

Report of the Portfolio Committee on Social Development on the Third Quarter Performance and Expenditure Report for 2020/21 of the Department of Social Development (DSD), dated 24 November 2021

The Portfolio Committee on Social Development (hereinafter referred to as the Committee), having examined the Third Quarter Performance and Expenditure Report for 2020/21 of the Department of Social Development (hereinafter referred to as Department) on 17 March 2021, reports as follows:

1. Introduction

2. Mandate of the Committee

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 the department's action. It is to conduct oversight that is driven by the ideal of realising a better quality of life for all people of South Africa. The Committee is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development. In doing this, it also confers with relevant governmental and civil society organs on social development matters.

The Committee also enhances and develops the capacity of its members to exercise effective oversight over the Executive Authority in social development. It monitors whether the Department of Social Development fulfils its mandate according to priorities.

It also has a mandate to perform the following:

- Considers legislation referred to it;
- Conducts oversight of any organ (s) of the state and constitutional institution(s) falling within its portfolio;
- Facilitates appointment of candidates to entities;
- Considers international agreements; and
- Considers budget of department and entities falling within its portfolio.

For the current medium term (2019 – 2024), the Committee's oversight focuses on the department and its entities performance with regard to the implementation of the priorities set in the National Development Plan and in the Medium Term Strategic Framework.

3. The Mandate of the Department

The department derives its mandate from several pieces of legislation and policies, including the White Paper for Social Welfare (1997) and the Population Policy (1998), which sets 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 Constitutional mandate of the department is to provide sector-wide national leadership in social development by developing and implementing programmes for the eradication of poverty and social protection and development amongst the poorest of the poor and most vulnerable and marginalized.

3.1 Policy priorities for the medium term

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, skills and Health

- Priority 4: Consolidating Integration, Human Settlement and Local Government
- Priority 5: Spatial Integration, Human Settlement and Local Government
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A better Africa and World

3.2 National Development Plan (NDP)

The abovementioned priorities are in line with the (NDP) vision 2030, which inter alia promotes social protection and is defined by:

- Protective measures to save lives and reduce levels of deprivation;
- Preventative measures which help people avoid falling deeper into poverty and reduce their vulnerability;
- Promotive measures which enhance the capabilities of individual communities and institutions;
- Transformative measures which tackle inequities through changes in policies, laws and budgets; and
- Developmental and generative measures, which increase the poor's consumption by promoting local economic development.

3.3 Key strategic themes emerged from the State of the Nation Address (SONA) 2020, which have a bearing on the Department:

The following key strategic themes emerged from SONA 2020, which have a bearing on social services sector:

- **Gender-based violence:** SONA recognises the need to confront the violence perpetrated by men against women. In this regard, Government is committed to amend the Domestic Violence Act (No. 116 of 1998) to better protect victims in violent domestic relationships, as well as broadening the categories of sex offenders whose names must be included in the **National Register for Sex Offenders** through amendment of The Sexual Offences Act, 1957 (Act No. 23 of 1957, originally the Immorality Act, 1957).
- **Job Creation:** Government is committed to finding solutions to the unemployment crisis and to removing blockages and driving interventions that will save and create jobs.
- **Early Childhood Development (ECD):** As in previous years, ECD came out strongly. In this regard, the President noted that 2.4 million children attend ECD facilities or pre-school. (DSD caters for 0-4 years only) in early childhood development and pre-school".
- **Persons with disabilities:** Government has established the Presidential Working Group on Disability to advise the President's office on measures to advance the empowerment of persons with disabilities as government plans, budgets and implements programmes.
- **Poverty and inequality:** Government remains committed to the strategic objective of our National Development Plan (NDP) to eliminate poverty and reduce inequality by 2030.

4. Overall assessment of the financial and non-financial performance information on the predetermined objectives for the third quarter (October - December) of 2020

4.1 Financial performance (Budget expenditure)

The DSD in 2020/21 had an available budget of R230.8 billion, of which R229.8 billion was appropriated for transfers and subsidies. Of this amount, R220.6 billion (96 per cent) was intended for transfers to households for social grants, and R7.4 billion for transfers to the South African Social Security Agency (SASSA) for administration of social grants, and R216.2 million to the National Development Agency (NDA).

