

# Vote 12

## South African Management Development Institute

	2005/06 To be appropriated			2006/07	2007/08
MTEF allocations of which:	R57 047 000			R58 568 000	R56 751 000
	<i>Current payments</i>	<i>Transfers</i>	<i>Capital payments</i>		
	R30 996 000	R24 788 000	R1 263 000		
Statutory amounts	-			-	-
Responsible minister	Minister for the Public Service and Administration				
Administering department	South African Management Development Institute				
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 purpose and measurable objective

#### Programme 1: Administration

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

#### Programme 2: Public Sector Organisational and Staff Development

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

**Measurable objective:** Co-ordinate and manage the activities of the training trading account, which provides training to officials in national and provincial departments and local government.

### Strategic overview and key policy developments: 2001/02 – 2007/08

#### *Developments within the organisation*

The need to accelerate and enhance quality assurance in the products and services that SAMDI offers became more pressing in 2002/03. Focus has therefore shifted to aligning programmes to the South African Qualifications Authority (SAQA) requirements and complying with skills development legislation.

To transform SAMDI into an effective organisation responsible for management development and training in the public sector, it was necessary to begin charging for its services and thus recover an increasing proportion of its costs. To implement a cost recovery strategy, an essential

organisational objective, SAMDI had to change its structure, and effect a paradigm shift in culture, values and customer focus. The training trading account (TTA) was established in April 2001 to act as a cost-recovery mechanism for training programmes and became fully operational in April 2002. The TTA has taken over the organisation's training function, while SAMDI, the organisation, provides the TTA with strategic guidance.

Two years since the inception of the TTA, SAMDI went through an intensive process of strategic planning. The desired outcome was a strategic plan that would operationalise SAMDI's mandate within government's current challenges and programme of action. Although the major focus of the strategic plan is on the work that SAMDI does externally, there are also clear objectives for achieving an institutional capability that meets the demands of SAMDI's strategic plan.

During 2003/04, the Public Sector Education and Training Authority (PSETA) granted SAMDI provisional accreditation as a training provider. SAMDI's training products are being aligned to unit standards and a curriculum review committee has been established as part of a first phase of introducing a total quality management system within the organisation.

SAMDI also established a number of networks with key institutions in South Africa, Africa and other parts of the world. This broadens the pool of associates able to support the work of SAMDI. The Flemish government donated R10 million to SAMDI in 2003 for developing the integrated management development programme, which develops senior, middle and emerging management skills.

#### *External strategic objectives*

SAMDI's external objectives relate to the design and delivery of training programmes, through the TTA, that are responsive to the needs of management in the public service, and which seek to improve the capacity of the state to deliver on government's strategic priorities.

Integral to the national focus on service delivery improvement, the institute will continue to focus on interventions in service delivery and customer management. Training programmes for community development workers and more technical programmes such as supply chain management training courses will continue. Emphasis will also be placed on developing effective education, training and development (ETD) practitioners, required to sustain and support workplace learning and development. Trained ETD practitioners will assist their departments in managing HIV and Aids in the workplace, gender awareness, diversity management, and managing and supporting people with disabilities.

The institute is fully integrated into various AU and NEPAD programmes, and will continue with its efforts to establish a programme of action for the African Management Development Institute Network. It will also host two training programmes for individuals from the African continent this year.

#### *Internal strategic objectives*

SAMDI aims to embark on a rigorous internal realignment process of systems and structures to ensure that the Institute can meet the expectations of all stakeholders. The process will involve building relationships with various parties, communication and visibility, review of all internal policies and systems, and an overhaul of the institute's information and knowledge management systems. Integral to SAMDI's business is the development of quality assurance and management processes as central components to continually improving the levels of customer service.

While building internal capacity, SAMDI will also tap into the expertise and knowledge of visiting scholars, associates and practitioners from public, academic, private and international sectors to align the institute with national and global trends. Quality standards will be established for all SAMDI programmes, and all curricula developed will meet the National Qualifications

Framework (NQF) principles of quality learning and teaching. Curricula will also be contextualised to meet the needs of individual clients by including relevant case studies and incorporating learning from action research processes. The curriculum review committee in SAMDI will also involve external experts in certain subject areas and will ensure that all SAMDI training programmes provided are of a high quality and relevant to clients' requirements and the strategic imperatives of government.

