

# IMPACT ASSESSMENT OF NATIONAL SKILLS DEVELOPMENT STRATEGY II

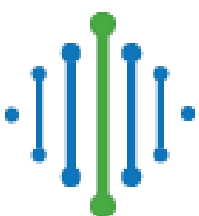
## Measuring Impact Assessment of Skills Development on Service Delivery in Government departments

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## Impact Assessment of National Skills Development Strategy II

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From May 2010 to January 2012, the Human Sciences Research Council, with its partner Development Policy Research Unit (UCT), undertook research to assess and evaluate the progress made in skills development since the implementation of National Skills Development Strategy II in March 2005. The research covered three thematic areas and produced nine research reports:

- A. Impact of skills development on placement of learners upon completion of the programme. (Indicator 1.2; 3.1; 4.2)
  - 1. Sumayya Goga and Carlene van der Westhuizen (2012) Scarce Skills Information Dissemination: A Study of the SETAs in South Africa.
  - 2. Renette Du Toit (2012) The NSF as a Mechanism to Address Skills Development of the Unemployed in South Africa.
  - 3. Morne Oosthuizen (2012) The Impact of Work Experience Grants on Learner Placement.
  
- B. Impact of skills development support on large, medium and small firms as well as on Government, BEE firms and BEE co-operatives. (Indicator 2.1; 2.2; 2.5)
  - 4. Pundy Pillay, Andrea Juan and Thembinkosi Twalo (2012) Impact assessment of skills development on service delivery in government departments.
  - 5. Pundy Pillay, Andrea Juan and Thembinkosi Twalo (2012) Impact assessment of skills development on service delivery in government departments: Appendices.
  
- C. Progress evaluation on support to high-level scarce and critical skills for both workers and unemployed learners.(Indicator 2.8 & 4.1)
  - 6. Dean Janse Van Rensburg, Mariette Visser, Angelique Wildschut, Joan Roodt and Glenda Kruss (2012) A Technical Report on Learnership and Apprenticeship Population Databases in South Africa: Patterns and Shifts in Skills Formation.
  - 7. Angelique Wildschut, Glenda Kruss, Dean Janse Van Rensburg, Genevieve Haupt and Mariette Visser (2012) Learnerships and Apprenticeships survey 2010 technical report: Identifying transitions and trajectories through the learnership and apprenticeship systems.
  - 8. Claudia Mummenthey, Angelique Wildschut and Glenda Kruss (2012) Assessing the impact of learnerships and apprenticeships under NSDSII: Three case studies: MERSETA, FASSET & HWSETA
  - 9. Glenda Kruss, Angelique Wildschut, Dean Janse Van Rensburg, Mariette Visser, Genevieve Haupt and Joan Roodt (2012) Developing Skills and Capabilities through the Learnership and Apprenticeship Pathway Systems. Project Synthesis Report. Assessing the Impact of Learnerships and Apprenticeships under NSDSII.

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# EXECUTIVE SUMMARY

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This report constitutes one of a number commissioned by the Department of Labour to assess the impact of National Skills Development Strategy II (NSDSII). The paper also forms part of a set under ‘Thematic Area 2: The Impact of Skills Development Support on small, medium and large firms, BEE firms, co-operatives and Government’. More specifically this paper falls under ‘Indicator 2.3: Measuring impact assessment of Skills Development on service delivery in government departments’.

Indicator 2.3 refers specifically to the following: “Evaluating adherence to spending 1% of personnel budget on training by government departments and measuring the impact of training on service delivery in government departments. Assess whether or not the level of work performance by employees who attended training changed.”

The terms of reference for this study correctly point to the fact that the lack of adequately skilled personnel in the South African public service has always been a concern of government. The 2006 report on ‘The State of the Public Service’ emphasized the challenge to consolidate transformation in the public service and the need to improve service delivery. Furthermore, the 2008 ‘Report on the State of the Public Service Training Needs’ supports these views and acknowledges the developments that have taken place in the public service particularly with regard to putting in place the necessary legislative and regulatory framework for capacity building. Among others, the Sector Education and Training Authorities (SETAs) have been established and departments are compelled to spend 1% of their personnel budget on training.

The terms of reference for this study called for the following three reports:

- An international literature review on the relationship between training and its impact on public service delivery, especially in post-transition and developing economies.
- A desktop analysis of data on the size and nature of trends in expenditure by government departments (1% of payroll) for the last five years of NSDSII, and a comparison with the nature and types of training provided (where such data is available).

- Selection of a few comparative case studies: A few departments (or sections within departments) to be selected based on two main criteria: departments that have been meeting their service delivery targets (e.g. SARS) and departments that have not been meeting their service delivery targets (e.g. Department of Home Affairs).

**Chapter One**, a brief literature review, examines the following issues: global trends in public service skills development including the financing of skills development; skills development and reform of the public service; and measures used to determine the impact of skills development.

The availability of skilled personnel within an organisation has a significant impact on the effectiveness and efficiency of that organisation to carry out its mandate. In the public sector, efficiency and effectiveness are indicated by the manner in which services are delivered. Ensuring the adequate delivery of services allows a country to meet social development objectives and strongly relates to the notion of “good governance.” The literature relating to good governance often calls for reforms in government to make government structures and systems more efficient and effective. This part of the review also analyses how skills development can be financed in Sub-Saharan Africa.

To meet the skills needs of economies, societies, and individuals, national skills development systems must be:

- Effective: offering meaningful, quality skills development that avoids time-serving and irrelevant training;
- Efficient: avoiding high costs and inefficient provision;
- Competitive: to counter supply-driven tendencies;
- Flexible: technically able in the short term to change the scope and direction of skills development outputs, if necessary; and
- Responsive: designed to meet the changing demands of the market and needs of the economy.

The review covers in some depth the experiences of Malaysia and Brazil, two economies that have developed rapidly during the past two decades, in terms of skills development. In Malaysia,



the review shows how training has been a key element in public sector reform and in Brazil; the review shows how training has helped to transform the public health care system.

Other aspects of the review examine the types of skills development found in developing and transition economies, donors and training programmes, and the types of evaluation criteria used in many countries.

In essence what the review shows is that training in the public sector is a vital cog in the wheel that is public sector reform. For training to play that role in the public sector, it is important to assess the impact of training programmes in government departments. This review attempted to provide international example of training evaluation with a view to informing the research design, and direction of this study.

**Chapter Two** examines the trends in skills development expenditure for the period 2005-2010.

The paper uses the following sets of data:

- Training expenditure data on national government departments provided in the National Treasury document: 'Estimates of Public Expenditure'. This data is provided here for the period 2005-2010, and shows the total amount of expenditure incurred by departments, expenditure as a percentage of the total personnel budget, and the total number trained.
- Annual Training Reports (ATRs) submitted to the Public Services SETA (PSETA): The annual training reports and the Work Place Skills Plans of which the ATRs are a part, are of extremely poor quality. However, with the assistance of the PSETA, it was possible to use some of the ATRs submitted for 2010.

### **Findings: National Department**

1. Total expenditure on training in national government departments increased from R371 million (31 departments/entities) in 2005/06 to R1.8 billion in 2009/10 (35 departments/entities).
2. There was a substantial increase in training expenditure between 2006/07 and 2008/09, mainly because of a massive increase in the expenditure of the Department of Police from

0.8 million in 2006/07 to R966 million in 2007/08. This increased further to more than R1.25 billion in 2009/10.

3. Significant total expenditure on training occurred in the following departments in 2009/10:
  - R1 billion: Police
  - >R100m: Defence and Military Veterans
  - R80m – R90m: Correctional Services; Justice and Constitutional Development
  - R50m – Water Affairs
  - R20m – R30m: Home Affairs; Public Works; and Statistics SA
  - R10m – R20m: Parliament; International Relations and Cooperation; National Treasury; Agriculture; Rural Development and Land Reform
4. Departments that showed significant increases in total training expenditure in 2010 relative to 2005 were the following: International Relations and Cooperation; Statistics SA; Defence; Justice; Agriculture; Communications (the National Department); and Water Affairs. The Department of Correctional Services, on the other hand, experienced a serious decline in total training expenditure.
5. In 2005, in terms of training expenditure as a percentage of the total personnel budget, the range extended from 0.3% (International Relations and Cooperation; Justice and Constitutional Development) to 8.3% (National Treasury). In 2010, the range extended from 0.6% (International Relations and Cooperation) to 6.9% (Communications).
6. In 2005 four out of 31 departments spent less than the mandatory 1% whereas in 2010, this figure was five out of 35. In both years the Departments of International Relations and Defence were in this group. In 2005, 9 out of 31 departments were in the 1-2% group, but in 2010, more than half the departments (18/35) were clustered here.
7. The total number trained increased from 113 688 in 2005/06 to 234 158 in 2008/09 but declined to 215 198 in 2009/10.
8. The per capita costs (i.e. the training cost per person trained) of training were computed as follows: 2005/06: R 2 598; 2006/07: R2 519; 2007/08: R7 915; 2008/09: R6 309; 2009/10: R7 844. The huge discrepancy in the per capita costs for the years 2005/06 and 2006/07, on the one hand, and 2007/08 – 2009/10, suggests that the expenditure figures provided for the former years, by the Department of Police (the biggest departmental training budget in 2007-10) are wrong.

9. Per capita training costs for some of the bigger spending departments were respectively as follows for 2005/06 and 2009/10: Home Affairs: R5 113 and R5 958; Correctional Services: R5 129 and R7 742; Rural Development and Land Reform: R3 900 and R5 600; and Water Affairs: R15 900 and R17 287.

In summary, national government departments as a whole are spending a considerable sum of money on training (R1.8 billion in 2009/10). Second, most national departments are spending more than the mandatory 1 per cent. Third, more than 215 000 person equivalents (or head counts, as some individuals would have attended more than one programme or course) attended some form of skills development programme. Fourth, there is substantial variation across departments in terms of program per capita costs.

### **Findings: Provincial**

1. In many cases, there are substantial differences between the total training budget and that budgeted for various training programs, on the one hand, and between the training budget and actual expenditure, on the other. In the latter case, the difference may be due to additional funds flowing in during the course of the financial year.
2. Training expenditure occurs across a variety of programs including in particular bursaries, internships, learnerships, and Unit Standards Based Skills Programmes (USBSPs). Departments such as Agriculture, Education, Health, and Social Development spend especially high amounts on bursaries.
3. There are several examples of provincial departments with substantial expenditure on training – e.g. Agriculture - Western Cape (R14.0m), Free State (R5.19m), Limpopo (R23.9m), Eastern Cape (R12m); Social Development – Northern Cape (R3.15m), Limpopo (R136.6m – includes health); Education – KZN (R53.3m); Economic Development – Limpopo (R10m), KZN (R80m); and Transport – KZN (R39m).
4. The cost per beneficiary varies widely across departments and provinces from a low of R4 151 in the Department of Community and Safety in the Western Cape to R27 708 in the Department of Economic Development and Tourism in KZN. While there may be sound reasons for such discrepancies (e.g. more resources may be devoted to bursaries compared to learnerships), it may also point to serious inefficiencies (including wastage) in the utilization of limited resources available for training.

In summary, across provinces, there are substantial differences between budgets and actual expenditure. Second, skills development expenditure occurs across a number of programmes. Third, a substantial amount of money is spent on bursaries, especially in departments such as Social Development, and Health, probably as part of a strategy to address the long-term challenge of scarce skills. Fourth, as with national departments, the per capita costs vary considerably across provinces, and departments within provinces. The reasons for this are not evident from the available information.

**Chapter Three** attempts to assess the impact of training in the South African public sector. This part of the study required a selection and analysis of a set of comparative studies. In line with the terms of reference which suggested a mix of ‘performing and non-performing departments’, the following sample was chosen:

- **National:** Correctional Services; Home Affairs; SARS
- **Provinces:** Eastern Cape; KwaZulu-Natal; Limpopo; Western Cape.

At the national level, interviews were set up with the directorates or individuals responsible for skills development. In the case of the provinces, the first point of contact was the Office of the Premier. Requests for interviews with at least two other government departments were made. However, only KZN province acceded to this request – in fact three departments were interviewed in that province. In the case of Limpopo province, interviews were held with the Office of the Premier which also ensured the provision of data from a number of other provincial departments.

A questionnaire was developed and sent to the departments prior to the interviews. The questionnaire firstly provided some background information on the study. The questions were divided into two sections: a) provision of training; and b) impact of training.

The findings in general indicate that very little work has been done to develop the necessary institutional mechanisms to measure the efficiency and effectiveness of training. Amongst the government departments that were part of the survey, there is hardly any data on the impact of training in terms of public service productivity, increased occupational mobility or earnings. . Finally, in all cases evaluated here, no formally-defined institutional mechanisms exist for

assessing the impact of training. Only in the case of the Provincial Treasury in KZN has there been a serious effort to develop an impact assessment exercise.

Also in KZN, substantial amounts are being spent on training and a considerable number of employees are being trained in all three departments examined. However, in contrast to the rest of the sample considered in this report, there is evidence of some innovation in the province whereby it is making serious efforts at clearly identifying training priorities (e.g. Performance Management Development System – Department of Education) and very importantly, the Impact Assessment Exercise that is being developed by the Provincial Treasury. In both the Eastern and Western Cape Provinces, a substantial amount of training is occurring but very little is known about the efficiency and effectiveness of the training associated with such expenditure.

Given the relatively high level of expenditure on training in the public sector (estimated at R1.8 billion in the national departments alone in 2009/10), it is unacceptable that so little is known about the impact of such training. Consideration must be given across the spheres and departments of government to building on the Impact Assessment model of KZN in this regard.

### **Recommendations**

It is evident that a much greater effort has to be made across departments to improve the collection, reporting and analysis of data on training expenditure as well as the outcomes of such training. In this regard, the following recommendations are made:

1. PSETA should invest substantially more resources (human and financial) to:
  - Ensuring improvement in the quality of WSPs and ATRs submitted by national departments and provinces; and
  - Building in-house capacity to analyse such data.
  
2. DHET or PSETA should undertake regular studies to investigate the efficiency of resource utilization given the wide variance in per capita training costs across national departments and provinces.

