

## **Response to issues raised by unions, and to Frequently Asked Questions (FAQs)**

We have prepared the following detailed responses to issues raised by the unions with the University thus far, and to other FAQs related to the incentivised early retirement and voluntary separation packages.

- 1. Why has the University given the impression of consultation when in fact unions have not had an adequate opportunity to consult members and give input, and much of their input has been ignored in the approach to offering voluntary packages?**

The University acknowledges that it has been following tight deadlines in its engagement with unions. It has, however, genuinely attempted to engage and consider the views of the unions at different points in the process, and it has in a number of respects modified its approach as a result. The outstanding issues that have been raised as concerns are, for the most part, dealt with in the further responses in this document, and the University will continue to engage and to respond as and when further issues arise.

- 2. The decision to offer voluntary packages is predicated on an austerity framework which has not been fully demonstrated to unions and their members.**

At the conclusion of the 2013 budget cycle, Council approved the creation of a Special Budget Task Team (SBTT), which was mandated to explore ways of ensuring that the University meets its finance policy requirements over the next three to five years. The primary reason for the decision to approve the creation of the SBTT was as follows: In December 2011 universities were informed that subsidy allocations would be significantly less than expected; further reductions were effected in 2012. Consequently the 2013 budget reflects a deficit of R10 million as opposed to a surplus of R70 million in terms of the financial policy. The shortfall was thus R80 million. For a variety of reasons, the initial attempt to address this shortfall by requiring all faculties and PASS departments to effect savings target in operational and staffing costs of 6% over a four year period (2014-2017) did not yield the necessary results. Since then, unions have been informed in a number of presentations of the financial challenges facing the University and possible solutions to these challenges. In the course of 2015, the scenarios presented in these meetings have made it clear that it is primarily the staffing budget that needs to be addressed to achieve financial stability. Most recently, about a month ago, in a meeting chaired by Prof Petersen, the ED Finance and finance department staff discussed the prospects for future sustainability if we are not able to take about R120m out of our annual budget. Nevertheless, if union officials feel that this has not been adequately explored we are immediately available to work through the figures again and we certainly expect to work with unions to seek possible solutions to avoid retrenchments should they become necessary – something we will only know once we have analysed the

requests for voluntary early retirement, separation and post freezing.

3. **There is a lack of strategy behind the policy on voluntary separation, including its relation to possible freezing of posts, the replacement of staff at lower levels, and transformation.**

The approach that has been outlined is that unit heads (primarily Deans and Executive Directors and Directors in a PASS department where there is no Executive Director) have been requested to develop plans to achieve savings targets in their areas. These plans will be prepared by early August, and will take into account natural attrition and any other ways in which savings targets can be met, including freezing of posts, the replacement of staff at a lower level (in exceptional cases only), due consideration of workload and the on-going need to achieve the transformation objectives of the institution. The decisions regarding each post will be unique to that unit. The university-wide strategic guidelines are that in freezing or closing posts and when deciding whether to support voluntary separation applications the head must take account of the strategic plan and of transformation objectives. It must be emphasised again that voluntary separation will not be agreed to where the post is needed and cannot be restructured. The Executive will provide oversight by considering and endorsing these plans in due course and will ultimately be accountable.

4. **There are inadequate guidelines on how the policy will be implemented, giving rise to a number of specific concerns.**

This document is one way in which the University will engage on specific issues or concerns raised by unions or staff. Please also consult the information sheet and process flow document which set out very clearly the approach that will be followed. Issues that arise will also be addressed in the course of further direct engagement with unions, and through communication with each Dean and ED (and Director where there is no ED in a PASS department) to their staff. The relevant University HR staff will provide support to unit heads and staff as necessary. It is not possible to foresee every potential issue or concern, but the University is committed to responding to and where possible resolving any concerns or exceptional situations that might arise.

5. **There is insufficient time for staff to be able to make informed decisions whether to apply for packages.**

The Executive considered a request by unions that more time be given and adjusted the timeline to 30 June 2016 in an attempt to accommodate this concern. HR will be providing support and information to individual staff members to assist them, and the relevant HR staff have been given training to make this possible.

There are two further important points to be made on the timing issue.