Key to implementing training and other interventions is the monitoring and evaluation aspect of human resource development. The current monitoring and evaluation framework will be reviewed and updated while a system that is aligned with African standards for evaluations will be developed and implemented. A SAMDI-wide master systems plan will be put in place to ensure a single, standardised and effective method of dealing with internal administrative processes. This is linked to the design and development of a holistic and comprehensive IT system to facilitate the on-line research and knowledge management processes, which will be designed and implemented to ensure the development of SAMDI as an advocate of lifelong learning.

## Expenditure estimates

**Table 12.1: SA Management Development Institute**

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05				
1. Administration	8 939	11 469	11 648	29 054	30 039	28 499	31 221	30 928
2. Public Sector Organisational and Staff Development	13 856	19 271	25 290	11 833	10 848	28 548	27 347	25 823
<b>Total</b>	<b>22 795</b>	<b>30 740</b>	<b>36 938</b>	<b>40 887</b>	<b>40 887</b>	<b>57 047</b>	<b>58 568</b>	<b>56 751</b>
Change to 2004 Budget estimate				-	-	19 600	18 900	15 100

### Economic classification

	20 594	25 542	12 074	29 791	29 384	30 996	34 228	34 168
<b>Current payments</b>								
Compensation of employees	13 484	16 981	8 268	9 659	7 204	13 694	15 694	16 175
Goods and services	7 085	8 527	3 806	20 132	22 180	17 302	18 534	17 993
<i>of which:</i>								
Computer services	1 638	2 249	218	478	898	478	507	532
Travel and subsistence	904	990	168	307	441	307	325	341
Audit fees	672	1 273	712	627	830	627	665	698
Financial transactions in assets and liabilities	25	34	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>38</b>	<b>4 317</b>	<b>24 255</b>	<b>10 101</b>	<b>10 101</b>	<b>24 788</b>	<b>23 095</b>	<b>21 253</b>
Provinces and municipalities	38	47	22	28	28	34	36	37
Departmental agencies and accounts	-	4 270	24 233	10 073	10 073	24 754	23 059	21 216
<b>Payments for capital assets</b>	<b>2 163</b>	<b>881</b>	<b>609</b>	<b>995</b>	<b>1 402</b>	<b>1 263</b>	<b>1 245</b>	<b>1 330</b>
Machinery and equipment	2 163	881	505	995	1 402	1 263	1 245	1 330
Software and other intangible assets	-	-	104	-	-	-	-	-
<b>Total</b>	<b>22 795</b>	<b>30 740</b>	<b>36 938</b>	<b>40 887</b>	<b>40 887</b>	<b>57 047</b>	<b>58 568</b>	<b>56 751</b>

## Expenditure trends

Overall expenditure increased rapidly over the last four years, rising from R22,8 million in 2001/02 to R40,9 million in 2004/05, an average annual increase of 21,5 per cent. This increase was mainly due to the inception of the trading account. A large increase in expenditure is expected

in 2005/06, to R57 million, and expenditure is then expected to remain at much the same levels, reaching R56,8 million in 2007/08. The flattening off of the growth in expenditure is due to the expected increase in the revenue generated by the training trading account, as the trading account becomes more self-sustainable.

The 2005 Budget allocated additional amounts of R17,6 million (2005/06), R16,8 million (2006/07) and R15,1 million (2007/08), mainly to augment the training trading account and build capacity in the finance, supply chain management and information and communication technology units.

## 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 departmental receipts.

**Table 12.2: Departmental receipts**

R thousand	Receipts outcome			Adjusted appropriation	Medium-term receipts estimate			
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	outcome 2003/04					
Sales of goods and services produced by department	13	25	27	27	28	28	29	
Financial transactions in assets and liabilities	6	1 222	12	11	11	12	13	
<b>Total</b>	<b>19</b>	<b>1 247</b>	<b>39</b>	<b>38</b>	<b>39</b>	<b>40</b>	<b>42</b>	

## Programme 1: Administration

The aim of the programme is to provide strategic management and administrative support to SAMDI as well as political and managerial leadership. Other functions include: management of the department; providing centralised administrative, legal, and supply chain services; human resource management and development; professional financial services; and independent internal audit services.

## Expenditure estimates

**Table 12.3: Administration**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	outcome 2003/04					
Minister <sup>1</sup>	–	–	–	–	–	–	–	
Management	1 200	1 264	2 202	4 119	1 459	1 547	1 624	
Corporate Services	7 738	10 205	9 446	24 935	27 040	29 674	29 304	
Government Motor Transport	1	–	–	–	–	–	–	
<b>Total</b>	<b>8 939</b>	<b>11 469</b>	<b>11 648</b>	<b>29 054</b>	<b>28 499</b>	<b>31 221</b>	<b>30 928</b>	
Change to 2004 Budget estimate				2 562	1 068	2 170	424	

<sup>1</sup> Minister for the Public Service and Administration. Salary provided on Public Service and Administration Vote.

