**3. Report of the Portfolio Committee on Social Development on the Budget Vote 17, the Annual Performance Plans of the Department of Social Development and its entities for 2019/20, dated 10 July 2019**

The Portfolio Committee on Social Development having considered and deliberated on the Budget Vote, the Annual Performance Plans of the Department of Social Development (DSD), the South African Social Security Agency (SASSA) and the National Development Agency (NDA) on 02 July 2019, wishes to report as follows:

1. **Introduction**

The Committee’s mandate as prescribed by the Constitution of South Africa and the Rules of Parliament is to build an oversight process that ensures a quality process of scrutinising and overseeing government’s action that is driven by the ideal of realising a better quality of life for all people of South Africa.

As part of conducting its oversight the Committee has a constitutional mandate to scrutinise and thereafter approve the budget of the department and its entities. It also considers the Annual Performance Plans of these institutions. It thereafter, draft a report (the current report) in which it reports of the APPs of the department and its entities as they were presented to it. It then raises its observations and formulate recommendations. As part of scrutinising the budget allocation and APPs the Committee makes use of the budget information contained in the National Treasury’s Estimates of National Expenditure (ENE).

This report forms basis from which the Committee debates the budget and APPs of the departments and its entities. This process culminates to the approval of the department as a Budget Vote.

1. **The Department of Social Development the Annual Performance Plan (APP)**

As part of background information, the department informed the Committee that its strategic plan 2015 - 2020 and APP 2019/20 were a product of extensive consultation and review of its work in the last performance cycle. These plans are informed by the National Development Plan which asserts that:

* Social security is a basic right, and a human rights approach to social protection is required;
* By 2030, everyone must enjoy an adequate standard of living. There must be basic social protection guarantees aimed at preventing or alleviating poverty and protecting against vulnerability
* The principle of building and utilising the capabilities of individuals, households and communities and avoiding the creation of dependency and stigma must be upheld.
* A developmental social welfare approach, with a focus on individuals, families and communities must be pursued

**2.1 The mandate, vision and the mission of the department**

The mandate of the Department of Social Development is to provide social protection services and leads government efforts to forge partnerships through which vulnerable individuals, groups and communities become capable and self-reliant participants in their own department.

The department therefore derives its mandate from several pieces of legislation and policies that are aligned to the Constitution. These include the White Paper for Social Welfare (1997) and the Population Policy (1998), which set out the principles, guidelines, policies and programmes for developmental social welfare in South Africa. The White Paper for Social Welfare has provided the foundation for social welfare in the post-1994 era. The White Paper on Social Welfare is being reviewed to expand to make it more inclusive of a wide variety of social welfare services.

The vision of the department is a to promote “caring and self-reliant society”.

The department’s mission is to “transform our society by building conscious and capable citizens through the provision of comprehensive, integrated and sustainable social development services”.

# Overview of the 2019/20 financial year

Table 1: Overall DSD Budget per programme 2019/20

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal Increase / Decrease in 2019/20** | **Real Increase / Decrease in 2019/20** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **2018/19** | **2019/20** |
| Programme 1: Administration | 391,7 | 408,4 | 16,7 | - 3,5 | 4,26% | -0,89% |
| Programme 2: Social Assistance | 162 860,7 | 175 155,6 | 12 513,9 | 3 856,0 | 7,55% | 2,23% |
| Programme 3: Social Security Policy and Administration | 7 877,0 | 7 748,9 | - 128,1 | - 511,1 | -1,63% | -6,49% |
| Programme 4: Welfare Services Policy Development and Implementation Support | 1 300,4 | 1 065,8 | - 234,6 | - 287,3 | -18,04% | -22,09% |
| Programme 5: Social Policy and Integrated Service Delivery  | 392,3 | 413,3 | 21,0 | 0,6 | 5,35% | 0,15% |
| TOTAL | 172 603,2 | 184 792,0 | 12 188,8 | 3 054,6 | 7,1% | 1,77% |

Source: National Treasury (2019)

The department’s overall budget for 2019/20 is, R184.7 billion, compared to R172.6 billion previously. This represents a nominal increase of 6.9 per cent, and real increase of 1.6 per cent. Over the medium term, the department’s expenditure is set to increase to R213.6 billion by 2021/22.

The DSD vote is dominated by the *Social Assistance* programme, which constitutes 94.3 per cent of the overall departmental budget. *Social Assistance* growth from the previous year, stays above inflation (7.6 per cent nominal and 2.3 per cent real). This programme, through unconditional cash transfers, currently benefits 12.5 million poor children (Child Support Grant), 3.5 million older persons (Old Age Grant), and about 1 million persons living with a disability (Disability Grant). In 2018/29, 17.6 million beneficiaries received social grants, and this figure is projected to grow to 18.7 million by 2021/22.

The following main programmes decline in real terms from the previous financial year:

* *Administration* (-0.8 per cent);
* *Social security Policy and Administration* (-6.4 per cent);
* *Social Welfare Policy development and Implementation* Support (-22.9 per cent).
1. **KEY STRATEGIC GOALS OF THE DEPARTMENT**

The department focused on the following sector priorities over the 2015- 2020 Medium Term Expenditure Framework (MTEF):

* Reforming the social welfare sector and services to deliver better results;
* Improve the provision of Early Childhood Development. All children should enjoy services and benefits aimed at facilitating access to nutrition, healthcare, education, social care and safety;
* Deepening social assistance and extending the scope for social security;
* Strengthening integrated community development interventions and improving household food and nutrition
* Establish social protection systems to strengthen coordination, integration, planning, monitoring and evaluation of services
1. **PROGRAMME PERFORMANCE (2019/20 ANNUAL PERFORMANCE PLAN)**

**4.1 Programme 1: Administration**

The purpose of this Programme is to provide leadership, management and support services to the department and the Social Development Sector.

A total of four (4) targets has been set for this programme for the 2019/20 financial year. The department will integrate five internal silo system into the Case Management system. The department plans to conduct evaluation of the social sector infrastructure with reference to Early Childhood Development (ECD) and Substance Abuse Treatment Centres. It intends to assess compliance of entities and associated institutions to the department’s governance and oversight framework.

