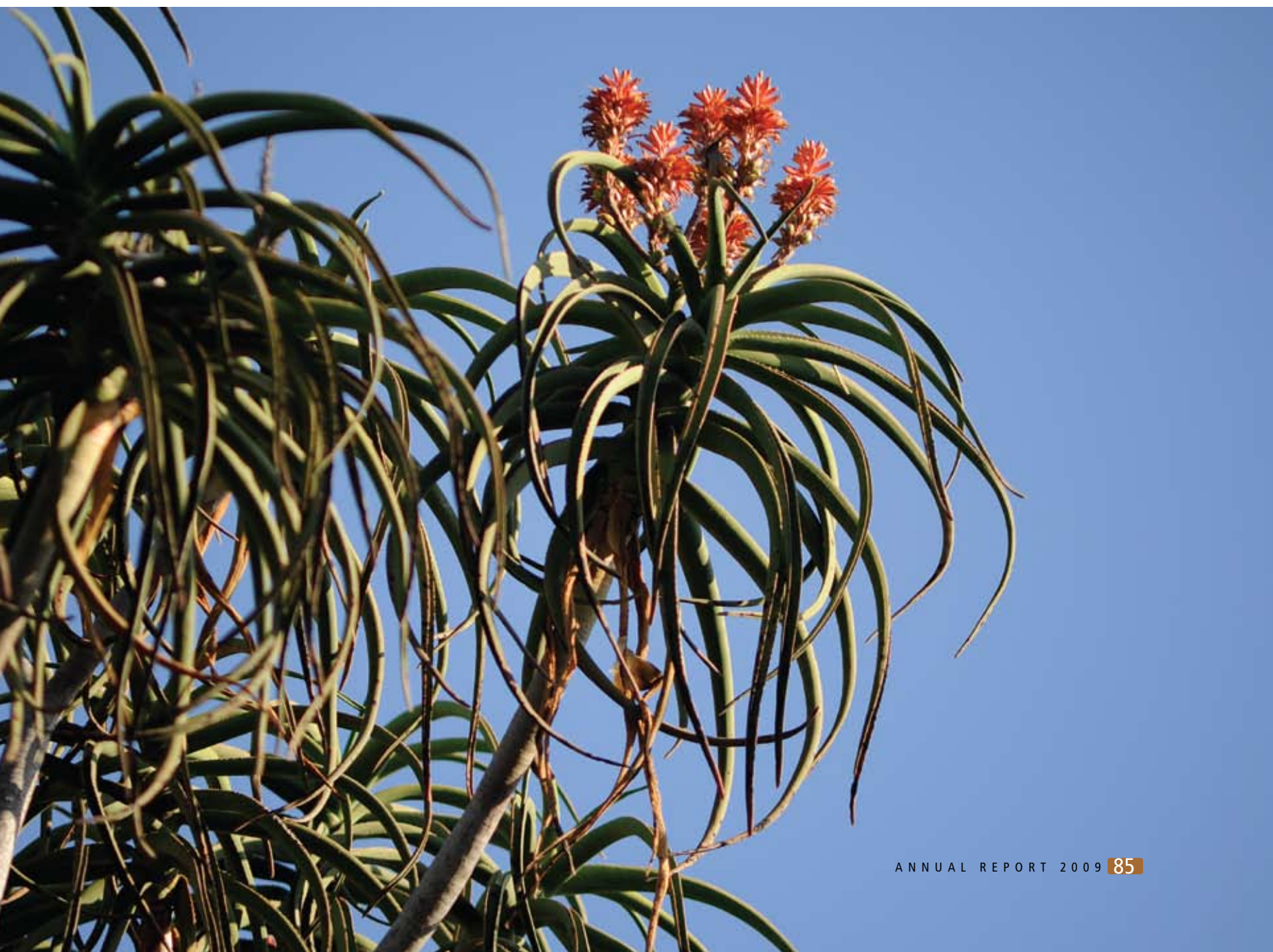
MR R H CLARKSON
Chief Finance Officer

4 June 2010



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2009



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Council's Statement of Responsibility for the Consolidated Annual Financial Statements

31 December 2009

The Council is responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of the University of KwaZulu-Natal.

The consolidated financial statements presented on pages 90 to 128 of this annual report for 2009 have, except as stated in note 30 (page 128), been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP") and in the manner required by the Minister of Higher Education and Training in terms of the Higher Education Act (No. 101 of 1997), as amended. Compliance with GAAP requires, *inter alia*, management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These 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 judgements about the 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. The Council also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the financial statements.

The 'going concern' basis has been adopted in the preparation of the financial statements. The Council has no reason to believe that the University of KwaZulu-Natal will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The viability of the University is supported by the financial statements.

These consolidated financial statements have been reported on by the independent auditors, Deloitte & Touche, who were given unrestricted access to all financial records and related data, including minutes of meetings of the Council and all its committees. The Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

Approval of the Consolidated Annual Financial Statements

The consolidated annual financial statements set out on pages 90 to 128 were approved by the Council of the University of KwaZulu-Natal on 4 June 2010 and are signed on its behalf by:-



M MIA

Chair of Council



L FRANCOIS

Chair of Audit and Risk Committee



PROFESSOR M W MAKGOBA

Vice-Chancellor and Principal



R H CLARKSON

Chief Finance Officer

INDEPENDENT AUDITORS' REPORT

to the Members of the Council of the University of KwaZulu-Natal

Report on the financial statements

We have audited the consolidated annual financial statements of the University of KwaZulu-Natal for the year ended 31 December 2009, set out on page 87 and on pages 90 to 128, which comprise the Council's statement of responsibility for the consolidated annual financial statements, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in funds and reserves, the consolidated statement of cash flows and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

Council's responsibility for the financial statements

The University Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, (no. 101 of 1997) as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 qualified audit opinion.

Basis for Qualified Opinion

Property, Plant and Equipment

South African Statement of Generally Accepted Accounting Practice, AC 123 (IAS 16): *Property, Plant and Equipment* requires the assessment of useful lives and residual values for plant and equipment capitalised under the standard on at least an annual basis. In addition, it requires that each part of plant and equipment that is significant in relation to each other to be depreciated separately. As described in note 30 to the annual financial statements, the University of KwaZulu-Natal is not in compliance with the above mentioned requirements. We have not been able to determine whether any adjustments would be necessary to the depreciation of Plant and Equipment had the above mentioned policies been applied.

Independent Auditors' Report (continued)

Qualified Opinion

In our opinion, except for the effect of the matter referred to in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the University of KwaZulu-Natal as at 31 December 2009, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, (no. 101 of 1997) as amended.



Deloitte & Touche

Registered Auditors

Per: M Luthuli

Partner

4 June 2010

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DL Kennedy, Tax & Legal and Risk Advisory; L Geeringh, Consulting; L Bam, Corporate Finance;
CR Beukman, Finance; TJ Brown, Clients & Markets; NT Mtoba, Chairman of the Board.
Regional Leader: GC Brazier

A full list of partners and directors is available on request.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Notes	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
ASSETS				
Non-current Assets		2 068 621	1 815 663	1 682 148
Property, plant and equipment	2	1 103 074	1 005 814	789 185
Investments	3	769 199	653 202	759 486
Non-current receivables	4	196 348	156 647	133 477
Current Assets		480 276	440 994	453 396
Inventories	5	6 851	5 193	4 274
Accounts receivable and prepayments	6	291 748	324 055	269 450
Cash and cash equivalents	7	181 677	111 746	179 672
Total Assets		2 548 897	2 256 657	2 135 544
FUNDS AND LIABILITIES				
Funds		853 286	746 969	846 338
Non-distributable funds				
- Endowed funds		351 475	333 198	318 684
- Revaluation reserve		162 284	81 803	222 885
Restricted funds designated for specific activities				
- Education and general		625 901	622 112	547 379
- Student residences		7 170	16 328	21 663
Unrestricted Council-controlled funds		(293 544)	(306 472)	(264 273)
Non-current Liabilities		1 253 471	1 108 032	945 674
Borrowings	8	349 739	353 502	264 593
Deferred government grants	9	171 744	98 990	34 896
Post-retirement obligations	11	606 849	561 553	515 316
Non-current portion of employee benefits	12	125 139	93 987	130 869
Current Liabilities		442 140	401 656	343 532
Accounts payable and accrued liabilities	13	303 863	240 541	259 770
Current portion of borrowings	8	44 794	45 028	8 300
Current portion of employee benefits	12	64 304	84 857	41 591
Student deposits		29 179	31 230	33 871
Total Funds and Liabilities		2 548 897	2 256 657	2 135 544

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	Notes	Education and General							
		Council- Controlled Funds Unrestricted R'000	Specifically Funded Activities Restricted R'000	Sub-total R'000	Student Residences Restricted R'000	Endowed Funds Restricted R'000	2009 Total R'000	2008 (Restated) Total R'000	2007 (Restated) Total R'000
INCOME									
Recurrent Income									
Government subsidies and grants	14	1 029 504	58 889	1 088 393	1 192	-	1 089 585	986 445	871 658
Tuition and other fee income		509 606	20 955	530 561	108 345	-	638 906	536 546	507 140
Private contracts, grants and donations		219 121	637 856	856 977	2 926	15 550	875 453	802 127	493 895
Investment income	15	4 670	13 816	18 486	3 980	17 106	39 572	56 212	51 388
Total recurrent income		1 762 901	731 516	2 494 417	116 443	32 656	2 643 516	2 381 330	1 924 081
EXPENDITURE									
Recurrent Expenditure									
Personnel costs	16	1 097 137	245 214	1 342 351	13 608	4 472	1 360 431	1 257 711	1 121 993
Other operating expenses	21	494 494	376 857	871 351	80 114	12 697	964 162	876 088	662 734
Bursaries and scholarships		125 295	27 725	153 020	-	7 095	160 115	93 907	87 742
Minor capital items expensed		21 850	5 178	27 028	2 585	74	29 687	14 602	19 530
Depreciation	2	68 832	21 678	90 510	4 949	2	95 461	95 205	98 273
Total recurrent expenditure		1 807 608	676 652	2 484 260	101 256	24 340	2 609 856	2 337 513	1 990 272
SURPLUS / (DEFICIT) from recurrent operations		(44 707)	54 864	10 157	15 187	8 316	33 660	43 817	(66 191)
Non-recurrent items									
Realised gains on sale of investments	3	12 982	-	12 982	-	13 560	26 542	20 947	112 185
Leave pay policy adjustment		-	-	-	-	-	-	(3 991)	42 258
Government merger-related grant		-	-	-	-	-	-	-	10 092
Total non-recurrent items		12 982	-	12 982	-	13 560	26 542	16 956	164 535
SURPLUS / (DEFICIT) before finance costs		(31 725)	54 864	23 139	15 187	21 876	60 202	60 773	98 344
Finance costs	15	21 996	-	21 996	18 874	-	40 870	33 273	3 688
NET SURPLUS / (DEFICIT) for the year		(53 721)	54 864	1 143	(3 687)	21 876	19 332	27 500	94 656

