TSHWANE UNIVERSITY OF TECHNOLOGY

A FINANCIAL GROWTH STRATEGY FOR TUT: 2010 – 2013

1. INTRODUCTION

The Tshwane University of Technology formulated in 2007 a (Financial) Turn Around Strategy for the period 2007 – 2009, which was assessed in June 2009. A short summary of the assessment is provided under heading 2 below, of this document and highlights the accomplishments being made in terms of the following:

- the downward trend was **turned** into an upward trajectory
- the merger of three institutions, completed business processes and policies
- the completed IOP programme, based on the faculty per campus model
- the completed match and placement of staff
- the improved financial health of the Balance Sheet and negative reserves **turned** into positive reserves

It has been agreed by the Finance Committee that a next phase of such a strategy should rather focus on a **Financial Growth Strategy** for the period **2010 – 2013**. Such a Financial Growth Strategy should build onto the achievements of the earlier turnaround strategy and identify specific objectives in order to ensure a realistic growth in the different resources of TUT.

It is clear that the lessons learnt during the turnaround strategy for the period 2007 – 2009, will impact on the way forward and create a revised approach to be taken. These points of departure for the Financial Growth Strategy are discussed in section 3 of the document.

In section 5 specific objectives together with tasks and actions are formulated, aligned to the Strategic Goals and Objectives of TUT for 2009 - 2013 and where possible linked to Key Performance Indicators, benchmarks and targets to be reached by 2013.

2. TURN AROUND STRATEGY FOR 2007 – 2009

In this section a short summary is provided on the outcomes of the assessment which was done in June 2009.The full document is available on the Intranet of TUT. The focus in this section will be on areas which are of strategic importance for TUT.

2.1 Funds for growth in postgraduate studies

Various initiatives were implemented over this period to ensure a growth in student enrolment at M and D level. Unfortunately the projected growth has not been reached, and there was actually a decline in the number of students.

2.2 Manage the change in enrolment shape

Good progress has been made in reaching the target of 40% enrolment in Science, Engineering and Technology. The enrolment in Humanities is too high despite pro-active student enrolment planning in this regard.

The change in the shape of undergraduate: postgraduate enrolment from 97:3 to 94:6% has however not been achieved, due to a decline in post graduate enrolments.

2.3 Academic staff profile

A goal was set in reaching a target of 1 SLE staff member for every 56 TIUs (Teaching Input Units). Currently this is in the order of 1: 63, taken as an average over 2007 and 2008.

2.4 Institutional support for academic staff development

Uncertainty exists over the utilization of the 1% of the salary budget, earmarked for skills development levy, towards the formal qualification improvement of academic staff that have been conditionally placed.

2.5 Increased research outputs

A performance indicator of 0,5 units per permanent academic staff member for the total research output, consisting of publications as well as M and D graduates, was agreed upon in the Institutional Operational Plan of TUT. Good progress has been made in reaching the publication component of this target, with a latest figure of 0, 19 units per staff member for publications. Once the postgraduate enrolment and graduation of M and D students have picked up, a combined performance indicator of 0,5 units is realistic and achievable.

2.6 Reduction in salary expenditure

A target was set to reduce the salary expenditure to 65% of distributable income. If one has to include in these figures the total cost to company as well as provisions for medical and leave (mainly liabilities towards retired employees), this target could not be reached. The draft operational budget for 2010 indicated a total expenditure of 72% for this category. In theory it was possible in previous years to reach the 65% target due to the large number of staff vacancies.

It further needs to be mentioned that the merger guidelines state a benchmark of 55% - 62, 5% for total salary expenditure, including all additional benefits and liabilities.

2.7 Effect change in expenditure patterns

This has mainly to do with the expenditure category Goods & Services, which includes all operational costs, corporate accounts, strategic projects and designated funding. Notwithstanding a tight control over corporate accounts, it has not been possible to keep expenditure within budget targets.

2.8 Minimize finance costs

A target was set to minimize finance costs for short term loans to a maximum of 2% of the annual distributable income budget. From 2007 – 2009 there has been a steadily decline in the need for short term loans and all indications show that the target of 2% will be reached in 2010.

