



PROPOSAL FOR INPUT TO dti

Clarification of the interpretation of the terminology used in Codes 200 to 700, dealing with Specialist Enterprises (code series 000), with specific reference to the application of these sections to Higher Education Institutions (HEI's).

Category	Comment
Management Control (code series 200)	
Board	<p>Universities have no Boards. The equivalent structure is a University Council, of which the composition and functions are determined by section 27 of the Higher Education Act (HEA) and the individual Statutes of the various Universities. The latter (approved by the Minister of Education and gazetted) are similar to a company's Articles of Association.</p> <p>Council Functions: <u>Under HEA:</u> determines governance, makes University Statute and Institutional Rules, appoints and determines conditions of employment of employees, language policy, student admission, student support structures. <u>Under Statute:</u> responsible for policy-making and monitoring, guidelines for strategic and financial governance, staff and disciplinary matters.</p> <p>Composition: HEA prescribes size (maximum 30 members, at least 60% not employees/students), and members in following categories: <u>Ex officio or appointed:</u> Principal/Vice Chancellor and Vice-Principals/Deputy Vice Chancellors (employees – internal) Appointed by Minister of Education (maximum 5) (independent -external) <u>Elected from ranks:</u> University Senate and academic and support employees (employees – internal) Students (internal) <u>Secretary:</u> Registrar of University (non-member, no voting rights) (employee – internal) <u>Additional categories determined by Statute:</u> Examples include members elected by donors, convocation or appointed by local authority and by Council for expertise (external).</p> <p>Interpretation proposal 1</p> <p>“Board” means University Council for HEI's.</p>

<p>Board participation</p> <p>Voting Rights</p> <p>Executive Directors</p>	<p>Interpretation proposal 2</p> <p>All Council members (internal and external) are included as board members for HEI's.</p> <p>Interpretation proposal 3</p> <p>All internal and external Council members have voting rights. This includes employees and students for HEI's. The Registrar (as meant in section 26 of the HEA) is the Secretary of Council who is a non-member, and therefore has no voting rights.</p> <p>The term "Executive Director" in HEI's often denotes members of the University Executive/Management Committee excluding the Principal/Vice Chancellor, Registrar and Vice-Principals/Deputy Vice Chancellors. They usually have support portfolios such as Finance or HR, attend Council as advisors/observers, are not members, and do not have voting rights. In some institutions the term Registrar is also used in this way.</p> <p>Interpretation proposal 4</p> <p>When interpreting the Codes, the term "Executive Director" for HEI's includes all employees who are members of the Executive/ Management Committee of the University AND who are full members of Council with voting rights.</p>
<p>Top Management</p>	<p>Statement 200 prescribes in par 4.2 that the data used for Employment Equity (EE) Reporting purposes must be used in calculating scores under the Management Control Scorecard (code series 200).</p> <p>EE reporting is done in terms of prescribed occupational levels as well as categories. The occupational levels are defined (and distinguished) on the basis of various job evaluation systems (Hay, Peromnes, Patterson, JE Manager), whereas the occupational categories are defined in terms of types of jobs as prescribed in the EE Report. The former (occupational levels) distinguish different levels of management positions, while the latter (occupational categories) include all management positions under one category. The contents of the Management Control Scorecard, requiring data on top management levels only, therefore demand that the EE data used to report on occupational levels is used in this context.</p> <p>In par 4.3 Statement 200 further provides that an entity which does not distinguish between top and senior management may include all its senior management under top management in the Management Control Scorecard, but then (in par 4.3.2) excludes senior management from being measured under Statement 300 dealing with Employment Equity.</p> <p>Despite the fact that the above attempts to provide general guidelines for defining top management in HEI's, the reality is that these institutions differ significantly with regard to the composition of their top management structures.</p>

Senior, Middle and Junior Management	<p>systems (Hay, Peromnes, Patterson, JE Manager), must also be used here.</p> <p>Interpretation proposal 9</p> <p>For HEI's, senior management means employees at Peromnes levels 2-3, middle management means employees at Peromnes levels 4-6, and junior management means employees at Peromnes levels 7-12.</p>
Skills Development (code series 400)	
Skills Development Expenditure	<p>All HEI's include in their conditions of service some form of study benefit for employees, usually in the form of payment by the University of all or a significant part of the study fees for study towards formal academic qualifications by the employees at that institution or, in some instances, at other HEI's. Because of the nature of the academic enterprise, which requires that academic employees aspire to the highest academic qualification level and encourages all employees to do so, significant investments are made by HEI's in this type of arrangement, which should be included in assessing their contribution under this element. Depending on the precise nature of this arrangement in the institution concerned, these cases can be brought under the purview of par 3.2 and/or par 3.4 of Statement 400.</p> <p>Interpretation proposal 10</p> <p>“Skills Development Expenditure” for HEI's includes all legitimate expenses (as described in par 3.6 of Statement 400):</p> <p>(1) incurred by the institution in offering its own accredited formal academic programmes or registered unit standards to its employees;</p> <p>AND</p> <p>(2) on scholarships and bursaries for study by employees towards accredited formal academic programmes or registered unit standards at other institutions or accredited providers, subject to the conditions in par 3.2 of Statement 400.</p>
Categories of learning programmes	<p>Interpretation proposal 11</p> <p>Category A = formal academic programme (e.g. degree, diploma)</p> <p>Category B = Formal academic programme with a compulsory practical component as part of qualification (e.g. MBChB)</p> <p>Category C = Formal academic programme where additional practical training is required for recognition/professional qualification (e.g CA's, clinical psychologists)</p> <p>Category D = formally assessed training programme requiring formal contract (e.g apprenticeship, artisans)</p> <p>Category E = formally assessed learning programmes registered as unit standards (e.g. accredited short courses)</p> <p>Category F = instructional programmes including conferences, workshops, seminars (e.g. CPD programmes)</p> <p>Category G = informal workplace learning (e.g. unaccredited staff development</p>

