



## ☆ Newsflash ☆ Newsflash ☆ Newsflash ☆ News

### State subsidy - Newspaper reports incorrect

by Mr Tony Long, Registrar (Finance)

On Friday, March 19, 1993 the E P Herald published an article prominently headlined: *Rhodes gets R43 million more from budget*

The article intimated that Rhodes would receive a total of R183 million from the State in the 1993/94 financial year - an increase, the article said, of 30,73%.

This information was patently wrong and when the University made contact with the author (Patrick Cull) he apologized and undertook to publish a correcting article in Saturday's edition.

The "correction" duly appeared, but still contained information that was incorrect, or at best misleading. In this article the readers were advised that "Rhodes would receive R55,2 million, an increase of R11,476 million". This implied that the State Subsidy increased by 25%. These articles need to be commented on in an attempt to correct any wrong impressions.

#### Four categories

I do not wish to submit a maze of figures for this may also be misleading, but it is necessary to provide some of the details from the University's 1993 budget.

The State Subsidy is made up of four categories of expenditure. In a letter dated January 6, 1993 we were advised that our subsidy allocation for 1993/94 would be:

1. Subsidy for Interest and Capital redemption	4 350 000
2. Bursaries/ Scholarships	10 000
3. Property rates	1 371 000
4. Subsidy for Educational and General expenses	47 470 000
	<b>R53 201 000</b>

In respect of items 1, 2 and 3 above the grant is not automatic, but is payable only after approval by the state of claims submitted by the University. The claims submitted (and approved) for 1992 under these heading were:

#### 1. Interest and Capital Redemption R2 452 003

It is not clear why the State appears to be providing for an increase of 77% under this heading.

We shall make every effort to justify a claim for this higher figure so. These claims are based upon State guaranteed/approved loans taken out by the University to finance building programmes such as the Quad II development.

Additional authority for such loans has been obtained in 1993/94 in an amount of R337 000 - a long way short of the additional R1 898 000 provided for in the State estimates. Nevertheless, work in progress on the Biological Sciences Building and a project in East London could form the basis for further motivation.

#### 2. Bursaries and scholarships R 10 000

There has been no increase under this heading.

#### 3. Property rates R1 099 640

This claim is dependent upon the rates levied by Municipalities. The increase in the estimate for 1993/94 is of no meaning until the rates chargeable by the Municipalities are determined.

The subsidy paid for General and Educational Expenses in 1992 was R40 899 000.

This is the only portion of the subsidy which may be allocated at the discretion of the University

Council. The amount budgetted for 1993 is 16% higher than 1992 - which is a similar percentage to the student fee increases for 1993.

This subsidy is only 67% of the amount which should, in terms of the so-called formula, be paid to our University. The difference is the "cuts" that have been applied by the State in an effort to reduce their expenditure levels.

#### Budget approved

The University budget for 1993 was drawn up in October 1992 and approved by Council in November - before the State Subsidy for 1993 was made known.

That budget provided for a deficit of R1 260 000 - which was to have been funded from the University's general reserve of R2 644 000. The news that the subsidy would be R47 470 000 was greeted with relief as that would have turned the budgetted deficit, all other things remaining the same, into a surplus of R1 222 000.

#### Increased contributions

Then came a shock in that we were informed that the University's contribution to the Associated Institutions Pension Fund would increase from 2,04 to 3,7 times the employees contribution. This increase is effective from April 1, 1993 and would for the remainder of the calendar year require an additional R3 266 000 (annually R4 355 000), at present salary levels, from the University.

The State has offered to contribute R2 009 000 towards this additional cost. This offer from the State has been rejected by the University, acting through the Committee of

University Principals, and the matter is by no means finalised.

On the basis of the State offer of R2 009 000 the University budget for 1993 would turn from a surplus of R1 222 000 to a deficit of R35 000.

#### VAT increase

This position would be quite manageable were it not for the fact (and speculation for many months previously) that VAT has been increased by 40%.

My calculations are that this increase in VAT will cost the University approximately R750 000 for the remainder of this year.

The reduction in the housing subsidy announced in University Circular 36/93 will result in a reduction of the deficit by an estimated R380 000.

Present expectations are that the University will end the current year with a deficit of approximately R400 000.

#### Unknown Factors

Unknown factors which will most certainly have a bearing on the final figure are possible salary adjustments for staff and the extent to which any such adjustments are subsidised by the State.