3. Given the high level of expenditure on training in the public sector, a greater effort should be made by government to measure the impact and effectiveness of such training. DHET should lead these efforts to design appropriate evaluation mechanisms. PSETA should be given the task of coordinating the assessment of training across the country. In this regard, inter alia, it should consider what role can be played by the provincial training academies where they do exist (Western Cape, KZN).
4. In the development of appropriate institutional mechanisms for assessing the impact of training expenditure, consideration should be given to ensuring that appropriate levels of general, specific and scarce skills are developed. In this regard, linkages must be made with the institutions responsible at both the national and provincial levels for monitoring and evaluating the country's national HRD strategy.
5. With regard to the development of a specific training assessment model for the public service, consideration should be given to building on the promising model that has been developed by the KZN Treasury.

# PREAMBLE

## A note on methodology and structure of the report

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This consolidated report constitutes one of a number commissioned by the Department of Labour to assess the impact of National Skills Development Strategy II (NSDSII). The paper also forms part of a set under ‘Thematic Area 2: The Impact of Skills Development Support on small, medium and large firms, BEE firms, co-operatives and Government’. More specifically this paper falls under ‘Indicator 2.3: Measuring impact assessment of Skills Development on service delivery in government departments’.

Indicator 2.3 refers specifically to the following: “Evaluating adherence to spending 1% of personnel budget on training by government departments and measuring the impact of training on service delivery in government departments. Assess whether or not the level of work performance by employees who attended training changed.”

The terms of reference for this study correctly point to the fact that the lack of adequately skilled personnel in the South African public service has always been a concern of government. The 2006 report on ‘The State of the Public Service’ emphasized the challenge to consolidate transformation in the public service and the need to improve service delivery. Furthermore, the 2008 ‘Report on the State of the Public Service Training Needs’ supports these views and acknowledges the developments that have taken place in the public service particularly with regard to putting in place the necessary legislative and regulatory framework for capacity building. Among others, the Sector Education and Training Authorities (SETAs) have been established and departments are compelled to spend 1% of their personnel budget on training.

The terms of reference for this study called for the following three reports:

1. An international literature review on the relationship between training and its impact on public service delivery, especially in post-transition and developing economies.

2. A desktop analysis of data on the size and nature of trends in expenditure by government departments (1% of payroll) for the last five years of NSDSII, and a comparison with the nature and types of training provided (where such data is available).
3. Selection of a few comparative case studies: A few departments (or sections within departments) to be selected based on two main criteria: departments that have been meeting their service delivery targets (e.g. SARS) and departments that have not been meeting their service delivery targets (e.g. Department of Home Affairs).

**Chapter One** is a brief literature review examining the following issues: global trends in public service skills development including the financing of skills development; skills development and reform of the public service, and measures used to determine the impact of skills development.

**Chapter Two** examines the trends in skills development expenditure for the period 2005-2010. This chapter is based on secondary data from the National Treasury (NT) and data kindly provided by the Public Sector SETA. It is unfortunate that training data was not available from individual departments as this would have enabled, inter alia, a comparative analysis of those who received training relative to the total work force. While the NT data was extremely useful, it nevertheless constrained the nature and extent of the analysis that needed to be undertaken. As pointed out in Chapter One, the PSETA was bedevilled by issues of quality relating particularly to the expenditure data. However, the best possible use of was made of this valuable data.

(A note on the PSETA: The legislative framework developed by the Department of Labour since 1994 empowers the PSETA to perform functions according to Section 10 of the Skills Development Act of 1998, and to fulfil its role of facilitation, coordination and monitoring the implementation of the National Skills Development Strategy in the Public Service. At the same time as part of the SETA listing and certification, the PSETA was granted accreditation by the South African Qualifications Authority) which mandates the PSETA to perform the function of quality assurance of skills development in the Public Service for transversal Skills Development Programmes and Learnerships. The goals of the PSETA are implemented through three units, namely a) the skills planning unit; b) the learnership unit; and c) the Education and Training Quality Assurance Unit.)



**Chapter Three** attempts to assess the impact of training in the South African public sector through primary data collection and analysis on a sample of national government departments and provinces, namely a) Department of Correctional Services and South African Revenue Services (SARS) – national; and b) Eastern Cape, KwaZulu-Natal, Limpopo, and Western Cape provinces. Chapter Four provides a summary of the findings and recommendations.

# CHAPTER ONE

## Literature Review

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### 1.1 Introduction

The availability of skilled personnel within an organisation has a significant impact on the effectiveness and efficiency of that organisation to carry out its mandate. In the public sector, efficiency and effectiveness are reflected in the manner in which services are delivered. Ensuring the adequate delivery of services allows a country to meet social development objectives and strongly relates to the notion of “good governance.” Literature relating to good governance often calls for reforms in government to make government structures and systems more efficient and effective. To this end many countries have conducted mass scale public sector reform with some success. A crucial element of this reform has been the development of skills in public servants.

The aim of this report is to measure the impact of training on service delivery in South African government departments. To aid this investigation, a literature review was deemed necessary to inform the methodology and framework of this report. This section seeks to examine the global trends regarding skills development. Key questions are the following: How have other countries approached skills development (as an element of public sector reform)? And: How have other countries evaluated skills development of public servants?

An internet search of the literature was undertaken which attempted to locate studies dealing with the evaluation of the skills development of public sector employees. The main criteria utilised for inclusion in the literature review were that studies should focus specifically on empirical evaluations of the skills development programmes and provide results of the evaluations. Studies or reports should not just describe skills development or suggest methods for evaluating the skills development. A combination of the following search terms was used, utilising an academic search engine: skills development, training, service delivery, civil servants, capacity development, public servants, impact, evaluation and public sector reform.

This review begins with a discussion of global trends in public service skills development. These trends refer to the types of skills development provided and the financing of skills development. The next section looks at how developing countries have used skills development to reform the public service. The last section reviews studies on the impact of skills development.

## **1.2 Global skills development trends**

The United Nations (UN) emphasizes reform through human development and political institutional reform. According to the UN, good governance has eight characteristics. Good governance is: consensus oriented; participatory; following the Rule of Law; effective and efficient; accountable; transparent; responsive; and equitable and inclusive (UNESCAP, 2010). Of these principles, skills development relates to the effectiveness, efficiency, accountability and responsiveness of the state. *Effectiveness and efficiency* means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. *Accountability* relates not only to governmental institutions but also to the private sector and civil society organizations. These organisations must be accountable to the public and to their institutional stakeholders. *Responsiveness* requires that government institutions and processes try to serve all stakeholders within a reasonable timeframe.

Social development by definition is a process which promotes the welfare of people. It can be argued then that as good governance principles impact on the manner in which services are delivered, good governance impacts on social development (UNESCAP, 2010). A number of authors (*e.g.* Poluha & Rosendahl, 2000; Grindle, 1998) argue that these standards are common to western democracy as measures of "goodness" in government and are thus not appropriate for developing countries. While this argument may hold water, it is not the purpose of this review to debate the merits of these principles. The fact remains that many developing and developed countries have adopted similar principles. These principles are usually housed in "client charters", which are written commitments by a government agency to deliver goods or services to its customers according to predetermined standards. In South Africa the client charter is known as *Batho Pele*.

### ***Donors Position on Skills development***

Government reforms in developing or transition countries in some instances are sponsored by international donor organisations. The preference given to the various forms of skills development by the leading global development agencies varies from one donor organisation to the next. For example, the United States Agency for International Development (USAID) relies heavily on lecturing techniques. Skills development courses last two-to-four weeks, which suggests something more like education than brief, on-the-job skills development sessions. . The UK Department For International Development (DFID) on the other hand, focuses more extensively on interactive skills development techniques.

Skills development funded or run by international donors can also vary by geographical location (Gajduschek and Hajnal, 2003). In-country skills development may take place in the beneficiary country. The second type is donor-country skills development, in which skills development takes place at a venue in the donor's country. There are three typical approaches to donor-country skills development. Firstly there is in-practice skills development, where the trainee is located in a work environment in an appropriate authority in the donor country. This is a kind of placement skills development, in which the trainee learns from peers or a mentor at the workplace, as well as from practice. The second is conventional skills development taking place in the donor country. In this instance skills development takes place in a classroom setting using lectures. The third arrangement is the "study tour." These events are basically excursions for participants to be exposed to different forms of public administration in the donor or other countries.

The last form of skills development relating to geographic location is third-country skills development. This is skills development organised in a third country, other than the beneficiary or the donor country. This may be done for two reasons. Firstly the aim of the skills development may be to utilise specific experiences only available in a third country. Skills development sessions may also be organised for practical reasons, such as convenience, feasibility or lower prices, in a third country (Gajduschek and Hajnal, 2003).

### ***Financing Skills Development***

To meet the skills needs of economies, societies, and individuals, it is evident that national skills development systems must be:

- Effective: offering meaningful, quality skills development that avoids time-serving and irrelevant training;
- Efficient: avoiding high costs and inefficient provision;
- Competitive: to counter supply-driven tendencies;
- Flexible: technically able in the short term to change the scope and direction of training outputs, if necessary; and
- Responsive: designed to meet the changing demands of the market and needs of the economy (Johanson and Adams, 2004)

Skills development finance mechanisms, in addition to supplying funding for the national training system, play a central role in achieving these overall policy objectives. Traditionally, the financial burden of skills development has fallen, alone or in concert, on trainees, enterprises, and the state.

As in the past, the vast majority of employment across SSA countries today is within small-scale, informal sector enterprises. Initial skills development for the informal sector took place on the job, through the traditional, unstructured apprenticeship, with trainees (or their families) bearing the costs of training in the form of an initial lump-sum payment and/or a low (apprentice) wage.

Formal sector skills development shows a different financing pattern. Where enterprise skills development (SD) provides general, transferable skills, the trainee-apprentice bears the implicit cost of training through low wages. To the extent that SD is not transferable, the enterprise assumes some of the financial burden of initial SD. SD in pre-employment skills acquired in private markets at proprietary institutions is paid for by students.

These forms of SD take place within private markets and are essentially demand-driven, focused on meeting market demands for skills.

Nearly all SSA countries have established public SD systems; they constitute the leading supplier of structured, pre-employment SD, frequently dominating the market as providers of formal sector SD. But the state is also a major financier of pre-employment SD; public SD institutions provide courses free or at purely nominal fees.

This simple financing framework, still current in many Sub-Saharan Africa countries, can no longer meet society's skill development needs. A number of emerging trends have rendered this debate obsolete:

- Many skills development systems have a tendency to market failure, with firms' under-skills development in transferable skills, both in the amount and quality of skills development. The consequent shortages of well-trained, skilled workers in the formal sector stunts productivity, competitiveness, and industrial development/
- Technological change, structural adjustment policies, new and changing patterns of trade and competition, and globalization have compelled the need for a much more flexible and responsive skills development system for the modern sector than past regimes have allowed.
- Fiscal restraint is central in structural adjustment policies. Limited public sector budgets have seriously constrained the ability of Sub-Saharan Africa governments to provide stable funding to the public skills development sector. In other Sub-Saharan Africa economies, a heavy reliance on indirect taxes for revenues has spawned tight public budgets, and broadening the tax base may not be feasible.
- In many Sub-Saharan Africa countries, demographic change and high population growth rates have substantially increased the numbers entering the labour force. The result has been high unemployment, under-employment, and low wages, especially for young people. Since the formal employment sector remains small and stagnant with little growth potential, an expanding urban informal sector is becoming a major source of manpower absorption and employment growth.
- There is a growing social awareness about the needs of special groups, such as the poor, ethnic minorities, and women. There is also a wider acceptance that the government has an obligation to assist through financing and perhaps skills provision; these developments are likely being held back by a lack of government funding, indicating an appropriate role for donor intervention (Johanson and Adams, 2004)

Some 30 Sub-Saharan Africa countries have established skills development funds. A national skills development fund is a unique institutional framework for unifying and augmenting public sources of funding, as well as for allocating funds in line with national policies and priorities. In older, established skills development funds, skills development levies were the dominant (usually only) income source; newer funds draw from a variety of income sources, including government allocations, donor funding, and income generated by the fund itself. Indeed, in some cases skills development funds derive no income from skills development levies; either levies have not been instituted or, where in place, levy proceeds are regarded as general tax revenues and not passed on to the fund.

The range of institutions and forms of skills development eligible for funding may vary markedly from case to case; they are usually designated in the legislation setting up the fund. In many Sub-Saharan Africa countries, the precarious state of public budgets, combined with the limited income from payroll levies, will require strict disbursement priorities. The relatively small size of the formal employment sector and its lack of growth, combined with the considerable growth potential for informal sector employment, may indicate the need for a different pattern of disbursement priorities than is found in other regions (Johanson and Adams, 2004). In many Sub-Saharan Africa countries, core finance for pre-employment courses at skills development institutions, together with innovative methods for financing skills development for microenterprises and the informal sector, should be first in disbursement priorities. Whatever the merits of such expenditures, pressures on public budgets are likely to result in the neglect of disadvantaged groups, unless designated funding is forthcoming from donor sources.

### ***Fund sustainability***

National skills development funds (particularly when financed by company skills development levies) should provide sustained and stable funding for the skills development programs they support. This has not always happened, especially when funds do not receive the resources designated for their activities; for example, skills development levy proceeds meant for the skills development fund may instead be absorbed into general government revenues. Long-term skills development fund sustainability is a serious problem in some countries, especially where skills development funds have been launched by donors and are mainly funded externally. The

problem will be endemic in the many Sub-Saharan Africa countries whose public budgets will be severely constrained in the medium term, and that are not ready to introduce skills development levies. In these situations, overgenerous external sort for national skills development funds, without the planned development of domestic funding, will result in moribund skills development authorities and empty coffers.

### ***Skills development levies***

Earmarked levies on enterprise payrolls have become the most widely-adopted mechanism for funding skills development, both in public skills development institutions (usually under the aegis of a national skills development fund/authority) and in enterprises. They are central to skills development-finance policies in many Sub-Saharan Africa countries, while other countries are now examining the benefits and feasibility of introducing payroll levies to finance skills development.