First, staff who would like to take advantage of this opportunity at this time have an interest in getting clarity and confirmation of their position, and whether or not their application for a package will be accepted, as soon as reasonably possible. Similarly, Deans and other unit heads need to know, in preparing their own plans to achieve required savings, what voluntary separations may be possible at this stage. It remains important for both of these reasons to have applications in by 30 June 2016.

Second, a concern has been raised by unions and a number of staff in meetings with the University Executive that some staff who would not otherwise want to leave the University may feel financially coerced into applying for voluntary separation because they fear that their posts will be made redundant at a later stage (after August 2016) and they will then only receive the standard retrenchment package. The University has carefully considered this, and acknowledges that some staff may experience this discomfort in consequence of the voluntary packages made available at this time. Initially, the University considered that this concern would be mitigated by Deans and unit heads sharing their vision and thinking within their units; and by the University encouraging staff who were uncertain about this to approach their unit heads. On reflection, and taking into account recent discussions with unions and some staff, the University has decided that **staff who do not apply for a package in this initial period (by 30 June 2016), and who are subsequently faced with a proposal to make their positions redundant later this year as a result of the cost savings initiative, will be given a further window of opportunity at that stage to apply for the same voluntary packages.**

One other change has been made in response to feedback. We indicated previously that the incentivised early retirement offer was available to those above 55 and not yet 63 at 31 December 2016. We have now extended this to those not yet 64 at 31 December 2016, but with a reduced incentive package to a maximum of 6 months.

6. **The manner of communication does not properly distinguish these processes from retrenchment processes** .

The University has tried to make it clear in its engagement with unions that the voluntary processes do not involve retrenchments, and that any retrenchment process would only happen later and only if necessary. This is dealt with further in the responses below. It is because we are not yet contemplating retrenchments that the engagement with unions has been less formal.

7. **Is the University contemplating retrenchments? If so, why is it not following the statutory process in section 189 of the LRA?**

The Executive has given a lot of thought to the timing of various possible steps that might be taken under the austerity process in an effort to achieve the targeted savings. At this stage we have made it clear to the unions that we are not contemplating retrenchments, although we have also indicated that this remains a possibility if we are not able to achieve the required savings through other measures. The University has now made available packages for incentivised early retirement or voluntary separation that may be applied for by 30 June 2016. It will only be possible once the impact of this and all other savings measures have been assessed and taken into account by unit heads in their savings plans for the Executive to assess whether retrenchments may or may not be necessary. These plans are due to be submitted by 5 August 2016. At that stage, if retrenchments are then contemplated, all required processes including if necessary the statutory process under section 189 and the University's Redundancy Redeployment and Retrenchment process will be followed.

8. **What is the process for accepting incentivised early retirement or voluntary separation?**

The first step is for a staff member to consider whether s/he may be interested in applying for one of the packages. Staff members who are interested will be able to consult with the relevant HR staff in their units about the implications of this. Details of the packages are on the website. The next step, for staff members who want to apply, is to give written notice to the unit head. A standard request form is available. Once completed, this form must be submitted to the applicant's unit head.

9. **How can I make up my mind whether to apply for a package without understanding the vision of the Unit Heads for the structure in my area of work?**

Staff in this position may approach unit heads to discuss their vision and even to ask for the unit head's preliminary view about whether an application would be supported. In some circumstances unit heads may approach staff members to encourage them to apply for a package. This does not, however, mean that in the absence of such a voluntary separation, retrenchment will necessarily follow since it will in part depend on savings achieved elsewhere in the faculty or department. Hence, while the head may have a preliminary view of what would be prioritised for keeping and cutting, this is to guide acceptance of voluntary separation offers, and does not signal contemplation of retrenchment.

In addition, and as indicated earlier, staff will have a further opportunity to apply if it transpires, later in the year, that their positions are likely to be made redundant as a result of the cost savings initiative.

