PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

RESEARCH UNIT
PO Box 15 Cape Town 8000 Republic of South Africa
Tel: 27 (21) 403 8273 Fax: 27 (21) 403 8118
www.parliament.gov.za

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A SUMMARY AND ANALYSIS OF VOTE 19: DEPARTMENT OF SOCIAL DEVELOPMENT

1. Introduction

The aim of the Department of Social Development is to ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service. The budget of the Department of Social Development is directed at addressing poverty, unemployment, inequality and related social ills that are currently challenging the country.

This Department has the following main programmes:

- Programme 1: Administration
- Programme 2: Social Assistance
- Programme 3: Social Security Policy and Administration
- Programme 4: Welfare Services Policy Development and Implementation Support
- Programme 5: Social Policy and Integrated Service Delivery.

Overview of the 2013/14 financial year

The key priorities of the Department for 2013/14 included promoting Early Childhood Development (ECD); expanding child and youth care services; combat substance abuse; provide food to poor households and promote and protect the rights of older persons.

During April - September 2013/14 period, the Department completely met 64 per cent (out of the 25 per cent for the 1st quarter) and 50 per cent (out of the second 25 per cent for the 2nd quarter) of its set targets. However 20 per cent (1st quarter) and 21 per cent (2nd quarter) were reported to be in progress. The department of Social Development has a 2013/14 available appropriation of R120.5 billion which represents a nominal increase of R8.3 billion, or 7.4 per cent, from 2012/13.[1] However this does not take into account the adjustment. During April-September Period for 2013/14, transfers and subsidies accounted for R119.8 billion of the available budget and of this amount the department has so far transferred R30.8 billion, or 25.7 per cent, mainly to households (through social grants). This means that during

[1] National Treasury, (2013a)

that period the department has an available budget of R644.8 million for operations. Of this, the department has spent R135.5 million, or 21 per cent, the majority of which has been used on compensation of employees and goods and services. During the first quarter, the Department has spent R31 billion whilst having scheduled drawings of R31.3 billion leaving a lag of R320.7 million at this point in the year. This is mainly due to a decline in child support grant beneficiaries due to the re-registration process embarked on by SASSA last year. It does not represent an issue for the department as it is reflective of the impact of the SASSA re-registration campaign.

In the 2nd quarter a total amount of R60.3 billion was spent whilst having scheduled drawings of R63.4 billion leaving a lag of R3.2 billion at this point in the year. This is mainly due to a decline in social grant beneficiaries due to the re-registration process embarked on by SASSA last year. This is reflective of the impact of the SASSA re-registration campaign which is meant to eliminate fraudulent and erroneous grants. The lag was resolved in the 2013 ENE in which a saving of R2 billion was declared.[2] At the end of quarter 3 of 2013/14 the Department had transferred R89.5 billion or 76 per cent of the total available budget for transfers.[3] The department has spent R90 billion to the end of quarter 3, whilst having scheduled drawings of R99.1 billion leaving a lag of R9.1 billion by December 2013.. This is mainly due to R18 billion which was drawn in April 2013 for the advances paid for social assistance grants. This amount will be cleared in March 2014 in the final reconciliation done between actual transfers, in terms of payments made according to the SOCPEN extraction, and the actual claims by the social grants beneficiaries.[4] The Department has neither under spent nor overspent during the period under review.

Policy Priorities for 2014/15

The February 2014 State of the Nation noted that the country still faces the triple challenge of poverty, inequality and unemployment.[5] The NDP provides a synopsis what the country should do to eradicate poverty, increase employment and reduce inequality by 2030. The Department of Social Development plays a critical role in the reduction of poverty and inequality. The NDP defines social development as apriority area, and it is also included in the priority outcomes of government.

The following are the key priorities for the year 2014/15.

- **Food for all**

The long-term goal of this priority is to eliminate poverty, hunger and malnutrition. During the 2014/15 financial year, investments will be made to establish Food Distribution Centres (FDCs),

[2] National Treasury, (2013b).
[3] National Treasury, (2013c).
[4] ibid
[5] SONA, (2014)

Community Food Depots (CFDs) and Community Food and Nutrition Development Centres (CNDCs) in Mpumalanga, Northern Cape and Free State.

- **Anti-substance abuse**

The intention is to confront substance abuse, in collaboration with civil society partners. Additional funding of R29 million for the current financial year will be transferred to provinces as Schedule 5 conditional grants towards building three new substance abuse treatment centres (in Northern Cape, North West and Mpumalanga provinces). Over the medium term (2014/15 – 2016/17) a total of R152 million has been budgeted for construction of these centres.

- **Early Childhood Development (ECD)**

This is a priority of both government and the Department. Spending in the children sub-programme has increased, due to the universalisation of access to ECD and the development of a National Policy on ECD following a comprehensive evaluation of the sector.