**Expenditure trends**

Table 2: Administration Programme

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal** **change****Nominal change in 2019/20****(Rand value)** | **Real** **change****Real change in 2019/20****(Rand value)** | **Nominal Percent Nominal change in 2019/20** | **Real Percent Real change in 2019/20** |
| **2018/19** | **2019/20** |
| Ministry |  41,2 |  40,5 | - 0,7 | - 2,7 | -1,70% | -6,56% |
| Department Management |  70,7 |  75,6 |  4,9 |  1,2 | 6,93% | 1,65% |
| Corporate Management |  156,9 |  162,2 |  5,3 | - 2,7 | 3,38% | -1,73% |
| Finance |  67,5 |  71,7 |  4,2 |  0,7 | 6,22% | 0,97% |
| Internal Audit |  15,3 |  16,0 |  0,7 | - 0,1 | 4,58% | -0,59% |
| Office Accommodation |  40,2 |  42,3 |  2,1 |  0,0 | 5,22% | 0,02% |
| **TOTAL** |  391,8 |  408,3 |  16,5 | - 3,7 | 4,2% | -0,94% |

Source: National Treasury (2019)

The Administration programme voted allocation for 2019/20 totals R408.3 million, as compared to R391.8 million in the previous year. This reflects a 4.2 per cent nominal increase, but when taking into account the inflationary effect the programme budget in fact declines with -0.94 per cent. The Ministry sub-programme declines both in nominal and real terms from the previous year.

The *compensation of employees’* allocation increases from R197.8 million to R212.8 million – staying above inflation, i.e. 2.3 per cent real increase. However, *travel and subsistence* (S&T) declines in real terms with 7.6 per cent from the previous financial year (from R25.4 million previously to R24.7 million in 2019/20.) Programme 1 also reduced its allocation to *machinery and equipment* from R5.2 million to R2.3 million – resulting in a 58 per cent real decrease from 2018/19.

The total allocation for this Programme for 2018/19 was R383.2 million, which increased from R350.7 million in the previous year. This indicates a nominal increase of 9.25 per cent. The increase in the budget allocation for this Programme was due to the additional funding received for ICT infrastructure. The department signed a 5-year contract with SITA to provide the department with a fully managed IT Turnkey Solution. An amount of R9 million was reprioritised from Line Functions to fund this project.

Notwithstanding the above, the normal trend of the budget allocation under this Programme is that *Corporate Management* sub-programme has over the years received the bulk budget allocation as it provides administrative support to line functions within the department.

**4.2 Programme 2: Social Assistance**

The purpose of this programme is to provide social assistance to eligible beneficiaries in terms of the Social Assistance Act (no. 13 of 2004) and its regulations.

This programmes deals mostly with the distribution of social grants. Social grant expenditure is an investment in human capital, justifying the future comprehensive growth.

**Expenditure trends**

The following table depicts the budget for all grant types, including social relief of distress.

Table 3: Social Assistance Programme

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal change in 2019/20****(Rand value)** | **Real change in 2019/20****(Rand value)** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **2018/19** | **2019/20** |
| Old Age | 70 531,4 | 76 950,9 | 6 419,5 | 2 615,8 | 9,10% | 3,71% |
| War Veterans | 2,4 | 1,7 | - 0,7 | - 0,8 | -29,17% | -32,67% |
| Disability | 22 104,8 | 23 077,6 | 972,8 | - 167,9 | 4,40% | -0,76% |
| Foster Care | 5 131,6 | 5 080,8 | - 50,8 | - 301,9 | -0,99% | -5,88% |
| Care Dependency | 3 138,4 | 3 429,8 | 291,4 | 121,9 | 9,28% | 3,88% |
| Child Support | 60 531,0 | 64 967,3 | 4 436,3 | 1 225,0 | 7,33% | 2,02% |
| Grant-in-Aid | 1 011,1 | 1 237,5 | 226,4 | 165,2 | 22,39% | 16,34% |
| Social Relief of Distress | 410,0 | 410,0 | 0,0 | - 20,3 | 0,0% | -4,94% |
| **TOTAL** |  **162 860,7** |  **175 155,6** |  **12 294,9** |  **3 637,0** | **7,55%** | **2,23%** |

Source: National Treasury (2019)

Budget allocation for social Assistance increases from R162.8 billion in 2018/19 to R175.1 billion in 2019/2020. The focus is on providing income support to socially vulnerable groups such as the elderly, persons with disabilities, and caregivers of children. The 2019/20 allocation to the programme stays above inflation, representing a real increase of 2.23 per cent.

Expenditure under this programme is dominated by the *Old Age* and *Child Support* grants, which are allocated R76.9 billion and R64.9 billion respectively. Both grant-types record above-inflation increases, i.e. 3.7 per cent and 2.02 per cent real growth respectively. The strongest growth in expenditure is projected for the *Grant-in-Aid* (i.e. 16.34 per cent real growth). *Grant-in-Aid* is an additional grant to recipients of the Old Age, Disability or War Veterans grants, who require regular care from another person due to their physical or mental status.

Most of the social grants experience above-inflation increases for 2019/20, with the exception of the following:

* *War Veterans* (-32.67 per cent);
* *Disability* (-0.76 per cent);
* *Foster Care* (-5.88 per cent); and
* *Social Relief of Distress* (-4.94 per cent).

The below inflation changes indicated for the four grants types listed above, is linked to projected numbers for the 2019/20 financial year. Beneficiaries for the Disability grant is projected to remain at about 1 million (same as previous year), while the Foster and War Veterans grants beneficiaries are projected to decline. In fact, the number of Foster grant beneficiaries projections have been declining consistently over the past few years, and in 2019/20 is likely to decrease even further from 397 888 previously, to 351 418.

The *Social Relief of Distress* grant provides temporary income support, food parcels and other forms of relief to people experiencing undue hardship.

Due to delays in finalising legislative provisions for an extended Child Support grant for double orphans, Cabinet has approved a reduction in social grants of R500 million per year for 2019/20 and 2020/21. The Social Assistance Amendment Bill, which provides for these provisions, is expected to be tabled in Parliament for approval over the new MTEF period.

