

Report of the Portfolio Committee on Social Development on the First Quarter Performance and Expenditure Report for 2022/23 of the Department of Social Development (DSD), Dated 19 October 2022

1. INTRODUCTION

The Portfolio Committee on Social Development (hereinafter referred to as the Committee) having examined the Fourth Quarter Performance and Expenditure Report for 2021/22 of the Department of Social Development (hereinafter referred to as Department) on 21 September 2022, reports as follows:

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) 2022, which have a bearing on the Department:

The following key strategic themes emerged from SONA 2022, which have a bearing on social services sector:

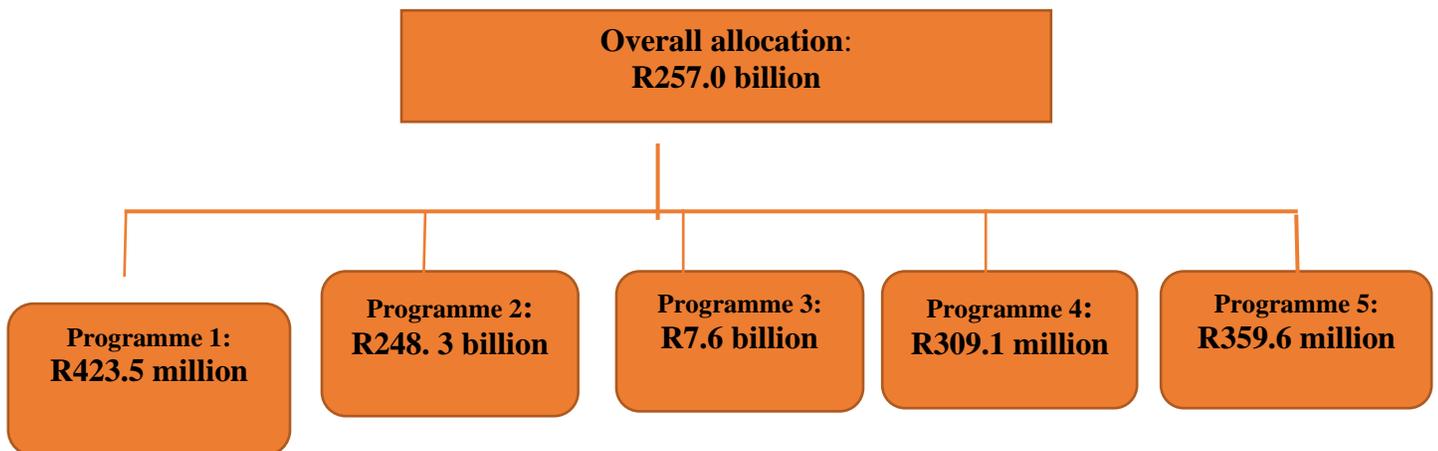
- **Ending gender-based violence (GBV):** government is intensifying the fight against gender-based violence and femicide through implementation of the National Strategic Plan on gender-based violence and femicide (GBVF) and other measures to promote the empowerment of women. For an example, February 2022, the President signed into law three new pieces of legislation, which strengthened the criminal justice system, promoting accountability across the state and supporting survivors. The implementation of this legislation will go a long way to ensuring that cases are successfully prosecuted, that survivors are protected and that there are more effective deterrents in place. The President noted that the fight against gender-based violence will never be won unless, the society mobilises all formations and all citizens behind a sustained programme of social action.
- **Extension of the special covid-19 grant:** since the onset of covid-19, the social relief of distress grant has provided support to more than 10 million unemployed people who were most vulnerable to the impact of the pandemic. As much as it has had a substantial impact, government must recognise that the country faces extreme fiscal constraints. A fiscal crisis would hurt the poor worst of all through the deterioration of the basic services on which they rely. In this regard, the President announced that the period for special covid-19 grant would be extended for one further year, to the end of March 2023. This was because of the proven benefits of the grant during the covid-19 health pandemic period.
- **A need to improve payment systems and sustainability of R350 grant:** the President assured the country that any future support must pass the test of affordability, and must not come at the expense of basic services or at the risk of unsustainable spending. During this time, government will engage in broad consultations and detailed technical work to identify the best options to replace this grant.
- **Job Creation - Expanding Public and Private Employment:** it is the responsibility of the private sector to create jobs and government needs to provide a conducive environment for this to happen. As government works to grow the economy and create jobs, SONA 2022 assured the nation that government would expand support to poor families to ensure that no person in this country has to endure the pain and indignity of hunger. The President said that, the Social Employment Fund will create a further

