



**the dpsa**

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Public Service and Administration  
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**Circular No.: HRD 1 of 2013**

**TO: ALL HEADS OF DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS**

**IMPLEMENTATION OF THE DIRECTIVE ON UTILISATION OF TRAINING BUDGETS IN THE PUBLIC SERVICE**

1. To ensure that Government is able to deliver on the approved Outcomes, the training and development interventions have to be needs-based, respond to government priority skills needs, support Government's developmental agenda, contribute to increased performance and to the reduction of poverty and unemployment.
2. As the Public Service accelerates its levels of training interventions in a focused manner, appropriate resource allocation, utilisation and accountability needs to be arrived at and decided upon.
3. Training and development in the Public Service is currently managed through the legislative and budgetary processes as expressed in the Skills Development Act of 1998 and Skills Development Levies Act of 1999 as amended, the Public Finance Management Act of 1999 and the Public Service Act 1994 as amended. However, the current budgeting, utilisation and accountability measures in the Public Service have not yielded desired results.
4. This Directive provides a framework for the utilisation of the departmental training budgets to ensure that each department spends the allocated training budget appropriately and in accordance with Government priorities.

5. All Departments are required to set aside a minimum of 1% of total department's annual personnel budget for training and development of its personnel and potential employees.
6. The 1% to be appropriated as follows:
  - i. 30 % SETA/s – one-third for administration and two-third to fund discretionary projects;
  - ii. 20% Training and development of unemployed individuals – internships, learning programmes, artisans and technicians; and
  - iii. 50% Capacity building for serving employees, addressing skills gaps, mandatory training programmes.
7. The 50% portion of the training budget referred to in Sub-par. 6(iii), does not include bursaries awarded by Departments to employees and/or students in the tertiary institutions. The Departments will have to allocate budgets for the purposes of awarding such bursaries, in addition to the 1% of total department's annual personnel budget.
8. Departments affiliated to more than one SETA, will proportionally split the 30% according to the functions represented in the department.
9. Large sector department, i.e. Provincial Basic Education, Provincial Social Development, Provincial Health, Correctional Services, South African Police Services, Department of Defence and Military Veterans and Justice and Constitutional Development, are to use a 95%/5% ratio in proportioning the 30% portion payable to the SETA/s. The 95% is to be paid to the line function SETA/s while the 5% is to be paid to the transversal SETA, i.e. PSETA.
10. Other line function departments, not mentioned above, that have line function SETAs are to use an 85%/15% ratio in proportioning the 30% portion payable to the SETA/s. The 85% is to be paid to the line function SETA/s while the 15% is to be paid to the transversal SETA, i.e. PSETA.

11. Departments with only the PSETA being their only SETA of affiliation, shall contribute to the PSETA the whole 30% of their annual training budget.
12. In calculating the total annual employee expenditure, only a figure representing salaries, excluding such component as Conditional Grants, Pensions, and transfers held on behalf of government components and other entities.
13. The contributions of the 30% portion as per paragraph 5.2.1 above shall be payable to the SETAs quarterly, and not later than the last day of the first month of each quarter, i.e. 30<sup>th</sup> April, 31<sup>st</sup> July, 31<sup>st</sup> October and 31<sup>st</sup> January.
14. For the 2013/14 financial year, the Department of Public Service and Administration issuing this Circular to all Heads of Departments to comply with the provision of the Directive.
15. Heads of Departments are required to confirm in writing the planned annual personnel expenditure for 2013/14 financial year and submit such to the Director-General of DPSA by 15<sup>th</sup> April 2013.
16. For the 2014/15 financial year, and thereafter every three years, the Minister for Public Service and Administration will issue a Recommendation for earmarking of funds to National and Provincial Treasuries for the purposes of training budgets and SETA contributions.
17. Departments must seek approval from National and Provincial Treasuries in writing to increase contributions to the SETA/s and to introduce contributions to the PSETA from their budgets.
18. Departments must request and verify the banking details of all the SETAs they are to make contributions on regular basis.
19. The total number of employees and the planned salary budget, which are primary basis for the calculating the departments' training budget amounts, must be confirmed and signed off by the Head of Department annually. The Head of Department shall submit this data to the DPSA on 30 September of each year in order to enable the DPSA to prepare recommendations to the National and

Provincial Treasuries on funds to be earmarked for transfer as a contribution to the SETA/s.