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES

for the year ended 31 December 2009

	Notes	Non-distributable Funds		Funds Designated for Specific Activities		Council-Controlled Funds			Total Funds (Restated)
		Endowed Funds Restricted R'000	Revaluation Reserve Restricted R'000	Education & General Restricted R'000	Student Residences Restricted R'000	Operating Funds Unrestricted R'000	PPE Funds Unrestricted R'000	Sub-total R'000	R'000
Fund balances at 1 January 2007									
- As previously reported	26.2	256 563	228 260	564 850 (14 121)	21 213	(906 597)	598 676	(307 921)	762 965 (14 121)
- Government grants									
Restated fund balances at 1 January 2007		256 563	228 260	550 729	21 213	(906 597)	598 676	(307 921)	748 844
Net surplus / (deficit) for 2007									
- As previously reported	26.1	65 641	-	36 658 12 716	13 834	(13 418)	-	(13 418)	102 715 12 716
- CAPRISA adjustments	26.2			(20 775)					(20 775)
- Government grants									
Restated net surplus / (deficit) for 2007		65 641	-	28 599	13 834	(13 418)	-	(13 418)	94 656
Funds received / (utilised)		(1 525)	40	(21 857)	2 275	131 216	-	131 216	110 149
Merger-related grant utilised for capital work-in-progress		-	-	(10 092)	-	-	10 092	10 092	-
Net reduction in PPE funds		-	-	-	-	-	(108 135)	(108 135)	(108 135)
Change in fair value of investments	3	-	824	-	-	-	-	-	824
Transfers between funds		(1 995)	(6 239)	-	(15 659)	8 234	15 659	23 893	-
Restated fund balances at 31 December 2007		318 684	222 885	547 379	21 663	(780 565)	516 292	(264 273)	846 338
Net surplus / (deficit) for 2008									
- As previously reported	26.1	17 415	-	167 663 (7 428)	7 294	(93 350)	-	(93 350)	99 022 (7 428)
- CAPRISA adjustments	26.2			(28 441)		(35 653)		(35 653)	(64 094)
- Government grants									
Restated net surplus / (deficit) for 2008		17 415	-	131 794	7 294	(129 003)	-	(129 003)	27 500
Funds utilised		(645)	-	(57 061)	(12 629)	(7 736)	-	(7 736)	(78 071)
Net increase in PPE funds		-	-	-	-	-	90 991	90 991	90 991
Change in fair value of investments	3	-	(139 789)	-	-	-	-	-	(139 789)
Transfers between funds		(2 256)	(1 293)	-	-	3 549	-	3 549	-
Restated fund balances at 31 December 2008		333 198	81 803	622 112	16 328	(913 755)	607 283	(306 472)	746 969
Net surplus / (deficit) for 2009		21 876	-	54 864	(3 687)	(53 721)	-	(53 721)	19 332
Funds utilised		(1 771)	-	(51 075)	(5 471)	(37 731)	-	(37 731)	(96 048)
Net increase in PPE funds		-	-	-	-	-	101 259	101 259	101 259
Change in fair value of investments	3	-	81 774	-	-	-	-	-	81 774
Transfers between funds		(1 828)	(1 293)	-	-	3 121	-	3 121	-
Fund balances at 31 December 2009		351 475	162 284	625 901	7 170	(1 002 086)	708 542	(293 544)	853 286

CONSOLIDATED STATEMENT OF CASH FLOWS

as at 31 December 2009

	Notes	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
Operating activities				
Cash generated from / (used in) operations	22	202 853	103 886	(24 240)
Investment income, less finance costs		(1 298)	22 939	47 700
Investment income	15	39 572	56 212	51 388
Less : Finance costs	15	(40 870)	(33 273)	(3 688)
Net cash inflows from operating activities		201 555	126 825	23 460
Investing activities				
Net cash used in investing activities		(201 037)	(327 025)	(318 759)
Additions to property, plant and equipment	2	(196 889)	(313 572)	(264 227)
Proceeds from disposal of property, plant and equipment		1 148	1 291	1 459
Withdrawal of investments	3	21 650	18 347	-
Reinvestment of net investment income	3	(29 331)	(30 905)	(34 858)
Decrease / (Increase) in long-term fixed deposits	4	2 385	(2 186)	(21 133)
Financing activities				
Net cash inflows from financing activities		69 413	132 274	232 888
Proceeds from long-term loan: Development Bank of Southern Africa (DBSA)	8	-	-	250 000
Repayment of long-term loan: DBSA	8	(5 598)	-	-
Repayment of government-subsidised loans	8	(3 456)	(4 472)	(6 522)
Decrease / (Increase) in student loans	4	656	(57 457)	(34 766)
Increase in finance lease liabilities	10	5 057	130 109	3 401
Increase in government grants	9	72 754	64 094	20 775
Net increase / (decrease) in cash and cash equivalents		69 931	(67 926)	(62 411)
Cash and cash equivalents at beginning of year		111 746	179 672	242 083
Cash and cash equivalents at end of year	7	181 677	111 746	179 672

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2009

1 ACCOUNTING POLICIES

1.1 Statement of compliance

The consolidated annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, (Act No. 101 of 1997), as amended.

1.2 Basis of preparation

The consolidated financial statements are presented in South African rands, rounded to the nearest thousand (R'000) in each case. They are prepared under the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year, except for the adoption of AC 101 (IAS 1) revised: *Presentation of Financial Statements* and AC 144 (IFRS 7): *Financial Instruments: Disclosures* during the current period. The adoption of these standards has resulted in certain disclosure reclassifications, but has not resulted in any changes in accounting policy.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at 31 December each year.

Subsidiaries are entities controlled by the University. Control exists where the University has the power, either directly or indirectly, to govern the financial and operating policies of an entity or is the sole beneficiary. Subsidiaries are consolidated from the date on which control is obtained by the University and until they are disposed of or control ceases. All inter-entity transactions, balances and unrealised surpluses and deficits are eliminated on consolidation. Where necessary, appropriate adjustments are made to the accounting policies of subsidiaries on consolidation to ensure consistency with the policies adopted by the University.

1.4 Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

1.4 Use of estimates and judgements (continued)

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In applying the University's accounting policies, management has made the following judgements, apart from those involving estimations, which most significantly effect the amounts recognised in the financial statements:

Investments

All investments, with the exception of specific investments which are held-to-maturity, are considered to be "available-for-sale" investments as the intention is to grow the value of the investment portfolios over the long - term.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Depreciation

At the end of each reporting period, management reviews the assets within property, plant and equipment to assess whether the estimated useful lives and estimated residual values applied to each asset are appropriate.

Impairment

Management assess whether there are any indicators of impairment for all non - financial assets at each reporting date.

Accounts receivable

At the end of each reporting period, management makes an estimate of the provision for impairment of receivables which may be considered irrecoverable.

Employee benefits

A provision is made for the estimated liability for annual leave and sabbatical

1.4 Use of estimates and judgements (continued)

Employee benefits (continued)

leave as a result of services rendered by academic, professional, administrative and other support staff up to the financial year end.

Post-retirement obligations

For the purposes of valuing the University's future obligations in respect of post-retirement health care, provident fund and pension fund benefits, key assumptions are made in respect of discount rates, expected inflation on medical aid contributions, expected age of retirements and mortality rates.

1.5 Income recognition

State subsidies and grants for general purposes are recognised as income in the financial year to which they relate. Subsidies and grants for specific purposes are brought into the appropriate funds at the time that they are available to finance the expenditure for the purposes provided. However, if funding is provided in advance of the specified requirements, (i.e. the University does not have immediate legal entitlement to it), the relevant amounts are deferred and recognised in the applicable subsequent period.

Income received for designated specific purposes arises from contracts, grants, donations and specific endowments. Such income is brought into the consolidated statement of comprehensive income in the financial period in which the University becomes entitled to the use of these funds in accordance with the relevant agreements.

Funds received which the University cannot use until some specified future period or occurrence, are held in an appropriate fund until the financial period in which the funds can be used, at which time the amounts are recognised as income. If the funds are returnable to their source in the absence of the event or occurrence, or in the case of trust and agency monies, they are disclosed on the consolidated statement of financial position under non-current or current liabilities, as applicable.

Tuition and residence fees are recognised as income in the period to which they relate, i.e. at the time these fees are formally billed. Deposits provided by prospective students are treated as current liabilities until these amounts are billed as due. Provision is made for the estimated unrealisable amount.

Interest is recognised on a time allocation basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University. Dividends are recognised when the right to receive payment is established.

1.5 Income recognition (continued)

Interest, dividends and other income received or due on assets representing endowment and trust funds are credited directly to the respective funds and are transferred to income only in terms of the relevant legal conditions governing such funds.

1.6 Segment information and accumulated funds

The consolidated statement of comprehensive income and the statement of changes in funds and reserves are prepared on a segmented basis in the manner required in terms of section 41 of the Higher Education Act, (Act No. 101 of 1997), as amended. Income and expenditure categorised as "Council-controlled" relate to funds over which the Council of the University has legal control and unrestricted, i.e. discretionary, authority. Specifically-funded activities relate to funds generated and utilised in terms of the legal requirements of the grantors and donors of such funds and are therefore regarded as "restricted use" funds.

Student Residences income, expenditure and funds relate to the provision of student accommodation and housing. Income and expenditure shown as Endowment Funds comprise funds received for bursaries, scholarships and related activities. The consolidated statement of changes in funds and reserves is similarly segmented and also includes a Property, Plant and Equipment (PPE) fund, which represents the net carrying values of the PPE, less attributable external borrowings.

The Revaluation Reserve carries those gains and losses on investments that are not recognised in the consolidated statement of comprehensive income, as well as the revaluation surplus on property, a portion of which is systematically released to income annually. The unrealised gains and losses arise as a result of movements in the fair value of investments.

Education and General funds comprise restricted purpose funds for which the University has, in terms of the related contractual agreements, obligations to utilise the relevant funds for specifically-designated activities and to account accordingly.

1.7 Foreign currency transactions

Foreign currency transactions are accounted for at spot rates, being the exchange rates prevailing at the dates of the respective transactions. Gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of comprehensive income in the year in which they arise. Assets and liabilities designated in foreign currencies at the consolidated

1.7 Foreign currency transactions (continued)

statement of financial position date are translated at the rates of exchange ruling at the reporting date.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted-average method and includes costs incurred in acquiring inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price of inventory, should it be sold at arm's length, less estimated selling expenses.

The costs of minor departmental stocks acquired during the year are charged against current income and are not brought into account as inventory at the financial year-end.

1.9 Retirement benefits

The University provides retirement benefits for its employees through a number of defined contribution and defined benefit plans. Liabilities in respect of funded and unfunded obligations are recognised when employees have provided service for benefits to be paid in the future.