2.9 Capital Expenditure

A target of 4.5% of the distributable income for capital expenditure was agreed upon. In practice this has been achieved by using funds from other streams, e.g. the IOP funding received from DoHET over the past three years, and the next phase of funding for Infrastructure and Efficiency, 2010 – 2012.

2.10 Financial health of TUT

A number of financial indicators have been identified in order to measure and improve the financial health of TUT. These include improvement of liquidity, solvency, and improvement in third stream income. There is still a lot of work that has to be done in this category, but overall there is a definite improvement over the past three years in the financial health of TUT. In particular the current annual surplus is a positive indication of an improved situation.

3. STRATEGIC APPROACH FOR THE FINANCIAL GROWTH STRATEGY: 2010 – 2013

Due to the major challenges in ensuring the success and financial health of an institution such as the Tshwane University of Technology, it is essential to adjust the approach that was taken in the turnaround strategy for the period 2007 – 2009. The main reasons for this are the changed environment in which TUT has to operate, changed economic climate worldwide, changed government policy w r t the funding of higher education, different resource needs, shifts in government priorities, and the merger progress made within TUT.

Consequently it is recommended that the following **strategic approach** needs to be adopted for the **Financial Growth Strategy** for TUT:

- A more targeted approach towards some of the key components of the annual financial budget.
- Realistic objectives with tasks and actions, which are achievable over the 2010 – 2013 period.
- Closer linking of the Financial Growth Strategy to the Strategic Goals and Objectives of TUT: 2009 – 2013 and the related Key Performance Indicators, benchmarks and targets to be reached by 2013.
- The development of appropriate benchmarks and performance indicators in cases where this is currently not available or inadequate for the needs of TUT.
- The agreed upon Financial Growth Strategy for 2010 – 2013 needs to be incorporated and integrated into the revised strategic and implementation plans for 2011 – 2013 of all units at TUT.
- Ownership of the Financial Growth Strategy has to be cascaded down to all staff and students of the institution.
- The Financial Growth Strategy needs to be championed by the Finance Committee of TUT with regular feedback to the various committee structures, the EMC and the Council of TUT.

4. GOAL OF THE FINANCIAL GROWTH STRATEGY: 2010 – 2013

The overarching goal of the financial growth strategy is to **ensure a long term sustainable financially healthy organization.**

This is directly in line with **Strategic Goal 1** of TUT, stating: Re-engineer and position TUT as a unified, sustainable multi-campus university of technology, together with Objective 1.2, stating: Achieve financial sustainability.

The challenge with such an overarching goal lies in achieving a financially sound balance between what the institution really needs and the wish list of what everyone would like to have. In order to find solutions for these clashing views, an effective approach would be to launch investigations and comparison exercises with similar universities in the region/country that could lead to agreed upon performance indicators, benchmarks and targets to be reached.

5. OBJECTIVES OF THE FINANCIAL GROWTH STRATEGY: 2010 – 2013

In this section a number of key objectives for the Financial Growth Strategy are formulated together with a motivation and discussion. Furthermore, suggestions are formulated on appropriate strategies, which may include tasks and actions, specific initiatives and timeframes. In some cases performance indicators, benchmarks and targets are available while in other cases these still needs to be developed.

With regard to the formulation of actions and tasks, the focus will be mainly on 2010 – 2011. Based on the progress being made during this period, the document will be updated accordingly for 2012 - 2013.

This emphasizes the fact that the Financial Growth Strategy document actually has to be seen as a **living document** into which the progress made will be incorporated over time.

The different objectives have not been formulated in any order of priority.

OBJECTIVE 1: DEVELOP AND IMPLEMENT A BUDGET PLANNING AND MANAGEMENT SYSTEM

(Strategic Goal 1: Objective 1.3 Achieve financial sustainability)

The university is in need of a Budget Planning and Management System to assist in the effective planning and management of the annual budgeting process. Such a System will allow for the accurate calculation of the projected different income streams as well as the allocation of funds in a scientific manner. Current excel spreadsheet models are inadequate for this purpose and don't allow for analysis of different scenarios and "What if questions" as well as analyzing trends over three to five year periods .