Concerning social assistance, the bulk of social grants are allocated to the child support (CSG) grant, which benefits 12.97 million poor children, and the old age grant which benefits 3.7 million people aged 60 and above.

The DSD budget is spent across five programmes, which include:

- Administration
- Social Assistance
- Social Security Policy and Administration
- Welfare Services Policy Development and Implementation Support
- Social Policy and Integrated Service Delivery

Table 1: Third Quarter Expenditure of the Department of Social Development 2020/21

Programme R'000	Adjusted Budget in Rand	Actual Q3 expenditure		Projected Spending Q3	Available by end of third quarter in Rand	Covid-19 spending in Rand
		in Rand	% Spent	In Rand		
Programme 1	426.6	280.6	65.8%	284.5	146.0	23.5
Programme 2	220 606.6	169 224.9	76.7%	167.2	51 381.7	15 503.6
Programme 3	7 585.8	5 796.7	76.4%	5 811.3	1 789.1	
Programme 4	1 842.3	593.3	32.2%	625.0	1 249.0	
Programme 5	346.1	296.1	85.6%	295.0	50.0	
Total	230 807.3	176 197.7	76.3%	174 238.0	54 609.6	15 527.3

Table 2 above indicates that of the R230.8 billion allocated, as at the third quarter, the DSD had spent R176.2 billion, about R2.0 billion above the projected expenditure of R174.2 billion during this period of the financial year. The over expenditure than projected was mainly due to a higher number of eligible beneficiaries of the R350 special COVID-19 social relief of distress grant that came into effect from May 2020.

The following are the expenditures across the five programmes of the Department:

Programme 1: Administration: The programme spent R280.6 million, R3.9 million below the projected expenditure of R284.5 million. The lower spending was mainly on compensation of employees (COE) and various goods and services items including computer services, operating leases and travel and subsistence due to lockdown travel restrictions.

Programme 2: Social Assistance: The programme spent R169.2 billion, which is 76.7 percent of the available budget and R2.0 billion or 1.2 percent above the projected expenditure. This was mainly due to a higher number of eligible beneficiaries of the R350 special COVID-19 social relief of distress grant that came into effect from May 2020.

Programme 3: Social Security Policy and Administration: The programme spent R5.8 billion, which is 76.4 percent of the available budget and R14.6 million or 0.3 percent less than the projected expenditure. The lower expenditure is mainly under compensation of employees and goods and services, and this is due to the delay in establishing the Inspectorate for social

assistance, which will only be set up after the Social Assistance Amendment Bill has been passed.

According to National Treasury, although it appears that the Department did not transfer the December tranche of R6.0 million to SASSA for fraud investigations, this was in fact paid to SASSA and recorded under the incorrect line item. The Department is expected to correct this in the next expenditure report.

Programme 4: Welfare Services Policy Development and Implementation Support: The programme spent R593.3 million, which is 32.2 percent of the available budget and R31.7 million or 5.1 per cent less than the projected expenditure. The lower spending is mainly due to delays in the appointment of social workers and ECD registration support officers for which the department received additional funding as part of the Presidential Employment Initiative. Spending is expected to improve in the last quarter as the department plans to pay the registration support officers retrospectively.

Spending on travel and subsistence, venues and advertising in this programme was also lower than projected due to extended lockdown restrictions.

Programme 5: Social Policy and Integrated Service Delivery: The programme spent R296.1 million, which is 85.6 percent of the available budget and R1.1 million or 0.4 per cent above the projected expenditure. The higher spending is mainly due to the Department erroneously transferring the full initially appropriated amount to the NDA, without taking account of the R8.3 million reduction implemented in the adjusted budget. This has since been corrected and the Agency have paid back the R8.3 million in January 2021.

Covid-19 expenditure: As at the end of the third quarter, the Department reports R15.5 billion in Covid-related expenditure. The bulk of this was for payments to beneficiaries of the R350 special COVID-19 social relief of distress grant. Over 6 million beneficiaries have received this grant to date. R23.5 million was spent within Programme 1 Administration mainly for the procurement of personal protective equipment (PPE).