The scope for levying payroll taxes is well-established by international experience, in Sub-Saharan Africa, and elsewhere. Almost all the countries that have introduced payroll levies have set a standard national levy rate in the range of 1 to 2 percent of company payroll bills, most at the lower end of the range. Some Sub-Saharan Africa countries have introduced sector-level skills development taxes, usually (but not always) based on payrolls. The main advantage is that they offer a means of tailoring the levy format to the specific needs and characteristics of the sector in question. Yet, the narrow focus of sectoral levies (and the skills development funds they finance) prevents an integrated, national approach to the finance and planning of skills development. This has precluded their broad adoption, and most countries have wisely employed standard, national-levy schemes, based on enterprise payrolls.

### ***The Role of the State in Financing Skills Development***

Funding mechanisms are aimed in part at augmenting the supply of skills development resources. As noted, in conventional skills development markets it is the state, rather than the direct beneficiaries, that bears the major burden in the financing of skills development for the formal sector, particularly pre-employment skills development. Thus, reaching out to new sources of skills development finance would usually entail lightening the government's finance burden



(either in the funding of the current skills development system or its expansion). Indeed, this is often the motivation for diversifying sources of finance through cost shifting to other actors. Cost shifting may also be in order in situations where government funding of skills development is thought to be excessive. But are existing levels of state funding of skills development excessively high? Before considering any measures to reduce this financing burden (in relative or absolute terms), it is fitting to look at the factors that may justify government financing of skills development. Against this background, the appropriate role for governmental intervention in financial skills development markets may be more readily assessed.

Discussion of the appropriate role and level of government intervention in the financing of skills development is frequently confounded by the double role assumed by government in many skills development markets – it acts both as skills development provider and skills development financier. The clearest example is government provision of pre-employment skills development, without charge, at public skills development centres. But these dual functions are not inextricably linked. The state could finance similar skills development at private skills development institutions, or could charge full-cost fees for the courses it provides.

### **1.3 Skills development as an element of Public sector reform in Developing Countries**

Developing countries are most often faced with the task of social and economic development in the face of the high demand placed on limited public resources. Bureaucracies in these countries are often described as large and ineffectual (Dass and Abbott, 2008: 59-82). To remedy this, countries such as China, the Philippines and Chile have embarked on mass scale public sector reform with some success. These reforms have been based on theories such as the “New Public Management”. This theory aims to respond to the failures of traditional forms of government by employing private sector principles such as “Total Quality Management”. A component of such theories is the continuous skills development of staff (Dass and Abbott, 2008: 59-82).

Brazil and Malaysia have been able to successfully reform their public sectors. The following two sections discuss these reforms with particular reference to skills development although it must be noted that skills development is just one aspect of overall reform.

## *Malaysia*

Administrative reforms in Malaysia have been taking place in the public service since the early sixties. Part of the country's broad developmental goals was to reform the public sector. The government contracted consultants to study the state of the public administration and make recommendations on how best to reform the public service (Ahmed, 1994).

The first major administrative reform action proposed by the study was to create a Development Administration Unit in the Prime Ministers Department. This unit would be tasked with formulating and guiding plans for administrative improvement. The second proposal was the improvement of the government's education and skills development programs for all levels of the civil service. One such program was the creation of a graduate study program in development administration at the University of Malaya. Also, it suggested that mid-career university-level education should be provided to professional officers. Finally, it envisaged that expanded in-service skills development facilities should be made available to technical and clerical staff, and that periodic seminars be held for senior officials (Ahmed, 1994). The third proposal related to the strengthening of professional competence of the civil service so that it could provide the necessary administrative leadership for the rapidly developing country. This called for a post-entry university course in development administration for all newly selected officers (Dass and Abbott, 2008 )

For the proposal's implementation, the Government set up the Skills development and Career Development Division in the Public Service Department in 1966 and expanded the skills development budget. The Government accepted the importance of large-scale formal skills development in public administration and management for the majority of civil servants as opposed to relying on "on-the-job" skills development as in the colonial tradition. This was a fundamental shift towards strengthening key areas within the public service (Ngoc, 2004).

The seventies were also devoted to the implementation of massive education and skills development of the Malaysian civil service. This programme had twin objectives: to increase the capability of the civil service; and to increase the number of qualified personnel in the Government service.

The Government also expanded the National Institute of Public Administration (INTAN) in the early seventies. This was achieved not only through enlarging its size and courses offered, but all activities related to skills development were reviewed and updated including course content, programme designs, and periods for skills development. Its role was meant to be not only as a skills development institution but also as a change agent within the context of the development administration. INTAN began producing a large number of trainees from its varied programmes from Diplomas in Public Administration to in-service courses (Ngoc, 2004).

In the early 1980s, the “Look East” policy was implemented. Here, Malaysians were encouraged to look east to the work ethic and culture, among others, of the highly successful Japanese and South Koreans. In the field of education and skills development, the Government sent a number of Malaysians including senior civil servants, to these two countries. The second policy was “Malaysia Incorporated” which was announced towards the end of the 1980’s. “Malaysia Incorporated” was based on the premise that successful national development required public-private sector collaboration, cooperation and adherence, and the perception of the nation as a business entity. The policy has been implemented in various ways through consultative panels between the two sectors to exchange information and promote understanding as well as through skills development programmes in INTAN, department skills development institutions, and the State Governments.

Malaysia is considered to have implemented administrative public sector reforms successfully (Karim, 1995; Ahmed, 1994) and still continues reform with a view to maintaining the efficiency and effectiveness of government. This is evident in Malaysia’s “Vision 2020” policy document states that one of the challenges facing the public sector is the ability to create organisational capacity through quality human resources (Karim, 1995). The Malaysian case illustrates that skills development when used as a public sector reform mechanism is effective, but that skills development needs to be sustained.

### ***Brazil's Health Sector***

The health sector in Brazil pre-reform was characterized by two separate systems: one for the rich, and one for the poor. The 1960s saw a concerted effort by the government to unify these systems with a view to increasing health care for the Brazilian population. The reforms involved decentralizing healthcare, capacitating the healthcare workers, and formulating a client's charter (Lobato & Burlandy, 2003). Skills development of the health care workers was achieved through various methods. One such method was to outsource skills development.

In 1988, the Sergio Arouca National School of Public Health of the Oswaldo Cruz Foundation set up the School of Health Governance, and embarked on substantial skills development with a view to expanding health governance capability and quality in Brazil. This new school has had a history of health achievements and social results including health improvements for citizens in large and previously often neglected sections of the population (Carvalho, 2007).

The school provides ongoing skills development and is directed to the production and large-scale dissemination of new professional and institutional competences to meet the challenges of the health system. It gives special priority to the 100 000 managers at different spheres and levels of the system (Carvalho, 2007).

The school now involves some 40 000 practitioner-students in new teaching programmes as well as around 50 institutional partnerships in Brazil. The new model sees skills development as a component of the work process, directly oriented to the health system environment. The school works within an agenda agreed with the Department of Health management, and developed from a shared perception of the deficits in managerial competence and resultant skills development needs (Carvalho, 2007).

## **1.4 Evaluation Criteria**

From the available literature, six dominant methods of evaluating skills development have been identified. These are: efficiency indicators; self reported behaviour change; on-the-job follow ups; proxy indicators; policy evaluation; and knowledge tests.

### *Efficiency indicators/Audit Reports*

Skills development outputs are often included in annual government audit reports. This is done from an accountability perspective. The concern is over issues of efficiency of skills development activities. The reports provide data on who received skills development and the nature of the courses provided. There is no qualitative element to these reports. The effect of the skills development, therefore, is not examined. For illustrative purposes one audit report from the Department of the Auditor general in Ireland is discussed.

Ireland's Auditor General Report for 1999 (2000) stated that skills development across government departments varied considerably in terms of the average number of days of skills development per person. The most skills development time was allocated to Information Technology skills development (28%). According to the audit report the significant differences in man-days between the types of courses was due to the depth of skills development needed for the area. In addition, there may not be such a great need for the other types of skills development.

The impact of skills development in the Indian banking sector was assessed by Karthikeyan et al, (2010). It is important to note that a part of the Indian banking sector is publicly-run. The aims of the study were to analyse the effectiveness of skills development in selected banks in the Tiruchirappalli District of India and to find the association between effectiveness of skills development, growth and performance of banks. Primary data was collected from 512 respondents using structured interviews. Secondary data was gathered from bank records. Data were analysed using multiple regression, reliability tests and path analysis statistical tools. A positive relationship was found between the overall effectiveness in skills development and job effectiveness. Stemming from this, it was concluded that when skills development effectiveness is increased, the growth and efficiency of banks also increases significantly.

Audits are perhaps the most simple of the evaluation criteria. They are a quantitative assessment of the value of skills development. It is thus difficult to make qualitative judgments regarding the nature and value of the skills development.

### *Self Reported Behaviour Change*

Self reported behaviour change is often used as an indicator of the effectiveness of skills development (Clarke, 2001). In most cases simple post-test research designs were employed to determine the trainees' perceived levels of skills acquisition. DePoy et al (1992) evaluated the impact of a HIV skills development programme for social workers. The aim of the study was to provide trainees with the necessary skills to conduct their own skills development workshops. Skills development was assessed by obtaining trainees' perceptions of how well the trainees themselves had been able to train other people.

In an assessment of public service skills development in Hong Kong, Vyas (2010) used information gained from the trainers as well as the trainees to provide an idea of the effectiveness of the skills development programme. The aim was to obtain a balanced evaluation of skills development. Public servants were trained in general administration, management, information technology and communication in both English and Cantonese. The study used four main questions to guide the evaluation of the Civil Service and Training Development Institute's (CSTDI) skills development programme based on New Public Management principles. The questions were:

- Were the participants pleased with the programme?
- What was learned from the programme?
- Did the participants change their behaviour based on their skills development?
- Did the behaviour positively affect the organisation?

Questionnaires were mailed to 500 trainees, and 50 trainers of the CSTDI. Trainees were asked to rate the relevance, effectiveness and knowledge acquired from skills development. Both groups of participants were asked about their perception on the techniques and content covered during skills development. Overall, the study has mixed results, which led to the conclusion that the skills development programmes needed to be modified as ultimately the trainees felt that they were not sufficiently equipped to perform their jobs with such skills development.

The validity of the results of this study may be limited because of small numbers within each test group. The relatively small sample size of the trainers may also skew the results. It is thus

difficult to draw conclusions from the differences in opinion of the two groups. This research design has also been criticised for its lack of comparative groups or pre-test data. In addition, these studies rely on one source of subjective data. This limits the conclusions that can be drawn from such studies

### ***On-the-job Follow Up***

The on-the-job follow up evaluation method is used in a number of studies. The purpose is to examine the lasting effects of skills development on the trainees. Gregoire (1994) used the “participant action plan approach”. This approach provides trainees with action plans at the end of the skills development programme. The study evaluated whether child welfare workers implemented their plans. Trainees were telephoned two to three weeks after the skills development programme and asked about their progress in following the action plan. The responses were then rated on a Likert scale to determine the extent to which each separate goal in the action plan was achieved (Gregoire, 1994).

This evaluation method does share the same criticisms about the self reported behaviour change method of evaluation as the study uses a post-test research design (Clarke,2001).

### ***Proxy Indicators***

Some skills development may be aimed at effecting cognitive behavioural change. These skills must be inferred from practice as they are not directly observable (Clarke, 2001). Proxy indicators of skill gain have been used in such cases. A study aimed at evaluating the effect of case management skills development for child protection workers in America used such a methodology (Cheung et al, 1991). The study used an essay-type exam to evaluate case-management skills. Trainees were given four open-ended questions to answer. Researchers then examined the essays for evidence of changes in targeted behaviour. A limitation of such a study is that a once-off test does not address the problem of skills decay (Clarke, 2001).

### ***Policy Evaluation***

Policy implementation evaluation has been used to determine how the implementation of the skills development programme has achieved the policy outcomes set out in policy (Valcke et al,

2007). An evaluation of the curriculum and skills development approach to ICT teacher skills development was carried out by Valcke et al (2007). The study was set up, focusing on the following questions: (a) What is the validity of the content and format of the teacher skills development, and (b) to what extent is the ICT teacher skills development linked to policies of schools? The logic here is that policy adherence achieves policy goals. In this case, the policy goal is to equip teachers with the capacity to integrate the use of ICT to new pedagogies, such as social constructivism, active learning, experiential learning and reflective learning. In-depth interviews were organised with respondents of primary, secondary, and adult education schools. At each school in the sample, the school principals, the persons responsible for ICT-coordination, and those responsible for teacher professional development were interviewed. The results indicate that there is a partial match between policies, needs, and the actual in-service skills development. The results also indicate a mismatch between actual skills development and crucial policy objectives (Valcke et al,2007).

An advantage of using this form of evaluation is that the programmes are held up to an existing (objective) set of policy goals. The corresponding disadvantage is that subjective data are commonly used to determine whether policy goals have been achieved or not.

### ***Knowledge and skill testing***

An evaluation of a five day interrupted skills development programme offered to neonatal health care workers was evaluated by first testing the participants' improvement of knowledge and then comparing these test scores to participants who attended an eight (consecutive) day skills development programme (Kumar et al, 2009). The study was carried out in the Panchkula district of India. All auxiliary Nurse Midwives and one primary health care practitioner per sub-centre formed the sample population. The sample was divided into two groups. One would receive the eight consecutive day skills development and the other the interrupted five-day skills development. A multiple-choice questionnaire was administered to the participants before and after the skills development programmes. The same questionnaire was used for both pre- and post-testing.



Such evaluation provides the best example of objective evaluation of skills development. Results from the pre-test are compared to the post-test result to determine the knowledge-gain impact of skills development programmes. However, such testing does not take into consideration whether increased knowledge leads to behaviour change.

***The missing link: Customer satisfaction***

The literature search yielded no empirical studies that use customer satisfaction as a measure of performance. The government of Jamaica, however, provides an example of moving towards using customer satisfaction as an indicator of skills development effectiveness (see box 1).

