

Vote 11

South African Management Development Institute

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	41 910	44 647	49 845
Public Sector Organisational and Staff Development	29 216	31 307	37 376
Total	71 126	75 954	87 221
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	71 126	75 954	87 221
Economic classification			
Current payments	40 293	42 208	48 183
Transfers and subsidies	29 216	31 307	37 376
Payments for capital assets	1 617	2 439	1 662
Total expenditure estimates	71 126	75 954	87 221
Executive authority	Minister for Public Service and Administration		
Accounting officer	Director-General of the South African Management Development Institute		

Aim

The aim of the South African Management Development Institute (SAMDI) is to provide and co-ordinate the provision of training and management development interventions that lead to improved performance and service delivery in the public sector.

Programme purposes

Programme 1: Administration

Facilitate the overall management of SAMDI and provide support services for its organisational functions.

Programme 2: Public Sector Organisational and Staff Development

Render an administration function to the training trading account, and serve to augment the training trading account.

Strategic overview: 2003/04 – 2009/10

SAMDI's primary responsibility is to ensure the provision of training and management development for public servants in order to improve the capability of the state.

From 2003/04 to 2006/07, SAMDI focused on improving working relations with key stakeholders, its internal organisation, its partnerships, and its outputs. Significant progress has been made in setting up curricula development mechanisms that take into consideration the requirements of the national qualifications framework as well the competencies identified in the Department of Public Service and Administration's human resource development strategy. SAMDI initiated the development of a knowledge management system and investigations into the provision of a platform for individual e-learning for public servants. Collaboration with other institutions has been strengthened, with special emphasis on extending the range and improving the

management of SAMDI's training associates and partner organisations in the higher education sector. The combined effect of these developments has been a steady improvement in training output, rising to some 85,862 person training days delivered in 2005/06, reaching approximately 20,000 public servants. Other outputs included formulating a training model for SAMDI to help user departments identify skills and institutional development solutions based on an assessment of their capacity building needs.

SAMDI has identified the following six strategic objectives for 2007/08 to 2009/10:

- develop and administer a training framework that sets norms and standards for curricula and materials used by providers of training for junior and middle managers
- co-ordinate the provision of executive development programmes for the senior management service, in a way that is oriented towards service delivery
- develop and implement a suitable quality management and monitoring system
- capacitate government departments to identify their human resource development needs in relation to their service delivery objectives
- establish and maintain partnerships and links with national and international management development institutes and training providers
- arrange customised training programmes in support of South Africa's foreign policy within the African Union (AU) and the New Partnership for Africa's Development (NEPAD).

The challenge for SAMDI over the next three years is to implement these objectives on a meaningful scale. Following an examination of the role and future form of SAMDI, Cabinet has approved its transformation into a public service academy, with the status of a government department. The new strategy for the academy envisages a clear shift away from SAMDI's present emphasis on providing training, to co-ordinating the provision of training by a range of external providers. This strategy will enable the delivery of a much larger number of person training days, and will be more in tune with the actual needs of the public service.

The academy will arrange for two main streams of activity. For middle and junior managers, the content and quality of the training provided will be regulated by the academy through its national training framework, which will provide for the design of appropriate curricula and training materials, the accreditation of courses through the national qualifications framework, and monitoring and evaluation. The training providers using this framework will include the higher and further education sectors, provincial governments' training academies and units, and private sector organisations. The other main stream of activity will involve executive level development courses and programmes for the senior management service in collaboration with higher education institutions. The volume of output is expected to be higher than what SAMDI has achieved thus far.

With curricula and materials appropriate for different levels of employees, training will cover transversal or generic management and administration skills, as well as certain function skills such as supply chain management. An induction course will also be developed for the approximately 100 000 new entrants to the public service each year, to foster a professional ethos and an awareness of the role of the public service in tackling the challenges facing a developmental state. In this way, the academy will contribute to addressing one of the binding constraints identified in the Accelerated and Shared Growth Initiative for South Africa (ASGISA), namely a shortage of suitably skilled and motivated personnel in the public service.

Given this radical shift in strategy, projections of outputs at this early stage are tentative. The target for the end of 2009/10 is approximately half a million person training days, which would represent a six-fold increase over SAMDI's 2005/06 output. Approximately one-third of the total days would be devoted to the induction courses and two-thirds to the variety of courses for middle and junior managers. The bulk of the courses are expected to occur at provincial sites, as most public servants work in the provinces.