Defined contribution plans

Employer contributions to the defined contribution plan funds are charged to the consolidated statement of comprehensive income in the year in which they are incurred. The University has no further payment obligations once these contributions have been paid.

Defined benefit plans

For the defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out full valuations of the plans at least every two years. Pension obligations are measured at the present value of the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liabilities. Net differences between expected returns on plan assets and interest arising from discounting the obligations are reflected under other operating expenditure. Resultant liabilities are recognised at the consolidated statement of financial position date.

Actuarial gains and losses are recognised to the extent that they exceed

1.9 Retirement benefits (continued)

Defined benefit plans (continued)

10% of the defined benefit obligations or plan assets, as applicable, over the expected average future working lives of participants in the respective plans.

Post-retirement health care obligations

Post-retirement health care benefits are provided for all employees and retirees who were members of the University's medical schemes prior to 1 July 2004. The entitlement to post-retirement health care benefits is based on employees remaining in service up to retirement age. The expected costs of these benefits are accrued over the periods of employment, using the projected unit credit method. These service costs are charged to income as incurred. Valuations of these obligations are carried out by independent qualified actuaries annually.

Actuarially calculated liabilities are recognised at the end of each financial year. Actuarial gains and losses are recognised to the extent that they exceed 10% of the defined benefit obligation, over the expected average future working lives of eligible in-service employees.

1.10 Property, plant and equipment

Items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Donated assets are recorded at fair value on initial recognition as determined by management and/or external valuers and subsequently, at their fair value on initial recognition, less accumulated depreciation and impairment losses.

Assets costing less than R10 000 are written off in the year of acquisition. Library books, journals and collections are written off in the year in which they are acquired. Land is not depreciated as it is deemed to have an indefinite life.

Interest costs on borrowings to finance the construction of property, plant and equipment, are capitalised as part of the cost of the related assets during the period of time that is required to complete and prepare them for their intended use, in accordance with the requirements of AC 114 (IAS 23): *Borrowing Costs*.

Depreciation is calculated on the straight-line method, at rates calculated to write off the costs or revalued amounts of assets, to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Motor vehicles	5 years
Computer equipment	3 - 5 years
Furniture and equipment	5 years

1.10 Property, plant and equipment (continued)

Routine maintenance costs are charged to income as incurred. Costs of major maintenance or refurbishment of items of property, plant or equipment are recognised as expenses, except where the useful lives of the assets concerned have been extended. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the carrying values of the respective assets at disposal to the proceeds on their disposal and are accounted for in the consolidated statement of comprehensive income.

1.11 Accounting for Leases

University as a lessee

Leases of property, plant and equipment where the University assumes substantially all the benefits and risks of ownership are classified as finance leases. A finance lease is capitalised at the estimated fair value of the leased asset at the inception of the lease, less accumulated depreciation and impairment losses, or, if lower, at the present value of the underlying lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charges is charged to the consolidated statement of comprehensive income over the lease period. Items of property, plant and equipment acquired under finance leases are depreciated over their estimated useful lives on the same basis as that of owned assets.

Operating lease payments are recognised as expenses in the statement of comprehensive income on a straight-line basis over the respective lease terms.

University as lessor

Leases of property, plant and equipment in terms of which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the periods of the respective leases.

1.12 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

1.12 Provisions (continued)

embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

1.13 Employee benefits

Employee entitlements to annual leave, including academic staff sabbatical leave, are recognised when they accrue. An accrual is made for the estimated liability for accumulated leave as a result of services rendered up to the consolidated statement of financial position date. An accrual is made in respect of *pro rata* service bonuses paid annually to qualifying employees.

1.14 Financial assets and liabilities

Financial assets and liabilities are initially recognised when the University becomes party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or liabilities, except instruments at fair value through profit and loss, which are recognised at fair value.

Financial assets and financial liabilities are offset and the net amounts reported in the consolidated statement of financial position only 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 assets and settle the liabilities simultaneously.

The subsequent measurement of financial assets and liabilities depends upon the class of instrument and is described accordingly for the various categories.

The University determines the classification of its financial assets on initial recognition and where allowed and, where appropriate, re-evaluates this designation at each financial year-end.

"Available-for-sale" financial assets

Such assets comprise investments in listed equity shares, quoted interest-bearing corporate and government bonds, quoted unit trusts and money market deposits.

After initial recognition, "available-for-sale" financial assets are measured at fair value with gains or losses being recognised as a separate component of funds until the investment is de-recognised or until the investments are determined to be impaired, at which time the cumulative gains or losses previously reported in funds are included in the statement of comprehensive income.

1.14 Financial assets and liabilities (continued)

"Held-to-maturity" financial assets

"Held-to-maturity" investments are investments with fixed or determinable payments and fixed maturity dates. The intention of the University is to hold these investments to maturity. These investments are recognised at amortised cost using the effective interest rate method. Investments in sinking funds to meet certain debt obligations are classified as "held-to-maturity" and measured accordingly.

Financial assets in the scope of AC 133 (IAS 39) : *Financial Instruments* are classified as either "available-for-sale" financial assets, "held-to-maturity" investments, financial assets at fair value through profit or loss, and loans and receivables, as appropriate.

All investments, other than "held-to-maturity" investments, are measured at fair value without any deductions for transaction costs incurred on purchase. The fair value of marketable securities is the market value calculated by reference to securities exchange quoted selling prices at the close of business on the consolidated statement of financial position date.

Loans and receivables

Such assets comprise student fees receivable, accounts receivable, student loans and loans to employees. These assets are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and short-term investments in money market instruments, net of bank overdrafts. 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. Where no legal right of set-off exists against bank deposits, bank overdrafts are included under current liabilities in the consolidated statement of financial position. Cash and cash equivalents are initially measured at their fair value and subsequently measured at amortised cost.

Financial liabilities

Financial liabilities comprise accounts payable, accrued liabilities, deposits and borrowings.

1.14 Financial assets and liabilities (continued)

Financial liabilities (continued)

Accounts payable and accrued liabilities are initially measured at fair value. They are subsequently recorded at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the liabilities are de-recognised as well as through the amortisation process.

Deposits paid by prospective and current students are treated as current liabilities until the amounts are billed as due. Deposits are initially measured at fair value. They are subsequently measured at amortised cost.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method.

1.15 Impairment

At each financial year-end date, an assessment of the carrying amounts of property, plant and equipment, investments and other assets is made to determine whether there are any indications of impairment. If such indication exists, the estimated recoverable amounts of the impaired assets are determined and adjusted accordingly. The resultant impairment losses on the differences between the recoverable and carrying amounts are recognised in the consolidated statement of comprehensive income, unless the relevant assets are carried at revalued amounts, in which case the impairment losses are reversed against the revaluation reserve.

An impairment loss is reversed only to the extent that an asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

1.16 Research and development expenditure

Research and development expenditures are recognised as expenses in the periods in which they are incurred.

1.17 Computer software development costs

Costs associated with developing computer software programmes are recognised as expenses when incurred.

1.18 Deferred capital grants

Deferred capital grants arise as a result of grants received from government bodies related to capital. These grants are deferred and released to income on a straight line basis over the lives of the relevant assets.

1.19 Restatements

AC 101 (IAS 1) : *Presentation of Financial Statements* (as amended) requires an entity to present comparative statements of its financial position and related notes for three years where it:

- applies an accounting policy retrospectively;
- retrospectively restates items in its financial statements; or
- reclassifies items in its financial statements

The University complies with these requirements.

1.20 Standards not yet effective

Recent changes in accounting standards and regulations that have been released, but that were not effective for the year ended 31 December 2009 and, consequently, were not wholly applied in preparing the consolidated annual financial statements, include the following:

AC 101 (IAS 1) :	<i>Presentation of Financial Statements</i> , effective 1 January 2010
AC 118 (IAS 7) :	<i>Statement of Cash Flows</i> , effective 1 January 2010
AC 113 (IAS 39) :	<i>Financial Instruments: Recognition and Measurement</i> , effective 1 January 2010
AC 126 (IAS 24) :	<i>Related Party Disclosure</i> , effective 1 January 2011
AC 146 (IFRS 9) :	<i>Financial Instruments : Classification and Measurement</i> , effective 1 January 2013



					2009 R'000	2008 R'000	2007 R'000
2	PROPERTY, PLANT AND EQUIPMENT	Land & Buildings R'000	Furniture & Equipment R'000	Motor Vehicles R'000	Museum Collections R'000	Total	Total
At 31 December 2009							
Cost or valuation		1 307 989	679 056	55 231	1 912	2 044 188	
Accumulated depreciation		(390 013)	(514 095)	(35 094)	(1 912)	(941 114)	
Carrying value		917 976	164 961	20 137	-	1 103 074	
Movements for the year							
Opening carrying value		817 268	166 168	22 378	-	1 005 814	
Additions		124 349	67 402	5 124	14	196 889	
Disposals		-	(3 709)	(459)	-	(4 168)	
Depreciation charge		(23 641)	(64 900)	(6 906)	(14)	(95 461)	
Closing carrying value		917 976	164 961	20 137	-	1 103 074	
At 31 December 2008							
Cost or valuation		1 183 640	636 534	52 498	1 898	1 874 570	
Accumulated depreciation		(366 372)	(470 366)	(30 120)	(1 898)	(868 756)	
Carrying value		817 268	166 168	22 378	-	1 005 814	
Movements for the year							
Opening carrying value		623 385	146 795	19 005	-	789 185	
Additions		217 943	85 781	9 848	-	313 572	
Disposals		-	(1 603)	(135)	-	(1 738)	
Depreciation charge		(24 060)	(64 805)	(6 340)	-	(95 205)	
Closing carrying value		817 268	166 168	22 378	-	1 005 814	
At 31 December 2007							
Cost or valuation		965 697	563 784	45 247	1 898		1 576 626
Accumulated depreciation		(342 312)	(416 989)	(26 242)	(1 898)		(787 441)
Carrying value		623 385	146 795	19 005	-		789 185
Movements for the year							
Opening carrying value		484 779	127 711	12 200	-		624 690
Additions		158 194	90 693	15 244	96		264 227
Disposals		-	(1 107)	(352)	-		(1 459)
Depreciation charge		(19 588)	(70 502)	(8 087)	(96)		(98 273)
Closing carrying value		623 385	146 795	19 005	-		789 185
A register of land and buildings is available for inspection at the University's business address. The University is not permitted to dispose of, or otherwise alienate, its land and buildings without the prior approval of the Minister of Higher Education and Training.							
The Edgewood campus properties acquired for a nil consideration in 2001 have been reflected at fair value at date of acquisition, less subsequent depreciation.							
Property, plant and equipment includes capitalised finance lease assets (note 10.)							