Social Assistance increases from R162.8 billion in 2018/19, reaching R175.1 billion currently. The focus is on providing income support to socially vulnerable groups such as the elderly, persons with disabilities, and caregivers of children. The 2019/20 allocation to the programme stays above inflation, representing a real increase of 2.23 per cent.

**4.3 Programme 3: Social Security Policy and Administration**

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

This programme has a total of 4 targets for 2019/2020, which are as follows:

* Submit revised policy on mandatory cover for retirement, disability and survivor benefits to relevant Forum of South African Directors-General (FOSAD) cluster.
* Submit policy on voluntary inclusion of informal sector workers in social security to FOSAD.
* Complete the discussion paper on linking Child Support Grant beneficiaries with government services.
* Draft regulations to support the implementation of the Social Assistance legislation.

**Expenditure trends**

Table 4: Social Security Policy and Administration Programme

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal change in 2019/20****(Rand value)** | **Real change in 2019/20****(Rand value)** | **Nominal Percent change in 2019/20** | **Real Percent change** **in** **2019/20** |
| **2018/19** | **2019/20** |
| Social Security Policy Development |  72,0 |  82,6 |  10,6 |  6,5 | 14,72% | 9,05% |
| Appeals Adjudication |  37,3 |  39,3 |  2,0 |  0,1 | 5,36% | 0,15% |
| Social Grants Administration |  7 697,6 |  7 553,0 | - 144,6 | - 517,9 | -1,88% | -6,73% |
| Social Grants Fraud Investigations |  65,2 |  68,8 |  3,6 |  0,2 | 5,52% | 0,31% |
| Programme Management |  4,8 |  5,2 |  0,4 |  0,1 | 8,33% | 2,98% |
| **TOTAL** |  **7 877,0** |  **7 748,9** | **- 128,1** | **- 511,1** | **-1,63%** | **-6,49%** |

Source: National Treasury (2019)

Budgetfor *Social Security Policy and Administration* programme decreases from R7.8 billion in 2018/19 to R7.7 billion. This represents a decline from the previous year both in nominal (1.63 per cent) and real terms (6.49 per cent).

The decline in the voted allocation of this programme is driven by the Social Grants Administration sub-programme, which declines both in nominal (1.88 per cent) and real (6.73 per cent) terms from the previous year. This sub-programme provides for the South African Social Security Agency (SASSA) operational costs related to administering social grants, the management information systems and the reimbursement of payment contractors. Over the medium term, administration costs are set to decrease proportionally to the increases in social grants values due to the rationalisation of grant cash pay-points due to the new arrangement between the SA Post Office and SASSA. It is anticipated that this arrangement will result in greater operational efficiencies in future. This new arrangement was also acknowledged in the February 2019 SONA.

**4.4 Programme 4: Welfare Services Policy Development and Implementation support**

The purpose of this Programme is to create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards, and best practices. It also provides support to the implementation agencies.

This programme has a total of 21 targets for 2019/20. For the year under review, the department plans to submit to Cabinet the Draft National Drug Master Plan (NDMP) and the White Paper on Social Welfare for approval and consideration. It will also submit Children’s Amendment Bill to Parliament for consideration. It will also submit a draft policy on services to persons with disabilities and their families to FOSAD for approval for public comments.

The department has set targets to revise the White Paper on Families and develop a policy on provision of counselling under the year under review. It will also develop a framework on Social Development Bill. It develops an inter-sectoral policy on sheltering services, monitor the implementation of Policy Framework on Accreditation of Diversion Services in five (5) provinces and capacitate four (4) provinces on Universal treatment curriculum.

It will develop a Community Based Disability Inclusive Development Programme (CBID) and capacitate nine (9) provinces on the implementation of Guidelines for Community based prevention and early intervention services to vulnerable children

**Expenditure trends**

Table 5: Welfare Services Policy Development and Implementation Support Programme

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal change in 2019/20****(Rand value)** | **Real change in 2019/20****(Rand value)** | **Nominal Percent change in 2019/20** | **Real Percent change** **in** **2019/20** |
| **2018/19** | **2019/20** |
| Service Standards |  31,1 |  32,5 |  1,4 | - 0,2 | 4,50% | -0,66% |
| Substance Abuse |  109,1 |  20,9 | - 88,2 | - 89,2 | -80,84% | -81,79% |
| Older Persons |  20,3 |  20,5 |  0,2 | - 0,8 | 0,99% | -4,01% |
| People with Disabilities |  30,0 |  31,1 |  1,1 | - 0,4 | 3,67% | -1,46% |
| Children |  573,5 |  605,5 |  32,0 |  2,1 | 5,58% | 0,36% |
| Families |  9,8 |  10,4 |  0,6 |  0,1 | 6,12% | 0,88% |
| Social Crime Prevention and Victim Empowerment |  63,7 |  69,6 |  5,9 |  2,5 | 9,26% | 3,86% |
| Youth |  14,4 |  14,3 | - 0,1 | - 0,8 | -0,69% | -5,6% |
| HIV and AIDS |  121,4 |  128,0 |  6,6 |  0,3 | 5,44% | 0,22% |
| Social Worker Scholarships |  323,0 |  128,5 | - 194,5 | - 200,9 | -60,22per cent | -62,18per cent |
| Programme Management |  4,2 |  4,5 |  0,3 |  0,1 | 7,14per cent | 1,85per cent |
| **TOTAL** |  **1 300,4** |  **1 065,8** | **- 234,6** | **- 287,3** | **-18,04%** | **-22,09%** |

Source: National Treasury, (2019)

Programme 4’s voted allocation decreases from R1.3 billion in 2018/19 to R1.065 billion in 2019/20 which denotes a nominal decrease of 18.0 per cent, and a real decrease of 22.0 per cent. This decline driven by reductions in allocations to the *Substance Abuse* and *Social Worker Scholarships* sub-programmes; these declines in real terms with 81.97 per cent and 62.18 per cent respectively. Significant changes in allocation ns to these two sub-programmes are directed by the phasing out of the following conditional grants:

* The *Social Worker Employment grant* has been successfully implemented at national level, and the grant has thus been discontinued. As from 2019/20, funding will be incorporated into the provincial equitable share. This means that R678.9 million will be shifted directly to provinces over the MTEF period.
* The *Substance Abuse Treatment* grant resulted in the operationalisation of 3 new substance abuse treatmentcentres in 4 provinces, and it has thus been discontinued. R237 million over the MTEF will be shifted to the provincial equitable share, to allow provinces full responsibility for functioning of these centres.