20. Taking over administration of a SETA/s, by the Director-General of Department of Higher Education and Training (DHET), as contemplated in Section 15 of Chapter 3 of the Skills Development Act, 2010, will not constitute grounds for the withholding payment of the levy by the Departments. The Minister of Higher Education and Training has mechanisms in terms of same section to deal with such circumstances. In such an event, the Director-General of DPSA shall, in consultation with Director-General of the DHET, direct the affected Departments on how to deal with the matter.
21. The Department may request report on the utilisation of contribution made to the SETA/s, as mechanism to prove value for money for the use of public funds. However, such reporting cannot be exclusively for funds received from the Public Service departments, as the SETA/s receives skills levies from other employers.
22. Contributions made to the SETA/s are not a procurement of goods and/services, but a contribution, therefore departments should not require invoices from the SETA/s.
23. DPSA shall monitor the implementation of this Directive through the annual reporting processes.
24. Departments will be required to report on the implementation of this Directive on 31 March of every year.
25. In the event of any conflict between this Circular and any Circulars issued previously in this matter, the provisions of this Circular take precedence.



**Mr. Nhlakanipho Nkontwana**  
Acting Director-General

2013/ 4 / 10



# **Department of Public Service and Administration**

## **Directive:**

**UTILISATION OF THE 1% PERSONNEL BUDGET  
FOR TRAINING AND DEVELOPMENT IN THE PUBLIC  
SERVICE**

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## **1. LIST OF ACRONYMS**

<b>NSDS</b>	National Skills Development Strategy
<b>PSHRDSF</b>	Public Service Human Resource Strategic Framework
<b>SDA</b>	Skills Development Act
<b>SDLA</b>	Skills Development Levies Act
<b>SETA</b>	Sector Education and Training Authority
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>ETDPSETA</b>	Education, Training and Development Practices SETA
<b>PALAMA</b>	Public Administration, Leadership and Management Academy
<b>PFMA</b>	Public Finance Management Act

## 2. PREAMBLE

- The need for redress and re-skilling of public servants as a result of the changing and ever-increasing demands for quality service delivery places emphasis on continuous development and learning in the Public Service.
- Training in the Public Service has generally not been driven by appropriate skills needs assessments.
- Training and development interventions need to be focused on areas where the need has been identified, including but not limited to, coal face service delivery institutions like hospitals, schools, correctional facilities, police stations, customs and excise, junior/middle/senior management, identified scarce and critical skills, etc.
- As the public service accelerates its levels of training interventions in a focused manner, appropriate resource allocation, utilisation and accountability will have to be arrived at and decided upon.
- Training and development in the Public Service is currently managed through the legislative and budgetary processes as expressed in the Skills Development Act of 1998 and Skills Development Levies Act of 1999 as amended, the Public Finance Management Act of 1999 and the Public Service Act 1994 as amended. The current budgeting, utilisation and accountability measures have not yielded desired results.
- To ensure that Government is able to deliver on the approved Outcomes, the training and development interventions will have to be needs-based, respond to government priority skills needs, support Government's developmental agenda, contribute to increased performance and to the reduction of poverty and unemployment.



- This Directive provides a framework for the utilisation of the departmental training budgets to ensure that each department spends the allocated training budget appropriately and in accordance with Government priorities.

### **3. PURPOSE**

- The purpose of this Directive is to provide a framework for the utilisation of national and provincial departments' training budgets, determined in terms of the Public Service Regulations 2001 as amended, to ensure that departmental training budgets are spent appropriately and in accordance with determined priorities.
- The regulated utilisation of the 1% personnel budget for training and development in the Public Service will give effect to the Skills Development Act, NSDS Goal 4.5 and the Human Resource Development Framework for the Public Service.
- The implementation of this Directive will facilitate the positioning of the public service to create and offer opportunities as a training and development space.

### **4. LEGAL MANDATE**

- This Directive is issued in terms of Part IX, Sections A and B.4 of Public Service Regulations, 2001 as amended.

