



**RHODES UNIVERSITY**  
Grahamstown • 6140 • South Africa

# Scarcity Allowance for Academic Staff

## Protocol

<b>Responsible Committee/Unit/Division/Faculty</b>	HR
<b>Responsible Chairperson/Director/Manager</b>	Director of HR
<b>Date</b>	25 November 2011
<b>Status</b>	April 2022: Confirmed by HR to be current

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# **Rhodes University: Academic Staff**

## **Protocol relating to the payment of Scarcity Allowances**

### **1. Background**

In the past with the exception of a few disciplinary areas, scarcity allowances have not been paid to academic staff at Rhodes University. Prior to 2006, non-pensionable allowances were paid to attract or retain staff in certain market related disciplines. As such it can be argued that these were scarcity allowances although contractually, the allowances were not necessarily positioned in this way. No conditions were linked to the payment of such allowances. The disciplinary areas where scarcity allowances have been paid historically are accounting (for Chartered Accountants), financial management (for Chartered Accountants), and organisational psychology.

Beyond the need to provide a framework for the determination of the current allowances, there is a need to explore how scarcity allowances can assist in the attraction and retention of academic staff.

Please note that this protocol only deals with scarcity allowances for academic staff. A separate protocol exists for scarcity allowances for support staff. It is similar in many respects.

### **2. Principles governing scarcity allowances**

The following principles apply:

- a) The University is committed to paying its academic staff at the 50<sup>th</sup> percentile within the higher education sector;
- b) The allowance is paid on the premise that current levels of remuneration for certain academic posts, specifically those that are in market-related disciplines, make it particularly difficult to attract and retain these staff. This is experienced within the entire higher education sector and is not specific to Rhodes University. The institution may however find the attraction of staff from market-related disciplines more difficult because of our geographic location. As such this poses a risk for the viability of the institution and needs to be addressed;
- c) Premiums paid on certain jobs in the Higher Education sector because of the scarcity of skills may change over time. Therefore, the allowances are not part of the individual's guaranteed remuneration;
- d) The review of scarcity allowances including which areas receive such allowances will take place every two years. Where the remuneration data shows that the premiums being paid in certain areas is decreasing over time, this will impact the quantum of allowances paid in the relevant area and therefore scarcity allowances paid to individuals will decrease;
- e) The scarcity allowance is paid monthly as a non-pensionable allowance, but specifically called a scarcity allowance and will be reflected as such in remuneration letters and on the person's payslip;
- f) The allowance is paid subject to affordability and a contractual obligation is only made to the staff member for one calendar year;
- g) Subject to point (d) above, the allowance may be increased by the annual adjustment in January of each year; and
- h) This scarcity is to be differentiated from a premium which is paid on the basis of attracting equity candidates. An equity candidate in a scarce skill area could potentially earn both the premium and the scarcity allowance should this be necessary in terms of external equity.

### **3. Process of determining the allowance**

In the process of determining the scarcity allowances, attempts have been made to balance internal (fairness amongst the staff receiving such allowances) and external equity (providing competitive remuneration in relation to what other HE institutions are paying).

The process was as follows:

- a) *In determining which disciplinary areas would be eligible for scarcity allowances*, seven potential sources of information were used:
- i. Department of Labour listing of scarce skills;
  - ii. Remchannel remuneration survey data for June 2011 and then again for October 2011 including the payment of scarcity allowances<sup>1</sup> for various disciplines;
  - iii. the comparative ratio<sup>2</sup> of basic salary for the various disciplines to the average basic salary for that level of appointment;
  - iv. the comparative ratio of guaranteed package<sup>3</sup> for the various disciplines to the average guaranteed package for that level of appointment;
  - v. Higher Education Comparative survey (May 2011) commissioned by UCT and in which RU participated allowing us to get a copy of the report. Part of this survey focused on the market premium allowances;
  - vi. identification of areas where a professional qualification and/or registration together with an academic degree is required for appointment;
  - vii. recruitment and selection processes at Rhodes where there have been difficulties in attracting staff.
- No one data source was used nor should be used to determine scarcity allowances. The remuneration data used above is not about what Rhodes University's remuneration for academic staff. It reflects the remuneration for academics within the higher education sector as a whole.

This information has led to the identification of new disciplinary areas over and above those for which a scarcity allowance is already paid. These are computer science and information technology, mathematics, statistics and pharmacy. This information has been considered by the Academic Leadership Forum.

- b) *Within the disciplinary areas identified, other key factors impacting on scarcity were ascertained*. For example:
- i. level of appointment: premiums and therefore scarcity allowances are not necessarily paid at the same rate for all levels;
  - ii. professional qualification: premiums and therefore scarcity allowances are often linked to particular professional qualifications e.g. being a Chartered Accountant. However, simply having this qualification would not necessarily result in a scarcity allowance. The allowance would only be paid where the qualification is a requirement of the job; and
  - iii. academic qualification: It was agreed that academics in the scarce skills disciplines who have higher qualification e.g. Masters and PhDs and who are utilising those in terms of supervising post-graduates and doing research, need to receive a higher premium than those academics in scarce disciplinary areas without these degrees.
- c) *Within the disciplinary areas identified, a comparative ratio<sup>4</sup> of the premium/ scarcity factor for the various levels of posts was determined by analysing the premiums/allowances paid in the HE sector*. This was to achieve external equity.

