

Vote 12

South African Management Development Institute

R thousand	2006/07 To be appropriated	2007/08	2008/09
MTEF allocations	58 918	57 126	56 954
<i>of which:</i>			
Current payments	33 466	34 293	35 208
Transfers and subsidies	23 063	21 216	19 307
Payments for capital assets	2 389	1 617	2 439
Statutory amounts	-	-	-
Executive authority	Minister for the 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 practical, client-driven, organisational 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 and key policy developments: 2002/03 – 2008/09

The South African Management Development Institute's niche responsibility is capacity building, as a specialised part of the present wider emphasis on building the capability of the state. SAMDI's programmes make a vital contribution to a strong, efficient and effective public service, which can meet the professional development needs of public servants.

Developments within the organisation

2004/05 has been characterised by some significant milestones being achieved, among them the introduction of various internal structures and systems to improve SAMDI's operations and service delivery, including: a redesigned quality development and assurance system; a streamlined monitoring and evaluation function through an electronic statistics system; and a blueprint to establish SAMDI's e-learning capacity.

A further noteworthy achievement has been the successful implementation of SAMDI's new training model, which involves strategic partnerships with key departments to strengthen their capacity to deliver on their core functions.

Quality standards, guidelines and norms are being finalised, and increasingly all curricula will meet the national qualifications framework (NQF) principles. SAMDI is also now able to make sure that its curricula can meet the needs of individual clients by including case studies and incorporating learning-by-doing research processes.

Internal strategic objectives

While SAMDI's monthly training statistics - person training days (PTD) - are testament to its strong implementation and targets orientation, they do not do justice to SAMDI's many initiatives to improve the quality of both training and service delivery in the public sector. For instance, SAMDI has developed:

- rigorous standards for programme development, approval and review, which ensure that the South African Qualifications Authority (SAQA), NQF and relevant Sector Education and Training Authorities (SETA) standards are met
- an international relations strategy informed by the parameters set out by the Department of Foreign Affairs's and SAMDI's strategic priorities
- a donor relations position paper informed by the fact that SAMDI is increasingly regarded as a provider of choice of management and leadership development by multinational funders, bilateral partners, and donor agencies.

While building internal capacity, SAMDI has also drawn on the expertise and knowledge of visiting scholars, associates and practitioners from the public, academic, private and international sectors to align the organisation with national and global trends.

The current monitoring and evaluation framework is under review to ensure its appropriateness and alignment with developments in the field. The framework focuses on external training activities and internal operational activities. SAMDI's ability to monitor progress against the achievement of its operational objectives, and the implementation of an early warning system in a number of key areas, have increased management's ability to solve problems and redirect activities.

External strategic objectives

SAMDI's strategy has always been to seek donor funding for specific strategic projects and for when its own funding streams are insufficient. In practice, this has often amounted to seed money, which SAMDI has used to develop products which can later be institutionalised to scale. SAMDI's new marketing and communications strategy will improve the interface between SAMDI and its clients and stakeholders. SAMDI has also worked intensively with the Government Communication Information System (GCIS) to develop a new SAMDI brand, following government guidelines. The symbolism of the new branding reflects the principles of Batho Pele.

SAMDI is fully integrated into various African Union and New Partnership for Africa's Development (Nepad) programmes, and will continue with setting up a programme of action for the African Management Development Institute Network. SAMDI also presents training programmes for individuals from Africa.

Future developments

Future SAMDI training will be supported by three initiatives currently under way:

- an e-learning programme

- a new model for training and development, through which SAMDI will co-ordinate a network of public officials who have a record of good service delivery, including elected officials
- the involvement of line managers in the process of identifying who needs training and in what area, in order to improve service delivery. This requires a proper analysis of the real causes of the experienced problem, and a clear understanding of each person's role in the value chain of delivery.