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				
<b>Economic classification</b>							
<b>Current payments</b>	<b>6 764</b>	<b>10 570</b>	<b>11 021</b>	<b>28 274</b>	<b>27 209</b>	<b>29 947</b>	<b>29 568</b>
Compensation of employees	4 371	6 486	7 579	8 792	11 258	13 112	13 464
Goods and services	2 368	4 051	3 442	19 482	15 951	16 835	16 104
Financial transactions in assets and liabilities	25	33	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>12</b>	<b>18</b>	<b>18</b>	<b>25</b>	<b>27</b>	<b>29</b>	<b>30</b>
Provinces and municipalities	12	18	18	25	27	29	30
<b>Payments for capital assets</b>	<b>2 163</b>	<b>881</b>	<b>609</b>	<b>755</b>	<b>1 263</b>	<b>1 245</b>	<b>1 330</b>
Machinery and equipment	2 163	881	505	755	1 263	1 245	1 330
Software and other intangible assets	–	–	104	–	–	–	–
<b>Total</b>	<b>8 939</b>	<b>11 469</b>	<b>11 648</b>	<b>29 054</b>	<b>28 499</b>	<b>31 221</b>	<b>30 928</b>

## Expenditure trends

Expenditure more than doubled in 2004/05, and has increased significantly over the last four years as a whole, increasing from R8,9 million in 2001/02 to R29,1 million in 2004/05, an average annual increase of 48,1 per cent. This growth was mainly due to an increased demand for SAMDI's training programmes and capacity-building. Expenditure is expected to increase very slowly over the next three years, rising to R30,9 million in 2007/08.

The 2005 Budget allocated additional amounts of R1,1 million (2005/06), R2,2 million (2006/07) and R424 000 (2007/08) to build capacity in finance, supply chain management and ICT.

## Programme 2: Public Sector Organisational and Staff Development

*Public Sector Organisational and Staff Development* aims to provide demand-driven organisational development interventions to the public sector, which leads to improved performance and service delivery, and co-ordinates, manages and administers the training trading account.

There are two subprogrammes:

- *Public Sector Organisational and Staff Development* provides an administration function to the training trading account.
- *Augmentation of Training Trading Account* provides transfers to augment the trading account.

## Expenditure estimates

Table 12.4: Public Sector Organisational and Staff Development

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				
R thousand							
Public Sector Organisational and Staff Development	13 856	15 001	1 057	1 760	3 794	4 288	4 607
Augmentation of Training Trading Account	–	4 270	24 233	10 073	24 754	23 059	21 216
<b>Total</b>	<b>13 856</b>	<b>19 271</b>	<b>25 290</b>	<b>11 833</b>	<b>28 548</b>	<b>27 347</b>	<b>25 823</b>
Change to 2004 Budget estimate				(2 562)	18 532	16 730	14 675

R thousand	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary	2004/05		2005/06	2006/07	2007/08
	2001/02	2002/03	outcome					
<b>Economic classification</b>								
<b>Current payments</b>	<b>13 830</b>	<b>14 972</b>	<b>1 053</b>	<b>1 517</b>	<b>3 787</b>	<b>4 281</b>	<b>4 600</b>	
Compensation of employees	9 113	10 495	689	867	2 436	2 582	2 711	
Goods and services	4 717	4 476	364	650	1 351	1 699	1 889	
Financial transactions in assets and liabilities	–	1	–	–	–	–	–	
<b>Transfers and subsidies to:</b>	<b>26</b>	<b>4 299</b>	<b>24 237</b>	<b>10 076</b>	<b>24 761</b>	<b>23 066</b>	<b>21 223</b>	
Provinces and municipalities	26	29	4	3	7	7	7	
Departmental agencies and accounts	–	4 270	24 233	10 073	24 754	23 059	21 216	
<b>Payments for capital assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>240</b>	<b>–</b>	<b>–</b>	<b>–</b>	
Machinery and equipment	–	–	–	240	–	–	–	
<b>Total</b>	<b>13 856</b>	<b>19 271</b>	<b>25 290</b>	<b>11 833</b>	<b>28 548</b>	<b>27 347</b>	<b>25 823</b>	