The current annual budget development processes could be substantially improved through such a budget planning and management system. Furthermore this will make financial planning in 3- 5 year cycles possible, align resource allocation to priorities and set appropriate benchmarks and targets for years to come.

It is recommended that the following activities are performed:

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
1.1 Investigation into the TM1/FAM/RAM models and recommendation on a Budget Planning and Management System	Strategic Management Support Finance	Jan – April 2010	The outcomes of the investigation could have financial implications for TUT
1.2 Development of budget planning system (phase 1)	Above team with outside company/ consultants	May – July 2010	A pilot project to outline the new approach
1.3 Implementation of budget system (phase 1) for budget planning 2011	Strategic Management Support Finance Committee	August – November 2010	TUT Operational Budget for 2011, approval by Council in November 2010
1.4 Development of budget planning system (phase 2)	Same team as above	February – August 2011	
1.5 Development of system (phase 3)	Same team as above	February – August 2012	
1.6 Implementation of final budget planning and management system	Finance Committee	August 2012 -	

OBJECTIVE 2: GENERATE REALISTIC ADDITIONAL THIRD STREAM INCOME

(Strategic Goal 1: Objective 1.3 Achieve financial sustainability)

The Tshwane University of Technology has a major challenge in utilizing its expertise, "know-how", infrastructure, services and properties more effectively for generating additional third stream income, which has to become part of the distributable income of the organization.

The latest available information indicates that on average universities in SA obtain 33% of their income from the third stream. In the case of universities of technology this is on average 17%, with the third stream income of TUT around 22%. It is important to note that the third stream income of WITS is 54%.

Current strategies on how the institution's utilization of "expertise" and "know-how" could increase third stream income need to be reviewed and coordinated. This includes the utilization of expertise in Short Learning Programmes, the role of CITSIs and other structures in the licensing and commercialization of products and the Intellectual Property of TUT.

Furthermore, possibilities such as the optimal utilization of the auditoria, lecture hall complexes, residence flats, guest houses and other TUT property and facilities, needs further investigation.

The Tshwane University of Technology needs to partner with the corporate world and the private sector. This includes the possibility of Public Private Partnerships for the development of additional buildings and infrastructure such as residences. In the same spirit, huge opportunities exist in approaching international donor organizations for financial support in rolling out the strategic plan of TUT.

Progress has been made with the establishment and development of Campus Businesses and business units linked to services on offer, e.g. Printing Services, Radio Stations and externally owned food outlets on campuses.

Another aspect that could boost the third stream income generation is the leveraging of the TUT service providers, for support to the institution. Take as an example, the ABSA bank who rarely supports TUT but has this institution as a major client.

The university has a major challenge in partnering with the private sector and foundations for obtaining student bursaries and scholarships in identified scarce skills training, e.g. in engineering.

By reviewing some of the above mentioned opportunities it will be possible to implement an innovative long term strategy, tapping into the potential opportunities in this regard.

Lessons from other higher education institutions as well as their successes should be taken into account when addressing this challenge.

It needs to be mentioned that synergy between TUT's core business and third stream income generation is of vital importance.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
2.1 Formulation of a long term strategy for the improvement of third stream income	Dir. for Business Dev. Strategic Management Support Advancement Office Directorate for R&I	April – August 2010	Submission to Finance Committee and other structures
2.2 Implementation of the current identified opportunities for 2010/11	Same team as above with right of co-option	May 2010– December 2011	Regular feedback to Finance Committee
2.3 Realistic business plan implementation of the longer term strategy (Phase 1)	Same team as above with right of co-option	August 2010 – Dec 2011	Approval from Finance Committee and management structures of TUT
2.4 Implementation of the longer term strategy (Phase 2)	Same team as above with right of co-option	Jan 2012 – Dec 2013	Target set of reaching a third stream income of 33% by 2013

OBJECTIVE 3: SUBSTANTIAL IMPROVEMENT IN THE BLOCK GRANT RECEIVED FROM DoHET

(Strategic Goal 2: Objective 2.2 Continuously improve academic performance)

The annual block grant from DoHET has four key components: Teaching Input Units, Teaching Output Units, Research Output Units and Institutional Factors. This is calculated for year **n** based on the performance of the institution in year **n – 2** and is derived as a percentage of the total outputs of the SA higher education system.