Expenditure estimates

Table 12.1 SA Management Development Institute

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	
R thousand								
1. Administration	11 469	11 648	23 713	30 159	30 159	32 712	32 577	34 136
2. Public Sector Organisational and Staff Development	19 271	25 290	10 674	26 888	26 888	26 206	24 549	22 818
Total	30 740	36 938	34 387	57 047	57 047	58 918	57 126	56 954
Change to 2005 Budget estimate				–	–	350	375	(2 521)

Economic classification

Current payments	25 542	12 074	22 542	29 806	29 806	33 466	34 293	35 208
Compensation of employees	16 981	8 268	7 876	11 524	11 524	14 617	15 494	16 423
Goods and services	8 527	3 806	14 666	18 282	18 282	18 849	18 799	18 785
<i>of which:</i>								
Communication	260	320	258	181	181	200	215	230
Computer Services	2 249	218	2 151	2 345	2 345	2 494	2 622	2 760
Consultants, contractors and special services	497	391	6 263	4 770	4 770	5 009	5 260	5 520
Inventory	377	339	1 233	882	882	940	995	1 045
Maintenance repair and running cost	227	216	352	570	570	600	630	660
Operating leases	258	216	990	1 586	1 586	3 844	4 037	4 237
Travel and subsistence	990	436	375	2 016	2 016	2 101	2 190	2 340
Venues and Facilities	405	394	427	500	500	524	549	576
Financial transactions in assets and liabilities	34	–	–	–	–	–	–	–
Transfers and subsidies	4 317	24 255	10 097	24 785	24 785	23 063	21 216	19 307
Provinces and municipalities	47	22	24	31	31	4	–	–
Departmental agencies and accounts	4 270	24 233	10 073	24 754	24 754	23 059	21 216	19 307
Payments for capital assets	881	609	1 748	2 456	2 456	2 389	1 617	2 439
Machinery and equipment	881	505	1 690	2 456	2 456	2 389	1 617	2 439
Software and other intangible assets	–	104	58	–	–	–	–	–
Total	30 740	36 938	34 387	57 047	57 047	58 918	57 126	56 954

Expenditure trends

Expenditure increased marginally at an average annual rate of 5,8 per cent, from R30,7 million in 2002/03 to R34,4 million in 2004/05. It reached a peak in 2005/06, mainly due to an increased demand for SAMDI's training programmes and to internal capacity building. However, it is expected to decrease over the medium-term expenditure framework (MTEF) to reach R57 million by 2008/09, since it was decided that the trading account should become more self-sustainable.

Departmental receipts

Departmental receipts are mainly commissions on insurance premiums deducted from employees' salaries, parking fees and interest on departmental debt.

Revenue from SAMDI's training services is received by the training trading account and does not form part of the departmental receipts.

Table 12.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Departmental receipts	1 247	3 076	27	39	40	42	44
Sales of goods and services produced by department	25	27	27	28	28	29	30
Financial transactions in assets and liabilities	1 222	3 049	–	11	12	13	14
Total	1 247	3 076	27	39	40	42	44

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 12.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Management	1 264	2 202	2 607	3 786	3 720	3 945	4 187
Corporate Services	10 205	9 446	21 106	26 373	28 642	28 257	29 549
Property Management	–	–	–	–	350	375	400
Total	11 469	11 648	23 713	30 159	32 712	32 577	34 136
Change to 2005 Budget estimate				1 660	1 491	1 649	1 723

Economic classification

Current payments	10 570	11 021	22 122	27 676	30 320	30 960	31 697
Compensation of employees	6 486	7 579	7 546	10 135	12 442	13 189	13 980
Goods and services	4 051	3 442	14 576	17 541	17 878	17 771	17 717
<i>of which:</i>							
Computer Services	1 002	205	2 141	2 310	2 449	2 572	2 700
Consultants, contractors and special services	452	380	6 250	4 770	5 009	5 260	5 520
Travel and subsistence	486	436	375	1 406	1 476	1 550	1 630
Transfers and subsidies	18	18	24	27	3	–	–
Provinces and municipalities	18	18	24	27	3	–	–
Payments for capital assets	881	609	1 567	2 456	2 389	1 617	2 439
Machinery and equipment	881	505	1 509	2 456	2 389	1 617	2 439
Software and other intangible assets	–	104	58	–	–	–	–
Total	11 469	11 648	23 713	30 159	32 712	32 577	34 136

