



The Office Of The Principal and Vice - Chancellor

PROFESSOR MANDLA MAKHANYA, PRINCIPAL AND VICE CHANCELLOR

UNIVERSITY OF SOUTH AFRICA

HRCoC WORKSHOP

ORT 14-10

6 February 2015

- Good morning Madame Chair, Professor Erasmus, colleagues

At our academic opening address on Tuesday I indicated very clearly that Unisa's sustainability hinges on the ethical stewardship of its financial and infrastructural resources, and I asserted that our institutional strategy going forward has been premised on us being able to find the optimal balance between our strategy and our resource allocation. Picking up on that point, I would like to share with you just a few remarks.

Unisa's investment in Human Resources currently runs at 69% of our total operating costs, in the amount of R4 billion for 2015. This exceeds the DHET recommended percentage of between 58% and 63% even though it is significantly better than many of our sister institutions – many of whom are in a dire financial position *because* of their inability to achieve that optimal balance that I have just mentioned. However at the same time we have to acknowledge that for some time we have been questioning whether, given the unique composition and operational

model of an ODeL institution, that desired percentage could fairly be applied to Unisa. I had expected that our colleagues would have done some research on this so that we can if necessary revisit the situation, and I must confess that it is somewhat disappointing that to date, A matter of such crucial impact on our institutional sustainability has not been engaged. I trust that that will be put right this year.

There is absolutely no room for complacency. The University's core functions have not been breaking even for the past two years. In other words, we are spending more that we are generating. And with the unending and often fierce pressure that is placed on HR to increase salaries and appointments - to bloat the institutional structure with *want-to-have* rather than *have-to-have* positions - it is going to require an effort of will and the exercise of really professional discipline to ensure that we serve the best interest of both staff and our institution, in line with the sustainability and optimal efficiency of both. Our spending will have to be kept at acceptable levels with an eye to the finalization of our 2015 APP and the new strategy.

It is imperative that we rid ourselves of our over reliance on investment income, whose stability and substance are always uncertain, as well as a deeply entrenched sentiment that since Unisa is a financially well-endowed institution it is OK to spend as if there were no tomorrow. This is a mindset that has to change and I see HR as leading the charge in that regard. As an institution we need to temper our needs and demands with the harsh reality of the current higher education and socio-economic environment. We are not here to enrich ourselves, we are here to serve. It has become far too easy to simply hire consultants for example, when we have the capacity to do the work ourselves.

Currently the University's income sources are:

- Tuition fees - 44%:
- Government Subsidy – 33%:
- Investment income - 18%
- Other – 5%

If we are unable to manage our student growth and if we fail to increase our throughput rates for both undergrad and postgrads we stand a very real chance of continually reduced income sources, and the necessity over time, of achieving our goals within an even smaller budget. I am hearing rumours of some serious budget cuts at sister institutions and can only speculate that they are grappling with similar challenges. I cannot stress enough the gravity of this situation, which requires of us to be responsible and sensible in our approach to HR and all that it encompasses.

We have a very real problem with fruitless and wasteful expenditure at Unisa, especially around conferencing, consultants and travel, etc. It seems somehow anomalous that consultants are hired to do work which could conceivably be done by our own staff, and even more bizarre that high performance scores are claimed for the work – which is in fact done by others. Perhaps that is something that needs to be factored into our IPMS assessments. It is almost a form of double-dipping! We need to adopt an attitude of “bang-for-bucks” across the University. There has to be a demonstrable benefit for Unisa, or our staff and students, from our expenditure – if not, it makes no sense at all to incur it.

This same policy should inform HR’s strategy, planning. HR needs to demonstrate across its entire spectrum of services that it is making a measurable contribution to improved staff *and* institutional efficiency. Our IPMS needs to demonstrate measurably its value, its worth and its benefits for Unisa – not merely as a tool for staff development and institutional/cultural transformation but as a key driver of institutional efficiency. While APP objective 17 is laudable in regard to the IPMS, I would like to see a broader interpretation of its institutional role to include both staff and institutional efficiency.

The reason why I say this is that the 2016 – 2030 strategy indicates quite clearly in goal 2 that we have to “craft and embed an agile, innovative, sustainable and efficient operational environment.” That will only be possible if we have a vibrant and effective HR which is able to shape and develop our staff through a variety of instruments, into highly effective and efficient employees.

As you work through your workshop programme today I would ask that you bear in mind the very difficult challenges that we will be facing in the years to come and that you manage the HR budget as if there are no “stop-gaps” or “safety-nets” in the form of investments funds.

I wish you well and I look forward to an innovative demonstration of the balance between your strategy and your resource allocation.

I thank you.