Furthermore, the block grant also makes provision for teaching and learning as well as research development grants, foundation programmes and institutional factors, linked to the size and shape of the institution. In particular these earmarked development type of grants clearly indicate the priorities from DoHET which needs to be taken into account.

Consequently, an effective way of guaranteeing a substantial improvement in the block grant is by a substantial growth in the different outputs of TUT, which has to be higher than the average growth within the national system. This is a major challenge which has to be seen as a **long term strategy** involving all staff and students of TUT.

In particular, the substantial improvement of Research Output Units of TUT will have a clear shorter term impact on the block grant received from DoHET. In this regard the TUT professors for R & I have to play a leadership role, as indicated in the R&I strategy of TUT.

A substantial improvement in the block grant will also ensure an improved flow of funds back into the environments where this has been generated.

In the Table below each one of these funding components will be addressed separately:

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	TARGETS
3.1 Increase TIUs by increasing the FTE enrolment of students within the headcount target of 56 000 by 2013.	Academic Committee CRIC	2010 – 2013	FTEs for 2010: 40297 FTEs for 2011: 41198 FTEs for 2012: 42099 FTEs for 2013: 43000
3.2 Increase TOUs by improved success rate and graduation rate of students	Academic Committee CRIC	2010 – 2013	Success rate (FTE credits: FTE enrolled) from 72% to 75% (national benchmark). Graduation rate (graduated: enrolled in year n) for undergraduate studies from 19,3 % to 23%.
3.3 Improve Research Outputs by an increased M and D enrolment and improved graduation rates	CRIC	2010 – 2013	Total M and D enrolment from 1496 in 2010 to 2800 in 2013. Graduation rate for M and D, target set at 25%.

3.4 Improve Research Outputs by an increase in publication outputs	CRIC	2010 – 2013	Increase from 0, 12 units to 0,2 units per permanent academic staff member. Total research output (publications and M and D graduates) increase from 0, 19 units to 0, 35 units per staff member (benchmark for UoTs is 0,5 units per staff member)
3.5 Manage change in enrolment shape by major field of study	Academic Committee CA&M: Student Recruitment	2010 - 2013	SET headcount enrolment from 37.3% to 40%. Other Humanities headcount enrolment from 22.4% to 17%.

OBJECTIVE 4: DEVELOP AND IMPLEMENT A (FINANCIAL) PROGRAMME VIABILITY MODEL

(Strategic Goal 2: Objective 2.4 Manage the quality of the PQM)

Due to the current implementation of the realignment of the Programme and Qualification Mix (PQM) of TUT, in line with the Higher Education Qualification Framework (HEQF), it is important to develop a **(financial) programme viability model** which could be used in determining the viability of proposed new PQMs. Having such a decision support tool available will assist the institution in taking final decisions on the launch as well as continuation and sustainability of qualifications and programmes offered. Simultaneously it will also assist in determining the minimum enrolment figures as well as success and graduation rates for such qualifications in order to make it (financially) viable.

It is clear that such a model needs to be used with sensitivity due to the fact that certain programmes are of strategic importance for TUT but may not be “financially viable”.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
4.1 Development of a (financial) programme viability model	Strategic Management Support HEDS	April – December 2010	A SMS staff member is doing his M Tech study on a part of this topic
4.2 Implementation of the viability model	Academic Committee HEDS Support from SMS	Testing during 2011 and implementation in line with the PQM – HEQF alignment	This support tool will be of great importance in finalizing the revised PQM over the next 4 – 5 years

OBJECTIVE 5: IMPROVED HUMAN RESOURCE DEVELOPMENT FOR THE OPTIMAL FUNCTIONING OF TUT

(Strategic Goal 4: Objective 4.1 Attract, enhance and retain expertise through appropriate interventions.

Objective 4.2 Manage performance and development)

The human capital of TUT has a direct impact on the optimal functioning of the institution, which again has a direct influence on the financial health of TUT.