	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
3 INVESTMENTS			
"Available-for-sale" investments			
Market value at the beginning of the year	653 202	759 486	611 619
Withdrawal of investments	(21 650)	(18 347)	-
Reinvestment of net investment income	29 331	30 905	34 858
Reinvestment of realised gains on sale of investments	26 542	20 947	112 185
Fair value adjustment realised in funds	81 774	(139 789)	824
	<u>769 199</u>	<u>653 202</u>	<u>759 486</u>
The total investment comprise the following categories:			
Equities	477 835	461 296	525 692
Money Market	47 368	73 844	88 629
Bonds	81 121	18 800	25 860
International Market	116 628	55 831	79 561
Property	9 885	8 685	7 452
Other	36 362	34 746	32 292
	<u>769 199</u>	<u>653 202</u>	<u>759 486</u>
4 NON-CURRENT RECEIVABLES			
Student loans	399 990	400 646	343 189
Accumulated impairment losses	(199 265)	(204 570)	(198 404)
	<u>200 725</u>	<u>196 076</u>	<u>144 785</u>
Net student loans			
Current portion (note 6)	(25 311)	(62 748)	(32 441)
Long-term fixed deposit	20 934	23 319	21 133
	<u>196 348</u>	<u>156 647</u>	<u>133 477</u>
Total non-current receivables			
The long-term fixed deposit falls due on 24 June 2011. The deposit is held as security for the DBSA Loan of R244.4 million (note 8.1).			
5 INVENTORIES			
Stationery, technical stores and consumables	<u>6 851</u>	<u>5 193</u>	<u>4 274</u>
6 ACCOUNTS RECEIVABLE AND PREPAYMENTS			
Net student fees receivable	122 540	94 889	76 515
Student fees receivable	193 341	171 124	152 750
Accumulated impairment losses	(70 801)	(76 235)	(76 235)
	<u>25 311</u>	<u>62 748</u>	<u>32 441</u>
Current portion of student loans (note 4)			
Net trade and other receivables	133 067	139 057	142 565
Trade and other receivables	138 420	152 376	135 497
Prior year adjustment related to CAPRISA (refer note 26.1)		3 119	22 022
Accumulated impairment losses	(5 353)	(16 438)	(14 954)
	<u>6 367</u>	<u>16 208</u>	<u>6 634</u>
Prepayments			
Loans to employees	3 368	8 077	7 161
Interest receivable	1 095	3 076	4 134
	<u>291 748</u>	<u>324 055</u>	<u>269 450</u>
Total accounts receivable and prepayments			
Accounts receivables and prepayments are classified as loans and receivables and their carrying values approximate fair value.			

	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
7 CASH AND CASH EQUIVALENTS			
Cash at bank and on hand	44 722	27 746	38 172
Short-term bank deposits	136 955	84 000	141 500
Total cash and cash equivalents	181 677	111 746	179 672
The University has a bank overdraft facility of R22 million, which is available, if required, to finance its short-term working capital needs. The overdraft rate, when applicable, is linked to the prevailing prime bank rate and at 31 December 2009 was 10.5% per annum. Interest is earned on call accounts and short-term notice deposits at current market rates.			
8 BORROWINGS			
8.1 Interest-bearing loans			
Development Bank of Southern Africa (DBSA) loan (note 26.3)	244 402	250 000	250 000
Financial institutions for government-subsidised loans	4 223	7 679	12 151
Finance lease liabilities (note 10)	145 908	140 851	10 742
Total borrowings	394 533	398 530	272 893
Current portion	(44 794)	(45 028)	(8 300)
Development Bank of Southern Africa (DBSA) loan	(26 856)	(26 856)	-
Financial institutions for government-subsidised loans	(1 978)	(3 457)	(4 472)
Finance lease liabilities (note 10)	(15 960)	(14 715)	(3 828)
Total non-current borrowings	349 739	353 502	264 593
Interest-bearing loans are held to maturity and their carrying value approximates fair value. The loan from the DBSA has been used for capital infrastructural development and, with the exception of a R20 million cession of a long-term fixed deposit (note 4), is unsecured. The loan is for a period of twenty years, bears interest at a fixed rate of 8.6% per annum and is repayable in equal half-yearly instalments, the last of which is due in 2027. Government-subsidised loans are subsidised to the extent of either 50% or 85% for both interest and capital repayments, and consist of a number of loans with financial institutions at fixed interest rates, ranging from 6.5% to 18.0% per annum, and varying repayment terms, the last of which cease in 2013. The carrying values collectively approximate their fair values. These loans are not secured.			

				2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
8	BORROWINGS (continued)					
8.2	Loans : terms and repayment schedule					
		Interest rates (per annum)	Year of maturity			
	Development Bank of Southern Africa (DBSA)	8.6%	2027			
	Sanlam	15.0%	2013			
	Sanlam	16.9%	2011			
	Sanlam	17.5%	2010			
	Sanlam	18.0%	2009			
	Other	6.5 - 17.6%	2008-2012			
	Finance lease liabilities					
	- Westville residences lease	13.0%	2028			
	- Other	10.5 - 25.5%	2008-2012			
		Fair value		Carrying value	Carrying value	Carrying value
		2009 R'000	2008 R'000	2007 R'000		
	Development Bank of Southern Africa (DBSA)	244 402	250 000	250 000	244 402	250 000
	Sanlam	1 811	2 181	2 502	1 811	2 502
	Sanlam	599	925	1 202	599	1 202
	Sanlam	534	1 475	2 272	534	2 272
	Sanlam	-	654	1 205	-	1 205
	Other	1 279	2 444	4 970	1 279	4 970
	Finance lease liabilities					
	- Westville residences lease	139 022	133 682	-	139 022	-
	- Other	6 886	7 169	10 742	6 886	10 742
	Total borrowings	394 533	398 530	272 893	394 533	272 893
	All loans are denominated in South African Rands.					

	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
9 DEFERRED GOVERNMENT GRANTS			
Department of Higher Education and Training (DoHET)			
Infrastructure and efficiency funding (SET) Grants	113 822	63 337	34 896
Health Sciences Grant - Clinical Training	41 180	27 336	-
Research Development Grant	8 207	3 745	-
Teaching Development Grant	670	211	-
Access Funding Grant	7 865	4 361	-
Total of deferred government grants	171 744	98 990	34 896
Reconciliation of movement for the year			
Opening balance at 1 January	98 990	34 896	14 121
New grants received during the year	135 660	79 400	20 000
Released to income	(69 342)	(20 793)	(170)
Interest accrued	6 436	5 487	945
Closing balance at 31 December	171 744	98 990	34 896
Government grants allocated by the Department of Higher Education and Training (DoHET), have been deferred to the extent that the relevant "earmarked" funds have not yet been utilized for the purposes for which they were received. These grants are released to the statement of comprehensive income in the same financial periods in which expenditure is incurred on the relevant projects. The deferred grants were previously recognised in the statement of comprehensive income in the year in which the University became entitled to the use of the funds, invariably in the year of their receipt. With effect from 2009, this has been amended and restated grant balances have been accounted for as prior year adjustments. An analysis thereof is presented in note 26.2.			
10 FINANCE LEASES			
Finance lease liabilities			
Total finance lease liability (note 8.1)	145 908	140 851	10 742
Current portion (note 8.1)	(15 960)	(14 715)	(3 828)
Non-current portion of finance lease liabilities	129 948	126 136	6 914
The escalation on the Westville residence lease, which accounts for R139 million of the above balance (2008: R133 million and 2007 : nil), is 7% per annum. There are no renewal terms or restrictions on the finance leases.			
The capitalised finance lease assets (see below) serve as security for the finance lease liabilities. The interest rates used represent the market-related interest rates at the inception dates of the respective lease agreements.			

				2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
10	FINANCE LEASES (continued)					
	Capitalised finance lease assets					
		Cost	Accumulated depreciation			
	Movements for the year	R'000	R'000			
	Opening carrying value	149 505	(14 446)	135 059	8 949	6 473
	Additions	450	-	450	135 673	7 370
	Disposals	(2 431)	2 858	427	(4 063)	-
	Depreciation charge	-	(5 369)	(5 369)	(5 500)	(4 894)
	Closing carrying value	147 524	(16 957)	130 567	135 059	8 949
	Reconciliation of minimum lease payments with present values					
		Due within 1 year R'000	Due within 2-5 years R'000	Due after 5 years R'000		
	At 31 December 2009					
	Minimum lease payments	16 618	85 372	359 589	461 579	471 714
	Finance charges	(19 020)	(100 647)	(196 004)	(315 671)	(330 863)
	Present value of finance lease liabilities	(2 402)	(15 275)	163 585	145 908	140 851
						10 742

			2009 R'000	2008 R'000	2007 R'000
11	POST-RETIREMENT OBLIGATIONS				
	Defined benefit plans				
	Health care benefits (note 11.1)		595 119	551 305	498 464
	Provident fund (note 11.2)		11 730	10 248	16 852
	Pension fund (note 11.2)		-	-	-
	Total post-retirement obligations		606 849	561 553	515 316
11.1	Health care benefits				
	The University's obligations towards post-retirement health care obligations in respect of its two separately administered medical aid schemes were actuarially calculated by Momentum Life as at 31 December 2009 and are disclosed in terms of South African Generally Accepted Accounting Practice AC 116: <i>Employee Benefits</i> (IAS 19), as follows:-				
	UKZN Medical Scheme R'000	Bonitas Medical Scheme R'000			
	Present value of unfunded obligations	608 394	175 201	783 595	674 437
	Net unrecognised actuarial losses	(178 278)	(10 198)	(188 476)	(123 132)
	Unrecognised actuarial gains	-	-	-	9 696
	Unrecognised actuarial losses	(178 278)	(10 198)	(188 476)	(132 828)
	Amount accrued in respect of health care obligations	430 116	165 003	595 119	551 305
	Movement in the liability recognised in the statement of financial position				
	Balance at beginning of the year	396 090	155 215	551 305	498 464
	Contributions paid during the year	(25 117)	(4 698)	(29 815)	(27 066)
	Expenses recognised : personnel costs (see below)	59 143	14 486	73 629	79 907
	Balance at end of the year	430 116	165 003	595 119	551 305

			2009 R'000	2008 R'000	2007 R'000
11	POST-RETIREMENT OBLIGATIONS (continued)				
11.1	Health care benefits (continued)				
	Expenses recognised in the statement of comprehensive income (note 16)				
		UKZN Medical Scheme R'000	Bonitas Medical Scheme R'000		
	Current service cost	12 422	4 552	16 974	16 809
	Interest cost	38 727	9 934	48 661	44 916
	Actuarial losses recognised	7 994	-	7 994	6 939
	Total expenses recognised	59 143	14 486	73 629	68 664
	Reconciliation of unrecognised actuarial (losses) / gains				
	Cumulative unrecognised actuarial (losses) / gains	(178 278)	(10 198)	(188 476)	(105 490)
	Corridor, representing 10% of total funding obligation	60 839	17 520	78 359	34 414
	Actuarial gains not required to be recognised		(7 322)	4 856	-
	Actuarial (losses) / gains to be recognised in future years	(117 439)	-	(117 439)	(71 076)
	Comprising :				
	Non-current portion	(105 695)		(105 695)	(63 802)
	Current portion	(11 744)		(11 744)	(7 274)
	The principal actuarial assumptions used for accounting purposes are :				
	Health care cost inflation (per annum)	6.0%	8.0%	6.0%	8.0%
	Discount rate (per annum)			9.5%	9.5%
	Normal retirement age (years)			60	60
	Remaining average working lives of in-service employees (years)			10	9.8/10.0
	The effect of a 1% change in the assumed health care cost inflation would be as follows:				
	1% increase : Current service and interest costs	11 048	1 848	12 896	12 027
	Aggregate defined benefit obligation	85 933	8 295	94 228	89 339
	1% decrease : Current service and interest costs	(9 022)	(1 051)	(10 073)	(9 753)
	Aggregate defined benefit obligation	(71 370)	(2 352)	(73 722)	(73 266)