	programmes)
Learnerships	<p>In terms of the definitions contained in the Skills Development Act and Memorandum to the Act, a learnership is an alternative “mode of delivering a learning programme which combines work-based experience with structured learning” and is “one of the means of obtaining a qualification”. Obviously, the very nature of the core business of Universities and HEI’s, namely the offering of formal accredited academic programmes, obviates against their awarding formal academic qualifications through this alternative route in academic departments – that would amount to competing with themselves. However, it should be noted that formal academic programmes with a compulsory practical component done in a workplace (category B) could qualify as a learnership in terms of this definition.</p> <p>It is possible to offer learnerships in support service departments of the University (an example is the HR Development Programme being offered under the auspices of the HR Directors Forum).</p> <p>Interpretation proposal 13</p> <p>It is proposed that participation in learnerships by black employees in HEI’s be measured as a percentage of total support service employees only.</p>
Preferential Procurement (code series 500)	
	<p>There are no real anomalies or uncertainties in interpreting the preferential procurement codes in the HEI environment for standard products and services procured.</p> <p>However, there are instances where donor funding is received with specific instructions as to the providers to be contracted. The Institution therefore has no discretion as to the selection of the supplier(s). Since this spend is seen as part of a university’s normal spend, it has an impact on the preferential procurement calculation.</p> <p>Interpretation proposal 13</p> <p>“Donor-specified spend” should be excluded from the preferential procurement calculation.</p>
Enterprise Development (code series 600)	
Enterprise Development (ED) contributions	<p>Schedule 1 of the Codes contains a definition of ED contributions (which includes prescriptions determining whether beneficiaries qualify as such for scoring purposes) and examples of ED contributions are listed in par 3.2.5 of Statement 600. In terms of these provisions, the measurable ED contributions of HEI’s will be mainly in the fields of creating, building and developing capacity and providing training and mentoring of beneficiaries or beneficiary communities, and in maintaining an Enterprise Development unit. A variety of development programmes, research activities, training programmes and initiatives and various forms of collaboration and joint initiatives undertaken by HEI’s with or on behalf of qualifying beneficiaries or beneficiary communities may thus fall under this element of the Scorecard, and will have to be determined by each individual institution.</p> <p>Interpretation proposal 14</p>

<p>Net Profit After Tax (NPAT)</p>	<p>On a generic level, all forms of research, educational or developmental assistance or training provided by HEI's to qualifying black enterprises, including suppliers, should be included in this element. Specific examples include contract research and research collaboration, in-house training programmes, management and leadership development programmes, provision of access to facilities, and the like.</p> <p>The Statement prescribes a percentage (3%) of NPAT (or an alternative based on an indicative profit margin and turnover) as the compliance target. As neither applies to HEI's, another measure must be identified. In the Draft Codes of November 2006, a contribution of 0.325% of turnover was proposed. It is therefore proposed that this percentage is used as stipulated below.</p> <p>Interpretation proposal 15</p> <p>0.325% of "Council" turnover as reported to DoE should be used in calculating the score in the place of NPAT. Council turnover is calculated in the same way for all HEI's and thus provides some consistency for the whole sector.</p> <p>"Council" turnover as reported in the financial reports to the DoE is defined as follows: Council Controlled income (Unrestricted use) relates to income over which the Council of the institution has absolute control and discretion of use and comprise mainly of State Appropriations - Subsidies & Grants and Tuition Fee Income.</p>
<p>Socio-Economic Development (code series 700)</p>	
<p>Socio-Economic Development (SED) contributions</p>	<p>Schedule 1 of the Codes contains a description of SED contributions, and examples of SED contributions are listed in par 3.2.4 of Statement 700. These contributions include development programmes for defined beneficiaries and beneficiary communities, support for education, healthcare, arts, cultural or sporting development programmes, community training or mentoring, skills development for the unemployed and ABET programmes as well as bursaries and scholarships and the maintenance of a SED unit. In HEI's, such contributions are typically classified under the rubric of community engagement, including community service and development. Many institutions have a dedicated department, division or unit for Community Engagement, but a great many such initiatives are also seated in individual academic units, departments or faculties.</p> <p>Interpretation proposal 16</p> <p>Each HEI will have to compile an encompassing register of all initiatives falling under the definition of SED for scoring purposes. Specifically, bursaries and scholarships funded by the institution and benefiting black people, including bursaries for dependants of staff, as well as the cost of maintaining (a) dedicated Community Engagement unit(s) (where applicable), should be included for the purposes of scoring in this element.</p>
<p>Externally funded initiatives</p>	<p>Most HEI's manage a variety of SED projects for which they receive external grant funding, often on condition that the institution also contributes financially to the project. In such cases, the additional direct monetary contribution by the institution, as well as the overhead costs for the institution and the quantifiable non-monetary contributions (e.g. the cost of time of participating employees) count for scoring purposes.</p>

<p>Net Profit After Tax (NPAT)</p>	<p>The Statement prescribes a percentage (1%) of NPAT (or an alternative based on an indicative profit margin and turnover) as the compliance target. As neither applies to HEI's, another measure must be identified. In the Draft Codes of November 2006, a contribution of 0.125% of turnover was proposed. It is therefore proposed that this percentage is used as stipulated below.</p> <p>Interpretation proposal 17</p> <p>0,125% of Council turnover as reported to DoE (for definition, see proposal 15) should be used in calculating the score in the place of NPAT. Council turnover is calculated in the same way for all HEI's and thus provides some consistency for the whole sector.</p>
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