**Box 1: Moving towards customer satisfaction measures in Jamaica**

A *Customer Service Monitoring and Evaluation Framework for Public Sector Entities* is being developed currently in Jamaica. The aim is to set up of a formal structure to identify and manage service delivery. The framework provides detailed and measurable information about quality of service delivery in various bodies to help to design solutions to address weaknesses. The framework:

- Ensures measures being put in place for service improvement are evidence-based in order to better inform policy changes which can be applied across the entire government service;
- Provides greater opportunity for customers to influence the improvement of government services by setting up tools to generate meaningful customer feedback to be re-channelled into organizations' service priorities;
- Provides a common measuring tool which is not limited to any one organization and is therefore easily replicable for various departments; and
- Provides a cost-effective way to implement and assess service standards.

The framework is scheduled for pilot-testing in 13 selected government entities during the 2011/2012 financial year.

Source: Government of Jamaica, 2010

Customers in this context refer to members of the public who are end-users of public services. Such a measure may offer researchers an opportunity to compare data on the impact of skills development from trainees' as well as the customers' points of view. Data can be collected from focus groups, questionnaires and/or suggestion boxes (Osborne & Gaebler, 1992). With the

advent of e-governance, customers now have the opportunity to rate service delivery via departmental websites. Osborne and Gaebler (1992) argue that customer driven systems force government to be accountable to their customers.

## **1.5 Implications**

Ideally, a comprehensive assessment of training on service delivery in South African government departments would involve the use of a few methodologies described in the previous section. The research methodology for this study was constrained, however, by a number of factors including the fact that this is a retrospective assessment of skills development programmes. The pre-test scenario is thus excluded. In addition the assessment is to be conducted on a large scale covering all government departments and hundreds of skills development programmes. It is thus not feasible to evaluate individual programmes.

Considering these limitations, efficiency indicators and audit reports are the most appropriate way of assessing the impact of skills development in government departments. These indicators include each department's expenditure on skills development, number of staff undergoing skills development and the nature of skills development programmes. To supplement the audit data, selected case studies are used. These case studies provide a qualitative dimension to this report.

# CHAPTER TWO

## Skills Development Expenditure Trends: 2005-2010

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### **2.1 Introduction**

This section provides a desktop analysis of data on the trends in skills development expenditure by South African government departments for the period 2005-2010. The expenditure data on training in government departments was not easy to obtain for at least two reasons. First, the annual reports of the departments do not contain information on training. Second, the Work Place Skills Plans which government departments are required to submit to the PSETA historically have been of extremely poor quality, especially with regard to expenditure data (both budgeted and actual).

This chapter uses two sets of data. The first set is training expenditure data on national government departments provided in the National Treasury document: 'Estimates of Public Expenditure'. This data is provided here for the period 2005-2010, and shows the total amount of expenditure incurred by departments, expenditure as a percentage of the total personnel budget, and the total number trained. The second data set uses Annual Training Reports (ATRs) submitted to the PSETA: as stated above, the annual training reports and the Work Place Skills Plans (WSPs) of which the ATRs are a part of, are of extremely poor quality. However, with the assistance of the PSETA, it was possible to use some of the ATRs submitted for 2010.

This part of the report is arranged as follows. Section 2.2 analyses national government data from the National Treasury's document, 'Estimates of Public Expenditure'. while section 2.3 examines data from the ATRs for a sample of provinces.

### **2.2 National Government Expenditure on Training: 2005/06 - 2009/10**

Tables 1-3 show data extracted from the National Treasury's reports, 'Estimates of Public Expenditure', for the period 2005/06 – 2009/10.

**Table 1: Expenditure on Training (R, m)**

<b>Department</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Presidency</b>	0.8	1.5	2.3	1.4	1.9
<b>Parliament</b>	-	-	10.6	11.9	10.1
<b>COGTA</b>	1.4	1.7	2.3	1.7	1.8
<b>Home Affairs</b>	26.3	35.3	32.4	34.0	26.4
<b>International Relations &amp; Coop.</b>	2.9	4.0	13.1	8.1	12.4
<b>Public Works</b>	23.1	12.8	15.2	15.2	22.0
<b>GCIS</b>	2.4	2.7	4.7	4.2	4.4
<b>National Treasury</b>	16.5	9.3	16.1	16.9	10.0
<b>Public Enterprises</b>	0.6	0.8	1.3	2.3	2.2
<b>Public Service &amp; Administration</b>	1.6	2.2	2.2	3.7	2.6
<b>Statistics SA</b>	4.6	7.7	11.9	14.0	21.2
<b>Arts and Culture</b>	0.8	2.4	3.1	4.5	2.1
<b>Basic Education</b>	1.9	15.0	2.8	6.5	1.7
<b>Health</b>	5.6	5.5	9.5	1.8	4.5
<b>Higher Education &amp; Training</b>	-	-	2.5	2.9	1.9
<b>Labour</b>	6.3	10.2	6.5	8.9	8.3
<b>Social Development</b>	0.9	2.2	1.7	1.8	2.3
<b>Sports &amp; Rec. SA</b>	0.4	0.5	0.9	0.9	1.1
<b>Correctional Services</b>	103.2	111.4	125.6	76.0	89.5
<b>Defence</b>	71.1	85.6	87.4	117.7	113.6
<b>ICD</b>	0.6	0.5	0.6	0.4	0.7
<b>Justice &amp; CD</b>	6.9	12.4	18.3	37.5	86.4
<b>Police</b>	0.6	0.8	966.0	1124.0	1253.4
<b>Agriculture</b>	10.9	11.2	20.3	24.2	16.4
<b>Communications</b>	3.3	3.1	3.7	6.0	9.0
<b>Energy</b>	-	-	0.7	1.6	2.1
<b>Environmental Affairs</b>	8.3	3.8	2.1	2.2	2.3
<b>Human Settlements</b>	2.1	2.0	1.2	2.9	2.3
<b>Mineral Resources</b>	2.9	2.0	1.7	3.8	9.1
<b>Rural Dev. &amp; Land</b>	11.8	11.6	9.0	9.4	11.9
<b>Science &amp; Technology</b>	3.3	1.0	1.7	2.0	3.2
<b>Tourism</b>	-	-	1.4	1.5	1.0
<b>Trade and Industry</b>	12.2	3.2	1.0	2.5	9.3
<b>Transport</b>	2.9	3.0	3.2	1.8	3.9
<b>Water Affairs</b>	34.9	37.0	38.9	40.8	50.6
<b>TOTAL EXPENDITURE</b>	<b>371.1</b>	<b>402.4</b>	<b>1421.9</b>	<b>1595.0</b>	<b>1801.6</b>
<b>No. of entities</b>	<b>31</b>	<b>31</b>	<b>35</b>	<b>35</b>	<b>35</b>

**Note:** Abbreviations – COGTA – Cooperative Governance and Traditional Affairs; GCIS – Government Communication and Information System; ICD – Independent Complaints Directorate; Justice and CD – Justice and Constitutional Development

**Sources for Tables 1-3:** Estimates of Public Expenditure, 2009, 2011. National Treasury.

Total expenditure on training in national government departments increased from R371 million (31 departments/entities) in 2005/06 to R1.8 billion in 2009/10 (35 departments/entities). There was a substantial increase in training expenditure between 2006/07 and 2008/09, mainly because of a massive increase in the expenditure of the Department of Police from 0.8 million in 2006/07 to R966 million in 2007/08. This increased further to more than R1.25 billion in 2009/10.

Significant total expenditure on training occurred in the following departments in 2009/10:

- R1 billion: Police
- >R100m: Defence and Military Veterans
- R80m – R90m: Correctional Services; Justice and Constitutional Development
- R50m – Water Affairs
- R20m – R30m: Home Affairs; Public Works; and Statistics SA
- R10m – R20m: Parliament; International Relations and Cooperation; National Treasury; Agriculture; Rural Development and Land Reform

Departments that showed significant increases in total training expenditure in 2010 relative to 2005 were the following: International Relations and Cooperation; Statistics SA; Defence; Justice; Agriculture; Communications (national department); and Water Affairs. The Department of Correctional Services, on the other hand, experienced a serious decline in total training expenditure.

As the source of the data is the National Treasury and not the individual government departments, there are some limitations in the analysis of the data. For instance, it is not clear why (from Table 1):

- the expenditure trends differ by department;
- the budget of the Department of Correctional Services declined sharply from 2008/09; and
- the Department of Police experienced such a massive increase in expenditure in 2008/09 and 2009/10.

Table 2 shows training expenditure as a percentage of the total personnel budget for each department/entity.

**Table 2: Training Expenditure as a Percentage of Compensation of Employees**

<b>Department</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Presidency</b>	0.9	1.4	2.0	1.0	1.0
<b>Parliament</b>	-	-	4.1	4.2	3.1
<b>COGTA</b>	1.4	1.4	1.8	1.1	1.1
<b>Home Affairs</b>	3.7	4.2	3.0	2.6	1.6
<b>International Relations &amp; Coop.</b>	0.3	0.4	1.0	0.5	0.6
<b>Public Works</b>	4.3	2.1	2.1	2.0	2.4
<b>GCIS</b>	3.1	2.9	4.0	3.7	3.2
<b>National Treasury</b>	8.3	4.0	5.9	5.4	2.5
<b>Public Enterprises</b>	1.4	1.6	2.4	3.3	2.9
<b>Public Service &amp; Administration</b>	2.2	2.4	1.9	2.9	1.7
<b>Statistics SA</b>	1.5	1.9	2.5	2.0	2.1
<b>Arts and Culture</b>	1.0	2.6	2.9	3.6	1.5
<b>Basic Education</b>	1.0	7.2	1.9	3.5	0.8
<b>Health</b>	2.7	2.4	3.7	0.6	1.4
<b>Higher Education &amp; Training</b>	-	-	1.7	1.7	0.9
<b>Labour</b>	1.5	2.1	1.3	1.8	1.4
<b>Social Development</b>	1.0	2.0	1.3	1.0	1.0
<b>Sports &amp; Rec. SA</b>	1.5	1.7	2.2	1.7	1.9
<b>Correctional Services</b>	2.0	2.0	1.8	0.9	1.0
<b>Defence</b>	0.9	0.9	0.9	1.1	0.9
<b>ICD</b>	2.0	1.5	1.3	0.7	1.0
<b>Justice &amp; CD</b>	0.3	0.5	0.6	1.0	2.0
<b>Police</b>	3.1	3.6	3.8	3.9	3.7
<b>Agriculture</b>	3.0	2.6	2.2	2.2	1.4
<b>Communications</b>	3.8	3.1	3.7	5.6	6.9
<b>Energy</b>	-	-	0.9	1.6	1.6
<b>Environmental Affairs</b>	4.0	1.5	1.1	1.0	0.9
<b>Human Settlements</b>	3.4	2.1	1.2	2.1	1.4
<b>Mineral Resources</b>	1.3	0.8	0.8	1.7	3.3
<b>Rural Dev. &amp; Land</b>	3.3	2.9	1.9	1.5	1.6
<b>Science &amp; Technology</b>	5.0	1.1	1.6	1.4	1.9
<b>Tourism</b>	-	-	1.1	1.4	1.1
<b>Trade and Industry</b>	5.3	1.1	0.3	0.7	2.1
<b>Transport</b>	3.0	2.1	2.5	1.0	1.7
<b>Water Affairs</b>	3.1	3.0	4.4	4.7	5.6

In 2005, in terms of training expenditure as a percentage of the total personnel budget, the range extended from 8.3% (National Treasury). to 0.3% (International Relations and Cooperation; Justice and Constitutional Development) In 2010, the range extended from 6.9% (Department of Communications) to 0.6% (International Relations and Cooperation).

In 2005, the breakdown of training expenditure as a percentage of the total personnel budget could be shown as follows:

- >5%: National Treasury; Trade and Industry (2)
- 4-5%: Public Works; Environmental Affairs; Science and Technology (3)
- 3-4%: Home Affairs; GCIS; Police; Communications; Human Settlements; Rural Development and Land Reform; Water Affairs (7)
- 2-3%: DPSA; Health; Correctional Services; ICD; Agriculture; Transport (6)
- 1-2%: COGTA; Public Enterprises; Statistics SA; Arts and Culture; Basic Education; Labour; Social Development; Sports; Mineral Resources (9)
- <1%: Presidency; International Relations and Cooperation; Justice and Constitutional Development; Defence (4 out of 31)

For 2009, this breakdown was as follows:

- >5%: Communications; Water Affairs (2)
- 3-4%: Parliament; GCIS; Police; Mineral Resources (4)
- 2-3%: Public Works; National Treasury; Public Enterprises; Statistics SA; Justice; Trade and Industry (6)
- 1-2%: Presidency; COGTA; Home Affairs; DPSA; Arts and Culture; Health; Labour; Social Development; Sports; Correctional Services; ICD; Agriculture; Energy; Human Settlements; Rural Development and Land Reform; Science and Technology; Tourism; Transport (18)
- <1%: International Relations and Cooperation; Basic Education; DHET; Defence; Environmental Affairs (5 out of 35)

In 2005 four out of 31 departments spent less than the mandatory 1% whereas in 2010, this figure was five out of 35. In both years the Departments of International Relations and Defence were in this group. In 2005, 9 out of 31 departments were in the 1-2% group, but in 2010, more than half the departments (18/35) were clustered here.

It is most encouraging that the vast majority of national government departments are spending more than the required 1 percent of personnel budget on training. Departments such as Agriculture, Arts and Culture, Communications, Home National Treasury, Police, Public Enterprises, Public Works, Public Service and Administration, and Water Affairs (as well as Parliament), are consistently above the required benchmark.