The proportion of the third quarter budget of the Department of Social Development spent on specific line items according to economic classification:

Personnel

Personnel by Programme

R million	Main Appropriation	Adjusted Budget	Q3 Actual expenditure	Q3 Projected expenditure	Variance from projected expenditure	HRBP headcount target	End Q3 Headcount	Variance from target	Year to date headcount change
Programme									
1 Administration	221.9	211.8	151.8	154.8	3.0	343	318	-25	-3
2 Social Assistance	0.0	0.0	0.0	0.0	0.0	0	0	0	0
3 Social Security Policy and Administration	68.9	57.9	37.3	40.2	2.9	103	73	-30	-4
4 Welfare Services Policy Development and Implementation Support	154.2	271.0	134.5	154.1	19.7	232	218	-14	-16
5 Social Policy and Integrated Service Delivery	92.9	90.1	61.6	62.2	0.6	173	126	-47	-7
Total	537.9	630.8	385.2	411.4	26.2	851	735	-116	-30

According to Quarter 3 expenditure report released by the National Treasury, the DSD was allocated an additional R76.0 million in the adjusted budget to extend the contracts of 1809 social workers meant to be employed to provide psychosocial support to individuals and families affected by Covid-19 and support mitigation of Gender Based Violence and Femicide (GBVF).

A further R16.5 million was allocated to employ 500 registration support officers for early childhood development (ECD) facilities. As at the end of the third quarter, spending on compensation of employees was R26.2 million less than projected, mainly due to delays in employment of the above two categories.

Whereas the Department still plans to employ and pay the registration support officers retrospectively, of the 1809 social workers, only approximately 1000 were employed by the end of the third quarter. As a result, the Department is expected to spend significantly less than budgeted for on compensation of employees by yearend.

Current payments

Compensation of Employees: The DSD spent R385.2 million (only 61% of the total budget) as at third quarter from the adjusted budget of R630.8 million. The DSD fell short by R26.2 million from the projected expenditure of R411.4 million as at the end of the third quarter of 2020/21 financial year.

Goods and Services: as at third quarter, the DSD has spent R160.7 (or 43.6%) million of the adjusted budget of R368.7 million. The DSD projected to spend R177.9 as at the end of the third quarter representing a variance of R17.3 million.

Transfers and Subsidies

Transfers and Subsidies had an adjusted budget of R229.7 billion at the beginning of the financial year. The DSD expenditure as at third quarter amounts to R175.6 billion which is over by R2.8 billion from the projected R173.6 expenditure as at the end of the third quarter of 2020/21 financial year.

4.2 Programme Performance

The presentation of the Department indicated that it only achieved 67 percent of the planned performance targets for quarter three (3) of 2020/21 financial year. This was a decline compared to 81 percent achieved in the second quarter of the same financial year. When compared to the previous financial year, the 67 percent achieved in the fourth quarter of 2020/21 financial year was actually an improvement compared to the 60 percent achieved during the third quarter of 2019/20 financial year.