Expenditure trends

Expenditure rose rapidly between 2002/03 and 2005/06, from R11,5 million to R30,2 million respectively, an average annual rate of 38 per cent, as a result of two large increases in spending in 2004/05 and 2005/06. In 2004/05, expenditure grew by R12,1 million (or 103,6 per cent) from

2003/04, mainly due to capacity building in supply chain management and auxiliary services (R3,3 million); strengthening the internal audit function (R1,5 million); expanding the IT infrastructure and support services (R1,2 million); and outsourcing financial reporting to professional service providers in the office of the chief financial officer (R5,8 million).

Expenditure is expected to increase marginally over the MTEF at an average of 4,2 per cent, taking total spending to R34,1 million by 2008/09, primarily because of inflationary adjustments.

From 1 April 2006, costs for leases and accommodation charges will be devolved from the Department of Public Works to individual departments. The Department of South African Management Development Institute received the following amounts: R350 000 in 2006/07, R375 000 in 2007/08 and R400 000 in 2008/09. Expenditure has been adjusted for 2002/03 to 2005/06.

Programme 2: Public Sector Organisational and Staff Development

The *Public Sector Organisational and Staff Development* programme provides demand-driven organisational development interventions to the public sector, as well as administering and augmenting the training trading account.

There are two subprogrammes:

- *Public Sector Organisational and Staff Development* administers the training trading account and co-ordinates the training of chief directorates located in the training trading account.
- *Augmentation of Training Trading Account* provides monthly transfers to augment the trading account.

Expenditure estimates

Table 12.4 Public Sector Organisational and Staff Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Public Sector Organisational and Staff Development	15 001	1 057	601	2 134	3 147	3 333	3 511
Augmentation of Training Trading Account	4 270	24 233	10 073	24 754	23 059	21 216	19 307
Total	19 271	25 290	10 674	26 888	26 206	24 549	22 818
Change to 2005 Budget estimate				(1 660)	(1 141)	(1 274)	(4 245)

Economic classification

Current payments	14 972	1 053	420	2 130	3 146	3 333	3 511
Compensation of employees	10 495	689	330	1 389	2 175	2 305	2 443
Goods and services	4 476	364	90	741	971	1 028	1 068
Financial transactions in assets and liabilities	1	-	-	-	-	-	-
Transfers and subsidies	4 299	24 237	10 073	24 758	23 060	21 216	19 307
Provinces and municipalities	29	4	-	4	1	-	-
Departmental agencies and accounts	4 270	24 233	10 073	24 754	23 059	21 216	19 307
Payments for capital assets	-	-	181	-	-	-	-
Machinery and equipment	-	-	181	-	-	-	-
Total	19 271	25 290	10 674	26 888	26 206	24 549	22 818

Table 12.4 Public Sector Organisational and Staff Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	4 270	24 233	10 073	24 754	23 059	21 216	19 307
Augmentation of Training Trading Account	4 270	24 233	10 073	24 754	23 059	21 216	19 307

Expenditure trends

Expenditure increased by R6 million or 31,2 per cent from 2002/03 to 2003/04, due to a more rapid augmentation of the training trading account and the transfer of training functions from the programme to this account.

The decrease in expenditure of 57,8 per cent from 2003/04 to 2004/05 is due mainly to a lower augmentation of the training trading account and the secondment of the office of the deputy director-general for organisational development and training services to the Department of Public Service and Administration during 2003/04. The decrease was offset by an increase in expenditure due to the appointment in the same year of the deputy director-general for customer service and co-ordination.