Expenditure Estimates

Table 11.1 South African Management Development Institute

Programme	Audited outcome			Adjusted	Revised	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	appropriation	estimate	2007/08	2008/09	2009/10
R thousand				2006/07				
1. Administration	11 648	23 713	28 958	32 712	32 017	41 910	44 647	49 845
2. Public Sector Organisational and Staff Development	25 290	10 674	26 429	26 206	26 901	29 216	31 307	37 376
Total	36 938	34 387	55 387	58 918	58 918	71 126	75 954	87 221
Change to 2006 Budget estimate				–	–	14 000	19 000	
Economic classification								
Current payments	12 074	22 542	27 379	33 460	32 482	40 293	42 208	48 183
Compensation of employees	8 268	7 876	10 956	14 617	14 254	17 494	19 423	22 409
Goods and services	3 806	14 666	16 423	18 843	18 228	22 799	22 785	25 774
<i>of which:</i>								
Communication	320	258	1 097	200	1 928	465	487	510
Computer services	218	2 151	1 502	2 494	1 987	3 593	2 790	3 614
Consultants, contractors and special services	391	6 263	3 872	5 009	3 865	2 965	3 107	3 256
Inventory	339	1 233	1 908	940	594	129	125	140
Maintenance, repairs and running costs	216	352	344	600	1 607	599	662	657
Operating leases	216	990	1 696	3 844	3 234	3 714	3 893	4 090
Travel and subsistence	436	375	1 071	2 101	2 448	1 682	1 762	1 847
Accommodation charges and municipal services	–	–	–	350	350	4 375	4 400	4 440
Transfers and subsidies	24 255	10 097	24 788	23 069	23 068	29 216	31 307	37 376
Provinces and municipalities	22	24	34	10	9	–	–	–
Departmental agencies and accounts	24 233	10 073	24 754	23 059	23 059	29 216	31 307	37 376
Payments for capital assets	609	1 748	3 220	2 389	3 368	1 617	2 439	1 662
Machinery and equipment	505	1 690	3 200	1 489	3 078	1 564	1 539	1 604
Software and other intangible assets	104	58	20	900	290	53	900	58
Total	36 938	34 387	55 387	58 918	58 918	71 126	75 954	87 221

Expenditure trends

Total expenditure grew at an average annual rate of 16,8 per cent from 2003/04 to 2006/07, mainly due to the increase of 41,1 per cent in programme 1, *Administration*. Average annual growth in total expenditure from 2006/07 to 2009/10 is projected to be 14 per cent, arising from the need to support the academy's proposed new strategy of massively increasing the available training outputs, and from the devolution of funds from the Department of Public Works.

Departmental receipts

Departmental receipts consist mainly of commission on insurance premiums deducted from employees' salaries, parking fees and interest on departmental debt. Revenue for training services is received by the training trading account and, therefore, does not form part of the departmental receipts.

Table 11.2 Departmental receipts

R thousand	Audited outcome			Adjusted	Medium-term receipts estimate		
	2003/04	2004/05	2005/06	appropriation	2007/08	2008/09	2009/10
Departmental receipts	3 076	27	196	57	67	70	72
Sales of goods and services produced by department	27	27	34	45	54	56	58
Financial transactions in assets and liabilities	3 049	–	162	12	13	14	14
Total	3 076	27	196	57	67	70	72

Programme 1: Administration

The aim of *Administration* is to facilitate the overall management of SAMDI and to provide for the policy formulation and management responsibilities of the minister, director-general, deputy directors-general and other members of SAMDI management. Other functions of *Administration* include: organising the department; providing centralised administrative, legal and office support services; managing staff and financial administration; determining working methods and procedures; and exercising internal control.

Expenditure Estimates

Table 11.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management	2 202	2 607	4 305	3 720	7 285	7 697	8 168
Corporate Services	9 446	21 106	24 653	28 642	30 250	32 550	37 237
Property Management	–	–	–	350	4 375	4 400	4 440
Total	11 648	23 713	28 958	32 712	41 910	44 647	49 845
Change to 2006 Budget estimate				–	9 333	10 511	

