



MEMORANDUM OF AGREEMENT FOR 2020

Between

**UNIVERSITY OF CAPE TOWN
(UCT)**

And

**UNIVERSITY OF CAPE TOWN ACADEMICS' UNION
(AU)**

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1.7.20

1. Period of agreement

This agreement will operate, unless otherwise stated, for the period 1 January 2020 to 31 December 2020.

2. Scope of agreement

The agreement will apply to the bargaining unit as agreed in 2009.

3. Increases in the Cost of Employment

The Standard Academic Salary Package (SASP) for Academic staff is based on the total Cost of Employment.

According to Stats SA the Western Cape CPI in June 2019 was 5.3%. The overall academic salary increase for 2020 will thus be 6.3% as per the Pay Policy Agreement.

The increases for 2020 will be structured in the following way:

Rank	UCT 2019 SASP	Increase	Differential to next rank	2020 UCT 2019 SASP
Lecturer	683 358	6,90%	21.5%	730 510
Senior Lecturer	834 707	6,30%	20.0%	887 294
Associate Professor	1 002 002	6,30%	23.0%	1 065 129
Professor	1 237 822	5.80%	—	1 309 616

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Appendix 1 (attached) sets out the Pay Policy Agreement for Academic staff for 2019 – 2021.

It is agreed that the non-salary demands for 2020 will be negotiated separately.

Signed at RONDEBOSCH this 28th day of November 2019.

UNIVERSITY OF CAPE TOWN

Handwritten signature of University of Cape Town representative

UCT ACADEMICS' UNION

Handwritten signature of UCT Academics' Union representative

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Appendix 1

Pay Policy Agreement for Academic Staff

(2019 to 2021)

1. Introduction

The previous pay policy (2011-2017) sought to set levels of remuneration at amounts which would enable the University of Cape Town (UCT) to attract, retain and motivate staff, recognising the pre-eminent position it holds as a leading research intensive university, nationally and internationally. To this end the approach was to benchmark UCT academic salaries against the 75th percentile of a group of comparator universities; namely, those universities which share a similar research-led culture to that at UCT. These universities constitute UCT's major competitors for staff, and face similar challenges in terms of spending demands and opportunities to earn income. The agreed benchmark was chosen to balance the competing demands of simultaneously attracting and retaining staff on the one hand and ensuring that the salary component of the overall budget does not negatively impact UCT's ability to provide an operational environment (and budget) conducive of a leading university's needs to competitively support teaching and research.

Over the past number of years it has become evident that our comparator universities are themselves now striving to set their salaries at the 75th percentile with the result that the salary range across these universities has become very flat. The 75th percentile has thus come to have relatively little meaning in practice, and a new approach to determining UCT academic salaries over the next three-year time frame is proposed. Non-salary demands are not included here, but will be negotiated annually.

2. Context

In striving to ensure that UCT academic staff are remunerated towards the top of the national academic market, the pay policy that has guided UCT academic staff remuneration for the past 7 years, UCT SASP, has been set at the 75th percentile of a set of nine comparator universities¹. This strategy has worked with some success in that UCT salaries have remained close to this benchmark and thus ensured payment towards the upper end of the competitive market. Despite this success, the approach and the REMchannel² data set used have been problematic for a number of reasons:

- lack of clarity on whether premiums have been included in the dataset or not, thus resulting in not necessarily comparing like with like;
- not all the comparator universities have been able to provide data on the total guaranteed package without premiums;
- the necessary data are available only in the year of negotiation and thus a retrospective correction was necessary;
- concerns with the actual quality of the REMchannel data;
- the current situation is that only four of the nine comparator universities are providing premium free data on their total guaranteed packages.

A recent concern is that the comparator universities are themselves now aiming for the 75th percentile for their own remuneration packages, and the slope of the dataset has thus flattened to the extent that

¹ Comparator universities: NMU, NWU, RU, SU, UFS, UJ, UKZN, UP, WITS.

² REMchannel[®] is an internet-based remuneration survey run by PwC.

