the dpsa

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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. 30th April, 31st July, 31st October and 31st 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 15th 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