**Details of transfers and subsidies:**

Departmental agencies and accounts							
<b>Current</b>	<b>–</b>	<b>4 270</b>	<b>24 233</b>	<b>10 073</b>	<b>24 754</b>	<b>23 059</b>	<b>21 216</b>
Augmentation of Training Trading Account	–	4 270	24 233	10 073	24 754	23 059	21 216
<b>Total departmental agencies and accounts</b>	<b>–</b>	<b>4 270</b>	<b>24 233</b>	<b>10 073</b>	<b>24 754</b>	<b>23 059</b>	<b>21 216</b>

**Expenditure trends**

The training trading account was established to act as a cost-recovery mechanism for training programmes and became fully operational on 1 April 2002. However, funds are voted to the trading account through the *Augmentation of Training Trading Account* subprogramme, and this accounts for most of the programme's expenditure. The expenditure on the trading account is expected to more than double in 2005/06, and then to decline slowly over the following two years. Over this whole period, expenditure on the subprogramme should increase from R10,1 million in 2004/05 to R21,2 million in 2007/08.

The 2005 Budget allocated additional amounts of R18,5 million (2005/06), R16,7 million (2006/07), and R14,7 million (2007/08) to augment the training trading account.

**Training trading account**

The training trading account (TTA) has been established to provide training programmes to national, provincial and local government.

Training programmes include:

- supply chain management: Supply chain management 1 and 2, acquisition management training and financial management training
- project management, financial management and related matters
- management and leadership development: emerging management development programme (EMDP), advanced management development programme (AMDP) and presidential strategic leadership development programme (PSLDP)
- service delivery and customer management: excellent customer care, Batho Pele, gender equality mainstreaming, anti-corruption and ethics management, community development workers, diversity management, ministerial support staff programme, executive leadership

programme, policy development leadership, team development, conflict resolution and change management

- Lifelong learning: induction and re-orientation programme for public service, labour relations, job evaluation, human resource management, management of HIV and Aids in the workplace, training of trainers, human resource development needs analysis and skills development facilitator programme.

Revenue from training interventions increased by 38,7 per cent from R14,2 million in 2003/04 to R19,7 million in 2004/05, due to increased demand. Growth in revenue from training interventions is expected to continue at an average rate of 20,7 per cent per year over the MTEF period. The increased activity is also reflected in projected growth in spending on compensation of employees and goods and services, averaging an annual 19,6 per cent and 29,6 per cent over the MTEF period, respectively.

Transfers received decreased by 58,4 per cent from R24,2 million in 2003/04 to R10,1 million in 2004/05 and remain stable over the MTEF period at R24,7 million, R23,1 million and R21,2 million. The anticipated total revenue for the MTEF period is expected to be sufficient 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	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<b>INCOME STATEMENT SUMMARY</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	12 806	14 944	20 000	25 000	30 000	35 000
Sale of goods and services other than capital assets	-	10 201	14 230	19 740	24 750	29 750	34 750
Interest	-	155	714	260	250	250	250
Other non-tax revenue	-	2 450	-	-	-	-	-
<b>Transfers received</b>	-	4 270	24 233	10 073	24 754	23 059	21 216
<b>Total revenue</b>	-	17 076	39 177	30 073	49 754	53 059	56 216
<b>Expenses</b>							
<b>Current expense</b>	-	14 047	31 409	28 608	48 283	51 658	54 598
Compensation of employees	-	6 201	14 595	16 509	25 607	26 889	28 234
Goods and services	-	7 846	16 599	12 099	22 676	24 769	26 364
Depreciation	-	-	215	-	-	-	-
<b>Total expenses</b>	-	14 047	31 409	28 608	48 283	51 658	54 598
<b>Surplus / (Deficit)</b>	-	3 029	7 768	1 465	1 471	1 401	1 618

*Data provided by the SAMDI*

## Service delivery objectives and indicators

### Recent outputs

In 2003/04, the TTA achieved a total of 46 963 person training days (PTD), reflecting an 11 per cent increase on the previous financial year. (PTDs are the number of training courses multiplied by the number of days per course, multiplied by the number of persons trained.) Up to the end of November 2004, 42 300 PTDs had been achieved for 2004/05.

Two capacity-building programmes, project management and financial management, are in the preparation stage and will be offered to public servants on a national basis, during 2005/06.