**Table 3: Total Number Trained (Headcount)**

<b>Department</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Presidency</b>	100	197	97	88	43
<b>Parliament</b>	-	-	705	650	655
<b>COGTA</b>	570	331	501	501	501
<b>Home Affairs</b>	5143	5222	5300	5311	4431
<b>International Relations &amp; Coop.</b>	1095	1117	1139	1139	1139
<b>Public Works</b>	1584	4200	4200	4200	4200
<b>GCIS</b>	211	262	370	381	342
<b>National Treasury</b>	362	884	993	792	-
<b>Public Enterprises</b>	125	139	165	173	252
<b>Public Service &amp; Administration</b>	115	173	200	202	211
<b>Statistics SA</b>	-	-	1003	3788	2678
<b>Arts and Culture</b>	69	74	108	122	135
<b>Basic Education</b>	252	616	364	316	285
<b>Health</b>	1152	539	625	261	274
<b>Higher Education &amp; Training</b>	-	-	335	287	134
<b>Labour</b>	4235	3260	3167	2005	4423
<b>Social Development</b>	337	487	487	378	400
<b>Sports &amp; Rec. SA</b>	34	99	349	352	109
<b>Correctional Services</b>	20121	19980	21900	16562	11559
<b>Defence</b>	-	-	-	-	-
<b>ICD</b>	383	203	138	180	192
<b>Justice &amp; CD</b>	19024	20824	12082	12142	-
<b>Police</b>	50197	54212	103233	172448	173552
<b>Agriculture</b>	951	2305	3795	3408	1671
<b>Communications</b>	258	284	241	243	173
<b>Environmental Affairs</b>	342	153	96	98	-
<b>Human Settlements</b>	234	212	106	168	236
<b>Mineral Resources</b>	455	623	195	195	195
<b>Rural Dev. &amp; Land</b>	3024	3325	3351	4208	2125
<b>Science &amp; Technology</b>	113	120	127	141	180
<b>Tourism</b>	-	-	64	65	-
<b>Trade and Industry</b>	790	450	545	-	1627
<b>Transport</b>	217	240	317	347	465
<b>Water Affairs</b>	2195	2181	2220	2923	2927
<b>Total Trained</b>	113 688	122 712	168 602	234 158	215 198
<b>Per capita cost (rand)</b>	2 598	2 519	7 915	6 309	7 844

Table 3 shows the number of people trained during the period 2005-2010. This refers to so-called “headcounts” as some individuals may have attended more than one training course. The total number trained increased from 113 688 in 2005/06 to 234 158 in 2008/09 but declined to 215 198 in 2009/10. Using the total expenditure figures from Table 1, the following per capita costs were computed:

- 2005/06: R 2 598
- 2006/07: R2 519
- 2007/08: R7 915
- 2008/09: R6 309
- 2009/10: R7 844

The huge discrepancy in the per capita costs for the years 2005/06 and 2006/07, on the one hand, and 2007/08 – 2009/10, are due to the relatively low Department of Police expenditure figures for the former years. . Per capita training costs for some of the bigger spending departments were respectively as follows for 2005/06 and 2009/10:

- Home Affairs: R5 113 and R5 958;
- Correctional Services: R5 129 and R7 742;
- Rural Development and Land Reform: R3 900 and R5 600; and
- Water Affairs: R15 900 and R17 287.

The variation in per capita costs across departments could be due to the varying programme emphasis; for example, some departments may spend more on (more expensive) bursaries as opposed to short-term learnerships.

It is especially encouraging to note the consistent increase in the numbers trained over the period under consideration. Some departments (e.g. Home Affairs, Public Works, Labour, Correctional Services, and Police) provide training for an exceptionally large number of employees. Unfortunately, the nature of the data does not allow for an analysis of the quality and appropriateness of training.

Given the limitations of the National Treasury data (namely, absence of total personnel numbers) and actual number of persons trained (as opposed to head counts), it was not possible to determine what proportions of total personnel were trained in each department.

The Department of Correctional Service was examined in more detail on training expenditure and outcomes. Table 4 shows the number trained by program in 2010. More than 25 000 individuals (or rather 'headcounts') were trained during this year.

**Table 4: Consolidated Training Statistics – Number Trained by Programme in 2010 – Dept. of Correctional Services**

	Bursaries	Interns	Skills Programs (NQF-aligned)	Skills Programs (non-NQF-aligned)	Learnerships	Other Training (non-NQF-aligned)
Male	221	137	284	9672	528	4220
Female	151	238	403	5558	473	3163
<b>Sub-Total</b>	<b>372</b>	<b>375</b>	<b>687</b>	<b>15230</b>	<b>1001</b>	<b>7383</b>
Disabled Female					13	17
Disabled Male					16	11
<b>Sub-Total</b>					<b>29</b>	<b>28</b>
<b>Total</b>	<b>372</b>	<b>375</b>	<b>687</b>	<b>15230</b>	<b>1030</b>	<b>7411</b>

**Source:** Department of Correctional Services

From Table 4, it can be noted that 15230 or 61% of the trainees were in (non-NQF aligned) skills programmes and a further 30% or 7411 were in other (non-NQF-aligned) programmes.

**Table 5: Training Expenditure – Department of Correctional Services**

Program	Year	Number of Beneficiaries	Expenditure (R, m)
Short Courses (external training)	2009/10	448	2.523
	2010/11	88	0.338
<b>Sub-total</b>		<b>536</b>	<b>2.861</b>
Bursaries	2008/09	42 external; 318 internal	3.800
	2009/10	None	5.024
	2010/11	none	0.560
<b>Sub-total</b>		<b>360</b>	<b>9.384</b>
Interns	2008/09	560	16.800
	2009/10	96	Stipend paid by SASSETA
	2010/11	496	20.832
<b>Sub-total</b>		<b>1152</b>	<b>37.632</b>
Functional Training (including skills programs)	2007/08	2451	9.793
	2008/09	2828	13.068
<b>Sub-total</b>		<b>5279</b>	<b>22.861</b>
<b>Total</b>			<b>72.738</b>

**Source:** Department of Correctional Services

Table 5 provides some data on training expenditure in the Department of Correctional Services. For example, in 2009/10, there were 448 beneficiaries of short course training at a total cost of

just over R2.5 million. The per capita cost of this training was R5 632. In 2008/09, 560 interns were trained at a total cost of R16.8 million or R30 000 per intern.

The figures in Tables 4 and 5 should be of some concern because they imply that a considerable sum of money is probably being spent on short, non-NQF-aligned courses, raising questions a) about the quality and appropriateness of training received; and b) about whether the development of scarce skills through longer-term investment in skills development (e.g. through bursaries) is being neglected.

In summary, national government departments as a whole are spending a considerable sum of money on training (R1.8 billion in 2009/10). Second, most national departments are spending more than the mandatory 1 per cent. Third, more than 215 000 person equivalents (or head counts, as some individuals would have attended more than one programme or course) attended some form of skills development programme. Fourth, there is substantial variation across departments in terms of program per capita costs.

## **2.3 Provincial Expenditure on Training**

The expenditure information in this section is drawn from the Annual Training Reports for 2010 submitted to the PSETA. The ATRs for 2010 were the only ones analysed given the poor quality of those submitted for previous years. However, even the 2010 data shown in this section should be treated with some caution as there appear to be a number of discrepancies. These discrepancies relate to both actual expenditure and projected (budgeted) expenditure.

Tables 6-12 in this section show *inter alia*, the following: the budget for training for the selected departments in each province; how this budget was allocated between the various training programs; and actual expenditure on the various programmes. Expenditure is shown only for selected departments and not for the province as a whole, because the quality of the reporting varied considerably across departments within a province.

### **2.3.1 Western Cape**

The data in Table 6 are for three departments in the Western Cape Province for 2009/10, namely Agriculture, Community Safety, and the Office of the Premier.

### ***Department of Agriculture***

A substantial 'additional training budget' was available to give a total training budget of R8.5 million. Almost half of this budget was allocated to bursaries, with lesser amounts for learnerships, internships, and Unit Standard-Based Skill Programs (USBSP). Actual expenditure on training was R14 million. It is not clear where the additional resources (that is, over and above the budget of R8.5 million) came from. In terms of expenditure, the main items were learnerships and USBSP, and not bursaries. With 1 461 training beneficiaries, the cost per beneficiary was R 9 582.

### ***Department of Community Safety (DCS)***

The training budget was R180 000; allocated budget was R1.95 million, and actual expenditure was R1.81 million. Major items of expenditure were Non-NQF courses, bursaries, and USBSPs. With 436 beneficiaries, the cost per beneficiary was R 4 151.

### ***Office of the Premier (OTP)***

The training budget was R1.92 million; allocated budget was R2.78 million, and actual expenditure was R1.23 million. The major item of expenditure was bursaries. With 127 beneficiaries, the cost per beneficiary was R 9 685.

**Table 6: Expenditure on Training – Western Cape: A sample of Departments (R, m), 2009/10**

	Agriculture	Community Safety	Office of the Premier
1% Personnel Budget	1.9	0.18	1.92
Additional Training Budget	6.6	-	-
<b>Sub-Total</b>	<b>8.5</b>	<b>0.18</b>	<b>1.92</b>
Budget Allocation			
ABET	0.25	-	0.25
Bursaries	4.10	0.80	1.01
Learnerships	1.85	-	0.44
Internships	1.00	0.03	1.08
Unit Standard Based Skill Programs (USBSP)	0.64	1.12	-
Non-NQF short courses	-	-	0.12
<b>Sub-Total</b>	<b>7.84</b>	<b>1.95</b>	<b>2.78</b>
<b>Total Expenditure</b>	<b>14.00</b>	<b>1.81</b>	<b>1.23</b>
ABET	0.15	0.03	-
Bursaries	1.98	0.38	0.91
USBSP	3.40	0.39	0.15
Non-NQF	0.83	0.73	0.17
Internships	1.88	0.27	-
Learnerships	5.79	-	-
<b>No. of Beneficiaries</b>	<b>1461</b>	<b>436</b>	<b>127</b>

All three departments focused on skills development programmes of various types. In the case of the OTP and the DCS, there was more emphasis on the provision of bursaries, suggesting that in addition to the development of general skills (through learnerships, for instance), these departments were attempting some long term investment in the development of scarce skills through the provision of bursaries.

### **2.3.2 Northern Cape**

The data in Table 7 are for five departments in the Northern Cape Province, namely Cooperative Governance, Human Settlements, and Traditional Affairs; Environment and Nature Conservation; Roads and Public Works; Social Development; and Transport, Safety and Liaison.

#### ***Department of Cooperative Governance, Human Settlements and Traditional Affairs***

The training budget was R1.29 million but R1.94 million was allocated. Actual expenditure was R1.77 million, with the largest item of expenditure being USBSPs. With 179 training beneficiaries, the cost per beneficiary was R10 838.

#### ***Department of Environment and Nature Conservation***

The training budget was R510 000. Actual expenditure was R1.19 million, with the largest item of expenditure being USBSPs. With 57 training beneficiaries, the cost per beneficiary was R20 877.

#### ***Department of Roads and Public Works***

The training budget was R1.10 million but R1.35 million was allocated. Actual expenditure was R1.21 million, with the largest item of expenditure being Non-NQF courses. With 8 training beneficiaries, the cost per beneficiary was R151 250. (The figure of '8' beneficiaries at this level of expenditure is questionable.)

#### ***Department of Social Development***

The training budget was R1.82 million but R2.29 million was allocated. Actual expenditure was R3.15 million, with the largest items of expenditure being bursaries (R1.59 million) and USBSPs. With 157 training beneficiaries, the cost per beneficiary was R20 063.

#### ***Department of Transport, Safety and Liaison***

The training budget was R740 000 but R2.09 million was allocated. Actual expenditure was only R750 000, with the largest item of expenditure being USBSPs. With 94 training beneficiaries, the cost per beneficiary was R7 978.



**Table 7: Expenditure on Training – Northern Cape: A sample of Departments (R, m), 2009/10**

	CG, HS, & TA	Env. and NC	Roads and Public Works	Social Development	Transport, Safety & Liaison
1% Personnel Budget	1.29	0.51	1.10	1.82	0.74
Additional Training Budget	-	-	-	-	-
<b>Sub-Total</b>	<b>1.29</b>	<b>0.51</b>	<b>1.10</b>	<b>1.82</b>	<b>0.74</b>
Budget Allocation					
ABET	1.29	-	0.33	0.99	1.40
Bursaries	-	-	0.33	-	-
Learnerships	0.30	-	0.42	0.17	0.24
Internships	-	-	-	1.00	-
Unit Standard Based Skill Programs (USBSP)	0.35	-	0.27	0.13	0.45
Non-NQF short courses	-	-	-	-	-
<b>Sub-Total</b>	<b>1.94</b>		<b>1.35</b>	<b>2.29</b>	<b>2.09</b>
<b>Total Expenditure</b>	<b>1.77</b>	<b>1.19</b>	<b>1.21</b>	<b>3.15</b>	<b>0.75</b>
ABET	-	-	0.20	-	-
Bursaries	0.32	0.08	0.26	1.59	0.09
USBSP	0.80	0.77	-	0.76	0.65
Non-NQF	0.29	0.05	0.64	0.23	-
Internships	0.36	0.28	0.11	0.57	-
Learnerships	-	-	-	-	-
<b>No. of Beneficiaries</b>	<b>179</b>	<b>57</b>	<b>8</b>	<b>157</b>	<b>94</b>

An interesting feature of the NC data is the strong emphasis on USBSPs and non-NQF courses in four of the five departments (i.e. excluding Social Development). This would imply that these departments have prioritized ‘general skills’ training. In contrast, the Department of Social Development stressed the provision of bursaries (probably for the training of social workers), thus addressing a key ‘scarce skill’ category.

### **2.3.3 Free State**

The data in Table 8 are for three departments in the Free State Province, namely Agriculture, Treasury and the Office of the Premier.

#### ***Department of Agriculture***

The training budget was R2.56 million but R4.89 million was allocated. Actual expenditure was R5.19 million, with the largest items of expenditure being non-NQF courses, bursaries, and internships. With 694 training beneficiaries, the cost per beneficiary was R7 478

#### ***Treasury***

The training budget was R1.08 million but R1.99 million was allocated. Actual expenditure was R3.50 million, with the largest items of expenditure being bursaries, USBSPs, and learnerships. With 752 training beneficiaries, the cost per beneficiary was R4 654

#### ***Office of the Premier***

The training budget was R990 000 but R740 000 was allocated. Actual expenditure was R1.39 million, with the largest item of expenditure being bursaries. With 104 training beneficiaries, the cost per beneficiary was R13 365.