**4.5 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.

Under this Programme, the department has set to achieve 16 targets. Among these targets, it plans to coordinate the implementation of the Expanded Public Work Programme (EPWP) Social Sector Phase 4 Plan. Itwill process all received NPO applications and submitted reports of registered Non Profit Organisations (NPOs) within 2 months. It will submit the NPO Amendment Bill to Cabinet. It will also facilitate implementation of the DSD-NPO Partnership Model.

The department also plans to facilitate the implementation of Social Development Youth Strategy. A total number of 2 800 youth are anticipated to participate in Social Development Youth Camps. It will also evaluate the implementation of the National food and nutrition security plan in 9 provinces.

**Expenditure trends**

Table 6: Social Policy and Integrated Service Delivery Programme

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme****R million** | **Budget** | **Nominal change in 2019/20****(Rand value)** | **Real change in 2019/20****(Rand value)** | **Nominal Percent change in 2019/20** | **Real Percent change in 2019/20** |
| **2018/19** | **2019/20** |
| Social Policy Research and Development |  5,9 |  6,3 |  0,4 |  0,1 | 6,78% | 1,5% |
| Special Project and Innovation |  11,0 |  11,8 |  0,8 |  0,2 | 7,27% | 1,97% |
| Population Policy Promotion |  34,5 |  36,9 |  2,4 |  0,6 | 6,96% | 1,67% |
| Registration and Monitoring of No-profit Organisations |  37,5 |  40,1 |  2,6 |  0,6 | 6,93% | 1,65% |
| Substance Abuse Advisory Services and Oversight |  6,2 |  6,6 |  0,4 |  0,1 | 6,45% | 1,19% |
| Community Development |  91,2 |  95,5 |  4,3 | - 0,4 | 4,71% | -0,46% |
| National Development Agency |  202,6 |  212,4 |  9,8 | - 0,7 | 4,84% | -0,34% |
| Programme Management |  3,5 |  3,7 |  0,2 |  0,0 | 5,71% | 0,49% |
| **TOTAL** |  **392,3** |  **413,3** |  **21,0** |  **0,6** | **5,4%** | **0,15%** |

Source: National Treasury, (2019)

The allocation for Programme 5 increases from R392.3 million to R413.3, denoting a nominal increase of 5.4 per cent translating and a 0.15 per cent real increase.

The *National Development Agency* (NDA), an entity of the department, is located within this programme. The NDA dominates, with 51.4 per cent of the voted allocation under Programme 5 designated to the entity to support sustainable, community-driven programmes that serves poor and vulnerable communities. The NDA transfer from the department increases from R202.6 million in 2018/19 to R213.9 million in 2019/20. Its allocation therefore declines by 0.3 in real terms.

*The Community Development* sub-programme has the second largest allocation in this programme, which accounts for R95.5 million.Expenditure declines by 0.46 per cent in 2019/20 real terms.

A total amount of R40.1 million as compared to R37.5 million in 2018/19 financial year has been allocated to the *Registration and Monitoring* sub-programme, resulting in the nominal increase of 6.9 per cent and a real increase of 1.6 per cent. The Department is also facilitating amendments to the Non-profit Organisations Act (1997), mainly to shift from a universal funding to a risk-based approach to NPOs

1. **FINANCIAL IMPLICATIONS**

Below is the table that illustrates the budget allocation for the Medium Term Expenditure Framework:

*Table 7: Social Development Operational Programme Budget: 2018/2019*

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme** | **2019/20** | **2020/21** | **2021/22** |
| **R’000** | **R’000** | **% increase** | **R’000** | **% increase** |
| P1: Administration |  408 374 |  433 987 | 6.27% |  459 670 | 5.92% |
| P2: Social Assistance | 175 155 593 | 189 273 511 | 8.06% | 202 867 882 | 7.18% |
| P3: Social Security Policy and Administration |  7 748 916 |  8 261 107 | 6.61% |  8 768 942 | 6.15% |
| P4: Welfare Services Policy Development and implement Support |  1 065 807 |  1 132 752 | 6.28% |  1 203 988 | 6.29% |
| P5: Social Policy and Integrated Service Delivery |  413 282 |  370 168 | -10.43% |  392 623 | 6.07% |
| **TOTAL** | **184 791 972** | **199 471 525** | **7.94%** | **213 693 105** | **7.13%** |

1. **COMMITTEE DELIBERATIONS AND OBSERVATIONS**

**Deliberations and observations**

* The Committee supported the proposal of the Minister to turn the department and its entities to work as a portfolio. This will put an end the practice of them working in silos and eliminate duplication of functions. It will make sure that their internal systems are integrated. They have common objectives.
* It also supported the Minister’s plan to change the narrative about the department from being mainly perceived as about payment of social grants to be about self-development. This will be in line with the mandate of the department, which is to provide social protection and create an enabling environment for communities to become capable and be self-reliant as they participate in their own development.
* It also welcomed the target of the department to develop an inter-sectoral policy on sheltering services. It was however concerned about the lack of adequate funding of these shelters. This was one of the findings of the Commission on Gender Equality (CGE) Systemic Investigation Report of Shelters that Accommodate Victims of Violence. The Committee wanted to know if the department took into consideration all the findings contained in the report.

The department responded that it developed regulations on sheltering. It will however submit a Victim Empowerment Bill to Parliament which addresses funding of shelters.

* The Committee raised a concern over the high number of unemployed social work graduates. Services rendered by social worker profession are critical across government departments. They are needed is schools where there have been alarming increase violence, murder, substance abuse and sexual abuse among learners. There is also violence between learners and educators. Social workers are also needed in correctional facilities as probation officers. The Department of Health also need services of social workers to provide counselling services. Institutions of higher learning have also experienced an increasing number of students committing suicide.

The department responded that through its engagements with other government departments it noted that these departments do not prioritize social work services in their plans. In some instances, social work positions are not included in the organizational structures, therefore there are no budget allocations for them.