With the finalization of the human resource structure / human resource plan of TUT and the match and placement of staff, the next major challenge is linked to the optimal functioning of all staff in their respective key performance areas. This should be effectively achieved if all staff has the necessary expertise and skills for their specific positions and areas of responsibilities, are motivated and dedicated to the institution, its vision and the strategic plan.

The Match and Place Report (2009) shows that in the case of permanent academic staff, 53% (376 staff) have conditional appointments, indicating that they lack certain skills and qualifications required for the specific positions at TUT.

In the case of the support services the situation is similar. The available information indicates that 324 permanent support staff has conditional appointments. Clear skills development needs have been identified for these categories, without which it will have a similar effect as in the case of academic positions.

This is a very serious situation and emphasizes the need for a comprehensive human resource development strategy. Such a strategy needs to accommodate the successful phasing out of conditional appointments; the proper training and development of managers; addressing the serious lack in skills and ensuring the development of the right quality of staff.

Uncertainty in the utilization of the **skills levy** for both categories of staff has lead to an under utilization of this scheme, specifically for academic staff formal qualification and professional skills improvement. It will be a priority for TUT to maximize the utilization of these funds via the ETDP SETA by complying with their requirements.

The importance of a **performance management system** based on key performance areas and indicators, for all categories of staff, needs to be flagged. Annual performance agreements and the management thereof will have a positive impact on the overall performance of the organization.

In the following table a number of actions and tasks have been indicated of which some have also been mentioned in the Match and Place Report (2009).

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
5.1 Investigation into the optimal utilization of the skills levy for staff development	Directorate for HRD	April – July 2010	The SETA structures have now been incorporated into DoHET which opens up potential restructuring of activities
5.2 Development and implementation of a strategy for academic staff development of persons with conditional appointments	Directorate for HR Directorate for HRD	April 2010 – Dec 2013	Incorporate the outcomes of the investigation under 5.1
5.3 Development and implementation of a strategy for the staff in support services with conditional appointments	Directorate for HR Directorate for HRD	April 2010 – December 2013	Target: All conditional appointments of both categories needs to be cleared by the end of 2013
5.4 Development and implementation of a performance management system	Directorate for HR Directorate for HRD	April – Oct 2010 (Phase 1 development and implementation) Jan - July 2011 (Phase 2 implementation) July 2011 – December 2013 (Full implementation)	For all staff

OBJECTIVE 6: MANAGE THE TOTAL STAFF REMUNERATION COSTS TO A REALISTIC PERCENTAGE OF THE DISTRIBUTABLE INCOME

(Strategic Goal 1: Objective 1.3 Achieve financial sustainability)

In the merger guidelines of DoHET a benchmark of between 55% and 62,5% was set for the total remuneration costs of staff, including provision for medical and leave payments for employees on retirement. Within the current structuring of TUT over nine learning sites, it has never been possible to reach this type of benchmark.

For the past 2- 3 years the annual budget for total staff remuneration was on average 70% of the distributable income. The final percentage was however lower due to keeping a number of positions vacant. Now that the final staffing structure for TUT is in place, the filling of all vacant positions is essential in order to ensure the optimal functioning of the institution.

In the case of academic appointments, due to vacancies, the ratio between 1 SLE staff and TIUs is currently 1: 66, while the agreed upon target is 1:56. Furthermore the ratio in FTEs between academic and support staff needs to get to 1: 1,7, with the current figure nearer to 1:2.

There are two possibilities for reaching the benchmark of the merger guidelines: cut down on the number of positions, which will have a severe negative effect on the issues raised in the previous objectives, or increase the distributable income budget drastically. Some possibilities with regard to the latter have been stated as objectives earlier in this document.

It is time for a comparison study with other similar type of institutions in SA in order to relook the benchmark of the merger guidelines and to develop a realistic target for TUT on the percentage for total staff remuneration within the income budget.