**Table 8: Expenditure on Training – Free State: A sample of Departments (R, m), 2009/10**

	Agriculture	Treasury	Office of the Premier
<b>1% Personnel Budget</b>	2.00	1.08	0.99
<b>Additional Training Budget</b>	0.56	-	-
<b>Sub-Total</b>	<b>2.56</b>	<b>1.08</b>	<b>0.99</b>
<b>Budget Allocation</b>			
<b>ABET</b>	-	-	-
<b>Bursaries</b>	1.13	0.55	-
<b>Learnerships</b>	-	-	-
<b>Internships</b>	1.18	1.44	0.74
<b>Unit Standard Based Skill Programs (USBSP)</b>	2.02	-	-
<b>Non-NQF short courses</b>	0.56	-	-
<b>Sub-Total</b>	<b>4.89</b>	<b>1.99</b>	<b>0.74</b>
<b>Total Expenditure</b>	<b>5.19</b>	<b>3.50</b>	<b>1.39</b>
<b>ABET</b>	-	-	-
<b>Bursaries</b>	1.69	1.44	1.30
<b>USBSP</b>	-	1.07	0.05
<b>Non-NQF</b>	2.33	-	0.03
<b>Internships</b>	1.18	-	-
<b>Learnerships</b>	-	0.99	0.01
<b>No. of Beneficiaries</b>	<b>694</b>	<b>752</b>	<b>104</b>

An interesting feature of the Free State data is the emphasis in two of the three departments sampled on the provision of bursaries (used here as a proxy for the funding of scarce skills).

### 2.3.4 Limpopo

The data in Table 10 are for five departments in Limpopo Province, namely Agriculture; Economic Development, Environment and Tourism; Public Works; Health and Social Development; and the Office of the Premier.

### ***Department of Agriculture***

The training budget was R12.78 million of which R6 million was ‘additional’ and R10.98 million was allocated. Actual expenditure was R23.93 million, with the largest items of expenditure being bursaries, and internships. With 1174 training beneficiaries, the cost per beneficiary was R20 383.

### ***Department of Economic Development, Environment and Tourism***

The training budget was R14.10 million of which R11.27 million was ‘additional’. Actual expenditure was R9.76 million, with the largest items of expenditure being bursaries, ABET, and USBSPs. With 1174 training beneficiaries, the cost per beneficiary was R8 313.

### ***Department of Health and Social Development***

The training budget was R58.66 million, however, an amount of more than R122 million was allocated for bursaries. Actual expenditure was R136.60 million, with the largest items of expenditure being bursaries, and to a lesser extent, non-NQF courses, and internships. With 7133 training beneficiaries, the cost per beneficiary was R19 150.

### ***Public Works***

The training budget was R4.53 million but R31.80 million was allocated to various programmes. Actual expenditure was R6.35 million, with the largest items of expenditure being bursaries and learnerships. With 1094 training beneficiaries, the cost per beneficiary was R5 804.

### ***Office of the Premier***

The training budget was R3.37 million but R5.47 million was allocated to the various programmes. Actual expenditure was R5.09 million, with the largest items of expenditure being internships and USBSPs. With 239 training beneficiaries, the cost per beneficiary was R21 297.

**Table 9: Expenditure on Training – Limpopo: A sample of Departments (R, m), 2009/10**

	Agriculture	ED, Env and T	Health and Social Dev.	Public Works	Office of the Premier
<b>1% Personnel Budget</b>	6.78	2.83	58.66	4.53	3.37
<b>Additional Training Budget</b>	6.00	11.27	-	-	-
<b>Sub-Total</b>	<b>12.78</b>	<b>14.10</b>	<b>58.66</b>	<b>4.53</b>	<b>3.37</b>
<b>Budget Allocation</b>					
<b>ABET</b>	-	0.39	1.06	-	0.17
<b>Bursaries</b>	8.24	6.54	122.56	2.00	0.17
<b>Learnerships</b>	-	0.24	1.89	25.80	0.51
<b>Internships</b>	0.74	6.14	7.15	-	2.29
<b>Unit Standard Based Skill Programs (USBSP)</b>	1.60	0.77	23.00	4.00	1.92
<b>Non-NQF short courses</b>	0.40	0.33	0.07	-	0.41
<b>Sub-Total</b>	<b>10.98</b>	<b>14.41</b>	<b>155.66</b>	<b>31.80</b>	<b>5.47</b>
<b>Total Expenditure</b>	<b>23.93</b>	<b>9.76</b>	<b>136.60</b>	<b>6.35</b>	<b>5.09</b>
<b>ABET</b>	-	2.31	-	-	0.06
<b>Bursaries</b>	10.18	4.91	104.00	2.30	0.08
<b>USBSP</b>	4.78	1.33	-	0.96	2.20
<b>Non-NQF</b>	0.65	0.13	17.26	0.84	-
<b>Internships</b>	8.32	0.97	13.91	-	2.42
<b>Learnerships</b>	-	0.11	1.45	2.25	0.34
<b>No. of Beneficiaries</b>	<b>1174</b>	<b>1174</b>	<b>7133</b>	<b>1094</b>	<b>239</b>

With the exception of the OTP, there was a strong emphasis in this province on the provision of bursaries.

### **2.3.5 KwaZulu-Natal**

The data in Table 11 are for six departments in KwaZulu-Natal Province, namely Arts and Culture; Economic Development and Tourism; Public Works; Sports and Recreation; Transport; and the Office of the Premier.

#### ***Department of Arts and Culture***

The training budget was R2.04 million. Actual expenditure was R1.15 million, with the largest items of expenditure being internships and USBSPs. With 270 training beneficiaries, the cost per beneficiary was R4 259.

#### ***Department of Economic Development and Tourism***

The training budget was R870 000 but R16.41 million was allocated to various training programmes. Actual expenditure was reported as R79.80 million, with the biggest chunk of money (R78.65 million) being spent on USBSPs. With 288 training beneficiaries, the cost per beneficiary was R27 708.

#### ***Department of Public Works***

The training budget was R3.31 million. Actual expenditure was R6.49 million, with the largest items of expenditure being bursaries, internships and USBSPs. With 720 training beneficiaries, the cost per beneficiary was R9 013.

#### ***Department of Sports and Recreation***

The training budget was R570 000 but R1.8 million was allocated to various training programmes. Actual expenditure was reported as R790 000, with the biggest item of expenditure being non-NQF courses. With 163 training beneficiaries, the cost per beneficiary was R4 847.

#### ***Department of Transport***

The training budget was R10.88 million but R18.92 million was allocated to various programmes. Actual expenditure was R39.49 million, with the largest items of expenditure being learnerships, ABET, non-NQF courses, and bursaries. With 1740 training beneficiaries, the cost per beneficiary was R22 695.

*Office of the Premier*

The training budget was R8.16 million of which R6.77 million was 'additional'. Actual expenditure was reported as R5.74 million, with the biggest item of expenditure being learnerships, internships and USBSPs. With 617 training beneficiaries, the cost per beneficiary was R9 303.

**Table 10: Expenditure on Training – KZN: A sample of Departments (R, m), 2009/10**

	Arts and Culture	Economic Development and Tourism	Public Works	Sports & Recreation	Transport	Office of the Premier
<b>1% Personnel</b>						
<b>Budget</b>	1.08	0.87	3.31	0.57	10.88	1.39
<b>Additional</b>						
<b>Training</b>	0.96	-	-	-	-	6.77
<b>Budget</b>						
<b>Sub-Total</b>	<b>2.04</b>	<b>0.87</b>	<b>3.31</b>	<b>0.57</b>	<b>10.88</b>	<b>8.16</b>
<b>Budget</b>						
<b>Allocation</b>						
<b>ABET</b>	0.06	-	-	-	6.16	0.01
<b>Bursaries</b>	0.35	0.41	2.0	0.30	1.17	0.50
<b>Learnerships</b>	-	-	-	0.35	8.35	2.62
<b>Internships</b>	0.96	16.00	-	0.30	2.04	1.60
<b>Unit Standard</b>						
<b>Based Skill</b>						
<b>Programs</b>						
<b>(USBSP)</b>	0.67	-	-	0.60	0.60	3.59
<b>Non-NQF</b>						
<b>short courses</b>	-	-	-	0.25	0.60	-
<b>Sub-Total</b>	<b>2.04</b>	<b>16.41</b>	<b>2.0</b>	<b>1.80</b>	<b>18.92</b>	<b>8.32</b>
<b>Total</b>	<b>1.15</b>	<b>79.80</b>	<b>6.49</b>	<b>0.79</b>	<b>39.49</b>	<b>5.74</b>
<b>Expenditure</b>						
<b>ABET</b>	0.01	-	-	-	8.65	0.01
<b>Bursaries</b>	0.15	0.44	2.63	0.09	4.28	0.33
<b>USBSP</b>	0.30	78.65	1.32	-	0.31	1.41
<b>Non-NQF</b>	-	-	0.16	0.59	5.30	0.02
<b>Internships</b>	0.66	0.74	1.92	0.11	0.24	1.35
<b>Learnerships</b>	0.03	-	0.47	-	20.69	2.62
<b>No. of</b>						
<b>Beneficiaries</b>	270	288	720	163	1740	617

In KZN, with the exception of the Department of Public Works, the emphasis has been on internships, USBSPs, and non-NQF courses. This suggests that the province has identified ‘general skills’ provision as the major priority.



### **2.3.6 Eastern Cape**

The data in Table 13 are for three departments in the Eastern Cape Province, namely Agriculture and Rural Development, Economic Development and Environmental Affairs, and Education

#### ***Department of Agriculture and Rural Development***

The training budget was R8.74 million of which R4.71 million was 'additional'. Actual expenditure was R11.65 million, with the largest items of expenditure being internships and bursaries, with 2778 training beneficiaries, the cost per beneficiary was R4 193.

#### ***Department of Economic Development and Environmental Affairs***

The training budget was only R150 000 but R3.02 million was allocated to various training programmes. Actual expenditure was R5.39 million, with the largest items of expenditure being bursaries and internships. With 275 training beneficiaries, the cost per beneficiary was R10 982.

#### ***Department of Education***

The training budget is given as R930 000 but this is obviously wrong and seems more like R54 million. Actual expenditure was R53.3 million, with the largest items of expenditure being bursaries, learnerships and internships. With 5 926 training beneficiaries, the cost per beneficiary was R8 994.

**Table 11: Expenditure on Training – Eastern Cape: A sample of Departments (R, m), 2009/10**

	Agriculture and Rural Development	Economic Development & Environmental Affairs	Education
1% Personnel Budget	4.03	0.15	0.93???
Additional Training Budget	4.71	-	-
<b>Sub-Total</b>	<b>8.74</b>	<b>0.15</b>	
Budget Allocation			
ABET	-	2.87	1.58
Bursaries	2.00	-	21.25
Learnerships	-	-	12.50
Internships	7.40	-	-
Unit Standard Based Skill Programs (USBSP)	-	-	-
Non-NQF short courses	-	-	18.92
<b>Sub-Total</b>			
Expenditure			
<b>Total</b>	<b>11.65</b>	<b>5.39</b>	<b>53.30</b>
ABET	-	-	-
Bursaries	2.30	2.61	28.38
USBSP	-	0.17	-
Non-NQF	1.31	0.48	6.68
Internships	8.04	1.26	-
Learnerships	-	0.88	18.24
<b>No. of Beneficiaries</b>	<b>2778</b>	<b>275</b>	<b>5926</b>

In the EC province, in all three departments surveyed, there is a strong emphasis on the development of ‘scarce skills’ through the provision of bursaries.

In 2001 the Executive Council of the Eastern Cape Province adopted the skills development framework for the Provincial Administration. This framework, based on the elements of the Skills Development and Skills Development Levies Act, considered the role of Departments, Provincial Treasury and the Office of the Premier. As such the framework indicated that all departments must budget at least 1% of its salary bill towards skills development and that this

fund be allocated to departments, the Provincial Treasury and the Office of the Premier, in line with the Skills Development Levies Act.

The Executive Council approved that the skills levy of the Province be divided as follows:

- Departments – 60%: for the implementation of line function training;
- Provincial Treasury – 10%: for developing the departmental skills to implement the PFMA.
- Office of the Premier – 30%: for the implementation of transversal training, the provision of bursaries and Provincial Skills initiatives.

In view of the above, the Office of the Premier entered into an agreement with the University of Fort Hare to provide Transversal Training to all government employees through six training centres. A Service Level Agreement was signed with the UFH that became effective on 1 September 2002 that outlined the key milestones of the agreement.

Between 2002 and 2007, 30 848 employees were trained in 64 courses aimed at continually improving the competence of employees.

Table 14 shows the number of employees trained between 2002 and 2007 and the cost by department. Between 2002 and 2007, the Office of the Premier allocated a budget of R 62,4m for the training of staff under the Fort Hare contract, at an average cost per employee of R 2022.

**Table 12: Eastern Cape: Number of Employees Trained and Cost per Department, 2002-2007**

Department	Number of employees trained	Cost per department (rand)
<b>Health</b>	11589	<b>23,432,</b>
<b>Education</b>	9848	<b>19,912,656</b>
<b>Agriculture</b>	1710	<b>3,457,620</b>
<b>Social Development</b>	1559	<b>3,152,298</b>
<b>Sports &amp; Recreation</b>	1555	<b>3,144,210</b>
<b>Roads &amp; Transport</b>	1495	<b>3,022,890</b>
<b>Public Works</b>	1098	<b>2,220,156</b>
<b>Housing &amp; Local Govt.</b>	909	<b>1,837,998</b>
<b>Provincial Treasury</b>	381	<b>770,382</b>
<b>OTP</b>	332	<b>671,304</b>
<b>Economic Affairs</b>	308	<b>622,776</b>
<b>Safety</b>	<b>56</b>	<b>113,232</b>

In summary, in many of the provincial case studies, there are substantial differences between the total training budget and that budgeted for various training programs, on the one hand, and between the training budget and actual expenditure, on the other. In the latter case, the difference may be due to additional funds flowing in during the course of the financial year.

Training expenditure occurs across a variety of programs including in particular bursaries, internships, learnerships, and USBSPs. Departments such as Agriculture, Education, Health, and Social Development spend especially high amounts on bursaries.

There are several examples of provincial departments with substantial expenditure on training – e.g. Agriculture - Western Cape (R14.0m), Free State (R5.19m), Limpopo (R23.9m), Eastern Cape (R12m); Social Development – Northern Cape (R3.15m), Limpopo (R136.6m – includes health); Education – KZN (R53.3m); Economic Development – Limpopo (R10m), KZN (R80m); and Transport – KZN (R39m).