Figure 1: Summary of Programme Performance in Quarter 1-3 2020/21

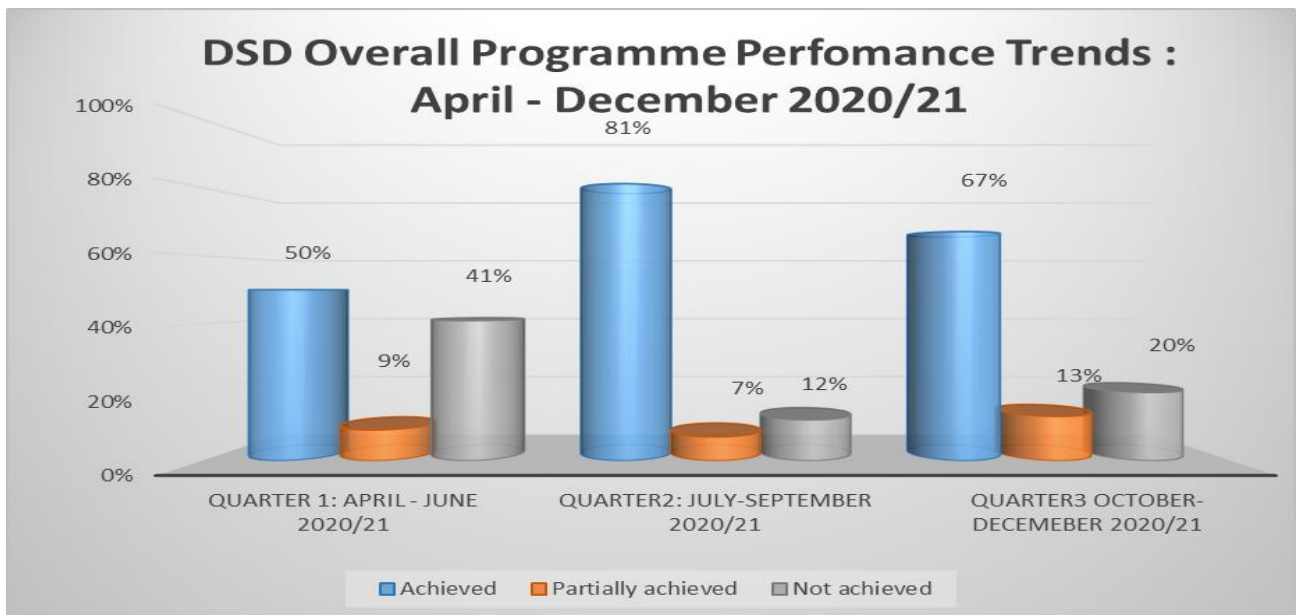


Figure 1 above illustrate an inconsistency in terms of target performance of the DSD during quarter 1, 2, and 3 of 2020/21 financial year.

4.2.1 Programme 1: Administration: for the period under review the department had planned to achieve 10 targets and it managed to achieve 3 targets. The achieved targets included finalising and obtaining approval of the Sector Human Resource Plan (SHRP), development of the Implementation Plan on the DSD Sector Strategic Plan and APPs which would be approved in the fourth quarter and consulting on the Draft Integrated Service Delivery Model (ISDM). Important targets of finalising the Monitoring and Evaluation framework and presenting the Entity Governance and Oversight Framework to the governance structures were not achieved. The Oversight Framework would only be presented to governance structures before end of March 2021.

4.2.2 Programme 2: Social Assistance: this programme provides only funding related to payments to social assistance grant beneficiaries by the South African Social Security Agency, and does not include salaries to staff. The Department reported that the target of monthly transfers of funds to SASSA was not achieved, since the Department does not “transfer” the funds, but the funds are provided in monthly allocations to SASSA to pay social grants. The Auditor-General had advised that the use of the word “transfer” is inaccurate, which means the target will never be achieved. DSD has revised the indicator in its 2021/22 APP to address the ambiguity.

4.2.3 Programme 3: Social Security Policy and Administration: for the period under review, the Department had planned to achieve seven (7) targets, mostly importantly drafting the Green Paper on Comprehensive Social Security, consulting on the discussion paper on linking Child Support Grant beneficiaries to government services, drafting costing report on the policy on maternal support, having regulations on the Social Assistance Amendment Act approved for public comments and submitting the Fundraising Amendment Bill to Parliament for processing. The Department also planned to consult with stakeholders on the discussion paper Draft Policy Proposal on the provision of basic income support for 18 to 59 year olds.

The Department reported that Regulations to the Social Assistance Amendment Act were not approved for public comment until early January 2021. They had since been published for public comments with the closing date of the 24 February 2021. The Regulations will be revised and completed based on public comments. It also reported as follows regarding the other above mentioned targets:

- The Green Paper on Comprehensive Social Security was refined taking into consideration additional expert inputs.
- Different policy costing on options on linking children's grants beneficiaries to government services were developed and a draft report was consulted with stakeholders.
- The draft costing report of the Maternal Support Policy was developed. The Policy will integrate the relevant systems from key departments such as Department of Home Affairs, Department of Health, Department of Basic Education (ECD and Education), DSD, Department of Employment and Labour, and SASSA. The linkage of pregnant women to comprehensive social protection package would further contribute to the ongoing development of synergistic linkages between services provided by the DSD.
- Consultations were held with stakeholders on the discussion of the Draft Policy Proposal on Income Support to 18-59 Year Olds.
- The Fundraising Amendment Bill was submitted to Parliament for approval.