10. **What happens if a unit head targets me because s/he doesn't like me and suggests that I take a package when I don't want to?**

Unit heads understand very clearly that the austerity exercise is focused on the University's financial and operational needs and not on other considerations. Conversations about their vision for their areas may not always be easy, and some staff may perceive some unfairness in how this might affect them. The important point is that there have been no formal decisions taken by the University to approve any restructuring exercises and no staff member should feel under any obligation to apply for a package. Any restructuring that may later be proposed will only be proposed after it has been approved by the Executive following submission of the savings plans of all unit heads after 5 August 2016. It is quite possible, however, and is in fact encouraged, that unit heads should engage informally with staff and where appropriate their representatives before submitting savings plans, so that as far as possible unit heads take their views into account even before submitting their own plans for approval.

11. **What is the relationship between the austerity process and the recently circulated draft strategic plan?**

It is, of course, unfortunate that responding to new strategic imperatives such as accelerating transformation, increasing research impact and excellence - coincides with the growing problem of funding of higher education nationally combined with new constraints on fee increases. However, at a time of austerity, when hard choices are being made, the strategic plan is critically important to guide prioritisation of resource protection, reduction and new allocation.

But the austerity programme is also central to implementing new strategies. Most funding for new strategies comes from the reserves generated through the annual surplus, not from the operating budget which is being cut. It is this surplus that has been eroded and will be restored through the austerity measures. The anticipated success of the austerity programme will enable us immediately (from 2017) to increase the surplus and thus to support a strategic fund of approximately R100 million over 4 years, hopefully more. Austerity, greater efficiencies, and new income generation are necessary to put the institution on course towards generating a surplus that can be used for strategic investments required to meet the goals of the plan.

12. **If a significant number of academic staff are allowed to leave with a package, will this not have a negative impact on the University's research subsidy?**

Most staff losses in Faculties will be by natural attrition. Not all will be academic. The retirees will have been lost in any event, but probably replaced by entry-level staff who aren't initially the most productive. The largest proportion of research and research grants are conducted by externally funded researchers who are not affected by the post reduction. Of course each productive staff member that leaves reduces the University's research output, impact and subsidy. The projections depend in part on whether unproductive academics accept the offer rather than highly productive researchers – whose requests to separate may therefore not be accepted. It is important to keep in mind that PASS staff losses will also contribute to savings, not just academic staff. Taking all of this into account, the loss in research subsidy could be as much as R5 million, but it is more likely to be R2.5 million or less.

13. **Has the University considered the impact on the workload of the remaining staff if a significant number of staff are permitted to leave with a package?**

The impact on workload of remaining staff is a consideration whether posts are reduced through natural attrition, voluntary separation or retrenchments. So this must be considered but it is a consideration that is specific to a particular unit and work environment and in any case, cannot be a reason for retaining posts above what can be sustainably afforded. Many heads of units have indicated through the submissions made to the SBTT in 2015 that there *are* efficiency gains to be made without increasing workloads. In this regard, there will be restructuring or reallocation of tasks, or combining of posts, or increase use of technology (which does have impacts on people's job descriptions). Not infrequently, though, we will have to decide what we should do less of, and what are "nice-to-have" services and activities rather than essential activities. Again, such proposals will be made at a unit level and approved by the executive after plans are submitted in August.

14. **What will be the process for identifying staff for retrenchment if attrition and voluntary processes do not achieve the required savings targets?**

It is premature to consider this, because retrenchments are not yet being considered and we do not yet know whether or to what extent attrition and other voluntary processes may achieve the required savings targets.

15. **If two or more staff members from the same department or unit apply for packages, how would the department decide between them?**

These decisions will be made by reference to the operational requirements of the unit including optimisation of performance of the unit. It is difficult to give an answer how this would be decided in every situation, but if any decision like this has to be made that

negatively affects a staff member, the operational reasons that underpin the decision will be explained.

16. **Has the University considered the long term staffing needs of the University? It would make no sense to incentivise a staff member to leave only to have to fill that person's post in the near future.**

We can only make decisions on the best information and informed predictions that we have today. Of course it is possible that government might significantly increase subsidy, or that other universities will reduce their numbers such that UCT increases its share of the pie, or that student fee increases again reach double digit annual increases, or that we generate a new R100m third stream income annually rather than the proposed R50m. These would, in our view, be excessively optimistic predictions and if not achieved, would result in growing deficits over the next few years and compromise sustainability as well as any strategic spending. Therefore, in the medium term (5-8 years) at least, and within the parameters of the model, UCT has to reduce staff. A faculty/department head must judge in each case, whether a particular staff member's departure would need to be filled because it is critical – and if so, the head will not accept that resignation or early retirement since it would make no sense in terms of savings.