			2009 R'000	2008 R'000	2007 R'000
11 POST-RETIREMENT OBLIGATIONS (continued)					
11.2 Provident and Pension fund obligations					
The University's obligations towards post-retirement provident and pension fund obligations were actuarially calculated as at 31 December 2009 by ABSA Consultants and Actuaries and are disclosed in accordance with South African Generally Accepted Accounting Practice AC 116 : <i>Employee Benefits</i> (IAS 19), as follows :-	Provident Fund R'000	Pension Fund R'000			
Present value of funded obligations	153 517	370 933	524 450	460 056	452 125
Fair value of plan assets	(147 047)	(529 023)	(676 070)	(610 930)	(623 812)
Present value of net (surplus) / deficit	6 470	(158 090)	(151 620)	(150 874)	(171 687)
Unrecognised actuarial gains	5 260	73 431	78 691	93 292	149 917
Balance not recognised (section 59 : AC 116) (* : see note below)	-	84 659	84 659	67 830	38 622
Amount accrued in respect of provident fund obligation	11 730	-	11 730	10 248	16 852
Movement in the net liability recognised in the statement of financial position					
Balance at beginning of the year	10 248	-	10 248	16 852	25 097
Contributions paid during the year	(6 193)	(13 432)	(19 625)	(26 288)	(28 230)
Expenses recognised : personnel costs (see below)	7 675	13 432	21 107	19 684	19 985
Balance at end of the year	11 730	-	11 730	10 248	16 852
Expenses recognised in the statement of comprehensive income (note 16)					
Service cost	5 729	11 684	17 413	16 099	16 535
Contributions by members	2 365	5 121	7 486	7 090	6 987
Interest cost	10 321	23 282	33 603	36 777	29 099
Expected return on plan assets	(10 740)	(38 238)	(48 978)	(58 762)	(46 748)
Actuarial gains recognised	-	(5 246)	(5 246)	(10 728)	(13 833)
Net adjustment to unrecognised balance (* : see note below)	-	16 829	16 829	29 208	27 945
Total expenses recognised	7 675	13 432	21 107	19 684	19 985

			2009 R'000	2008 R'000	2007 R'000
11	POST-RETIREMENT OBLIGATIONS (continued)				
11.2	Provident and Pension fund obligations (continued)				
		Provident Fund R'000	Pension Fund R'000		
	Reconciliation of unrecognised actuarial gains				
	Cumulative unrecognised actuarial gains	5 260	73 431	78 691	93 292
	Corridor, representing 10% of funding obligation / plan assets	(15 352)	(52 902)	(68 254)	(61 799)
	Actuarial gains not required to be recognised	10 092		10 092	10 998
	Actuarial gains to be recognised in future years	-	20 529	20 529	42 491
	Comprising :				
	Non-current portion		17 828	17 828	37 245
	Current portion		2 701	2 701	5 246
	* Note : The unrecognised balance in respect of the pension fund arises as a result of the related plan net surplus exceeding the cumulative actuarial gains at 31 December 2009, thereby limiting its recognition, as required by AC 116 : <i>Employee Benefits</i> (IAS 19). The principal actuarial assumptions used for accounting purposes are :				
	Discount rate (per annum)			9.2%	7.3%
	Return on assets (per annum)			9.8%	8.0%
	Remaining average working lives of in-service employees (years)	7.0	7.6		7.1 / 8.1
	Future salary increases (per annum)			6.8%	5.1%

			2009	2008	2007	
			R'000	(Restated) R'000	(Restated) R'000	
12	EMPLOYEE BENEFITS					
		Leave Pay R'000				
		Service Bonuses R'000				
	Balances at 31 December	160 963	28 480	189 443	177 503	171 049
	- Annual leave	151 449				
	- Sabbatical leave	9 514				
	Current portion	(35 824)	(28 480)	(64 304)	(84 857)	(41 591)
	Prior year adjustment related to CAPRISA (note 26.1)			1 341	1 411	
	Non-current portion of employee benefits	125 139	-	125 139	93 987	130 869
	Balances at beginning of the year	152 338	25 165	177 503	171 049	237 339
	Utilised during the year	(24 732)	(25 165)	(49 897)	(47 620)	(46 733)
	Net amount charged to / (released to) the statement of comprehensive income	33 357	28 480	61 837	54 074	(19 557)
	Balances at end of the year	160 963	28 480	189 443	177 503	171 049
13	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES					
	Trade and other payables		224 468	165 197	182 944	
	Previously reported			157 721	175 049	
	Prior year adjustment related to CAPRISA (note 26.1)			12 697	7 895	
	Prior year adjustment related to DBSA Capital grant (note 26.3)			(5 221)	-	
	Trust and agency monies		79 395	75 344	76 826	
	Total accounts payable and accrued liabilities		303 863	240 541	259 770	
	Accounts payable and accrued liabilities are carried at amortised cost and their carrying values approximate fair value. Trade payables are settled on terms negotiated with the respective suppliers.					

				2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
14	GOVERNMENT SUBSIDIES AND GRANTS	Council- Controlled Funds R'000	Specifically Funded Activities R'000			
			Student Residences R'000			
	State block grant for general purposes	958 015		958 015	894 623	818 110
	State grants and contracts	267	11 592	11 859	22 585	6 950
	Provincial contributions to Joint Health Establishment	47 432		47 432	44 208	33 023
	Grants received for specific purposes			72 279	25 029	13 575
	Access funding : foundation programmes	4 200		4 200	3 339	7 420
	Efficiency funding : Science, engineering and technology		14 573	14 573	6 190	170
	Clinical training funding : Health sciences		32 724	32 724	3 650	-
	Teaching development	2 601		2 601	659	-
	Research development	15 244		15 244	6 955	-
	Subsidy on interest and redemption of government - guaranteed loans	1 745		2 937	4 236	5 985
	Release of deferred capital grant - DBSA				5 222	
	Prior year adjustment reversal related to DBSA deferred capital grant (note 26.3)				(5 222)	
	Total government subsidies and grants	1 029 504	58 889	1 089 585	986 445	871 658
15	INVESTMENT INCOME AND FINANCE COSTS					
	Investment income					
	Interest income : short-term deposits and call accounts			10 356	25 557	18 881
	Interest income : receivables			-	-	8 169
	Income from "available-for-sale" investments : dividends and interest			29 216	30 655	24 338
	Dividends			16 553	14 644	11 446
	Interest			12 663	16 011	12 892
	Total investment income			39 572	56 212	51 388
	Finance costs					
	Interest on interest-bearing loans			22 992	17 517	1 747
	- Interest incurred			22 992	27 906	7 555
	- Prior year adjustment related to interest on DBSA deferred capital grant (note 26.3)			-	(5 222)	
	- Interest capitalised to property, plant and equipment			-	(5 167)	(5 808)
	Finance lease charges			17 878	15 697	1 941
	Bank overdraft interest			-	59	-
	Total finance costs			40 870	33 273	3 688
	Borrowing costs were capitalised to qualifying assets in 2007 and 2008 at an interest rate equivalent to the prevailing DBSA loan rate of 8.55% per annum.					

			2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000		
16	PERSONNEL COSTS						
		Academic Professional R'000					
		Other Personnel R'000					
	Salaries and wages	808 585	380 511	1 189 096	1 090 956	969 784	
	Retirement costs: - defined contribution plans	52 087	24 512	76 599	67 234	62 183	
	- defined benefit plans (note 11.2)	14 353	6 754	21 107	19 684	19 985	
	Post-retirement health care obligations (note 11.1)	50 068	23 561	73 629	79 907	68 664	
	Prior year adjustment related to CAPRISA (refer note 26.1)				(70)	1 377	
	Total personnel costs	925 093	435 338	1 360 431	1 257 711	1 121 993	
	Average number of persons employed during the year, expressed in each case as full-time equivalent staff ("FTE's") :						
	Permanent staff		4 437	4 016	3 883		
	Temporary (contract) staff		761	798	757		
	Total		5 198	4 814	4 640		
17	PAYMENTS FOR ATTENDANCE AT MEETINGS OF COUNCIL AND ITS COMMITTEES						
	Remuneration paid for attendance at meetings of the University Council and its committees is disclosed below.						
	Designation / Category	Number of members paid					
		2009	2008	2007			
	Members of Council	17	10	16	405	129	181
	Members of Council Committees	7	21	14	52	280	158
	Total				457	409	339
18	OPERATING LEASES						
	At the financial year-end, the University had outstanding commitments under non-cancellable operating leases as follows:						
	Leases as lessee						
	Rentals for premises and equipment payable as follows:						
	Due within one year				28 115	7 940	7 531
	Between one and five years				23 476	3 987	2 515
	Later than five years				109	-	-
	Leases as lessor						
	Rentals for premises receivable as follows:						
	Due within one year				1 171	1 414	2 277
	Between one and five years				2 085	2 235	4 554
	Later than five years				600	-	262