* The Committee reiterated a concern of the previous committee of the misalignment between the achievement of targets and financial expenditure. In the previous years the department reported achieving 99% expenditure but would only achieve around 60% of its targets. Some targets would be over achieved while others would be partially achieved or not achieved. The Committee wanted to know what measures has the department taken to address this. This indicates either poor planning and budgeting or gaps in the service delivery. Budget expenditure should be aligned with performance.

The department responded that it was working with its entities to review their organizational structures. It would seek permission from the Minister of Social Development to lift the moratorium on the filling of the vacant posts. It expects to complete the review of the organizational structure in December 2019.

* The Committee reminded the department of the previous committees’ (4th and 5th Parliament) recommendation that the South African Social Security Act (No. 9 of 2004) be amended to provide for the establishment of the board. Without the board for instance the previous Minister had to account for the challenges that were encountered by SASSA pertaining to the implementation of the deliverables of the Constitutional Court Judgement in the case between Black Sash, SASSA and the department over the awarding of the tender to pay social grants to Cash Paymaster System (CPS).

The Minister acknowledged that she was also concerned that SASSA does not have a board. She undertook that she will ensure that the department and SASSA start a process of amending the Act.

1. **THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) ANNUAL PERFORMANCE PLAN 2019/2020**

The mandate for South African Social Security Agency (SASSA) is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework.

SASSA sets its performance plans in line with Government Outcome 13 of the Medium Term Strategic Framework (MTSF). This outcome includes actions to strengthen social welfare service delivery through legislative reforms, expand and accelerate social welfare service delivery to poor, vulnerable and special focus groups, develop a comprehensive social protection infrastructure plan and deepen social assistance; and expand access to social security.

SASSA is instrumental in government achieving its goal of providing comprehensive social security through the reforms in the Old Age Pension and Child Support Grant. This entails universalization of these grants to ensure that old people and children who are currently excluded in the system are included. This comes at a period when SASSA is preparing to implement its core mandate, that of insourcing the payment of social grants over the medium term, which had been outsourced to a private company.

During the transition period, the payment system will be implemented through a hybrid model which involves partnership with the South African Post Office, commercial banks (for electronic payments) and corporate financial institutions (CFIs). It is expected that the transition period will take five years and thereafter service providers will transfer resources or assets to SASSA. The 2019/2020 APP sets targets aimed at achieving deliverables of this process for over the medium term period.

It is expected that the APP should address targets relating to these strategic focus areas – ultimate insourcing of the social grant payment system, filling of acting positions, fight against fraud, improved awarding of the Social Relief of Distress (SRD), network connectivity at SASSA offices, queue management at pay points and linking grants to economic livelihood.

It should also speak to the strategic outcome to expand access to social assistance and creating a platform for future payment of social security benefits. It should be aligned to SASSA goal to render social assistance to eligible beneficiaries.

**8. Programme Analysis**

SASSA’s budget structure is implemented through two programmes, namely:

**8.1 Programme 1: Administration**

This programme provides leadership, management and support services, which constitute as its sub-programmes. They are Executive Management, Corporate Services, Financial Management, Information and Communication Technology and Strategy and Business Development.

Under this programme it is important to look at how the targets set speak to the transition towards the insourcing of the social grants payment. In a presentation to the PC on Social Development on 6 September 2017, SASSA reported on 5 activities that it will undertake during this transition period (2018 -2021). This is a period when SASSA will implement a hybrid payment model through South Africa Post Office (SAPO), cash payments and online payment through commercial banks and retailers. The activities identified were:

1. Introduction of the new SASSA cards
2. Management of new SASSA cards
3. Collaboration with other spheres of government
4. Management of new payment arrangement mechanisms
5. Management of biometric management system

SASSA partially achieved the first three activities. SASSA had planned to complete the migration of beneficiaries from old SASSA cards to new cards by end of December 2018. However, by end February 2019, a total of 220 271 (59%) auto migrated beneficiaries had collected and activated their new cards. A total of 154 628 beneficiaries had still not collected their cards. SASSA told the committee that it was in a process of looking into the reasons for non-activation.

With regard to collaboration with other spheres of government, the Agency achieved this by signing a Master Services Agreement (MSA) and Service Level Agreement (SLA) with SAPO in September and November 2018. It also collaborated with the Department of Home Affairs to establish one – to – one verification of biometric data and interface its biometric data with Home Affairs National Identification System (HANIS) to enable production of new SASSA/SAPO cards. It is yet to form partnership with the Department of Small Business Development to achieve its goal of utilising social grants payments to stimulate local economy and empowerment of small business and co-operatives.

For 2019/2020 financial year, SASSA plans to implement the following key interventions under this Programme:

* Implementation of biometric authentication for system users;
* Review of the interim organisational structure to align it with current developments particularly payment model;
* Development of a SASSA 10-year building infrastructure plan;
* Upgrading of network connectivity infrastructure;
* Interfacing with other institutions, such as SAPO and Bankserv;
* Strengthening internal controls to improve audit outcomes;
* Reviewing of fraud and prevention strategy to improve SASSA’s approach towards the fight against fraudulent activities.

Under this Programme, SASSA has set to achieve 22 targets for 2019/2020 financial year. These are reflected under the sub-programmes below.

***Sub-programmes***

**Fraud, Risk and Internal Audit (formerly, Executive Management)**

Under this sub-programme SASSA has set itself to achieve four (4) targets. Most importantly it plans to review its Fraud Management Strategy and investigate 70% reported fraud and corruption cases and complete them. It also plans to maintain a Strategic Risk Register and conduct 20 internal audit reviews on high risk areas. It is important to note that these targets are set for three (3) financial years (2019/2020 to 2021/ 2022), with the exception of the target to review the Fraud Management Strategy. This is a new target. This target is very important as SASSA continues to be faced with challenges of fraud and corruption in the social grants payment.