4.2.4 Programme 4: Welfare Services Policy Development and Implementation Support: the Department had planned to achieve 27 targets under this programme and it achieved 14. The most important targets achieved included:

- Completion of the Draft Annual Report on the Status of Children;
- Development of the Draft Regulations on the Children's Amendment Bill;
- Development of the ECD Service Delivery Model;
- Development of the Framework for ECD Quality Assurance and Support System;
- Training of 136 Social Workers on the Adoption Policy Framework and Strategy in four provinces, namely Eastern Cape, Free State, Northern Cape and KwaZulu-Natal;
- Consulted on the draft Policy on Sheltering Services in Gauteng Province, North West, Mpumalanga, Northern Cape and Eastern Cape;
- Consulted on the Draft Social Development Bill with the Welfare Services Forum.

The most important targets not achieved included:

- Submitting the draft Older Persons Amendment Bill to the Office of Chief State Law Advisor for certification. Consequently, the Bill was not tabled in Cabinet as planned. It was however presented to the Technical Working Group and the Social Cluster in November and December 2020, respectively. Approval was granted for presentation of the Bill to Cabinet.
- Consult on the draft revised White Paper on Families. The Department reported that the Framework for review of the White Paper on Families was not completed due to misalignment between the third quarter APP target and the set process to achieve the annual target. At the time of reporting, consultations had been completed and the White Paper was being reviewed. The framework has been developed and draft revised WP has been developed.
- Employ 36 111 compliance monitors to monitor the norms and standards and COVID-19 compliance in DSD managed and supported facilities. However, many ECDs will be supported through the allocated R496 million for the ECD Presidential Employment Stimulus Relief Fund, which seeks to provide employment protection for an additional 80 000 employees in the ECD sector.

4.2.5 Programme 5: Social Policy and Integrated Service Delivery: under this programme, the Department had planned 17 targets and it managed to achieve nine (9) targets. Most important targets achieved included the following:

- Development of the Draft NPO Policy Framework. This policy framework outlines challenges that are faced by the Sector and provide means to ensure more accountability from the sector. It further clarifies how the different NPO regulators can coordinate and work harmoniously to supervise and monitor the NPO sector.
- Development of a capacity building manual on the implementation of the DSD Sector Funding Policy. Workshops were held on Prioritization Guidelines and to review key legal documents central in the NPO Transfer Management System. The ultimate implementation of both the Policy and the Model will contribute towards improving relations and efficiency in the funding and delivery of social services within the sector.
- Processing 4 398 out of the 6 877 received applications for NPO registration. A total of 4 154 (60%) of received applications were processed within two months.
- Distributed food to 1 254 385 vulnerable individuals and 250 877 households through the Food and Nutrition Security Programme. The Department also distributed food parcels as a response to the Covid 19 pandemic. It was also developing a Framework for the Programme to link Social Protection Beneficiaries to Sustainable Livelihood Opportunities. The Framework was consulted at the Sustainable Livelihoods Directors Forum in October 2020. The Framework will provide systematic aid to Social Service Practitioners to mobilize communities and facilitate community development processes in a standardized and uniform manner.

Among the targets not achieved was the annual target to produce a Research report on youth perception survey on Socio-Economic, Health, and Gender on Impact of COVID19. The appointment of a research institution to conduct this study required approval from National Treasury, which was only granted in October 2020. Other procurement and contract management processes had to follow after receipt of National Treasury approval. The remaining time was not sufficient to complete the final study reports as planned.

5. Committee deliberations and observations

- The Committee wanted to know what was the main challenge preventing the implementation of the M&E tool. It also wanted to know the progress made by the bid adjudication in approving the digitisation of the M & E tool.

The Department reported that there were delays in the appointment of a service provider but substantial progress had been made. A situational report on the status of the M&E system for both the national department and provincial departments was finalised. There were also M&E frameworks that were developed that included theories of change and theoretical frameworks.

- It also wanted to know what measures were put in place to ensure that procurement policies are adhered to.
- It also wanted to know the timeframes for the implementation of the Preferential Public Procurement for Women-Owned Enterprises? How does the Department ensure that black women are not used as just a front?

The Department reported that it does not have capacity or mechanism to verify whether women are used as fronting or not, it relies on the documents provided in the procurement applications.