- **Child and Youth Care Services**

An investment of R100 million in 2014/15 financial year will be budgeted to improve timely availability of reliable data on programme performance and monitoring and evaluation and information on the social effects of HIV and AIDS and other vulnerabilities faced by children.

2. Budget Analysis

The table below shows the budget allocation per programme.

Programme	Budget		Nominal Increase / Decrease in 2014/15	Real Increase / Decrease in 2014/15	Nominal % change in 2014/15	Real % change in 2014/15
R million	2013/14	2014/15				
Administration	266.5	275.1	8.6	- 7.5	3.2	-2.8
Social Assistance	111 006.8	120 952.1	9 945.3	2 884.1	8.9	2.6
Social Security Policy & Administration	6 394.0	6 662.6	268.6	- 120.4	4.2	-1.9
Welfare Services Policy Development & Implementation Support	554.5	586.5	32.0	- 2.2	5.8	-0.4
Social Policy & Integrated Service Delivery	289.7	323.2	33.5	14.6	11.6	5.1
TOTAL	**118 511.6**	**128 799.4**	**10 288.0**	**2 768.6**	**8.7**	**2.3**

The overall budget of the Department for the financial year 2014/15 is R128.7 billion compared to R 118.5 billion the previous financial year, which represents an increase of 8.7 per cent in nominal terms.

The bulk of the departmental budget (99.5 per cent) constitutes transfers and subsidies and only 0.5 per cent goes to current payments. The most significant transfer is approximately R 120.9.0 billion in value, intended as social assistance transfers to beneficiaries. The reason for this is that grants aim to boost the income of poor households, which suffer the brunt of the unemployment, poverty and inequality that persists in South African society. The 2014 budget includes additional allocations of R35.6 million in 2014/15. As part of Cabinet approved budget reductions, the department will reduce spending by R451.8 million in 2014/15.

Programme Analysis

Programme 1: Administration

The purpose of this programme is to provide leadership, management and support services to the department and the sector.

The total allocation to this programme is R275.1 million, marking a 3.23 per cent increase in nominal terms and -2.80 per cent in real terms. The Department had a funded establishment of 784 posts, of which 106 were vacant at the end of 2013/14, mainly due to posts being temporarily suspended as a result of departmental restructuring.[6] In terms of economic classification, the bulk (99.1 per cent) of Programme 1's budget goes towards current payments which include compensation of employees (R144.3 million) and goods and services (R117.2 million). [7]

Programme 2: Social Assistance

Social Assistance transfers provides for the payment of social assistance grants to the beneficiaries who qualify for social assistance in terms of the Social Security Act, 2004 (Act 13 of 2004).

Social assistance dominates the overall departmental expenditure (R120.9 billion), constituting 94 per cent of the department's budget for 2014/15. The main focus is on providing income support to the elderly, the disabled and to caregivers of children. As such, the child support and old age grant constitute 77.1 per cent of grant spending.[8] Expenditure increases from R117.9.0 billion in 2013/14 to R128.0.0 billion in 2014/15.[9] The number of grants beneficiaries has decreased from 15.9 million in March 2013 to 15.6 million by December 2013, due to the re-registration process where ineligible beneficiaries were removed from the grant system. This has resulted to the Department's saving of R530 million in the financial year of 2014/15.[10].

Spending on all the categories of social grants will increase with the allocation for the Child Support Grant rising to R43.4 billion in 2014/15 from a revised R40.2 billion in 2013/14, the Old Age Grant will increase to R49.8 billion in 2013/14 compared to R44.3 in 2014/15. Furthermore it has been noted that, in 2011/12 the means test for the adult grants was increased as part of the broader social security reform process. This programme provides only for the budget allocations related to payments to social assistance grant beneficiaries by the South African Social Security Agency, and does not include salaries to staff.

In ensuring a safety-net for the poor, the government would bring social grant increases forward in 2014/15. The following increases apply to individuals:

- Old age pension grant (for persons 60+) increased from R1 265 (2013/14) to R1 370(2014/15) per month.
- Old age grant (for persons 75 years and older) increased from R1 285. (2013/14) to R1 370 (2014/15) per month.
- War veterans Grant increased from R1 285 (2013/14) R1 370 to per month in 2014/15.
- Disability Grant increased from R1 265 (2013/14) to R1 350(2014/15) per month.
- Foster care Grant increased from R800 (2013/14) to R830 (2014/15) per month.