The residences do not enjoy any subsidy whatsoever from the State towards their running costs and the implication of cost salary and VAT adjustments for the residences have not been dealt with in this statement.



# Rationalization/ Privatization

by Dr Michael Smout, Vice-Principal

During recent discussions between RUSA and senior management of the University, the related issues of privatization and rationalization were discussed. RUSA asked about the University policy on these issues, particularly on how individual staff might be affected.

The University has no formally approved written policy on these matters and indeed, this is not seen to be in the best interests of either the staff or the University.

As each staff member has a unique set of personal and work circumstances, it is believed that he or she is best dealt with as an individual if affected by a programme of privatization or rationalization. It is, however, University policy to treat such persons as sympathetically as possible, with what may informally be described as a 'soft landing' approach.

## Aware of commitment

In seeking administrative efficiencies, the privatization, rationalization and/or restructuring of certain services is always under consideration. However, the University is aware of its commitment to all its employees and students.

A good example of University policy and approach to privatization is the recent issue of the Central Cleaning Services. Following discussions with outside parties interested in undertaking the duties now carried out by the Central Cleaning and Janitorial Section, it emerged that these services could be provided at a saving of approximately R100 000 a year to the University.

## Restructured

After careful consideration and following consultations with NEHAWU, it was decided to recommend to Council that rather than privatize these services, the Central Cleaning and Janitorial Section would be restructured and the staff reduced by nine posts.

New work schedules are being introduced and certain services will not be performed on the same scale or as often as in the past.

It is pleasing to note that as a result of the restructuring and rationalization, no member of staff was retrenched (the staff involved were transferred to vacancies within the University) and a large saving on salary and other costs will be made.

Council agreed to the recommendations subject to a re-assessment of this Section in six months time. Should the re-structured Central Cleaning Section provide the required service, and we are confident that it, then the need to privatize this service will no longer exist.

Due to large trading losses in the Rhodes Union over the past few years, it was also decided to re-structure and rationalize the services of the Rhodes Club and Kaif.

## Vacant posts

Of the nine posts abolished, only one member of the permanent staff was regretfully retrenched. The University was again able to transfer those staff affected by the re-structuring to vacant posts within the residence system.

The University would like to re-assure all staff members that any decision to retrench would only be taken after careful consideration and consultation.

As it is easier and far less stressful to abolish posts when vacancies occur through retirement or resignation, the appropriate Staffing Committee gives due consideration to all academic and non-academic vacancies.

Any decision taken to fill or freeze a vacancy must be taken in the best interests of the University, as this will have an important bearing on the well-being of all its staff and students.

# New guidelines for Personal Promotion applications

**R**USA has reached agreement with the Administration on revised guidelines for the motivation of personal applications for promotion and the Rules and Procedures Governing Personal Promotion for members of the non-academic staff. In addition to these developments the Administration has established a Non-Academic Staffing Committee to deal with these applications.

The revision introduces guidelines that are better suited to the motivation of non-academic promotions and which provide a more structured approach for staff motivating their own promotion. The idea of motivating one's own promotion is anomalous in places of employment and, in the absence of a more regular system, the feeling was that staff as individuals should be provided with a more sound and structured guide from which to work.

RUSA hopes these new guidelines are the first steps in the development of an appropriate system of assessing the general performance and promotability of individual non-academic staff members. The Personnel Division has expressed willingness to continue discussions in this direction in the future.

Non-academic staff are encouraged to make sure that they obtain a copy of the new guide, either from their Head of Department/Division, or from the Personnel Division, and make sure that they understand the rules and procedures and the suggestions as to submission routes.

♦ The closing date for submissions is 30 april 1993.

## Appointments

Applications are invited for the following posts

### Secretary in the Computing Centre

*from June 1, 1993*

Candidates should be competent typists with general office experience and the ability to deal with people at all levels. Experience in the use of a word processor and spreadsheets is essential

### Secretary in the Faculty of Education

*from May 1, 1993*

Candidates should have had several years experience in a secretarial capacity and should preferably have had some administrative experience. A working knowledge of word processing is essential.

### Secretary in the International Studies Unit of the Department of Political Studies

*from May 1, 1993 or as  
soon as possible thereafter, to December 31, 1994*

Candidates should have general office experience and the ability to deal with graduate students from a variety of international and cultural backgrounds.. Some experience of financial management would be an advantage. Computer and word processing skills are required.

Application forms and salary particulars may be obtained from Miss Dee Inge, Personnel Division. Ext 115/117

■ Closing date: April 8, 1993