- It further wanted to know what caused the delays in the employment of 1 809 social workers. When would the Department appoint the rest of the social workers?
- It also wanted to know what happened to the remainder on R1 .8 billion (R1.5 billion spent) that was set aside for ECD programme. It also wanted to know when does the department plan to employ the 500 ECD registration officers. Will this be part of the Vhabangasali programme? Will they be employed on contract basis? Will the department employ the existing ECD practitioners who had lost their jobs due to Covid 19 or will it employ new people who may still require extensive training?

It further wanted to know if the funds to employ 500 ECD registration officers would be rolled over to the next financial year. It also wanted to know what disciplinary actions were taken against government employees who accessed the ECD funds.

The Department reported that it was initially engaged by the Presidency and informed of R1.3 billion funding that would be allocated for the ECD centres. At that moment it was not clear to the Department how this amount would be utilised. At first the Department thought this amount would be used to employ 36 111 office monitors. However, the Department was subsequently informed that the money was not allocated to it. It still needed to bid for it. The Department working with other relevant stakeholders made a bid to National Treasury. It was then informed that the Department would be allocated with R496 000 for the protection of employment within the ECD sector targeting 108 833 ECD workers. It then allocated this funding through the ECD stimulus package. The closing date for applications for the stimulus package was 26 February 2021. The Department was also targeting unregistered ECD centres. More than 28 000 ECD organisations applied for this stimulus package, with more than 165 000 ECD workforce. At the time of the reporting, the Department was busy with the verification process. It was through this process that the Department identified that some applications were from deceased people and others were government employees.

The department reported that it had not yet identified the government employees who applied for ECD grant. Once identified they will be forwarded to their respective departments for disciplinary processes.

- The Committee further wanted to know how the Department was monitoring the long term impact of ECD policies. Does it include tracking of children, their families and ECD centre owners?

The Department explained that it had partnered with Unicef which conducts real time monitoring on 1) poverty reduction, 2) educational outcomes, 3) child abuse, 4) access to social protection services. The digital M&E tool aims to integrate all the department's evaluation systems.

- It further wanted to know the reason of training of 136 social workers when there are 5 000 unemployed social workers.

The Department explained that employment of social workers in adoption sector is a cumulative figure and so the figures will increase over time.

- The Committee welcomed the development of the maternal policy and wanted to know if it will introduce a social grant for expecting women.

The Department responded that the policy is still under discussions with the Department of Health. It will introduce cash transfers for mothers who are in their antenatal stages. It will require a close cooperation between DSD, SASSA and the Department of Health.

- It also wanted to know the status on the migration of the Office of the rights of the child to the Presidency.

The Department reported that consultation process for the migration of the Office on the Rights of Children was still work in progress between DSD, Presidency and the Department of Public Service and Administration.

- It also wanted to know the amount of money that was spent on IT systems and who was the service provider? Was there a possibility for the social development portfolio to have an integrated procurement system?

The Department responded that it had developed a shared service model with SASSA and the NDA that will address the integration of systems.

- It expressed a concern over the high handling cost for the distribution of food parcels. It wanted to know the reason the Department had not implemented the recommendation it made on collaborating with community based organisations?

The Department responded that it was working with local NGOs and churches to distribute food parcels as this was done in the Western Cape for the victims of fire. However, most provinces were moving towards the use of e-vouchers.

- The Committee expressed a concern over the low spending in the transfers to the NPOs.

The Department explained that the Covid 19 lockdown restrictions resulted in it not being able to conduct monitoring and inspections of the NPOs but it had subsequently transferred above 80% of funds allocated for the NPOs. All NPOs will be paid before the end of the 2020/2021 financial year.

- It further wanted to know the corrective measures implemented to address 41% performance?

- It also wanted to know the number of sheltering services for women are in Northern Cape?

The Department reported that there are six (6) sheltering services in the Northern Cape.

- It also wanted to know the timeframes for the implementation of the CSG Top Up grant and why there was no budget for it in the 2021/2022 financial year?

The Department reported that due to the state of current fiscal framework, funding for the Top Up was removed for this financial year. The Department was in discussions with National Treasury to hopefully include it in the budget adjustments later in the year or for 2022/2023 financial year. The Department will therefore not be able to implement the grant on the 1st April 2021.

6. Committee Resolutions

- The Committee resolved to invite the Department to brief it on its M&E digital tool.
- The Committee also resolved to invite the Department to brief it on the findings of the evaluation study on the SRD grant.

Report to be noted.