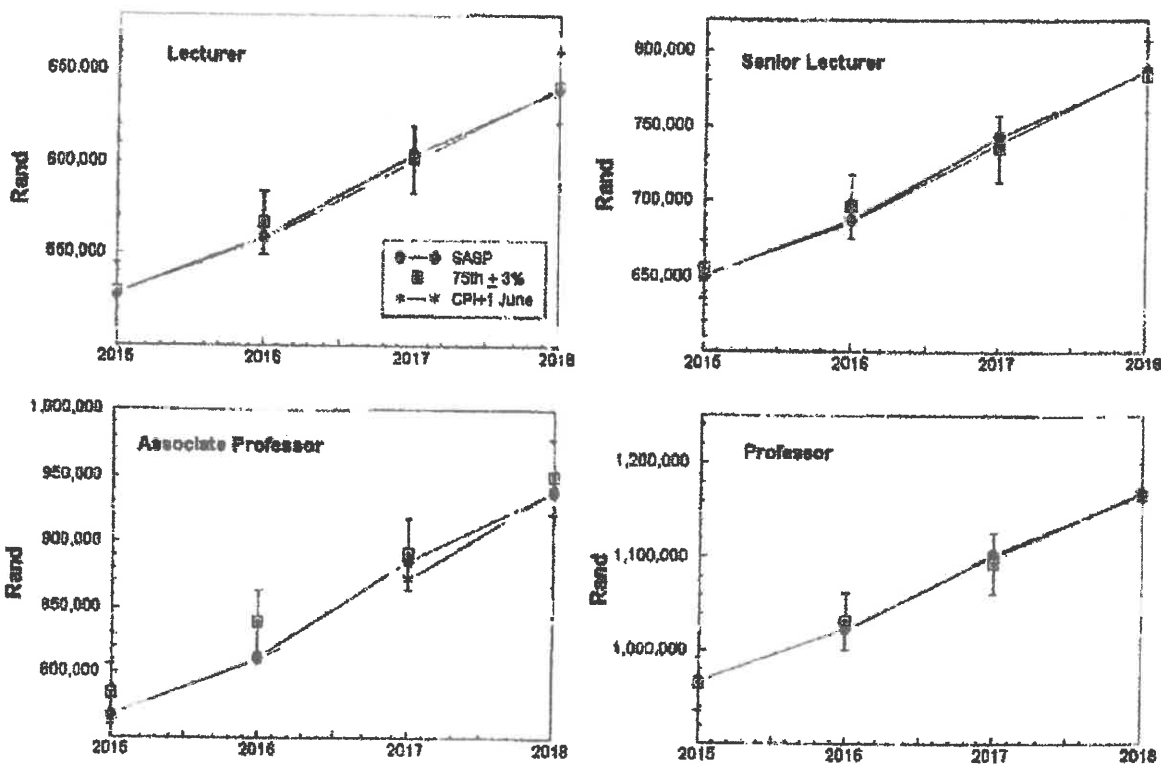


Figure 2: Variation of UCT SASP for the years 2015 through 2018 (black trend) in comparison to a trajectory of UCT SASP 2015 increased annually by CPI plus 1 percent (red trend). Partly filled squares show the 75th percentile value for each year with 3% tolerance bars.

4. Referencing the 75th percentile

Despite the 75th percentile no longer being used as the primary benchmark, 2018 UCT SASP falls very close to the 2018 75th percentile (excluding premiums and HOD allowances) for all ranks. It remains important that UCT remunerate academic staff towards the upper end of the comparator universities and therefore the 75th percentile ($\pm 3\%$) of the comparator universities' total guaranteed packages (excluding premiums and HoD allowances) will remain a secondary benchmark to which the UCT SASP values at each rank will be compared prior to negotiation of a new pay policy in 2021.

5. Differentials between academic ranks

In line with national and international practice, the 2011-2017 pay policy accommodated a set of differentials between academic ranks to provide incentives across the life-span of an academic career (there are only three promotion opportunities).

It is agreed that the differential between ranks of 18-22%, with 20% being the ideal, be maintained. However, either Management or the Academics Union may propose minor adjustments to the differentials between ranks if motivated for on strategic grounds, or where the differentials lie outside the preferred range. Any such changes must occur without impacting the total academic salary budget as determined by an increase of Western Cape CPI+1 applied to SASP for all ranks in the year of

- Either party may raise the issue of differentials between ranks, recognising that any proposed changes must occur within the agreed total salary bill (previous bullet) for that year.
- If parties agree on the salary rise for each rank, taking into account any agreed changes to differentials between ranks, then the negotiation process for salary increases is complete.
- A dispute may occur should agreement fail to be reached on what an appropriate differential is between ranks.
- In the event of a dispute, resolution will be attempted via the agreed procedures as outlined in the Recognition Agreement with the AU.

8. Review of the Pay Policy Agreement

This Pay Policy Agreement will be in place for three years (2019 through 2021), at which time it will be re-negotiated (i.e. during the course of 2021) taking into consideration agreements with the AU with regard to scarcity payments, strategic payments to individuals, additional payments, merits awards and excellence awards. The Pay Policy Agreement will be reviewed at the request of either party at an earlier stage if a party believes that circumstances require a review. If no new agreement can be reached following such a review this agreement will continue to apply.

Signed at RONDEBOSCH this 12th day of December 2018.

UNIVERSITY OF CAPE TOWN

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UCT ACADEMICS' UNION

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[Signature]

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