					2009 R'000
19 REMUNERATION OF EXECUTIVE AND SENIOR MANAGEMENT					
19.1 Annualised Gross Remuneration					
The following disclosures relate to the remuneration of members of the Executive, Deans and other senior management staff as defined in the Statute of the University. For the purposes of the Higher Education Act, gross remuneration is based on the cost of employment to the University and comprises flexible remuneration packages, suitably annualised, and is inclusive of the employer's contributions to health and post-retirement benefits. In the case of those employees who, during 2009, held office for periods of less than the full year, including acting appointments, the actual cost of employment has been disclosed in addition to the equivalent annualised cost. Exceptional payments to Executive and senior management are not included in annualised gross remuneration, but are instead disclosed under 19.2 overleaf, when applicable.					
Title and Name		Post designation / portfolio	Changes and acting appointments during the year (Dates / Periods of appointment)	Actual cost (see note above) R'000	Annualised gross remuneration R'000
Executive Management					
Professor	M W Makgoba	Vice-Chancellor and Principal			3 135
Professor	R Vithal	Deputy Vice-Chancellor : Teaching and Learning			1 649
Professor	N M Ijumba	Deputy Vice-Chancellor : Research			1 093
		Deputy Vice-Chancellors and Heads of Colleges :			
Professor	P J K Zacharias	- Agriculture, Engineering and Science	(Contract expired 31 December 2009)		1 514
Professor	L R Uys	- Health Sciences	(Retired 31 December 2009)		1 310
Professor	F N M Mazibuko	- Humanities	(Contract expired 31 December 2009)		1 352
Professor	J C Mubangizi	- Law and Management Studies			1 396
Mr	R H Clarkson	Chief Finance Officer			1 606
Mr	C W Poole	Executive Director: Physical Planning and Operations			1 088
Ms	R Budree	Executive Director : Human Resources and Equity	(Contract expired 31 December 2009)		1 233
Mr	T M Wills	Executive Dean : Students	(Contract expired 31 December 2009)		1 060
Professor	T D Chetty	Pro Vice-Chancellor : Corporate Relations	(Contract expired 31 December 2009)		858
Professor	J J Meyerowitz	Registrar			925
Deans					
Professor	M A Samuel	Dean : Faculty of Education			830
Professor	F Takawira	Dean : Faculty of Engineering	(Appointed 1 July 2009)	453	906
Professor	S Y Essack	Dean : Faculty of Health Sciences			826
Professor	D P McCracken	Dean : Faculty of Humanities, Development and Social Sciences			816
Professor	M Reddi	Dean : Faculty of Law	(Acting 1 January - 31 March 2009)	207	829
			(Appointed 1 April 2009)	624	833
Professor	L J Stainbank	Dean : Faculty of Management Studies			858
Professor	A W Sturm	Dean : Faculty of Medicine			1 075
Professor	J A Cooke	Dean : Faculty of Science and Agriculture	(Resigned 28 February 2009)	144	867
Professor	D Jaganyi	Dean : Faculty of Science and Agriculture	(Appointed 1 May 2009)	695	834
Senior Management					
Professor	S S Abdool Karim	Pro Vice-Chancellor : Research			990
Mr	R V Govender	Director: Corporate Governance	(Appointed 1 November 2009)	129	775
Mr	A Rajaram	Director : Information and Communications Technology			791
Mr	H Ramkisson	Director : Financial Planning and Operations			667
Mr	B F van Dyk	Executive Director : University of KwaZulu-Natal Foundation			752

				2009 R'000
19	REMUNERATION OF EXECUTIVE AND SENIOR MANAGEMENT (continued)			
19.2	Exceptional Payments			
During the year, the following exceptional payments, i.e. in excess of R249 999, were made to members of the Executive and other senior management. Exceptional payments, as defined for this purpose in terms of the Higher Education Act, include the commutation of leave, special bonuses and exceptional amounts arising on termination of employment with the University. Unless they are recurrent in nature, exceptional payments do not constitute part of the annualised gross remuneration disclosed in 19.1 above.				
Ms	R Budree	Commutation of leave and settlement on termination of employment		946
Professor	M G Cowling	Commutation of leave on retirement		317
Professor	J A Cooke	Commutation of leave on retirement		362
20	EXCEPTIONAL REMUNERATION-RELATED PAYMENTS			
During the year, the following exceptional payments, i.e. in excess of R249 999, were made to employees other than executive and senior management. Exceptional payments, as defined for this purpose in terms of the Higher Education Act, include the commutation of leave, special bonuses and exceptional amounts arising on termination of employment with the University. Unless they are recurrent in nature, exceptional payments do not constitute part of the annualised gross remuneration of the respective employees.				
Title	Name		Nature of Payment	
Professor	M M	Green	Commutation of leave on retirement	395
Professor	M	Ariatti	Commutation of leave on retirement	364
Professor	S E	Dangor	Commutation of leave on retirement	319
Professor	E J	Odendaal	Commutation of leave on retirement	297
Professor	P M W	Tennant	Commutation of leave on retirement	282
Mr	R	Dempster	Commutation of leave on retirement	327
Professor	R E	Mhlanga	Commutation of leave on retirement	357
Dr	L A	Scribani	Commutation of leave on retirement	253
Professor	R D	Diab	Commutation of leave on retirement	387
Professor	E A	Mantzaris	Commutation of leave on retirement	303
Dr	J V	Maharaj	Commutation of leave on retirement	319
Professor	D	Scott	Commutation of leave on retirement	273
Professor	A	Sitas	Commutation of leave on retirement	377
Professor	J N	Dunlevey	Commutation of leave on retirement	291
Professor	P	Partab	Commutation of leave on retirement	303
Professor	J C	Leeb-du-Toit	Commutation of leave on retirement	277
Professor	D I	Smith	Commutation of leave on retirement	313
Mr	J R	Klug	Commutation of leave on retirement	257
Professor	J P	Jordaan	Commutation of leave on retirement	379
Professor	O A	Latiff	Commutation of leave on retirement	270
Professor	A J	Rycroft	Commutation of leave on retirement	365
Professor	M J	Alport	Commutation of leave on retirement	283
Professor	J A O	Ojewole	Commutation of leave on retirement	370
Professor	D I	Garach	Commutation of leave on retirement	309
Professor	J D	Hey	Commutation of leave on retirement	313
Professor	J A O	Clarence-Fincham	Commutation of leave on retirement	276
Mrs	A	Momogos	Settlement agreement	944
Professor	J S	Field	Commutation of leave on retirement	362

	2009 R'000	2008 R'000	2007 R'000
21 OTHER OPERATING EXPENSES			
The following items have been included in other operating expenses :			
Auditors' remuneration	3 771	3 953	3 479
- statutory audit - current year	1 547	1 650	1 600
- prior year under-provision	64	464	890
- for other audit services (compliance certificates)	2 160	1 839	989
Co-sourced internal audit services	1 867	1 648	1 841
Impairment losses / (gains) on student loans, student fee debtors and other receivables	(21 824)	7 650	34 768
- Impairment / (reversal)	(21 824)	7 650	26 213
- Change in basis of estimate	-	-	8 555
Operating leases	27 501	4 577	3 114
Computer software costs	15 382	10 454	8 093
Legal expenses	3 381	6 472	7 194
Library acquisitions	34 862	51 500	42 201
Repairs and maintenance	81 293	57 783	40 223
Outsourced service costs	79 381	67 300	73 680
- Security	31 580	27 005	25 485
- Cleaning expenses	24 969	23 562	19 107
- Printing and photocopying services	13 038	11 080	12 693
- Facilities management services	7 472	4 724	6 502
- Information technology	181	149	123
- Other	2 141	780	9 770
22 CASH GENERATED FROM / (USED IN) OPERATIONS		(Restated)	(Restated)
Net surplus for the year (page 4)	19 332	27 500	94 656
Adjustments for :			
Depreciation	95 461	95 205	98 273
Loss on disposal of property, plant and equipment	3 020	448	-
Investment income	(39 572)	(56 212)	(51 388)
Increase in post-retirement obligations	45 296	46 237	38 400
Net increase / (decrease) in accruals for leave pay and service bonuses	10 599	6 384	(64 879)
Increase in accumulated impairment losses (student loans)	(5 305)	6 166	28 818
Realised gains on sale of investments	(26 542)	(20 947)	(112 185)
Funds (utilised for) / received for specific activities	(96 048)	(78 071)	110 149
Net increase / (decrease) in property, plant and equipment (PPE) funds	101 259	90 991	(108 135)
Finance costs	40 870	33 273	3 688
Changes in working capital :			
- (Increase) in accounts receivable	(5 130)	(24 298)	(81 983)
- (Increase) in inventories	(1 658)	(919)	(1 643)
- Increase / (decrease) in accounts payable and accrued liabilities	63 322	(19 229)	11 953
- (Decrease) / increase in student deposits	(2 051)	(2 642)	10 036
Cash generated from / (used in) operations	202 853	103 886	(24 240)

	2009 R'000	2008 R'000	2007 R'000
23 COMMITMENTS			
Capital commitments			
Capital expenditure approved at the balance sheet date, but not recognised in the financial statements, is as follows:			
Property, plant and equipment			
- Approved, but not yet contracted for	1 044 885	804 000	
2009		369 000	
2010	563 385	170 000	
2011	252 600	143 000	
2012	158 900	52 000	
2013	70 000	70 000	
- Contracted	63 333	102 933	163 517
Department of Higher Education and Training (DoHET) - Infrastructure and efficiency funding projects	374 500	357 150	-
TENET payment commitments	20 487	24 934	24 934
Total capital commitments	1 503 205	1 289 017	188 451
Long-term loan facilities of R450 million from the Development Bank of Southern Africa (DBSA) had been approved, but not yet finalised at 31 December 2009, and these, together with capital donations of approximately R290 million from the Howard Hughes Medical Institute (HHMI) in the United States of America, and DoHET grants of R218 million approved in respect of the ensuing two years (2010 and 2011) will be available, in addition to internal resources, to fund the major part of these commitments. In accordance with the requirements of the Higher Education Act, the requisite Ministerial approval, where applicable, has been and will in future continue to be obtained for all additional borrowings, as well as for the acquisition of property and the construction of major capital projects that exceed the statutory thresholds within which the University Council is authorised to operate.			
In 2008, the University, together with a number of other higher education institutions, entered into an agreement with the Tertiary Education and Research Network of South Africa (TENET), whereby the University agreed to subscribe and pay for 80 SEACOM CIR Units, payable in six annual instalments of US\$ 553 000 (approximately R4,1 million per annum). This consortium-based agreement will enable TENET to purchase capacity on the SEACOM submarine cable, which will allow the shared use of the cable by the University and by other participants to increase their bandwidth capacity.			

	2009 R'000	2008 (Restated) R'000	2007 (Restated) R'000
24 CONTINGENT LIABILITIES			
Guarantees issued in respect of housing loans for University staff amounted to approximately:	329	1 000	1 000
Guarantees issued to eThekweni Municipality, Eskom, Oilco and the South African Post Office at 31 December 2009 (2008 and 2007 : comparative information not readily available) amounted to approximately:	6 500		
During the ordinary course of its business, the University enters into a wide range of academic, research, commercial and community outreach programmes, contracts and transactions that expose it to varying types and degrees of risk. As far as it is practicable to do so, provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow will result, are noted as contingent liabilities in accordance with South African Generally Accepted Accounting Practice AC 130 : Provisions, Contingent Liabilities and Contingent Assets (IAS 37). The most significant contingent liabilities in respect of 2009 and subsequent thereto are described briefly below.			
The University was previously engaged in litigation with the University of South Africa (UNISA) over a dispute regarding subsidy income of R9.36 million arising in 1999 and 2000 from a Bachelor of Education programme undertaken jointly with the former South African College of Teachers Education (SACTE), a UNISA affiliate. It has subsequently been agreed with UNISA's attorneys that an outcome negotiated directly by the two parties would be a better alternative to reach a settlement. The University is currently in contact with UNISA and University management is confident of achieving a settlement, the cost of which is not likely to be material.			
The City Council of the Johannesburg Metropolitan Municipality instituted legal proceedings against the University following a dispute arising from the discontinued Adopt-A-Light project and various related street pole advertising agreements. The University opposed this action and, as requested, prepared a debatement of account in substantiation of its alleged indebtedness in the matter. The attorneys representing the municipality contend that a further R1.9 million was owing by the University notwithstanding the debatement of account. In July 2009 the attorneys representing the Johannesburg City Council suggested an independent audit to determine whether any amounts are owing by the University. Since then, there has been no further progress on this matter. It is the opinion of the University management, after seeking legal advice, that no material liability is likely to arise and, consequently, no provision has been recognised in the financial statements.			
During 2008, consultants were engaged by the University to review and submit appeals, as appropriate, in respect of the valuations and related rates of Westville Campus properties belonging to the University, which were believed to be over valued by the eThekweni Municipality. There is a dispute as to the legitimacy of the consultants' claims of R7.34 million and no liability has been recognised as yet.			
Various other claims against the University are either pending or in progress. Having sought and obtained legal advice on each of these matters, management is of the opinion that no material losses will arise from these claims. The University's aggregate exposure resulting from litigation claims not considered to be vexatious in nature, and none of which individually exceeds R1 million, has been estimated to be of the order of R179 754 (2008: R2.48 million and 2007: R3.10 million), plus estimated future legal costs of R1.78 million (2008: R2.55million and 2007: R3.79 million), in each case based on representations received from the respective attorneys handling such claims on behalf of the University.			