**Corporate Services**

Under this sub-programme, SASSA has set to achieve four (4) targets. It plans to review the Interim Organizational Structure, finalize 60% of labour relations cases and approve its Ten Year Building Infrastructure Plan. The target to review the Interim Organizational Structure is particularly important as SASSA is planning towards fully insourcing the payment of social grants. This will inevitably have an impact on how SASSA is structured. Currently, SASSA is only partially implementing its mandate, with the payment still outsourced. It only manages applications and approval of social grants applications. SASSA has an approved structure to function with 19 415 staff compliment, however to due social grant administration still outsourced its staff compliment was 9 349 in 2016/2017. This meant its vacancy rate stood at 52%.

The target to approve the Ten Year Building Infrastructure Plan is also important because during its oversight visits the previous committee found that SASSA’s local offices and service points needed serious upgrade. Also, SASSA had challenges resulting from leasing or sharing office space with the Department of Social Development.

**Information and Communication Technology**

Under this sub-programme, SASSA set to achieve eight (8) targets. Most importantly, it set itself targets to establish interfaces with SAPO, Bankserv and the Department of Social Development, upgrade network connectivity infrastructure at 116 offices, automate social grants payment reports and pilot electronic queue management system at 1 office. All these targets speak to SASSA’s move towards institutionalization of the social grant payment system.

**Financial Management**

SASSA plans to achieve five (5) targets under this sub-programme. Yet again for this financial year it plans to receive an unqualified audit outcome. It failed to achieve this target in 2017/2018 financial year. It received a qualified audit outcome. One of the findings that resulted in a qualified audit outcome was the financial misconduct of officials that resulted in irregular and wasteful expenditure. The concern of the erstwhile committee was the lack of accountability measures taken against those implicated. SASSA has now for this financial year set targets to finalize 60% of financial misconduct cases within 120 days. It also plans to finalise 95% backlog of financial misconduct cases.

**Communication and Marketing**

Under this sub-programme SASSA has set itself a target to implement an Integrated Communication and Marketing Strategy.

**Budget and expenditure trend**

*Table 8: SASSA Programme 1 budget allocation*

Source: National Treasury, (2019)

SASSA has a budget allocation of R7 621 billion for 2019/2020 financial year compared to R7 760 billion for 2018/2019.

Programme 1’s budget allocation for 2019/2020 decreased slightly from R3.178 billion in 2019/20 to R3 032 billion. There is an overall decrease of budget allocation in sub-programmes 2,3 and 5. The latter programme has the sharp decrease of 67.9%. There are however no targets set for this programme in the APP.

Budget allocations for sub-programmes 1 and 4 have been increased. The increase in sub-programme 1 can be attributed to an added target (review of the Fraud Management Strategy) for this financial year. Under sub-programme 4, SASSA set 5 targets compared to 6 targets in the previous year. It has however increased percentages in two targets relating to finalising financial misconduct cases. For 2018/2019 it had planned to finalise 50% of current financial misconduct. For 2019/2020 the percentage is 60% within 120 days as opposed to 90 days as set in 2018/2019. SASSA also increased the percentage of finalising a backlog of financial misconduct cases from 90% to 95% in 2019/2020.

**Programme 2: Benefits Administration and Support**

This programme provides grant administration service and ensures that operations within SASSA are integrated.

For 2019/2020 financial year, SASSA plans to implement the following key interventions under this Programme:

* Implementation of social assistance programmes, including the Social Relief of Distress;
* Biometric enrolment of new beneficiaries in line with the approved project plan;
* Implementing of the Integrated Community Registration Outreach Programme (ICROP) including its impact assessment;
* Review of social grants excluding old age (OAG) in line with policy.

This Programme functions according to two sub-programmes, namely:

**Benefit Administration**

This programme has a total number of 11 targets for 2019/20 financial year. Most importantly SASSA plans to award 252 833 SRD applications. It also plans to award 123 million of total Social Relief of Distress (SRD) rand value awarded through cooperatives and Small Medium and Micro-Enterprises (SMMEs). This is an important target because SRD provides assistance who are waiting for their social grants. It is also paid to people who have suffered a personal disaster that has resulted in loss of property.

The other important targets involve processing 560 000 applications for children aged 0-1 and processing 100% received Foster Care Grant orders within 10 days. These are important in that they address some of the challenges of exclusions in the social assistance programme. A study commissioned by the Department of Social Development, SASSA and the United Nations Children’s Fund (Unicef) to the Economic Policy Research Institute found that there was a very high exclusion (43.3%) of children aged 0 -1 from the children social grants.

Many children have been left without Foster Care Grant due to delays in processing reviews of court orders, which resulted in some orders lapsing. SASSA reported to the erstwhile Committee that as at November 2017, there was a total of 49 534 foster care orders in terms of the Children’s Act, which needed to be extended by the Children’s Court before 31 December 2017. It projected an estimated 30 232 orders that were going to lapse between January – March 2018.

**Payment Administration**

This sub-programme is set to achieve two (2) targets. The important target is that of managing service provider for social grant payment (SAPO). This is one of five activities that SASSA had set (as mentioned above in section 5.1) to undertake during the transition period

**Expenditure Trends and estimates**

Programme 2 has a total of 13 targets. It has a total budget allocation of R4.785billion for 2019/20, as opposed to an approved budget of R5.003 billion in the previous year. In the previous year this programme had 18 targets, which may explain the slight decrease in the budget allocation.

**9. COMMITTEE DELIBERATIONS AND OBSERVATIONS**

* The Committee noted that SASSA was stable after the transition period of 2017 – 2018 from the old social payment system to a hybrid system. The new system involves payments through SAPO, commercial banks and retailers. It welcomed progress made by SASSA in meeting the deliverables of the transition.
* The Committee raised concerns over the renewed cases of fraud particularly targeting older persons whereby their grants are withdrawn by unknown people. It was also concerned about the persistent high number of fraud cases and investigations that take long, allegedly up to six (6) months. It wanted to know the number of the existing fraud cases.

SASSA reported that there were 20 250 reported cases. The weakness has been that the Fraud Management Unit within SASSA has been operating without a senior manager since 2016. Also, the Unit has only been focusing mainly on fraud investigation and less on prevention. The other weakness has been that due to loopholes in the biometric system officials at local offices are able to access the system and change banking details of the beneficiaries. Hence, there have been unauthorized withdrawals from beneficiaries’ accounts. Investigations on these transactions resulted in SASSA stopping transactions on 2 000 cards. Over 3 000 cases were being investigated.