50,000 work opportunities using the capability of organisations beyond government, in areas such as early childhood development, and tackling gender-based violence among others. In addition to expanding public employment, government is providing support to young people to prepare them for work and link them to opportunities. SONA 2022 made a comment that the social economy, including early childhood development, has significant potential not only to create jobs, but also to provide vital services that communities need.

4. OVERALL ASSESSMENT OF THE FINANCIAL PERFORMANCE

The financial performance reported below was sourced both from the Department’s presentation to the Committee and from the National Treasury Fourth Quarter Expenditure Report.

Figure 1: Adjusted budget appropriation for 2021/22



The Department received an overall allocation of R257.0 billion for the 2021/2022 financial year, which was an increase from 234.10 billion allocated for the 2021/22 financial year. A total of R257.0 billion of the transfers and subsidies expenditure (99.2 percent) was earmarked for households for social grants. About R7.6 billion was allocated for transfer to the South African Social Security Agency (SASSA) for administration of social grants. This was a decrease from R8 billion allocated in 2021/2022 financial year. A total of 219.3 million (R246.0 million in 2021/2022) was allocated to the National Development Agency (NDA).

As shown by Table 1 below, by the end of the quarter under review, the Department had spent R54.5 billion. This is about R9.4 billion lower than projected expenditure of R63.9 billion as at the end of the first quarter of 2022/23 financial year. Underspensing was recorded in Programme 2 mainly due to the delayed payment of the Social Relief of Distress (SRD R350 grant) as a result of re-registration of beneficiaries and finalisation of contracts with banks for means testing in line with the new regulations. The SRD grant payments were re-initiated in June 2022 and are continuing. It was also recorded in Programme 3 due to the delayed establishment of the establishment of the Inspectorate of Social Assistance.

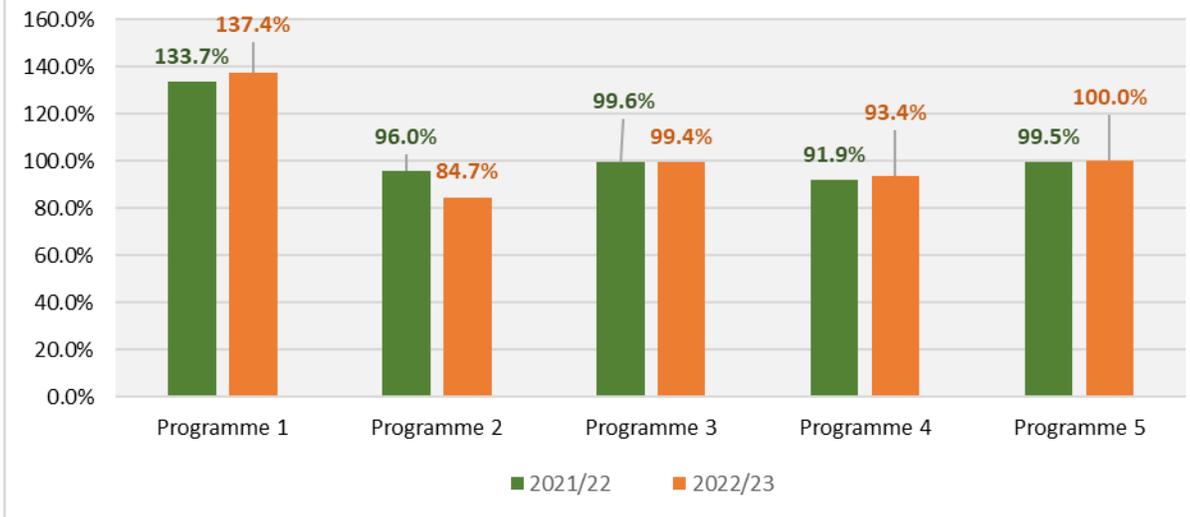
Table 1: Programme Expenditure as at 31 June 2022