An increase in expenditure follows in 2005/06, taking the total amount to R26,9 million, of which R24,8 million was used for augmenting the training trading account. This trend will continue over the 2006 MTEF, as the bulk of expenditure (on average 87,8 per cent) goes to augmenting the trading account. The decline in transfer payments to the training trading account over the 2006 MTEF, due to the expectation that the account will create more revenue, reflects a decrease of total expenditure at a rate of negative 5,3 per cent.

Selected medium-term output targets

Public Sector Organisational and Staff Development

Measurable objective: Co-ordinate and manage the training of officials in national and provincial departments and local government, thereby improving performance and service delivery in the public sector.

Subprogramme	Output	Measure/indicator	Target
Public Sector Organisational and Staff Development	Manage and co-ordinate the chief directorates in the training trading account	The number of personnel training days (PTD)	131 351 PTD – 2006/07 139 835 PTD – 2007/08 155 436 PTD – 2008/09
Augmentation of Training Trading Account	Transfers to the trading Account	Timely transfers	Monthly

Training Trading Account

The Training Trading Account (TTA) includes the following chief directorates:

- management, leadership and development
- change management and service delivery improvement
- corporate resource management training
- quality development and assurance
- business
- research and knowledge management.

The first three provide training delivery services; 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, planning and reporting.

Revenue from training interventions increased by R4,7 million (45,6 per cent) from 2002/03 to 2003/04, and by R11,4 million (76,5 per cent) from 2003/04 to 2004/05 due to the increased demand for training services. Growth in revenue from training interventions is expected to continue over the MTEF, and the increased activity is also reflected in projected growth in spending on compensation of employees and goods and services.

Transfers received (mainly the augmentation of the training trading account through the *Public Sector Organisational and Staff Development* programme) decreased by 57,5 per cent between 2003/04 and 2004/05, from R24,4 million to R10,4 million, and will decrease marginally over the MTEF. Total revenue over the MTEF is expected to cover budgeted operating expenses.

Table 12.5 Financial summary for the Training Trading Account

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	11 282	15 566	26 490	26 841	33 000	38 500	44 000
Sale of goods and services other than capital assets	10 201	14 853	26 218	26 591	32 750	38 250	43 750
of which:							
<i>Sales by market establishments</i>	<i>10 201</i>	<i>14 853</i>	<i>26 218</i>	<i>26 591</i>	<i>32 750</i>	<i>38 250</i>	<i>43 750</i>
<i>Other non-tax revenue</i>	<i>1 081</i>	<i>713</i>	<i>272</i>	<i>250</i>	<i>250</i>	<i>250</i>	<i>250</i>
Transfers received	5 794	24 448	10 385	24 912	23 217	21 374	19 353
Total revenue	17 076	40 014	36 875	51 753	56 217	59 874	63 353
Expenses							
Current expense	14 038	30 672	30 320	50 979	56 266	59 918	63 392
Compensation of employees	6 201	14 570	14 997	21 995	27 885	29 558	31 332
Goods and services	7 837	15 887	14 961	28 696	28 093	30 072	31 884
Depreciation	–	215	362	288	288	288	176
Transfers and subsidies	9	51	47	63	81	86	91
Total expenses	14 047	30 723	30 367	51 042	56 347	60 004	63 483
Surplus / (Deficit)	3 029	9 291	6 508	711	(130)	(130)	(130)
BALANCE SHEET SUMMARY							
Carrying value of assets	458	502	1 217	929	641	353	177
Inventory	–	310	324	324	324	324	324
Receivables and prepayments	5 353	4 411	16 667	16 667	16 667	16 667	16 667
Cash and cash equivalents	3 961	17 601	9 070	9 070	9 070	9 070	9 070
Total assets	9 772	22 824	27 278	26 990	26 702	26 414	26 238
Capital and reserves	2 476	11 228	17 736	18 447	18 317	18 187	18 057
Trade and other payables	6 082	10 044	8 099	7 100	6 942	6 784	6 738
Provisions	1 214	1 552	1 443	1 443	1 443	1 443	1 443
Total equity and liabilities	9 772	22 824	27 278	26 990	26 702	26 414	26 238