**Selected medium-term output targets**

**Public Sector Organisational and Staff Development**

<b>Output</b>	<b>Measure/indicators</b>	<b>Target</b>
Trained officials	Number of person training days	70 000 in 2005 80 000 in 2006 90 000 in 2007



## **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 per programme

Table 12.C: Summary of expenditure on training per programme

Table 12.D: Summary of information and communications technology expenditure per programme

Table 12.E: Summary of official development assistance expenditure

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

Programme	Appropriation		Preliminary outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2003/04			2004/05			
1. Administration	14 079	16 289	11 648	26 492	2 562	29 054	30 039
2. Public Sector Organisational and Staff Development	28 182	25 972	25 290	14 395	(2 562)	11 833	10 848
<b>Total</b>	<b>42 261</b>	<b>42 261</b>	<b>36 938</b>	<b>40 887</b>	<b>-</b>	<b>40 887</b>	<b>40 887</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>15 848</b>	<b>17 244</b>	<b>12 074</b>	<b>29 978</b>	<b>(187)</b>	<b>29 791</b>	<b>29 384</b>
Compensation of employees	7 615	8 594	8 268	11 255	(1 596)	9 659	7 204
Goods and services	8 233	8 650	3 806	18 723	1 409	20 132	22 180
<b>Transfers and subsidies</b>	<b>25 651</b>	<b>24 255</b>	<b>24 255</b>	<b>10 104</b>	<b>(3)</b>	<b>10 101</b>	<b>10 101</b>
Municipalities	22	22	22	31	(3)	28	28
Departmental agencies and accounts	25 629	24 233	24 233	10 073	-	10 073	10 073
<b>Payments for capital assets</b>	<b>762</b>	<b>762</b>	<b>609</b>	<b>805</b>	<b>190</b>	<b>995</b>	<b>1 402</b>
Buildings and other fixed structures	50	50	-	50	(50)	-	-
<i>Other fixed structures</i>	50	50	-	50	(50)	-	-
Machinery and equipment	712	712	505	755	240	995	1 402
<i>Other machinery and equipment</i>	712	712	505	755	240	995	1 402
Software and intangible assets	-	-	104	-	-	-	-
<b>Total</b>	<b>42 261</b>	<b>42 261</b>	<b>36 938</b>	<b>40 887</b>	<b>-</b>	<b>40 887</b>	<b>40 887</b>

**Table 12.B: Summary of personnel numbers and compensation of employees per programme<sup>1</sup>**

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	21	34	54	52	65
2. Public Sector Organisational and Staff Development	44	54	4	3	6
<b>Total</b>	<b>65</b>	<b>88</b>	<b>58</b>	<b>55</b>	<b>71</b>
Total personnel cost (R thousand)	13 484	16 981	8 268	9 659	13 694
Unit cost (R thousand)	207	193	143	176	193

<sup>1</sup> Budgeted full-time equivalent**Table 12.C: Summary of expenditure on training per programme**

Programme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
1. Administration	110	45	48	52	65	70	74
2. Public Sector Organisational and Staff Development	155	96	102	109	112	119	125
<b>Total</b>	<b>265</b>	<b>141</b>	<b>150</b>	<b>161</b>	<b>177</b>	<b>189</b>	<b>198</b>

**Table 12.D: Summary of information and communications technology expenditure per programme**

R thousand	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary	outcome		2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
<b>1. Administration</b>	<b>1 605</b>	<b>1 627</b>	<b>1 903</b>		<b>1 943</b>	<b>1 970</b>	<b>2 088</b>	<b>2 192</b>	
Technology	1 417	1 336	1 453		1 463	1 470	1 558	1 636	
IT services	188	291	450		480	500	530	557	
<b>2. Public Sector Organisational and Staff Development</b>	<b>-</b>	<b>-</b>	<b>50</b>		<b>50</b>	<b>50</b>	<b>53</b>	<b>56</b>	
IT services	-	-	50		50	50	53	56	
<b>Total</b>	<b>1 605</b>	<b>1 627</b>	<b>1 953</b>		<b>1 993</b>	<b>2 020</b>	<b>2 141</b>	<b>2 248</b>	

**Table 12.E: Summary of official development assistance expenditure**

Donor	Project	Cash/ kind	Outcome				Medium-term expenditure estimate		
			2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
R thousand									
<b>Foreign</b>									
European Commission	Training		18 083	24 945	-	-	-	-	-
Flanders	Training		-	-	7 000	4 000	4 000	-	-
<b>Total</b>			<b>18 083</b>	<b>24 945</b>	<b>7 000</b>	<b>4 000</b>	<b>4 000</b>	<b>-</b>	<b>-</b>