* The Committee also raised a concern that there is no strict enforcement of conditions attached to the payment of social grants, particularly CSG. Amendments to the 2008 Regulations Relating to the Application for and Payment of Social Assistance and the Requirements or Conditions in Respect of Eligibility for Social Assistance made certain conditions of payment of social grants. The regulations came into effect into effect in January 2010. They stipulated that a child who receives a CSG must be enrolled at and attend school. Proof of school attendance must be submitted to the Agency within a month of approval of the grant. It must also be submitted to the Director-General of the Department of Social Development every six (6) months. These amendments came into effect on 1 January 2010.

These conditions are not adhered to because of a tendency of some recipients of the CSG not spending it on the needs of the child. In some of these instances these recipients do not even stay with the children. The children stay with their grandchildren.

* The Committee further raised concerns over the lack of user friendly infrastructure and facilities, particularly for older persons and people with disabilities, at post offices. This should have been provided for in the SLA between SASSA and SAPO. It also raised a concern over the late delivery of cash at pay points. Timeous delivery of cash should also have been specified in the SLA.

SASSA acknowledged that SAPO compliance to the SLA has not been optimum. It explained that post offices were not designed to deal with payments of social grants. It has however, requested SAPO to submit a plan that will address how it aims to provide required infrastructure and facilities as agreed on in the SLA. SASSA gave SAPO funds to finance infrastructure upgrades.

Pertaining to late delivery of cash at pay points, SASSA explained that SAPO contracted CIT service provider to deliver cash. CIT is given route schedules and dates but it sometimes alters the routes because of security concerns. SASSA has however, requested SAPO to address this with CIT and ensure that cash is delivered on time.

* The Committee expresses concerns that most SASSA offices are only located in towns and therefore not easily accessible to people living in semi-urban and rural areas. Also, these offices need to be upgraded. It questioned why SASSA relies on the Department of Public Works to obtain office spaces.

SASSA explained that the Ten Year Building Infrastructure Plan aims to address infrastructural challenges – shortage of suitable facilities, upgrading and repairs of existing facilities. It was also in a process to formulate a proposal to the Minister of Social Development to allow it to procure its own spaces.

* The Committee noted that SASSA has not had any success in meeting its objective of linking social grant beneficiaries, particularly of CSG, to economic livelihoods. Projects of producing school uniforms have not had the intended outcome of graduating beneficiaries out of the social assistance programme. Also, these projects are not linked to schools that need uniforms.
* The Committee further raised concerns over the lack of customer care at local offices. SASSA officials are often rude and disrespectful to the applicants and beneficiaries. Also, people are sent between SAPO and SASSA offices when they have complaints. The Committee was seriously concerned that officials from the two offices are not able to address issues relating to each other’s services. This shows a lack of synergy between the two offices.
* The Committee expressed a concern that large funds had been allocated to the Integrated Community Registration Outreach Programme (ICROP). It has however not had any tangible impact of the lives of people. Instead, incurred irregular expenditure of R162 795 billion in 2017/2018 financial year. In 2016/2017 it incurred an irregular expenditure of R115 922 billion.

**10. NATIONAL DEVELOPMENT AGENCY (NDA) ANNUAL PERFORMANCE PLAN 2019/2010**

The National Development Agency (NDA or Agency) is a Schedule 3 (A) Public Entity established in terms of *Section 2 of the* *National Development Agency Act (108 of 1998).* It reports to the Parliament of the Republic of South Africa through the Minister of Social Development. NDA is a Schedule 3A entity administratively reporting to the Department of Social Development but operationally attached to all departments.

**10.1 Legislative mandate of the NDA**

The NDA’s two-fold legislative mandate, consisting of a primary and a secondary mandate, is in the main to contribute towards the eradication of poverty and its causes. This is achieved through the granting of funds to civil society organisations (CSOs) to enable them to implement development projects in poor communities. The NDA is also charged with strengthening the institutional capacity of other civil society organisations which provide services to poor communities.

**Primary mandate**

The NDA’s primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations for the purpose of carrying out projects or programmes aimed at meeting development needs of poor. In addition, it strengthens the institutional capacity of other civil society organisations involved in direct service provision to the poor communities.

**Secondary mandate**

The NDA’s secondary mandate is to promote consultation, dialogue and sharing of development experience between Civil Society Organisations (CSO) and relevant organs of state through debating on development policy; undertaking research and publications aimed at providing basis for development.

**10.2 NDA 2019/2020 Annual Performance Plan**

Programmes as derived from the 2017-2022 Strategic Plan and the Annual Performance Plan for 2019/20 are the following three:

**10.2.1 PROGRAMME PERFORMANCE**

**Programme 1: Governance and Administration**

The programme will focus on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee well-being, cost containment and brand recognition. This programme has total number of four targets planned for the 2019/20 financial year.

The NDA planned to develop theCivil Society Organization (CSO) Database and Information Management System for the year under review. It also wants to approve and implement the salary key scale or notch of its employees.

**Programme 2: Civil Society Organization Development**

This programme provides a comprehensive package that aims at developing CSOs to their full potential, to ensure that CSOs, especially those operating in poor communities, have capabilities to provide quality services to the communities they are serving.

This programme has a total number of eight (8) targets for 2019/20 financial year. The following are some of the sub-programmes under Programme 2:

***Civil Society Mobilisation and Formalisation***

The main purpose of this programme is CSO engagements, assessments and needs analyses, prioritisations of interventions required by CSOs, and facilitating registration of CSOs that need support to register with appropriate registration authorities (NPO and Cooperatives). The NDA planned to increase the number of CSOs participating in CSO mobilisation engagements and consultation process per year to 9500 in 2019/20. A number of 1000 CSOs will be assisted to formalise their structures.

***Civil Society Organisation’s linkage to sustainability***

This sub-programme focuses on strengthening institutional capacities of CSO’s across all districts and local municipalities in nine provinces. A total of 2000 CSO’s will be referred to other sustainable resource opportunities per year is the target of the NDA.