Data provided by SAMDI

Service delivery objectives and indicators

Recent outputs

In 2004/05, the training trading account achieved a total of 70 552 person-training days (PTD), 93 per cent of the target of 75 865. (PTD is the number of training courses multiplied by the number of training days per course multiplied by the number of persons trained.) The PTD increased by 50 per cent in 2004/05 from 2003/04. By October 2005, 47 390 PTD had been achieved, 41 per cent of the total for 2005/06.

The National Treasury vote funds two new capacity-building programmes for public servants, namely project management and financial management.

Annexure

Vote 12: South African Management Development Institute

Table 12.A: Summary of expenditure trends and estimates per programme and economic classification

Table 12.B: Summary of personnel numbers and compensation of employees

Table 12.C: Summary of expenditure on training

Table 12.D: Summary of official development assistance expenditure

Table 12.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	2004/05		2004/05	2005/06			2005/06
1. Administration	26 492	29 054	23 713	28 499	1 660	30 159	30 159
2. Public Sector Organisational and Staff Development	14 395	11 833	10 674	28 548	(1 660)	26 888	26 888
Total	40 887	40 887	34 387	57 047	-	57 047	57 047

Economic classification

	2004/05	2004/05	2004/05	2005/06	2005/06	2005/06	2005/06
Current payments	29 978	29 791	22 542	30 996	(1 190)	29 806	29 806
Compensation of employees	11 255	9 659	7 876	13 694	(2 170)	11 524	11 524
Goods and services	18 723	20 132	14 666	17 302	980	18 282	18 282
Transfers and subsidies	10 104	10 101	10 097	24 788	(3)	24 785	24 785
Provinces and municipalities	31	28	24	34	(3)	31	31
Departmental agencies and accounts	10 073	10 073	10 073	24 754	-	24 754	24 754
Payments for capital assets	805	995	1 748	1 263	1 193	2 456	2 456
Buildings and other fixed structures	50	-	-	-	-	-	-
Machinery and equipment	755	995	1 690	1 263	1 193	2 456	2 456
Software and intangible assets	-	-	58	-	-	-	-
Total	40 887	40 887	34 387	57 047	-	57 047	57 047

Table 12.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	16 681	7 998	7 756	11 140	14 233	15 087	15 992
Unit cost (R thousand)	190	138	141	157	198	207	216
Compensation as % of total	98.8%	96.7%	98.5%	96.7%	97.4%	97.4%	97.4%
Personnel numbers (head count)	88	58	55	71	72	73	74
C. Interns							
Compensation of interns (R thousand)	210	270	120	384	384	407	431
Unit cost (R thousand)	9	12	5	24	21	23	24
Number of interns	23	22	22	16	18	18	18
Total for department							
Compensation (R thousand)	16 891	8 268	7 876	11 524	14 617	15 494	16 423
Unit cost (R thousand)	152	103	102	132	162	170	179
Personnel numbers (head count)	111	80	77	87	90	91	92

Table 12.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Training and staff development							
Expenditure (R thousand)	141	150	161	115	146	155	164
Number of employees trained (head count)	56	39	51	59	63	65	68
Bursaries (employees)							
Expenditure (R thousand)	50	22	61	100	105	110	115
Number of employees (head count)	15	10	16	19	22	24	25
Total	191	172	222	215	251	265	279
Number of employees	71	49	67	78	85	89	93

Table 12.D Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
			2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand									
Foreign									
European Commission Flanders	Training	Cash	24 945	-	-	-	-	-	-
	Training - Integrated Management Development Programme	Cash	-	2 869	2 164	5 067	-	-	-
Total			24 945	2 869	2 164	5 067	-	-	-