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

25.1 Overview

The University's principal financial instruments comprise available-for-sale investments, non-current receivables in the form of student loans, student fee debtors, trade and other receivables; cash and short-term bank deposits; interest-bearing borrowings, accounts payable and accrued liabilities, including monies held in trust and on an agency basis.

The University Council has overall responsibility for the establishment and oversight of the University's risk profile. Council has established the Audit & Risk, Finance and other committees to develop, monitor and manage the University's risk management policies on its behalf and Executive management is responsible for implementing, managing and complying with selected risk management strategies. All potential risks are identified, evaluated and managed as appropriate. Risk management policies, systems and procedures are reviewed regularly to reflect changes in market conditions, the higher education sector and in the University's operating environment. The Chairpersons of the respective committees, the Vice-Chancellor and other members of Executive management report regularly to the Council on risk management activities and results. The University, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees, students and other stakeholders understand their roles and obligations.

The University's policies regarding insurance and risk cover are set and monitored by the Finance Committee. Likewise, decisions on the level of financial risk are taken by the Finance Committee and enforced by the University's Finance Division in terms of established limits by reference, in each case, to the particular transaction type, the monetary amounts and the counter-parties involved. Financial risks arising from the University's use of financial instruments include the following:

- Credit risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk
- Investment risk

25.1.1 Credit risk

The University has no significant concentrations of credit risk. As a matter of policy, the University trades only with recognised, creditworthy third parties, who are subject to credit verification procedures, terms and conditions of trade specified by the University.

The University's credit risk exposure is represented primarily by the net aggregate balance of amounts receivable in respect of unpaid student fees, loans and general trade receivables. Collateral security is obtained in respect of all student loans. Other measures, including the withholding of examination results, denied re-admission after the first semester and the refusal to allow students in default of their financial obligations to register in the ensuing academic year, are applied to minimise credit risk. Debt collection procedures are applied as diligently as circumstances permit, both by the University Finance Division and also by externally-appointed attorneys acting on behalf of the University, and in such a way as to minimise risk and related collection costs. As a general principle, no collateral is required for general trade debtors and other receivables.

The University provides for impairment losses in respect of student-related receivables (student loans and fee debtors) and other trade receivables to the extent that these can be reliably and conservatively determined, having regard to the credit risk experience and payment history of the particular categories of debtors.

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

25.1 Overview (continued)

25.1.2 Liquidity risk

The University manages its liquidity risk by monitoring its daily cash flow to ensure that surpluses are optimally invested and that adequate cash is available to meet its day-to-day operations in the short- and medium-terms, based on rolling cash flow projections. The University adopts a diversified investment strategy with specified major financial institutions, each of which is required to be accredited by the Finance Committee, and has no significant concentration of credit risk with any single counter-party.

The timing and cyclical nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through its short-term deposits and overdraft facilities in the event that any unforeseen event occurs.

25.1.3 Foreign currency risk

Foreign currency transactions constitute a risk to the University, especially in relation to a significant proportion of its annual expenditure in the form of library acquisitions and imported capital equipment. Correspondingly, the University is susceptible to the risk of exchange rate fluctuations arising from major foreign grants and donations, the receipt of which, often by way of a series of tranches, may be spread over an extended period of time. Various strategies, including the selective use of forward exchange contracts and locally-based intermediary agents, are employed to minimise the related currency risks as far as practicable.

25.1.4 Interest rate risk

Financial assets and liabilities affected by interest rate fluctuations include bank deposits and short-term investments, as well as borrowings. Deposits comprise fixed notice and call account deposits. At the balance sheet date, these deposits were either accessible immediately or had maturity dates not exceeding twelve months. Interest rates earned on these deposits and other investments closely approximate prevailing market rates.

The University's borrowings to finance its operations are at both fixed and variable rates of interest depending, in each case, on the nature and duration of the respective borrowings and the specific purpose for which such borrowings are required. The level of borrowings and, consequently, the debt servicing costs are closely monitored and controlled by the Finance Committee on behalf of Council, having regard to the prevailing, and projected, interest rates and the University's capacity to service such debt from future earnings. In this respect, Council has imposed an upper limit, expressed as a proportion of the University's recurrent annual income ("debt service threshold"), adherence to which is strictly enforced by the Finance Division.

The University has a number of interest-bearing receivables, notably long-term student loans, overdue student fee debtors and staff loans. In each case, the interest rates charged are variable, linked to prime bank rates and are reviewed at least annually by the Finance Committee.

25.1.5 Investment risk

The University is exposed to risk on its investment portfolios. This risk is managed by selected, reputable portfolio managers who operate under defined mandates, which are designed to both limit the risk and also optimise the University's returns on these investments, having regard to the nature and purpose of the underlying funds. The performance of the respective fund managers are monitored closely by the Finance Committee and, in the case of the University Foundation and other subsidiaries, by the respective Boards of Trustees or Directors, as the case may be.

	2009 R'000	2008 R'000	2007 R'000
25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)			
25.2 Categories of financial instruments			
Financial assets			
Cash and cash equivalents	181 677	111 746	179 672
"Held to maturity"	20 934	23 319	21 133
"Available-for-sale"	769 199	653 202	759 486
Loans and receivables	459 700	438 099	371 026
Financial liabilities			
Amortised Cost	394 533	398 530	272 893
25.3 Credit risk			
The carrying values of financial assets recognised in the financial statements which is not part of impairment losses represent the maximum exposure to credit risk, without taking into account collateral or other enhancements held.			
The maximum exposure to credit risk for student loans and accounts receivable at the reporting date was:			
Student loans	200 725	196 076	144 785
Student fees	122 540	94 889	76 515
Trade and other receivables	133 067	139 057	142 565
Loans to employees	3 368	8 077	7 161
	<u>459 700</u>	<u>438 099</u>	<u>371 026</u>
Loans and receivables prior to 2009 are considered to be impaired, and have been provided for, as disclosed in the analysis on the following page.			

	2009 R'000	2009 R'000	2008 R'000	2008 R'000	2007 R'000	2007 R'000
25 FINANCIAL INSTRUMENTS (continued)						
25.3 Credit risk (continued)						
Impairment losses						
	Gross	Impairment	Gross	Impairment	Gross	Impairment
The ageing of receivables at the reporting date was as follows:						
Student loans						
Loans administered by the University of KwaZulu-Natal						
2009	14 885	9 354				
2008	8 078	5 351	7 212	5 900		
2007	6 331	4 565	6 469	6 078	6 322	5 684
2006 and before	106 679	96 620	120 144	116 852	126 914	123 146
Total of UKZN administered loans	135 973	115 890	133 825	128 830	133 236	128 830
Loans administered by NSFAS						
2009	52 337	7 635				
2008	18 094	5 012	77 682	5 012		
2007	24 566	6 788	24 566	6 788	24 566	6 592
2006 and before	164 573	63 940	164 573	63 940	164 573	62 982
	259 570	83 375	266 821	75 740	189 139	69 574
External loans						
2009 TENET	4 447	-				
2007					20 814	-
Total of NSFAS and external loans	264 017	83 375	266 821	75 740	209 953	69 574
Total student loans (note 4)	399 990	199 265	400 646	204 570	343 189	198 404
Student debtors for fees						
2009	91 459	10 947				
2008	18 292	7 334	77 472	5 483		
2007	25 887	11 592	29 905	7 005	81 061	29 527
2006 and before	57 703	40 928	63 747	63 747	71 689	46 708
Total student debtors for fees (note 6)	193 341	70 801	171 124	76 235	152 750	76 235

	2009 R'000	2009 R'000	2008 R'000	2008 R'000	2007 R'000	2007 R'000
25 FINANCIAL INSTRUMENTS (continued)						
25.3 Credit risk (continued)						
Impairment losses (continued)						
	Gross	Impairment	Gross	Impairment	Gross	Impairment
Trade and other receivables						
2009	113 479	-				
2008	16 305	3 538	122 019	-		
2007	7 585	890	11 969	11 969	136 735	-
2006 and before	1 051	925	21 507	4 469	20 784	14 954
	<u>138 420</u>	<u>5 353</u>	<u>155 495</u>	<u>16 438</u>	<u>157 519</u>	<u>14 954</u>
The movements in the allowances for impairment in respect of receivables during the year were as follows:						
Student loans						
University of KwaZulu-Natal loans						
Balance at 1 January		128 830		128 830		92 613
Impairment (gains) / losses recognised		(12 940)		-		36 217
		<u>115 890</u>		<u>128 830</u>		<u>128 830</u>
NSFAS and external loans						
Balance at 1 January		75 740		69 574		76 973
Impairment losses / (gains) recognised		7 635		6 166		(7 399)
		<u>83 375</u>		<u>75 740</u>		<u>69 574</u>
Student debtors for fees						
Balance at 1 January		76 235		76 235		91 634
Impairment losses/(gains) recognised		(5 434)		-		(15 399)
		<u>70 801</u>		<u>76 235</u>		<u>76 235</u>
Trade and other receivables						
Balance at 1 January		16 438		14 954		995
Impairment (gains)/losses recognised		(11 085)		1 484		13 959
		<u>5 353</u>		<u>16 438</u>		<u>14 954</u>
The recognition of impairment losses and gains in respect of financial instruments is based on an assessment of past payment history for each of the respective categories of student loans, student debtors for fees, trade and other receivables.						
Total interest earned in 2009 amounted to R8.6 million (2008: R8.9million) on impaired student loans and R576 000 (2008: R1.36 million) on impaired student fees.						
Actual write-offs of student debtors during the 2009 year amounted to R5.16 million (2008: R5.55 million and 2007: R1.74 million)						