[6] Estimate of National Expenditure, (2014)
[7] Budget Review, (2014)

[8] ibid
[9] ibid
[10] Estimates of National Expenditure, (2014)

- Care Dependency Grant increased from R1 265 (2013/14) to R1 350 (2014/15) per month.
- Child Support Grant increased from R295 (2013/14) to R315 (2014/15) per month.[11]

In spite of the increases in social grants, not of them are above inflation. Beneficiaries will have the same or less purchasing power.[12] The increase in the cost of basic foods impacts the poor the hardest. For example, the Food Price Monitor reported in November 2013 that the cost of a selected food basket as a share of the monthly income of the poorest households increased to 42.6 percent from October 2012, while for affluent households it remained at around 1.7 percent. This means that, for example, a pensioner is expected to spend almost half of their grant on basic food requirements.

The Department reported that the number of people employed by SASSA will reach 9 910 in 2014/15. In this regard, R360.5 million is reprioritised from goods and services in 2014/15 to spend on compensation of employees for the planned acquisition of human capital, particularly at district and local offices. This will see the agency expand its services to remote rural areas and improve the delivery of services to grant beneficiaries in general.

Programme 3: Social Security Policy and Administration

The purpose of this programme is to provide for social security policy development, administrative justice, administration of social grants and the reduction of incorrect benefits payments.

Programme 3's expenditure increases from R6.4 billion in 2013/14 to R6.6 billion 2014/15, i.e. get increases with 4.2 per cent (nominal), this is a decrease -1.8 per cent in real terms. The Department set itself a target of finalising the development of policy addressing income support for orphaned children who are cared for by relatives during 2013/14. Additionally, research was conducted into developing a social budget and the feasibility of providing social assistance support for orphaned children cared for by relatives. By 2014/15 the Department reported that it was still to finalise the development of this policy. In 2014/15, discussion papers on policy options for the universalisation of the old age and child support grants will be completed. Further work in developing a support package for unemployed youth will be undertaken, together with policy options for the inclusion of informal sector workers in social security. This subprogramme had a staff complement of 43 in 2013/14. The programme had a funded establishment of 98 posts as at 30 November 2013, of which 24 were vacant.

[11] National Treasury (2014) Budget Review
[12] Magwaza, (2014)

Programme 4: Welfare Services Policy Development and Implementation Support

This programme creates an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards, and best practices.

The budget allocated to this programme increased from R554.5 million in 2013/14, to R586.5 million in 2014/15, reflecting an increase of 5.8 per cent in nominal terms and -0.4 per cent decrease in real terms. During the current financial year, the intention is to reduce spending in the Older Persons sub-programmes, due to the cost sharing arrangements between provincial departments and the national Department of Sports and Recreation.

Expenditure on consultants, the largest item within goods and services, is expected to increase in with additional funding of R21 million allocated for assistance in the planning, monitoring and scoping of projects to build substance abuse treatment centres. The budget for substance abuse increased significantly from R32.4 million in 2013/14 to R62.7, million reflecting an increase of 93.5 per cent in nominal terms and increase of 82.2 per cent in real terms. R29 million of this amount will be transferred to provinces as a form of conditional grant for planning and construction of the infrastructure for substance abuse centres. Additionally R21 million will be used for the planning, norms and standards and scoping work for the treatment centres and to monitor their construction. The aim of the Department for 2014/15 financial year is to reduce the demand for substances in communities by providing prevention services and monitoring the implementation of the national anti-substance abuse programme of action in all 9 provinces.

Programme 5: Social Policy and Integrated Service Delivery

This programme provides support to community development and promotes evidence-based policy-making in the Department and the social development sector.

The budget allocated to this programme increased from R289.7 in 2013/14 to R323.2, marking a significant increase in nominal (11.5 per cent) and an increase in real terms (5.0 per cent).

The 2014/15 allocation includes R178.3 million to the National Development Agency (NDA). The allocation to the NDA increased by 3.8 per cent in nominal terms from the previous financial year. In real terms, it translates into decrease of -2.2 per cent. NDA provides grants to civil society organisations through transfers to implement sustainable community driven projects that address food security, early childhood development and create employment and income opportunities. The agency also focuses on building capacity in non-profit organisations. In terms of Special Projects and Innovation, transfers of R1 million will be made in each of 2014/15 to Soul City for the Kwanda television programme. This sub-programme had a staff complement of 9 in 2014/15. This programme also provides for the Expanded Public Works Programme for the social sector job opportunities.

Key Issues for Consideration by Parliament

Parliament should continue monitoring progress by the Department on the following issues:

- Monitor the implementation of the ECD National Action Plan.
- Monitor improvements in the NPO funding (implementation of the Policy on Financial Awards) by the provinces.
- Monitor completion and implementation of the social reforms on retirement social security.
- Monitor the establishment of the new substance abuse treatment centres.
- MDG due date in 2015: Goal 1 has particular relevance for Portfolio Committee on Social Development, therefore continued intensified oversight is also required.

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