Economic classification

	11 021	22 122	25 708	30 315	40 293	42 208	48 183
Current payments							
Compensation of employees	7 579	7 546	9 524	12 442	17 494	19 423	22 409
Goods and services	3 442	14 576	16 184	17 873	22 799	22 785	25 774
<i>of which:</i>							
Communication	305	248	1 057	160	465	487	510
Computer services	205	2 141	1 467	2 449	3 593	2 790	3 614
Consultants, contractors and special services	380	6 250	3 872	5 009	2 965	3 107	3 256
Inventory	308	1 233	1 883	900	129	125	140
Maintenance, repairs and running costs	216	352	344	600	599	662	657
Operating leases	185	983	1 645	3 794	3 714	3 893	4 090
Travel and subsistence	436	375	1 021	1 476	1 682	1 762	1 847
Accommodation charges and municipal services	–	–	–	350	4 375	4 400	4 440
Transfers and subsidies	18	24	30	8	–	–	–
Provinces and municipalities	18	24	30	8	–	–	–
Payments for capital assets	609	1 567	3 220	2 389	1 617	2 439	1 662
Machinery and equipment	505	1 509	3 200	1 489	1 564	1 539	1 604
Software and other intangible assets	104	58	20	900	53	900	58
Total	11 648	23 713	28 958	32 712	41 910	44 647	49 845

Expenditure trends

The average annual growth in expenditure of 41,1 per cent from 2003/04 to 2006/07 can be attributed mainly to capacity building in supply chain management, outsourcing financial reporting, expanding the ICT infrastructure, and supporting and strengthening the internal audit function. Average annual growth from 2006/07 to 2009/10 is projected to be 15,1 per cent, mainly due to the increased administrative support needed for the proposed new academy, and also due to the devolution of funds from the Department of Public Works.

Programme 2: Public Sector Organisational and Staff Development

The *Public Sector Organisation and Staff Development* programme provides demand driven organisational development interventions to the public sector, as well as the administration and augmentation of the training trading account.

There are two subprogrammes:

- *Public Sector Organisational and Staff Development* administers the training trading account and coordinates the training of chief directorates located in the training trading account.
- *Augmentation of Training Trading Account* provides monthly transfers for augmenting the trading account.

Expenditure estimates

Table 11.4 Public Sector Organisational and Staff Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Public Sector Organisational and Staff Development	1 057	601	1 675	3 147	–	–	–
Augmentation of Training Trading Account	24 233	10 073	24 754	23 059	29 216	31 307	37 376
Total	25 290	10 674	26 429	26 206	29 216	31 307	37 376
Change to 2006 Budget estimate				–	4 667	8 489	

Economic classification

Current payments	1 053	420	1 671	3 145	–	–	–
Compensation of employees	689	330	1 432	2 175	–	–	–
Goods and services	364	90	239	970	–	–	–
Transfers and subsidies	24 237	10 073	24 758	23 061	29 216	31 307	37 376
Provinces and municipalities	4	–	4	2	–	–	–
Departmental agencies and accounts	24 233	10 073	24 754	23 059	29 216	31 307	37 376
Payments for capital assets	–	181	–	–	–	–	–
Machinery and equipment	–	181	–	–	–	–	–
Total	25 290	10 674	26 429	26 206	29 216	31 307	37 376

Details of major transfers and subsidies:

Departmental agencies and accounts							
Current	24 233	10 073	24 754	23 059	29 216	31 307	37 376
Augmentation of Training Trading Account	24 233	10 073	24 754	23 059	29 216	31 307	37 376

Expenditure trends

Average annual growth in expenditure from 2003/04 to 2006/07 was 1,2 per cent, in contrast with a projected 12,6 per cent from 2006/07 to 2009/10. The increase in the growth rate can be attributed mainly to the intended expansion of the induction and management programmes for junior and middle managers in the training trading account.

Public entities and other agencies

Training trading account

The SAMDI training trading account was established as a cost recovery mechanism for training programmes and became fully operational in April 2002. The trading account provides organisational development interventions to national departments, provincial departments and local government.

The trading account includes the following chief directorates:

- management, leadership and development
- change management and service delivery improvement
- corporate resource management training

- quality development and assurance
- strategic business support
- research and knowledge management.

The first three chief directorates provide training delivery services, and the other three provide support to the delivery process in the following areas: curriculum development and review, training needs analyses, client relationship management, marketing, international relations, monitoring and evaluation, and planning and reporting.