17. **What about the continuity of supervision if post graduate students currently being supervised by a member of academic staff who takes a package?**

Appropriate provision will have to be made in all cases, and Deans will need to take operational needs like these into consideration in deciding whether or not to accept applications for IERs and VSPs or whether to make temporary arrangements with departing staff to ensure supervision continues as part of the package agreement.

18. **The proposed package is not generous for staff who are further away from retirement. Should it not differentiate between staff who are between the ages of 55 to 58 and those who are between the ages 59 to 63, providing a more generous package to the former category than the latter?**

Careful consideration has been given to the age restrictions. The packages are generous. Moreover, anyone between the ages of 55 and 59 would presumably consider the proposed package with a view to seeking other employment and have been given the further option of Voluntary Separation, in addition to the option of early retirement – depending on which works best for them. Those above 59 only have the option of early retirement.

19. **How are the required savings being split across different UCT units? This should be transparent.**

The savings targets for individual units have been shared with all unit heads and can be shared with union executives in the interests of transparency.

20. **What would be the impact of accepting a package on the benefits available to me under the UCT retirement fund rules?**

The impact can only be assessed on an individual basis but the benefits available under the UCTRF are as follows:

If you are over 55, there are five options: to transfer the Funds to a living or life annuity (i.e. take early retirement) and draw a pension; or take the benefit in cash; or leave your benefits in the Fund (deferred member); or transfer the benefit to another employer; or to a preservation fund.

Details can be found on the UCT Retirement Fund Website: [www.uctrf.co.za](http://www.uctrf.co.za)

Presentations have been arranged with the unions, and further presentations will be scheduled which explain how the UCT retirement fund rules would work and would be affected by a decision to apply for a package. If necessary, Retirement Fund information session will be held every two weeks until the end of June. The relevant HR staff are being trained to help staff with the package calculations.

21. **Can additional contributions from the gratuity portion of the package be paid to the UCT retirement fund?**

As indicated, workshops will be held for staff on these issues.

22. **Why should staff who have taken a voluntary package not be allowed to be employed by the University for three years?**

Staff who apply for and are granted an incentivised package will receive a significant benefit from the University. The University only wants to pay these benefits to those who genuinely wish to leave the service of the University and where this will result in genuine cost savings. However, the University has considered the concern raised by unions about this condition, and agrees that where there are exceptional circumstances, and subject to the overriding operational needs of the University, re-employment of staff in this position may be considered,

even within the three year period. If it is, this may be subject to agreed terms that might include the repayment of some or all of the package.

23. **Why should staff members who accept voluntary packages not be able to continue with the benefit of staff tuition rates?**

This benefit is available for early retirement but not for voluntary separation.

24. **Should the University not consider a reduction in salaries rather than a reduction in staff?**

The University is certainly open to consideration of this kind of approach, which would have to be discussed with unions in the usual course of annual salary negotiations. The overall objective is to achieve savings, and if these can be achieved in this way, it may enable the University to retain more staff than would otherwise be the case.

25. **Will this process not effectively allow favouritism, nepotism, and other unfair criteria that enable unit heads to choose to retain staff who they think “fit in” and to “get rid of” those who don’t?**

At this stage no compulsory retrenchment is contemplated, and no staff member is obliged to submit to voluntary separation. If restructuring and retrenchments are later considered, this will certainly not include unfair criteria of this kind, and any selection criteria would be the subject of consultation.

26. **Does the exclusion of re-employment for a period of three years after a voluntary package include re-employment as a “consultant”?**

It would include re-employment in any capacity that was the same or similar to the capacity in which the member of staff was previously employed, or which had similar duties. But, as indicated above, the University will consider re-employment during this period in exceptional circumstances.

27. **What happens if I apply for voluntary separation and my application is refused, but later on, after August, it is proposed to retrench me? If that happens I will only receive the standard retrenchment package and not the enhanced voluntary separation package.**

This is an unlikely scenario, but if it happens, special consideration will have to be given to the circumstances of the individual.