#### **4.1.1. Section A: states that:**

*Employees should have ongoing and equitable access to training geared towards achieving an efficient, non-partisan and representative public service. Training should support work performance and career development. It should become increasingly driven by needs, and link strategically to broader human resource management practices and programmes aimed at enhancing employment equity and representativeness.*

#### **4.1.2. Section B.4 states that:**

*"A head of department shall ensure that sufficient funds are available for the training".*

## **5. APPLICATION**

- Per annum each government department shall set aside a minimum amount of one percent (1%) of the total department's annual personnel budget for training and development of its personnel and potential employees.
- **Per annum the 1% of the total personnel budget shall be apportioned as follows:-**

5..1. **Thirty percent (30%)** of this amount shall be paid to the SETA with which the department is affiliated and to the PSETA for staff that fall within the scope of PSETA. **(Attached as schedule A)**

5..1.1. **The above 30% to be apportioned in the following manner:-**

5..1.1.1. The 33 $\frac{1}{3}$ % or  $\frac{1}{3}$  to be utilized to fund the administration of the SETA and

5..1.1.2. The remaining 66 $\frac{2}{3}$ % or  $\frac{2}{3}$  to be used to fund special projects as approved by the relevant SETA Boards. Such projects shall be in line with the scope and mandate of the respective SETA and seek to advance the development of the sector.

5..1.2. Departments belonging to more than one SETA, shall apportion the 30% payable to the respective SETAs proportionally, based on the number of employees employed in terms of a special employment act and /or the function designating such function of the department under the scope of that particular line function SETA. For an example, the Departments of Basic Education shall transfer to the PSETA, as a levy, an amount proportional to the employees employed in terms of the Public Service Act, 1994 as amended and the remaining portion

shall be transferred to the ETDPSETA for the educators employed in terms of Employment of Educators Act No.76 of 1998.

5..2. **Twenty percent (20%)** of the 1% shall be set aside for the training and development of **unemployed youth and the positioning of the public service to create and offer opportunities as a training and development space.**

5..2.1. Departments shall use these funds to implement the following programmes, namely, Learnerships, Internships, Artisans and Technician development.

5..3. Departments shall utilize the remaining **fifty percent (50%)** of the 1% for the **capacity development of serving public service employees.**

5..3.1. Departments shall utilize these funds prioritising mandatory training programmes (as determined from time to time), and identified skills gaps. All capacity building interventions must be aligned with the departmental strategic priorities and in line with departmental human resource development plans.

5..3.2. Priority must be given to courses offered by State institutions established to fulfill the role of capacity building in the public service, such as PALAMA, sectoral academies, provincial academies and public training institutions.

5..4. **Table 1: Apportionment of the 1 % of personnel budget for training and development**

<b>Total government budget for training and development:</b>			
<b>Allocation</b>	<b>Target</b>	<b>Purpose</b>	<b>SPECIAL MEASURES</b>
30%	SETAs	1/3 Administration of the SETAs	Compliance as per the PFMA, SDA, SDLA and SETAs Supply Chain processes
		2/3 <b>Discretionary Grants:</b>  Special Projects,  Learnerships,  Internships, and  Apprenticeships  Skills Programmes	
20%	Unemployed Youth, including graduates, learners leaving schooling system, those requiring internships to complete their qualification and artisans.	Learnerships,  Internships, and  Apprenticeships  Skills Programmes  Bursaries	Alignment with national, provincial, sectoral and departmental goals
50%	Serving employees	<b>Capacity development:</b>  Mandatory Training Programmes;  Identified skills gaps	Palama,  Sectoral and Provincial Academies  Public providers  Private Providers

## **6. TRANSFER OF FUNDS TO SETAS**

- Transfer of the 30% as per paragraph 5.2.1 above, shall be effected before the 15<sup>th</sup> of each month by every department directly to the relevant SETA or SETAs and PSETA.

## **7. DATE OF IMPLEMENTATION**

- The implementation of this directive shall be with effect from 01 April 2013.

## **8. MONITORING AND EVALUATION**

- Respective Heads of Department are responsible for ensuring compliance with this Directive.
- The DPSA will monitor the implementation through the Human Resource Development Annual Monitoring and Evaluation Reports obtained from departments.
- DPSA is responsible for coordinating the effective implementation of the Directive across the public service and reporting on its implementation success in the Annual Human Resource Performance Report.

## **9. APPROVAL BY THE EXECUTIVE AUTHORITY**

Approved:



LN SISULU MP  
MINISTER FOR PUBLIC SERVICE AND ADMINISTRATION

Date: 2012/03/30