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## GENERAL NOTICE

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### NOTICE 394 OF 2009

DEPARTMENT OF EDUCATION

### **POLICY FRAMEWORK FOR THE REMUNERATION OF SENIOR MANAGERS IN PUBLIC HIGHER EDUCATION INSTITUTIONS**

HIGHER EDUCATION ACT, 1997 (Act No. 101 of 1997)

I, Grace Mandisa Naledi Pandor, Minister of Education, hereby publish the *Policy Framework for the Remuneration of Senior Managers in Public Higher Education Institutions: Draft for Discussion*, as set out in the Schedule, for comment in terms of section 3 of the Higher Education Act, 1997 (Act No. 101 of 1997) and in fulfilment of section 4(3) of the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).

Since 2004, the Ministry of Education has been concerned about the uneven and disproportionate salaries paid to senior managers in public higher education institutions.

In developing the draft framework my Ministry has been greatly assisted by the HESA commissioned report compiled under the chairperson of Dr Mamphela Ramphele to investigate and report on the governance of executive remuneration in higher education.

The purpose of this policy framework is to provide guidelines to councils of higher education institutions for the determination of senior management remuneration appropriate to the size, shape and complexity of the university concerned.

This policy will be applicable to all councils and senior management of all public higher education institutions as defined in the Regulations for the Annual Reporting of Public Higher Education Institutions, Government Gazette number 30132, 1 August 2007.

Comments from interested parties are invited, and should reach the Department not later than 10 June 2009. Comments should be marked "*Policy Framework for the Remuneration of Senior Managers in Public Higher Education Institutions: Draft for Discussion*" and addressed to the Director-General, Department of Education, Private Bag X895, Room 534, Sol Plaatje House, 123 Schoeman Street, Pretoria, 0001, for attention: Ms Seputu Mampane. The document may be faxed for Ms Mampane's attention at (012) 323 1413 or sent by e-mail to [mampane.g@doe.gov.za](mailto:mampane.g@doe.gov.za). The name, address, telephone number and fax number of the person or organisation responsible for submitting comments should also be provided.



G.N.M. Pandor, MP  
Minister of Education  
Date: 08-04-2009

## Introduction

Since 2004, the Ministry of Education has been concerned about the uneven and disproportionate salaries paid to senior managers in public higher education institutions. In 2005, Higher Education South Africa (HESA), commissioned an Independent Reference Group chaired by Dr Mamphela Ramphele to investigate and report on the governance of executive remuneration in higher education.

The report was presented to HESA in early 2006. In section 2.7, "Evaluation of Remuneration Practice" the following comments were made:

- Senior staff remuneration in South African higher education institutions is highly inconsistent in almost every recognized dimension of good remuneration practice.
- Senior staff remuneration principles are not consistently applied by institutions and their Councils across different grades.
- The sector consists of institutions that vary considerably in size and complexity, but CEO remuneration is almost 'flat-lined' across the whole spectrum.

The report further suggested a number of good remuneration practices that should be adopted by councils and proposed a model for the remuneration of vice chancellors that should be followed by councils. The report further contained 18 specific recommendations, including a recommendation that HESA should be responsible for regulating remuneration within the higher education sector.

To date, there is no evidence that higher education institutions have accepted and implemented recommendations from their own investigation. In this regard, the results of a remuneration survey carried out by the Department of Education at the end of June 2008, indicate that the levels of remuneration of many vice chancellors remain inconsistent and unrelated to the size, shape, academic performance or finances of an institution, as well as with acceptable good remuneration practices.

It is within this context that the Minister of Education has developed a policy framework for the determination of the remuneration of senior managers in public higher education institutions.

## Purpose

The purpose of this policy framework is to provide guidelines to councils of higher education institutions for the determination of senior management remuneration appropriate to the size, shape and complexity of the university concerned.

This policy will be applicable to all councils and senior management of all public higher education institutions as defined in the Regulations for the Annual Reporting

## **Council Committees**

The council of a public higher education institution is responsible and accountable for the proper governance of the institution. In this regard the Higher Education Act empowers councils to establish such committees of council that may be deemed necessary to perform any of its functions and may also appoint persons, who are not members of the council as members of such committees.

The council of each university must have a dedicated committee or sub-committee of an existing committee to oversee the implementation of this policy.

The membership of this committee must consist of the chairperson of council, the chairpersons of the Finance and Audit committees of council and not more than 2 external members of council. The chairperson of council should chair this committee. However, no member of staff or student may be a member of this committee.

The members of this committee must have a sound knowledge of the King reports on Corporate Governance, the legislation and regulations governing the higher education system, the 2005 Mamphela Ramphela report to HESA as well as this policy and related documents.

This committee must draw on the expertise of remuneration experts as and when required and must ensure that its members receive appropriate exposure to good policies and practices on remuneration principles and governance of public purpose organisations.

## **Terms of Reference of the Committee**

The Committee is accountable to the council with the following terms of reference.

1. To develop and recommend to the council an appropriate Remuneration Policy for the senior management of the institution. This policy must conform to the requirements of this policy and minimally reflect the following:
  - Clear links between the remuneration policy and the mission and strategic goals of the institution;
  - Objectives that need to be met in terms of attracting, retaining, motivating and developing staff of the institution;
  - The remuneration package system that will be applied and how the components of the system will be administered and reviewed with specific reference to performance incentives. This may include properly-managed, performance-related incentives (benchmarked, for example, against student throughput, the generation of third stream income and the employability of graduates). The monetary value of a performance-related incentive must be part of the total (cost to company) remuneration package;