The cost per beneficiary varies widely across departments and provinces from a low of R4 151 in the Department of Community and Safety in the Western Cape to R27 708 in the Department of Economic Development and Tourism in KZN. While there may be sound reasons for such discrepancies (e.g. more resources may be devoted to bursaries compared to learnerships), it may also point to serious inefficiencies (including wastage) in the utilization of limited resources available for training.

The distribution of training expenditure across various types of skills development programmes gives a possible hint as to whether provincial departments have prioritised the provision of 'general skills' training or 'scarce skills' training or both. In the Western Cape, both types of programmes were emphasized; in the NC sample, there was a bias towards general skills development; in the Free State, a slight bias towards bursaries (scarce skills); in Limpopo a strong trends towards bursaries; in KZN the emphasis appears to be on general skills; and in the Eastern Cape, probably a bias towards bursaries in the sample considered there.

# CHAPTER THREE

## Selected Case Studies

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### 3.1 Introduction

This part of the study required a selection and analysis of a set of comparative studies. In line with the terms of reference which suggested a mix of ‘performing and non-performing departments’, the following sample was chosen:

- **National:** Correctional Services (DCS); Home Affairs; South African Revenue Services (SARS)
- **Provinces:** Eastern Cape; KwaZulu-Natal; Limpopo; Western Cape.

### 3.2 Methodology

At the national level, interviews were set up with the directorates or individuals responsible for skills development. In the case of the provinces, the first point of contact was the Office of the Premier. Requests for interviews with at least two other government departments were made. However, only KZN province acceded to this request. In the case of Limpopo province, interviews were conducted only with the Office of the Premier, but data was provided for a number of provincial departments.

A questionnaire was developed and sent to the departments prior to the interviews (Appendix 1). The questionnaire firstly provided some background information on the study. The questions were divided into two sections: Provision of Training; and Impact of Training. The responses to these two sets of questions are provided in Appendices 3-6.

### 3.3 Department of Correctional Services (DCS)

According to DCS, as an institution within the broad skills development government mandate, it contributes directly to skills development where it is involved in the up-skilling of its employees through bursaries, skills programs; and ABET programs and short courses which are non-NQF aligned. The department is also focusing on the development of unemployed learners where they

are included in the internship programs and experiential learning programs. The department noted that it had exceeded its targets as set in the National Skills Development Strategy II.

The main NSDS II targets which guided the department in its skills development endeavour were the following:

1. Promoting and accelerating quality training for all in the workplace
  - **Success Indicator 2.3:** By March 2010 at least 80% of government departments spent at least 1% of personnel budget on training; and
  - **Success Indicator 2.8:**, SETA discretionary grants to include grants for learnerships and high level scarce skills. Impact of assistance measure
2. Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment
  - **Success Indicator 4.1:** By March 2010 at least 125 000 unemployed people were assisted to enter training programmes and at least 50% successfully completed these programmes, including learnerships and apprenticeships, leading to basic entry, intermediate bursary grants, internship grants and study support to learners acquiring basic entry, intermediate and high level scarce skills identified as scarce in their sector.

### ***Provision of Training***

This section provides a summary of the responses received with regard to the provision of training. The details can be found in Appendix 3.

- The number of staff members trained in 2007/08 and 2008/09 were respectively 2451 and 2828.
- More than 4000 trainees each were in one-day and 'more than three day' programmes.
- 168 senior managers attended more than one training programme in the past two years.
- Categories of staff that were trained included managers; and support staff (administrative).
- Funding was sourced entirely from the department's budget and was R9.7 million in 2007/08 and R13.07 million in 2008/09.

The DCS provides a considerable amount of training with substantial expenditure. It is evident that some attempt is being made through the training priorities to address scarce skills.

### ***Impact of Training***

The relevant questions were: “What are your main training priorities? Or, what is the nature of the demand for training?” In response, the department stated that it provided skills programme through Learnership and Internship for the entry and lateral levels, addressing scarce skills, and prioritising the needs of training as identified in the Workplace skills plan. There was, however, no institutional structure for evaluating the impact of training. Virtually nothing is known about the impact of training in terms of productivity or occupational mobility.

“Do trainees receive an increase in salary after training?” The Department stated that this was true for some learnerships between 2004 and 2009, with salaries increasing from level 3 to level 5 upon completion of the Learnership.

There are no formal training evaluation systems in place to determine whether training led to increased productivity. There is considerable reliance on the line managers to ensure correct placement and continuous monitoring to determine the level of productivity before and after the training intervention. However within the HRD department there was no monitoring to ensure that this took place; neither is there a system to guide line managers in this regard.

Trainees do not always achieve any form of occupational mobility after training. Some occupational mobility was achieved through staff rotation before and after training had taken place. Occupational mobility was often a consequence of application for vacancies at a higher level. Training often enhanced the chances of this type of mobility. There was no formal career-pathing within the department.

## **3.4 South African Revenue Services (SARS)**

Interviews were conducted with Mr Frank Groenewald, Executive: Skills and Talent Management and Mr Thabo Morgan, Skills Development Facilitator.



SARS spends a considerable amount of money on training. Training expenditure in 2008/2009 was R96.5 million and in 2009/10, it was R59.5 million. The staff development budget is high around R120 million, for a staff of about 15 000 employees. Spending on HRD is “needs based”, and not as percentage of personnel budget. Table 14 shows the number of employees that were to be trained in 2009/10 and 2010/11.

**Table 13: Planned Training for 2009-2010 and 2010/11**

<b>Occupational Categories</b>	<b>Number to be Trained (2009/10)</b>	<b>Number to be Trained (2010/11)</b>
<b>Managers</b>	952	1154
<b>Professionals</b>	1744	944
<b>Technicians and trades workers</b>	7344	458
<b>Clerical and Administrative Workers</b>	4291	688
<b>Total</b>	<b>14 331</b>	<b>3244</b>

Note: Actual numbers of persons trained were not made available.

In spite of its reputation as one of the most efficient departments in the public sector, SARS has not yet developed the mechanisms for measuring the impact of the considerable amount of money it spends on training. Up to the time of the interview, no institutional mechanisms had been established for the systematic evaluation of the impact of training.

### **3.5 Department of Home Affairs**

Interviews were conducted in this department with the Director in charge of training programmes.

The data provided on the ‘provision of training’ are shown in detail in Appendix 4 but could be summarized as follows:

- In 2009/10, 11 667 staff members were trained and in the following year this number was 4512.
- More than 6000 staff attended each of one-day and two-day training programmes.
- Administrative support staff comprised the majority of trainees (11352) followed by ‘lower-level’ support staff (2677) and technical staff (2346).

- The budget for training was drawn only from ‘own sources’ and constituted more than R38 million in 2009/10, and R17.8 million in 2010/11.

In terms of the impact of training, the following are the main findings:

- Trainees do not receive an increase in salary after training,
- The department believes that training does lead to increased productivity although the evidence provided for this is somewhat weak.
- Some occupational mobility after training was possible but was not automatic.
- No career-pathing exists at the moment.
- Some impact assessment takes place through a three-phase process comprising pre-training assessment; post-training assessment; and a ‘final impact’ assessment.

## **3.6 KwaZulu-Natal**

### **3.6.1 Department of Education**

Within the KZN DoE, Human Resource Development falls within the chief directorate of human resource management. Other directorates within this chief directorate are Labour Relations, Human Resource Services, and Performance Management.

#### ***Provision of Training***

This section provides a summary of the responses received with regard to the provision of training. The details can be found in Appendix 5.1.

- The number of staff members trained in 2007/08 and 2008/09 were respectively 22 662 and 32 061.
- More than 40000 trainees each were in the ‘more than three day’ programmes.
- 35 062 employees attended more than one training programme in the past two years.
- Categories of staff that were trained included managers; other professional staff; technical staff; support staff (administrative); and support staff (lower level)
- The major source of funding is given as ‘skill levies, and this totalled R43.6 million in 2007/08 and R64.6 million in 2008/09.

### ***Determination of training needs***

The HRD directorate works in conjunction with the Performance Management directorate to determine the department's training needs. This takes three forms:

1. The department has a Performance Management Development System. Here individual performance development plans are analysed. Any training gaps that are apparent in these plans are prioritised by the directorate. Training gaps are also identified through supervisor surveys, where supervisors request training for their staff.
2. A Provincial Training Committee has been established. Employer delegates and union representatives from the bulk of this committee. This committee draws up an annual Workplace Skills Plan (WSP) wherein training priorities are detailed. The WSP feeds into the department's business plan.
3. The Education, Training and Development Practice (ETDP) SETA conducts research on scarce and critical skills. The Department uses relevant KZN findings to identify training gaps.

### ***Use of service providers***

The Department does make use of credible service providers, which include:

- PALAMA,
- UKZN- Business Development Unit, and
- Provincial learnership academy.

Some of the training offered by the service providers is free, but the majority comes at a nominal cost to the department.

### ***Selection of trainees***

The head office alerts district offices of the opportunities for training. In this communication the number of prospective trainees from each district is stated. It is the supervisor's task to nominate specified number of staff to undergo training.

Training for managers works differently. Managers are alerted to training opportunities via email. Managers are accepted for training on a "first-come-first-served" basis.

### ***Approximate expenditure***

The budgetary allocation for training is the “1% of personnel budget”, however the actual amount falls below 1% of the total payroll. The department does experience challenges in funding training. In instances where there are budgetary cuts, the department will, in most cases, sacrifice training over other activities.

### ***Types of training***

Preference is given to courses that are “assessment based training” over “attendance based training”. There are however no punitive measures taken against staff who fail to complete training requirements. The department is in the process of instituting a “pay-back” policy, where staff will have to pay the department for non-completion of courses.

### ***Bursaries***

Bursaries are offered to DoE employees. The policy on bursaries states that the area of study must be relevant to the employee’s current post. The employees are expected to “pay back” the number of years equivalent to the duration of the bursary.

### ***Impact assessment***

The department does not use any form of impact assessment. The assumption is that training will result in increased competencies. Ironically managers have undergone impact assessment training. As with the national DCS, substantial numbers of employees are trained at considerable expenditure. Serious efforts have been made to prioritize training priorities particularly through the PMD system. But again, there have been no serious efforts to measure the effectiveness of training programmes.

### ***Promotion***

There is no automatic promotion based on training. Staff must apply for any vacant promotion posts.

### **3.6.2 Department of Transport**

#### ***Provision of Training***

This section provides a summary of the responses received with regard to the provision of training. The details can be found in Appendix 5.2.

- The number of staff members trained in 2007/08 and 2008/09 were respectively 2920 and 2403.
- More than 2600 trainees each were in the one-day and 1250 in the ‘more than three day’ programmes in 2007/08.
- Categories of staff that were trained in both 2007/08 and 2008/09 included legislators, senior officials, professionals, technicians, craft and related workers, plant and machine operators, service and sales workers, clerks, and elementary occupations.
- Funding was sourced entirely from the department’s budget and was R5.15 million in 2007/08 and R32.81 million in 2008/09.

#### ***Impact of Training***

Training Priorities were identified as follows: People management and development; governance; management and leadership; general administration; financial management; project management; computer training; technical training; engineering – mechanical and civil; ABET. No salary increases were provided after training but employees are able to apply for higher positions within the department or outside the department after completion of any training programme. There was also no emphasis on occupational mobility or career-pathing. The Department has not conducted any impact assessments. In fact there are no institutional structures in place for evaluating the impact of training

### **3.6.3 Treasury**

#### ***Provision of Training***

- The number of staff members trained in 2007/08 and 2008/09 were respectively 720 and 784 (see Appendix 5.3).
- For the period 2007/08 to 2008/09, the following numbers were trained by length of training programme: 252 (one-day); 551 (two-days); 425 (three-days); 276 (more than three days).

- Categories of staff that were trained in both 2007/08 and 2008/09 included managers; other professional staff; technical staff; support staff (administrative); and support staff (lower level)

### ***Impact of Training***

The departments training priorities include: computers; project management; advanced report writing; Batho Pele/service delivery; financial management. No salary increases are provided after training.

The department has introduced the Impact Assessment Exercise (see Appendix 5.4) conducted on a sample of trainees and completed by supervisors. However, it has experienced challenges in obtaining supervisors to complete these assessments. Therefore it is difficult at this stage to determine whether training has led to increased productivity. In addition, the Human Resource Development component is tasked with evaluating the impact of training. At the end of the training, trainees are requested to complete evaluation forms. However, the Impact Assessment takes precedence.

There is occupational mobility after training for learners on the IAT Learnership and Interns on the Internship Programme (Graduate Experience Programme). Many of them were able to obtain permanent employment even whilst on the programme within the Department and within Provincial Government. With regard to permanent employees, occupational mobility does not necessarily take place immediately after training. The trend is for employees to build expertise on the newly acquired competencies and then to apply for promotional positions. However, it needs to be mentioned that those who are employed as trainees on the Trainee Ranks Programme (opened to scarce skills posts only where there is a lack of expertise in the labour market), after completion of the stipulated training programme individuals are placed at the level of the vacant post versus being taken on as Trainees, thus achieving occupational mobility. It was pointed out that occupational mobility is not automatic in the Public Service. In terms of the regulations, all vacant posts must be advertised before filled. Even with the Succession Planning Programme, although candidates on the programme are put through a training programme to fast track their

development for more senior posts, after training they would still have to compete in the open market for vacancies and there is no automatic occupational mobility.

The organizational structure of the department allows for career pathing within certain occupations. However, career progression is not automatic – one has to apply for the posts.

### **3.7 Eastern Cape**

Interviews were conducted with Mr Heinrich Luiters, HRD Manager, Office of the Premier, responsible for HRD across the province; and Mr Lumkile Nqunqu, HRD Manager in the Office of the Premier. A number of training/skills development programmes have been undertaken, broadly categorized as: Public Service Training and Skills for Economic Growth (internships).

There is a Provincial Skills Development Forum comprising municipalities, SETAs, and provincial departments, which determine the skills requirements of the provinces. The province also has an HRD Council chaired by the MEC for Education and comprising Vice-Chancellors of the universities in the province and Heads of the FET colleges. However, no HRD strategy has been developed yet. Between 2005 and 2010, the Institute of Government at the University of Fort Hare provided all the training and during this period 30 000 employees were trained.