***Civil Society Organisation’s grant funding and Resource mobilization***

The sub-programme focuses on providing grants to CSOs that works with poor communities for purposes on develoing their capacities to deliver quality projects and programmes. The entity has planned increase the number of CO that receive grant to 90 per annum. In addition, it anticipated to rand value of resources raised to R55 million.

This programme budget allocation has increased from 101.1 million in 2018/19 to R104.1 million in 2019/20 financial year.

**Programme 3: Research**

The focus of this programme is on action research and impact evaluative studies that will be used to inform programme planning, implementation and management of NDA CSOs development Programmes. The Agency has planned to produces a total number of 16 research and policy reports for 2019/20 financial year. Additionally, NDA will evaluate 9 studies on its programme conducted and results will be shared out with various stakeholders during this year (2019/20).

The budget allocation in this programme has decrease from R10.4 million in 2018/19 financial year to a total of R9.7 million in 2019/20 financial year

**11. OVERVIEW OF 2019/20 BUDGET**

The NDA, as an entity of the department, is located within Programme 5 of the Department. The NDA dominates, with 51.4 per cent of the voted allocation under Programme 5 designated to the entity to support sustainable, community-driven programmes that serves poor and vulnerable communities. The NDA transfer from the Department increases from R202.6 million in 2018/19 to R213.9 million in 2019/20. Its allocation therefore declines by 0.3 per cent in real terms.

**12. COMMITTEE DELIBERATIONS AND OBSERVATIONS**

* The main concern of the Committee was that over the past 20 years that the NDA has been operating it has still not been able to achieve its mandate to empower and develop communities. Its footprint is still not visible to the communities. It has not made any significant impact in developing communities. The NDA was established to be a front runner of community development across government departments not only for the Department of Social Development.

It was concerning to the Committee that with such an important mandate the NDA continues to be given least budget allocation.

* The reiterated the concern of the previous committee that a large proportion of the budget (65%) is allocated to staff costs. Budget allocation for mandate expenses is 53%. This budget structure is not in line with the core mandate of the NDA as outlined above.

* The Committee was also concerned that there is no collaboration between the NDA and SASSA to empower social grants beneficiaries by linking them to economic livelihoods.

**13. RECOMMENDATIONS**

**13.1 Department of Social Development**

The Committee recommends that:

Achievement of targets

* The Minister must ensure that the department conducts an assessment to determine causes of misalignment between achievement of targets (service delivery) and budget expenditure. The assessment should look at either this is due to poor planning and budget or poor quality performance. It should thereafter develop a plan outlining how this will be addressed. The outcome of the assessment and the plan should be presented to the Committee before the end of the current financial year.

**Absorption of social workers**

* The Minister should at inter-ministerial level engage with ministers of Basic Education, Health, Correctional Services and Higher Education and Training to explore ways in which they can absorb unemployed social work graduates. Similar engagements should be made with the Minister of Finance to give guidance on the budgetary implications of such partnerships.

**Amendment of the South African Social Security Agency Act (No.9 of 2004)**

* The Minister should ensure that the department together with SASSA, within the current financial year, initiate a process to draft amendments to the South African Social Security Agency Act (No.9 of 2004) to make provision for the establishment of SASSA board. This is an overdue recommendation that was adopted by the National Assembly during the 4th and 5th Parliament.

**13.2 South African Social Security Agency**

**Fight against fraud**

* The Minister should ensure that SASSA during the current financial year fills the position of the senior manager in the Fraud Management Unit. This is critical. The target to review Fraud Management Strategy and implement it in 2020/2021 should be aligned with the availability of human resources.
* The Minister should ensure that SASSA puts in place measures to improve its turnaround time on investigating fraud cases. This will ensure that affected beneficiaries are not left in dire circumstances for long period of time. Most importantly investigations and finalisation of the 20 250 reported cases of fraud should be prioritised.

**Customer care**

* The Minister should ensure that SASSA and SAPO integrate their service delivery systems and processes. This will ensure that officials from both offices can access them and provide needed information to their clients. This will result in seamless information sharing.

* The Minister should ensure that SASSA strengthens the implementation of the Batho Pele principles to its officials on regular basis. It should also develop effective systems where clients can register their complaints and suggestions.

**Social assistance**

* The Minister should ensure that SASSA develops strict measures to enforce provisions of the 2010 Regulations of the Social Assistance Act (No. 13 of 2004). There should be strict implementation of the requirement to submit proof of school attendance biannually to the DG of the Department of Social Development.

In addition to school attendance there should be other conditions such as proofs of clinic attendance and impromptu home visits by SASSA officials to assess the well-being of the child. Home visits will verify if the person who receives CSG on behalf of the child stays with the child.

* The Minister should ensure that SASSA and SAPO during the current financial year develop a plan of action for infrastructure upgrades and provision of necessary facilities at post offices to meet needs of the beneficiaries.
* The Minister should ensure that SASSA rolls out its programme of linking social grant beneficiaries to economic opportunities. SASSA should work together with the National Development Agency to incorporate school uniforms projects to the CSOs supported by the NDA. There should also be a link between the strategy to use small, medium and micro enterprises (SMMEs) and cooperatives to award SRD and the programme of linking social grants beneficiaries to economic livelihood. These should also be integrated into the NDA business model.

This will achieve the Minister’s objective of making the department and its entities function as a portfolio.

**13.3 National Development Agency**

**Budget structure**

* The Minister should ensure that the budget structure of the NDA is changed and aligned to its legislative mandate. The big budget allocation difference between the staff costs, which are non-core, and mandate expenses needs to be reversed.

**Visibility**

* The Minister should ensure that the NDA during the current financial year develops a turnaround strategy that will put more focus on improving its visibility to local communities. The strategy should also focus on forging private sector partnerships including international donors so as to attract investment.
* The strategy should also ensure that the NDA focuses on outcomes of the CSOs it supports in terms of improving the lives of the people. There is a need to shift from focusing only on the numbers of CSOs it supports to an outcomes based approach.

**Integration**

* The Minister should also ensure that during the current financial year the NDA develops a strategy that will forge its integration with the Department of Social Development and the South African Social Security Agency. The strategy should also put into effect partnerships between the NDA and other government departments. The main purpose of this integration should be to ensure empowerment of local communities to be self-reliant.

Report to be considered.