The impact of a multi-campus operation on additional staff costs, due to the duplication of programmes and services, needs to be investigated. The DoHET has, for the first time, made available earmarked funding for multi-campus costs for the 2010/11 financial year). This could lead to future substantive support in the block grant of DoHET for a multi-campus setting such as TUT.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
6.1 Investigate the total remuneration cost as % of distributable income in a comparative study with other HEIs	Directorate for HR Finance Support from SMS	May – August 2010	Investigate possibility of using SATN and HEMIS as information sources
6.2 Study of the costs involved in multi-campus operations	Finance Strategic Management Support	July 2010 – Dec 2010	Joint investigation through SATN or HESA Finance Strategy Group
6.3 Develop a benchmark for TUT for total remuneration costs as % of distributable income	Directorate for HR Finance Committee	October - November 2010	
6.4 Develop and implement a strategy to reach the agreed benchmark by 2013	Directorate for HR Finance Committee	February 2011 – December 2013	Benchmark: x% of distributable income Target: 1 SLE: 56 TIUs Target: 1:1,7 ratio academic: support staff by 2013

OBJECTIVE 7: REVISIT THE TARGETS FOR THE DIFFERENT EXPENDITURE CATEGORIES WITHIN GOODS AND SERVICES OF THE BUDGET

(Strategic Goal 1: Objective 1.3 Achieve financial sustainability)

The merger guidelines provide the following set of benchmarks for the different expenditure categories of the annual budget of an institution:

EXPENDITURE CATEGORY	MERGER GUIDELINES
PERSONNEL (total staff remuneration and other liabilities)	55% - 62,5%
GOODS & SERVICES (including operational, corporate, strategic and designated funds)	35,5% - 29%
FINANCE COSTS (including interest and loan redemption)	2% - 3%
CAPITAL EXPENDITURE	6,5% - 4,5%
SURPLUS	1%
TOTAL	**100%**

Due to the specific multi-campus model of TUT with its 9 teaching and learning sites, which differs largely from the traditional one campus university model, it is possible that the above guidelines are **inappropriate and unrealistic** for the specific organizational structure of TUT. In particular, in Objective 6 the matter of staff remuneration has been addressed.

The main expenditure categories within Goods & Services are Operational Costs, Corporate Accounts and Strategic Projects.

In the Turn Around Strategy for 2007 – 2009 a goal was formulated to effect a change in expenditure patterns within these categories by aiming at reducing expenditure in areas where waste is evident, increasing expenditure in service delivery areas where identified, and limit general expenditure on Goods and Services. From the assessment done in June 2009 it is clear that only limited success has been achieved with in general high percentages in expenditure growth. For example, the approved budget for Goods and Services for 2010, amounting to R 388 million, is R 73 million higher than the corresponding approved budget for 2009, indicating an increase of 23%.

These figures show an alarming growth in Corporate Accounts expenditure, whilst no provision has been made for any growth in Operational Costs of TUT. On the long term this is going to impact negatively on the financial health of the organization.

It will be important for TUT to effect a change in some of these expenditure patterns, based on reliable information and trends within the higher education system. It is recommended that an investigation be done into the expenditure patterns within Goods & Services with the aim of reformulating current financial management procedures and responsibilities. Simultaneously it will also be important to investigate the various possibilities and opportunities in cutting costs within some of these expenditure categories. Lessons learnt and strategies developed at other HEIs could be adapted for implementation at TUT.

It is recommended that an investigation be launched with a comparison study at similar type of university models in South Africa. The outcomes of such an investigation could lead to a reformulation of benchmarks and targets appropriate for TUT, which could then be phased in over a period of 3 - 5 years.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
7.1 A comparison study with similar HEIs on targets for expenditure categories within Goods and Services	Finance Support from SMS	July – Dec 2010	If possible utilize HEMIS data as well as the Peer Data Share facility of IDSC, in collaboration with the identified HEIs
7.2 The formulation of revised benchmarks and targets for the different expenditure categories within Goods and Services	Finance Support from SMS	Jan – May 2011	Finance Committee approval as well as senior management structures
7.3 The implementation of the agreed benchmarks and targets over a 3 – 5 year period	Finance Committee	July 2011 – December 2016	3 year rolling budget projections to attain the targets

OBJECTIVE 8: INVESTIGATE AND IMPLEMENT A REALISTIC TUITION FEE MODEL

(Strategic Goal 1: Objective 1.2 Provide equitable infrastructure and services on all campuses)

Tuition fees are currently debated at various platforms, from national government right down to university campuses, basically due to on the one side the demand for free tuition and on the other side the high costs involved with quality teaching and learning at universities. Realizing the important role that Universities of Technology have to play in training a new generation of innovative thinkers with hands-on expertise and experience, it is important to find a solution to this problem.