No figures on the provision of training were provided in terms of the questionnaire nor was any information provided on whether the province had made any efforts to measure the impact of training. From the discussion, it was evident that no efforts had yet been made in this regard.

### **3.8 Western Cape**

Interviews were conducted with Mr Derick Smith and three colleagues from the Performance Management and Development Unit. Very little information was forthcoming and promises to send data and information to the researchers were not fulfilled in spite of numerous electronic and telephonic enquiries.

During the interview it was evident that much of the departmental training is for “general” skills and not for critical/scarce skills. Substantial assistance is provided for formal studies. However,

training is often not aligned to departmental strategic objectives. There is no career pathing. Mobility is linked to formal educational qualifications rather than training.

As with the Eastern Cape, no figures on the provision of training were provided in terms of the questionnaire nor was any information provided on whether the province had made any efforts to measure the impact of training. From the discussion, it was evident that no efforts had yet been made in this regard.

The researchers also visited the WC Provincial Training Institute in Stellenbosch. The PTI undertakes all training on behalf of provincial departments. Interviews were conducted with the Director, Mr Stephen Miti and Ms Noqwazi. The PTI appears to be a very efficient and effective organization in delivering a wide range of short courses. The courses are evaluated in terms of their relevance to the trainees and their workplaces. However, no impact assessment is undertaken in terms of productivity, occupational mobility, employment and earnings, for instance.

### **3.9 Limpopo**

In Limpopo province, interviews were conducted with the HR Director in the Office of the Premier (OTP). However, the OTP also asked several provincial departments to complete the questionnaire. These departments were: Health (data shown in Appendix 6.1); Cooperative Governance, Human Settlements; and Traditional Affairs (Appendix 6.2); Public Works (Appendix 6.3); Social Development (Appendix 6.4); Agriculture (Appendix 6.5); Education (Appendix 6.6); Roads and Transport (Appendix 6.7); Safety, Security and Liaison (Appendix 6.8); Office of the Premier (Appendix 6.9); Sports, Arts and Culture (Appendix 6.10); and Treasury (Appendix 6.11).

The findings across the departments may be summarized as follows:

- For the province as a whole, a large number of personnel underwent some form of training. The numbers varied across departments from less than 500 in some to more than 12 000 in Health, and 48 000 in Education.



- In most departments, training programmes were for one or two days. However, in the bigger departments (e.g. Education, Health, Social Development), these lasted for more than three days.
- Most funding for skills development came from own sources.
- Very little measurement of ‘impact’ has thus far been undertaken. Some departments have recently established M & E units to perform this function.

### **3.10 Conclusion**

The findings in this sample of provincial case studies confirm the pattern described in Chapter Two, namely that a considerable amount of training is taking place across all institutions surveyed in the sample. What is not clear, however, is whether the training programmes are related to the work being performed by the trainees. Also, it is not possible to discern, with any degree of certainty, from the data whether and to what extent departments are addressing the twin challenges of general and scarce skills. This report has taken the liberty of using the provision of bursaries as a proxy for the development of scarce skills, with all other programmes being devoted to the development of general skills. HRD managers in general did not appear to have sufficient information at hand to provide answers about the relationship of training programme and the nature of skills development.

The findings in general indicate that very little work has been done to develop the necessary institutional mechanisms to measure the efficiency and effectiveness of training. Hardly anything is known across government (as reflected in the sample studied here) about what impact training has in terms of public service productivity, increased occupational mobility or earnings. In all of the instances examined in this report, no clearly-defined career path exists for employees post-training. Finally, in all cases evaluated here, no formally-defined institutional mechanisms exist for assessing the impact of training. Only in the case of the Provincial Treasury in KZN has there been a serious effort to develop an impact assessment exercise. In the Department of Home Affairs, a rudimentary ‘three-phase’ process has been developed but it is not clear how effective it is.

The case of the South African Revenue Services shows also that a considerable amount of funds is being spent on training but little, if anything, is known about the outcomes. In spite of its reputation as one of the most efficient departments in the public sector, SARS has not yet developed the mechanisms for measuring the impact of the considerable amount of money it spends on training. Up to the time of the interview, no institutional mechanisms had been established for the systematic evaluation of the impact of training.

In KZN also substantial amounts are being spent on training and a considerable number of employees are being trained in all three departments examined. However, in contrast to the rest of the sample considered in this report, there is evidence of some innovation in the province in making serious efforts at clearly identifying training priorities (e.g. Performance Management Development System – Department of Education) and very importantly, the Impact Assessment Exercise Being developed by the Provincial Treasury. In the Eastern and Western Cape, and Limpopo Provinces, a lot of training is occurring but very little is known about the efficiency and effectiveness of the expenditure associated with such expenditure.

Given the relatively high level of expenditure on training in the public sector (estimated at R1.8 billion in the national departments alone in 2009/10) it is unacceptable that so little is known about the impact of such training. Urgent efforts should be made in this regard to build on the promising KZN model.

# CHAPTER FOUR

## Findings and Recommendations

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### 4.1 Findings

#### 4.1.1 Training Expenditure in National Government Departments

Total expenditure on training in national government departments increased from R371 million (31 departments/entities) in 2005/06 to R1.8 billion in 2009/10 (35 departments/entities). There was a substantial increase in training expenditure between 2006/07 and 2008/09, mainly because of a massive increase in the expenditure of the Department of Police from 0.8 million in 2006/07 to R966 million in 2007/08. This increased further to more than R1.25 billion in 2009/10.

Significant total expenditure on training occurred in the following departments in 2009/10:

- R1 billion: Police
- >R100m: Defence and Military Veterans
- R80m – R90m: Correctional Services; Justice and Constitutional Development
- R50m – Water Affairs
- R20m – R30m: Home Affairs; Public Works; and Statistics SA
- R10m – R20m: Parliament; International Relations and Cooperation; National Treasury; Agriculture; Rural Development and Land Reform

As the source of the data is the National Treasury and not the individual government departments, there are some limitations in the analysis of the data. For instance, it is not clear why (from Table 1):

- the expenditure trends differ by department;
- the budget of the Department of Correctional Services declined sharply from 2008/09; and
- the Department of Police experienced such a massive increase in expenditure in 2008/09 and 2009/10.

#### *Training expenditure as a percentage of total personnel budget*

For 2009, this breakdown was as follows:

- >5%: Communications; Water Affairs (2)
- 3-4%: Parliament; GCIS; Police; Mineral Resources (4)
- 2-3%: Public Works; National Treasury; Public Enterprises; Statistics SA; Justice; Trade and Industry (6)
- 1-2%: Presidency; COGTA; Home Affairs; DPSA; Arts and Culture; Health; Labour; Social Development; Sports; Correctional Services; ICD; Agriculture; Energy; Human Settlements; Rural Development and Land Reform; Science and Technology; Tourism; Transport (18)
- <1%: International Relations and Cooperation; Basic Education; DHET; Defence; Environmental Affairs (5 out of 35)

In 2005 four out of 31 departments spent less than the mandatory 1% whereas in 2010, this figure was five out of 35. In both years the Departments of International Relations, and Defence were in this group. In 2005, 9 out of 31 departments were in the 1-2% group, but in 2010, more than half the departments (18/35) were clustered here.

It is most encouraging that the vast majority of national government departments are spending more than the required 1 percent of personnel budget on training. Departments such as Agriculture, Arts and Culture, Communications, Home National Treasury, Police, Public Enterprises, Public Works, Public Service and Administration, and Water Affairs (as well as Parliament), are consistently above the required benchmark.

### ***Number trained***

The total number of staff trained (head counts) increased from 113 688 in 2005/06 to 234 158 in 2008/09 but declined to 215 198 in 2009/10. The per capita costs of training in national departments increased from R2 598 in 2005/06 to R7 844.

The considerable variation in per capita costs across departments could be due to the varying programme emphasis; for example, some departments may spend more on (more expensive) bursaries as opposed to short-term learnerships.

It is especially encouraging to note the consistent increase in the numbers trained over the period under consideration. Some departments (e.g. Home Affairs, Public Works, Labour, Correctional Services, and Police) provide training for an exceptionally large number of employees. Unfortunately, the nature of the data does not allow for an analysis of the quality and appropriateness of the training.

Given the limitations of the National Treasury data (namely, absence of total personnel numbers) and actual number of persons trained (as opposed to head counts), it was not possible to determine what proportions of total personnel were trained in each department.

Data from the Department of Correctional Services should be of some concern because they imply that a considerable sum of money is probably being spent on short, non-NQF-aligned courses, raising questions a) about the quality and appropriateness of training received; and b) about whether the development of scarce skills through longer-term investment in skills development (e.g. through bursaries) is being neglected.

In summary, national government departments as a whole are spending a considerable sum of money on training (R1.8 billion in 2009/10). Second, most national departments are spending more than the mandatory 1 per cent. Third, more than 215 000 person equivalents attended some form of skills development programme. Fourth, there is substantial variation across departments in terms of program per capita costs.

#### **4.1.2 Training Expenditure in the Provinces**

In many of the provincial case studies, there are substantial differences between the total training budget and that budgeted for various training programs, on the one hand, and between the training budget and actual expenditure, on the other. In the latter case, the difference may be due to additional funds flowing in during the course of the financial year.

Training expenditure occurs across a variety of programs including in particular bursaries, internships, learnerships, and USBSPs. Departments such as Agriculture, Education, Health, and Social Development spend especially high amounts on bursaries.

There are several examples of provincial departments with substantial expenditure on training – e.g. Agriculture - Western Cape (R14.0m), Free State (R5.19m), Limpopo (R23.9m), Eastern Cape (R12m); Social Development – Northern Cape (R3.15m), Limpopo (R136.6m – includes health); Education – KZN (R53.3m); Economic Development – Limpopo (R10m), KZN (R80m); and Transport – KZN (R39m).

The cost per beneficiary varies widely across departments and provinces from a low of R4 151 in the Department of Community and Safety in the Western Cape to R27 708 in the Department of Economic Development and Tourism in KZN. While there may be sound reasons for such discrepancies (e.g. more resources may be devoted to bursaries compared to learnerships), it may also point to serious inefficiencies (including wastage) in the utilization of limited resources available for training.

The distribution of training expenditure across various types of skills development programmes gives a possible hint as to whether provincial departments have prioritised the provision of ‘general skills’ training or ‘scarce skills’ training or both. In the Western Cape, both types of programmes were emphasized; in the NC sample, there was a bias towards general skills development; in the Free State, a slight bias towards bursaries (scarce skills); in Limpopo a strong trends towards bursaries; in KZN the emphasis appears to be on general skills; and in the Eastern Cape, probably a bias towards bursaries in the sample considered there.

#### **4.1.3 Findings: Selected Provincial Case Studies**

The findings in this sample of provincial case studies confirm the pattern described in Chapter Two, namely that a considerable amount of training is taking place across all institutions surveyed in the sample. What is not clear, however, is whether the training programmes are related to the work being performed by the trainees. Also, it is not possible to discern from the data, with any degree of certainty, whether and to what extent departments are addressing the twin challenges of general and scarce skills. This report has taken the liberty of using the provision of bursaries as a proxy for the development of scarce skills, with all other programmes being devoted to the development of general skills. HRD managers in general did not appear to

have sufficient information at hand to provide answers about the relationship of training programme and the nature of skills development.

The findings in general indicate that very little work has been done to develop the necessary institutional mechanisms to measure the efficiency and effectiveness of training. Hardly anything is known across government (as reflected in the sample studied here) about what impact training has in terms of public service productivity, increased occupational mobility or earnings. In all the cases evaluated here, no formally-defined institutional mechanisms exist for assessing the impact of training. Only in the case of the Provincial Treasury in KZN has there been a serious effort to develop an impact assessment exercise. In the Department of Home Affairs, a rudimentary ‘three-phase’ process has been developed but it is not clear how effective it is.

The case of the South African Revenue Services shows also that a considerable amount of funds is being spent on training but little, if anything, is known about the outcomes. In spite of its reputation as one of the most efficient departments in the public sector, SARS has not yet developed the mechanisms for measuring the impact of the considerable amount of money it spends on training. Up to the time of the interview, no institutional mechanisms had been established for the systematic evaluation of the impact of training.

In KZN substantial amounts are being spent on training and a considerable number of employees are being trained in all three departments examined. However, in contrast to the rest of the sample considered in this report, there is evidence of some innovation in the province towards making serious efforts at clearly identifying training priorities (e.g. Performance Management Development System – Department of Education) and very importantly, the Impact Assessment Exercise Being developed by the Provincial Treasury. In the Eastern and Western Cape, and Limpopo Provinces, a lot of training is occurring but very little is known about the efficiency and effectiveness of the expenditure associated with such expenditure.

Given the relatively high level of expenditure on training in the public sector (estimated at R1.8 billion in the national departments alone in 2009/10) it is unacceptable that so little is known

about the impact of such training. Urgent efforts should be made in this regard to build on the promising KZN model.

## **4.2 Recommendations**

It is evident that a much greater effort has to be made across departments to improve the collection, reporting and analysis of data on training expenditure as well as the outcomes of such training. In this regard, the following recommendations are made:

1. PSETA should invest substantially more resources (human and financial) to:
  - Ensuring improvement in the quality of WSPs and ATRs submitted by national departments and provinces; and
  - Building in-house capacity to analyse such data.
2. DHET or PSETA should undertake regular studies to investigate the efficiency of resource utilization given the wide variance in per capita training costs across national departments and provinces.
3. Given the high level of expenditure on training in the public sector, a greater effort should be made by government to measure the impact and effectiveness of such training. DHET should lead these efforts to design appropriate evaluation mechanisms. PSETA should be given the task of coordinating the assessment of training across the country. In this regard, inter alia, it should consider what role can be played by the provincial training academies where they do exist (Western Cape, KZN).
4. In the development of appropriate institutional mechanisms for assessing the impact of training expenditure, consideration should be given to ensuring that appropriate levels of general, specific and scarce skills are developed. In this regard, linkages must be made with the institutions responsible at both the national and provincial levels for monitoring and evaluating the country's national HRD strategy.



5. With regard to the development of a specific training assessment model for the public service, consideration should be given to building on the promising model that has been developed by the KZN Treasury.
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