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<sup>1</sup> Although it could be assumed that looking at the payment of scarcity allowances is the most obvious place to look for the payment of premiums, the practice of the payment of premiums is not consistent in the HE sector. In some HE institutions, an allowance is paid, in others a premium is paid on basic and in others a premium is paid as part of the total cost to company. For this reason, all three sources of information have been used. The Higher Education Comparative Survey (May 2011) indicated that 40% of the group sampled paid some sort of allowance while the other 60% indicated that the premium was integrated into the total guaranteed package.

<sup>2</sup> This is expressed as a percentage. For example, a comparative (or compa) ratio of 97% for a lecturer in History would indicate that lecturers in history are paid 3% less on basic salary than the average basic salary paid to lecturers within the HE sector.

<sup>3</sup> Guaranteed package refers to all remuneration that is guaranteed. It excludes annual payments paid for performance or as a result of consultancy/short course work.

<sup>4</sup> This means that a decision is taken to pay at a particular compa ratio on cash. For example, a decision may be taken to pay at the 110% compa ratio on basic.

On the basis of this, a comparative ratio for each disciplinary area for the various qualification levels was determined.

Table 1 is used for illustrative purposes: it shows that the lecturer in discipline x is receiving 6% more on basic salary than the average lecturer being paid at the 50<sup>th</sup> percentile<sup>5</sup>; that the value of the premium being paid for those in discipline x is R55 968 which is a premium of 154.9% above the average scarcity allowance paid to lecturers.

**TABLE 1**

Comparative ratios of disciplinary areas relative to averages paid at the same level of post					
Lecturer	Basic	Guaranteed package	Scarcity allowance	R value of scarcity allowance	Scarcity allowance as % of basic
Discipline x	106.0%	106.1%	154.9%	55,968	18.5%

This in turn is used to recommend a comparative ratio on basic salary of 115% for the lecturer that just has a particular professional qualification, 125% to the lecturer that has a professional qualification and Master’s degree and 135% to the lecturer that has a professional qualification and PhD:

**TABLE 2**

LECTURER in discipline x	Comparative ratio on basic salary
Professional qualification where this is required for the job	115.0%
Professional qualification where this is required for the job and the Master’s degree where this is utilised	125.0%
Professional qualification where this is required for the job and the PhD degree where this is utilized	135.0%

- d) For those individuals in the scarce skills disciplinary areas and posts identified, the *value of the scarcity allowance* was determined as follows:
  - i. the starting point was the individual’s current comparative ratio<sup>6</sup> on basic salary;
  - ii. any non-pensionable allowance<sup>7</sup> currently being received and which have been positioned as scarcity allowances. These allowances will also be converted to scarcity allowances; and
  - iii. any scarcity allowance currently being received.

Where the individual is already at or above the level of the proposed comparative ratio, then s/he would not be paid a scarcity allowance. Where the individual is already receiving more than the recommended allowance, internal equity (i.e. alignment with the recommended level), will need to be achieved over time.

- e) An academic receiving a scarcity allowance and who is elected as a full-time Dean, will not continue to have this allowance this during his/her term of election as Dean as s/he is not teaching or supervising of students. Where the scarcity allowance is more than the Dean’s allowance, the level of remuneration will be maintained. A part-time Dean is teaching and/or supervising and therefore, the allowance will be paid on a pro-rata basis in relation to the extent of teaching and supervision responsibilities.

<sup>5</sup> 50<sup>th</sup> percentile refers the median remuneration point HE sector.

<sup>6</sup> This is calculated by comparing the person’s current basis salary with the mid-range (100%) of basic salary for that level at Rhodes University. For example, if the mid-range basic salary is R30 000 per month and the person is earning R32000 per month, the compa ratio would be R32 000/R30 000 = 106.7%

<sup>7</sup> This is to ensure internal equity related to the payment of allowances and to move towards a consistent practice related to the payment of scarcity allowances.

#### **4. Process of consultation and decision-making**

The following process was followed in determining these allowances:

- a) A meeting was held between the Deans and Director: Human Resources to explore issues related to scarcity allowances;
- b) Based on the input from this meeting, a draft protocol was drawn up and presented and agreed to by the Deans in October 2011. Minor areas of further exploration were delegated to the Director: HR to resolve with Deans of Commerce, Science and Pharmacy;
- c) The protocol was then discussion with NTEU for comment who in turn consulted with their constituency; and
- d) The protocol was tabled for consideration at Senate in November 2011;
- e) The final decision on scarcity allowances will be made in line with this protocol in consultation with the Deans of the relevant Faculties.

#### **5. Payment of allowances**

The payment of allowances shall be from 1 July 2011.

**Last updated:** November 2011

**Written:** Director, HR

**Consulted with Academic Leadership Forum:** October 2011

**Consultation with unions (NTEU):** November 2011

**Approved by Senate:** 25 November 2011