						2009 R'000	2008 R'000	2007 R'000
25	FINANCIAL INSTRUMENTS (continued)							
25.4	Liquidity risk							
The following are the contractual maturities of financial liabilities, including interest payments:								
	Contractual cash flows R'000	Within 12 months R'000	1- 2 years R'000	2 - 5 years R'000	More than 5 years R'000			
31 December 2009								
Interest-bearing borrowings	949 130	45 451	44 862	150 177	708 640			
Accounts payable and accrued liabilities	303 863	303 863	-	-	-			
Student deposits	29 179	29 179	-	-	-			
Total	1 282 172	378 493	44 862	150 177	708 640			
31 December 2008 (Restated)								
Interest-bearing borrowings	992 501	45 731	45 451	130 193	771 126			
Accounts payable and accrued liabilities	240 541	240 541	-	-	-			
Student deposits	31 230	31 230	-	-	-			
Total	1 264 272	317 502	45 451	130 193	771 126			
31 December 2007 (Restated)								
Interest-bearing borrowings	1 023 959	37 644	43 248	128 681	814 386			
Accounts payable and accrued liabilities	259 770	259 770	-	-	-			
Student deposits	33 871	33 871	-	-	-			
Total	1 317 600	331 285	43 248	128 681	814 386			

	2009 R'000	2008 R'000	2007 R'000
25 FINANCIAL INSTRUMENTS (continued)			
25.5 Currency risk			
The University's exposure to foreign currency risk at financial year-end was as follows:			
Cash and cash equivalents	45 048	16 974	6 629
Sensitivity analysis			
A 10% strengthening / (weakening) of the US Dollar at 31 December would have increased / (decreased) cash and cash equivalents and, correspondingly, the net surplus / (deficit) for the year, as follows:	4 505	1 697	663
The following exchange rates applied:			
Foreign Currency: United States Dollar	R / US\$	R / US\$	R / US\$
Average rate during year	8.43	8.28	7.07
Spot rate at reporting date	7.38	9.46	6.85
Management of cash and cash equivalents			
Cash and cash equivalents comprise cash on hand and fixed deposits. Centralised cash pooling arrangements are in place which ensure that cash is utilised most efficiently for ongoing working capital needs of the University and in addition to ensure that the University earns the most advantageous rates of interest available.			

		2009 R'000	2008 R'000	2007 R'000
25	FINANCIAL INSTRUMENTS (continued)			
25.6	Interest rate risk			
		Carrying value	Carrying value	Carrying value
	At the reporting date, the interest rate profile of the University's interest-bearing financial instruments was as follows, in each case reflected at the respective carrying values:			
	Fixed rate instruments			
	Financial assets	483 588	403 042	391 094
	Financial liabilities	394 533	398 530	272 893
	Variable rate instruments			
	Financial assets	44 722	27 746	38 172
	Fair value sensitivity analysis for fixed instruments			
	The University does not account for any fixed rate financial assets and liabilities at fair value through the income statement. Therefore, a change in the interest rates at the reporting date would not affect the reported net surplus. The University holds no "available-for-sale" financial assets that are exposed to interest rate risk.			
	Cash flow sensitivity for variable rate instruments			
	A change of 1% in the interest rate would not result in a material adjustment to the reported surplus or fund balances.			
25.7	Fair values of financial instruments			
	The carrying values of all financial instruments approximate their fair values, other than:			
		Fair value	Fair value	Fair value
		2009	2008	2007
		R'000	R'000	R'000
	"Held-to-maturity" investments			
	Fixed deposits	21 107	23 036	20 472
	Fair value estimation			
	Effective 1 January 2009, the University adopted the amendments to the IFRS 7 <i>Financial Instruments: Disclosures</i> for financial instruments that are measured in the statement of financial position at fair value requiring disclosure of fair value measurements by level of the following fair value measurement hierarchy:			
	- level 1 - quoted prices (unadjusted) in an active markets for identical assets or liabilities. - level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from bias.) - level 3 - inputs for the asset or liability that are not based on observable market data (that is unobservable inputs.)			
	The only financial instruments subject to fair value estimation are "available-for-sale" investments, which are categorised as level 1 in terms of above hierarchy (refer to note 3).			

	2009 R'000	2008 R'000	2007 R'000
26 PRIOR YEAR ADJUSTMENTS			
26.1 CAPRISA adjustments			
During 2008, the Centre for the Aids Programme of Research in South Africa (CAPRISA), underwent its first statutory audit, for 31 December 2007. This, however, was only completed during 2009. Thereafter, the audits for the two years ended 31 December 2008 and 2009, respectively, were performed. A number of adjustments, which in aggregate were significant in relation to the University's financial statements, were identified. These are all timing adjustments, as CAPRISA's practice was to make the necessary adjustments in line with International Financial Reporting Standards only when the financial statements were prepared. As a result, the following adjustments were effected:			
Private contracts, grants and donations - as previously stated		809 598	486 025
Adjustments : CAPRISA timing differences		(1 984)	8 815
Interest on government grants restated (note 26.2)		(5 487)	(945)
Restated private contracts, grants and donations		<u>802 127</u>	<u>493 895</u>
Operating expenditure - as previously stated		870 574	667 870
Adjustments		5 514	(5 136)
Restated operating expenditure		<u>876 088</u>	<u>662 734</u>
Minor capital expenditure - as previously stated			19 672
Adjustment			(142)
Restated minor capital expenditure			<u>19 530</u>
26.2 Government grants			
Earmarked grants received from the Department of Higher Education and Training have, historically, been treated as income in the financial year in which the University became entitled to the use of these funds. However, in accordance with South African Statement of Generally Accepted Accounting Practice AC 134 (IAS 20) : <i>Government Grants and Disclosure of Government Assistance</i> , these should only be released to income in the same period(s) as the related expenses are incurred on the projects. The unutilised balances on these contracts have therefore been restated and this adjustment has had the following effects:			
Government subsidies and grants - as previously reported		1 050 274	891 488
Adjustments :			
Deferred recognition of earmarked government grants		(58 608)	(19 830)
Finance costs on DBSA deferred capital grant reclassified (note 26.3)		(5 221)	-
Restated Government subsidies and grants		<u>986 445</u>	<u>871 658</u>

	2009 R'000	2008 R'000	2007 R'000
26 PRIOR YEAR ADJUSTMENTS (continued)			
26.3 Development Bank of Southern Africa (DBSA) : deferred capital grant			
During the prior year, the DBSA loan (note 8) was assessed to be at a interest rate lower than the prevailing market rates. The loan was therefore recognised and accounted for in accordance with South African Statement of Generally Accepted Accounting Practice AC 133 (IAS 39) : <i>Financial Instruments : Recognition and Measurement</i> . During the current year, a reassessment indicated that the DBSA rate was market-related. The effect of this change in treatement has resulted in the presentation of the DBSA loan in the financial statements being restated, as follows:			
DBSA deferred capital grant - as previously stated		47 441	52 662
Adjustment : Reclassification of deferred capital grants		(47 441)	(52 662)
Restated DBSA deferred capital grant		<u>-</u>	<u>-</u>
DBSA loan - as previously stated (note 8)		197 338	197 338
Adjustments :			
Reclassification of deferred capital grants		47 441	52 662
Finance costs on DBSA deferred capital grant reclassified (note 26.2)		5 221	
Restated DBSA Loan (note 8)		<u>250 000</u>	<u>250 000</u>
27 RELATED PARTY TRANSACTIONS			
Due to the nature of the University's operations and the diverse composition of its stakeholders, the Council takes particular care to avoid conflicts of interest and, accordingly, has adopted a policy requiring declarations of any interests -- actual or potential -- by members of Council and of its committees. In terms of this policy, transactions with third parties in which a Council or committee member has a direct or fiduciary interest are required to be disclosed and, consequently, must be entered into at arm's length and be in accordance with approved procurement policy. During the year under review and subsequently, except as disclosed below, no transactions were identified with third parties controlled by one or more members of the Council. All payments to members of executive and senior management are disclosed in Note 19. There were no material contracts entered into with Executive management during the year under review, other than:			
Professor L R Uys, formerly a Deputy Vice-Chancellor and the Head of the College of Health Sciences, and also a member of the University Council during the year under review, but who has subsequently retired, is a shareholder and director of a company in which UKZN Innovation (Pty) Ltd, a wholly-owned subsidiary (see note 29), has a minority equity interest. Her interests therein were fully disclosed to both companies and are not regarded as having been potentially in conflict with those of the University of KwaZulu-Natal.			

28 TAXATION

The University of KwaZulu-Natal is exempt from South African normal taxation in terms of section 10(1)(cN) of the Income Tax Act and therefore no provision has been made for taxation. Value Added Tax (VAT) is claimed on an apportionment basis.

29 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and trading operations of the following University-controlled entities :

- Centre for the AIDS Programme of Research in South Africa ("CAPRISA")
- J W Nelson Endowment Fund Trust
- UKZN Innovation (Pty) Ltd
- University of KwaZulu-Natal Foundation Trust ("UKZN Foundation")
- University of Natal Education and Innovation Foundation ("UNEIF") - (Dormant and currently in the process of being wound up)

No transactions except for loans, leases of premises, the raising and recovery of direct operating expenses incurred at arm's length and, likewise, the recovery of indirect overheads, where applicable, have taken place between the University of KwaZulu-Natal and its subsidiaries. For the purposes of preparing the University's annual financial statements, all intra-group balances and transactions were eliminated on consolidation.

30 GENERALLY ACCEPTED ACCOUNTING PRACTICE : COMPLIANCE DEVIATION

Contrary to the requirements of South African Statement of Generally Accepted Accounting Practice AC 123 (IAS 16): *Property, Plant and Equipment*, depreciation has not been calculated separately for each significant component of items of property, plant and equipment, nor were the useful lives or residual values of such assets reassessed at the financial year-end. The University management is of the opinion that, having regard to the current status of the registers of immovable and movable property, coupled with the ongoing and relatively significant infrastructural development projects, including a number of major capital works in progress pursuant to the merger, it would not be practicable to carry out this exercise at the present time, nor would the costs of obtaining such information be justified.

To date, it has not been possible to quantify the effects of the above instance of non-compliance with South African Statements of Generally Accepted Accounting Practice. Notwithstanding the currently unquantified nature of this compliance deviation, management is satisfied that, based on its reliance on the controls exercised over and the records maintained in respect of property, plant and equipment, this does not constitute a serious financial risk to the University at the present time.



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COVER: The flowering *Aloe barberiae* (formerly known as the *Aloe bainesii*) near the entrance to the E G Malherbe Library on the Howard College campus is one of many indigenous trees to be found on the University's five campuses. The photographer, Patrick Royal, captured this beautiful photograph in winter at sunset. The tree's flowers are much loved by birds for their nectar. The photographs in this *Annual Report* capture some of the buildings and indigenous vegetation across UKZN's campuses.



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