Table 11.5 Financial summary for the SAMDI training trading account

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Non-tax revenue	15 782	28 515	37 921	33 000	38 500	44 000	48 500
Course fees	14 853	27 931	37 258	32 800	38 300	43 800	48 300
Other non-tax revenue	929	584	663	200	200	200	200
Transfers received	24 233	10 073	24 754	23 059	29 216	31 307	37 376
Total revenue	40 015	38 588	62 675	56 059	67 716	75 307	85 876
Expenses							
Current expense	30 672	30 320	43 287	55 978	66 175	73 691	84 184
Compensation of employees	14 595	14 997	18 724	27 885	31 158	33 732	37 211
Goods and services	15 838	14 962	24 143	27 805	34 729	39 783	46 797
Depreciation	239	361	420	288	288	176	176
Transfers and subsidies	51	47	55	20	-	-	-
Total expenses	30 723	30 367	43 342	55 998	66 175	73 691	84 184
Surplus / (Deficit)	9 292	8 221	19 333	61	1 541	1 616	1 692

Source: SAMDI

Expenditure trends

Revenue from organisational development interventions increased from R14,9 million in 2003/04 to R32,8 million in 2006/07, or by 120 per cent over the three years, due to the increased demand for training services and more aggressive marketing.

Transfers received decreased from R24,2 million in 2003/04 to R23,1 million in 2006/07. Transfers received will increase from R29,2 million in 2007/08 to R37,4 million in 2009/10, to cover the academy's costs for co-ordinating increased activity, primarily the considerable expansion of management programmes for junior and middle managers and the rollout of the induction programme. This increase is reflected in the projected growth in spending on compensation of employees and goods and services over the MTEF period.

It was expected that revenue from training and organisational development interventions would continue to grow over the MTEF period, from R38,3 million in 2007/08 to R48,3 million in 2009/10. However, in line with the new strategy of transforming SAMDI into a public service academy, revenue-yielding training by SAMDI itself will decrease. If total revenue over the MTEF period does not cover budgeted operating expenses, some substitute cost recovery by SAMDI will be necessary, for example, for administering the training framework that regulates the external provision.

Recent outputs

In 2005/06, 85 862 person training days were achieved, an increase of 21,7 per cent from the previous year. In the first eight months of 2006/07, 67 984 person training days have been achieved.

In relation to the new strategy of transforming SAMDI into an academy, the target for the end of 2009/10 is approximately half a million person training days.

Additional tables

Table 11.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2005/06		2005/06	2006/07			2006/07
1. Administration	28 499	30 079	28 958	32 712	–	32 712	32 017
2. Public Sector Organisational and Staff Development	28 548	26 968	26 429	26 206	–	26 206	26 901
Total	57 047	57 047	55 387	58 918	–	58 918	58 918
Economic classification							
Current payments	30 996	28 053	27 379	33 466	(6)	33 460	32 482
Compensation of employees	13 694	11 294	10 956	14 617	–	14 617	14 254
Goods and services	17 302	16 759	16 423	18 849	(6)	18 843	18 228
Transfers and subsidies	24 788	24 788	24 788	23 063	6	23 069	23 068
Provinces and municipalities	34	34	34	4	6	10	9
Departmental agencies and accounts	24 754	24 754	24 754	23 059	–	23 059	23 059
Payments for capital assets	1 263	4 206	3 220	2 389	–	2 389	3 368
Machinery and equipment	1 263	4 120	3 200	1 489	–	1 489	3 078
Software and intangible assets	–	86	20	900	–	900	290
Total	57 047	57 047	55 387	58 918	–	58 918	58 918

Table 11.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	7 998	7 756	10 572	14 233	17 087	18 992	21 957
Unit cost (R thousand)	138	141	149	198	228	247	271
Personnel numbers (head count)	58	55	71	72	75	77	81
C. Interns							
Compensation of interns	270	120	384	384	407	431	452
Unit cost (R thousand)	12	5	24	21	23	24	25
Number of interns	22	22	16	18	18	18	18
Total for department							
Compensation (R thousand)	8 268	7 876	10 956	14 617	17 494	19 423	22 409
Unit cost (R thousand)	103	102	126	162	188	204	226
Personnel numbers (head count)	80	77	87	90	93	95	99

Table 11.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	150	161	115	146	155	164	174
Number of employees trained (head count)	39	51	59	56	42	43	45
Bursaries (employees)							
Expenditure per programme (R thousand)	22	61	100	105	110	115	121
Number of employees (head count)	10	16	19	21	22	23	24
Total	172	222	215	251	265	279	295
Number of employees	49	67	78	77	64	66	69