Adding to these complexities is also the role of NSFAS and the future funding of student support through these types of mechanisms. A major challenge exists in channeling private sector funding into scholarships for students studying in scare skills disciplines.

While these debates are ongoing and have major implications for the financing of the higher education system, it is recommended that an investigation be launched at TUT into the calculation of realistic tuition fees, as well as the most appropriate way to handle this, as a pro-active initiative and contribution on the way forward.

Currently **tuition fees** for students consist of different components such as subject fees, subject levies and lab fees, fees for experiential learning (WIL) and other fees. This type of model has been developed over a number of years and adapted to accommodate changing needs. It could be argued that due to the changed circumstances, it is time to revisit the way TUT calculates its tuition fees.

A joint comparison study on tuition fee models at other universities, could lead to a revised tuition fee model for TUT. It could also be used as a submission to DoHET as an input into current teaching and learning costs. Pending the final outcome at national policy level on future university funding, it could be implemented over a period of 3- 5 years.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
8.1 Investigation into the tuition fee model and comparison with models at other HEIs	Finance HEDS SMS	July 2010 – April 2011	Discussion with HESA on a joint investigation and comparison study
8.2 The development of a revised student fee model for TUT	Same team as above	May – October 2011	Based on the outcomes of the above mentioned investigation
8.3 Implement new tuition fee model pending final national policy	Finance Student admin	March 2012 – Dec 2016	A phased-in approach over 3 – 5 years

OBJECTIVE 9: IDENTIFY AND IMPLEMENT A SET OF FINANCIAL HEALTH INDICATORS FOR TUT

(Strategic Goal 1: Objective 1.3 Achieve financial sustainability)

As part of reaching the goal of the Financial Growth Strategy for 2010 – 2013, it has been clearly stated that the improvement of the financial health of the institution remains a high priority. In the earlier Turn Around Strategy a number of indicators were identified and monitored over the three year period.

These included indicators such as actual surplus, liquidity, solvency as well as performance w r t third stream income, alumni contributions, international funding and investment growth.

Due to the fast changing environment it will be important to revisit some of these indicators and to set realistic targets for an adapted set of financial health indicators, appropriate for this type of institution. The possibility of working together with the HESA Finance Strategy Group on this could add substantial value to such an investigation Furthermore a strategy needs to be implemented in order to reach these targets.

ACTIONS/TASKS	RESPONSIBLE TEAM	TIME FRAME	COMMENTS
9.1 Develop a revised set of financial health indicators with appropriate targets	Finance	June – October 2010	An analysis of the current set of indicators and its appropriateness in collaboration with the HESA Finance Strategy Group
9.2 Develop and implement a strategy to reach the agreed upon targets	Finance	Jan 2011 – December 2013	Support from Finance Committee and senior management structures

6. THE WAY FORWARD

The document on the Financial Growth Strategy for 2010 – 2013 was formally accepted by the Finance Committee during its meeting held on 22nd of April 2010.

Furthermore, the Finance Committee identified four Objectives **with a high priority** which should be the immediate focus for TUT. They are:

On the Short Term: Objective 2 – Additional third stream income

Objective 5 – Human resource development

On the Longer Term (next 3 – 5 years):

Objective 1 – Budget Planning and Management System

Objective 3 – DoHET Block Grant Improvement

It was agreed that the document should be seen as a **living document** which has to grow over time in line with the progress being made during 2010 - 2011.

The document will be placed on the Agendas of the Academic Committee and the Institutional Planning and Operations Committee to obtain their support for the Financial Growth Strategy as outlined in this document. Their inputs will be used to strengthen the Strategy and will be incorporated into next versions of the document. The document will also be tabled at an EMC meeting to obtain their input and support.

It is clear that a total commitment of all staff is needed in order to ensure the successful implementation of the proposed Financial Growth Strategy for 2010 - 2013.

Document developed by:

Directorate for Strategic Management Support
Tshwane University of Technology

Draft 4
3 May 2010