R million	Main Appropriation	Available Budget	Q1 Actual expenditure	Expenditure as % of Available Budget	Q1 Projected expenditure	Variance from projected expenditure	% Variance from projected expenditure	COVID-19 Spending	
Programme									
1	Administration	423.5	423.5	121.2	28.6%	88.2	-33.0	-37.4%	9.1
2	Social Assistance	248 294.6	248 294.6	52 317.5	21.1%	61 741.1	9 423.6	15.3%	2 129.7
3	Social Security Policy and Administration	7 614.5	7 614.5	1 883.3	24.7%	1 894.4	11.1	0.6%	0.0
4	Welfare Services Policy Development and Implementation Support	309.1	309.1	50.8	16.4%	54.4	3.6	6.6%	0.0
5	Social Policy and Integrated Service Delivery	359.6	359.6	160.6	44.6%	160.6	0.0	0.0%	0.0
Total		257 001.4	257 001.4	54 533.5	21.2%	63 938.8	9 405.3	14.7%	2 138.8
Economic Classification									
Current payments						0.0			
	Compensation of Employees	922.8	922.8	204.8	22.2%	185.3	-19.5	-10.5%	9.1
	Goods and services	507.3	507.3	124.4	24.5%	118.4	-6.0	-5.1%	0.0
	Interest and Rent on Land	415.5	415.5	80.4	19.3%	66.8	-13.5	-20.2%	9.1
	Transfers and subsidies	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
	Payments for capital assets	256 065.4	256 065.4	54 321.5	21.2%	63 749.6	9 428.1	14.8%	2 129.7
	Payments for Financial Assets	13.2	13.2	7.1	54.0%	3.8	-3.3	-85.5%	0.0
	Payments for Financial Assets	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Total		257 001.4	257 001.4	54 533.5	21.2%	63 938.8	9 405.3	14.7%	2 138.8
Direct charges									
	Section 16 of the PFMA payment: Social Relief of Distress grant	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
	Section 16 of the PFMA payment: Social Relief of Distress grant	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Total		257 001.4	257 001.4	54 533.5	21.2%	63 938.8	9 405.3	14.7%	2 138.8

As shown in Figure 1 below, at the end of the first quarter, expenditure against the available budget for the programmes was as follows:

- **Programme 1:** spent R121.2 million of the projected budget of R88.2 million as at the end of the first quarter of 2022/23 financial year. This represented an over-expenditure of R33 million. This was due to telecommunications for the toll-free hotline for the special COVID-19 SRD grant, estimated at a cost of R3 million per month. This also resulted in over expenditure at the end of the 2021/2022 financial year. The Department is expecting to resolve this matter with SASSA but not timeframe has been given. It was however, reported that SASSA is unable to monitor, account for, or settle the costs of the line within the current arrangement.
- **Programme 2:** spent R52.3 billion out of the projected budget of R61.7 billion as at the first quarter of 2022/23 financial year. This represented an under-spending of R9.4 billion or 15.3 percent. As reported earlier in the report, under-spending related to delayed payment of the SRD grant. The Department's budget for 2022/2023 had an additional budget allocation of R44 billion for the payment of the SRD grant.
- **Programme 3:** spent R1.883 billion of the projected budget of R1.894 billion as at the end of the first quarter of 2022/23 financial year. This represented an under-expenditure of R11.1 million or 0.6 percent due to the delay in establishing the Inspectorate for Social Assistance, as reported earlier in the report.
- **Programme 4:** spent R50.8 million out of the projected budget of R54.4 million as at the end of the first quarter of 2022/23 financial year. This represented an under-expenditure of R3.6 million or 6.6 percent due to delayed transfers to non-profit organisations.
- **Programme 5:** spent R160.6 million of the projected budget of R160.6 million. No under or over expenditure incurred in this programme during the first quarter of 2022/23 financial year.

Figure 1: Actual spending of what was projected



5. OVERVIEW OF NON-FINANNCIAL PERFORMANCE

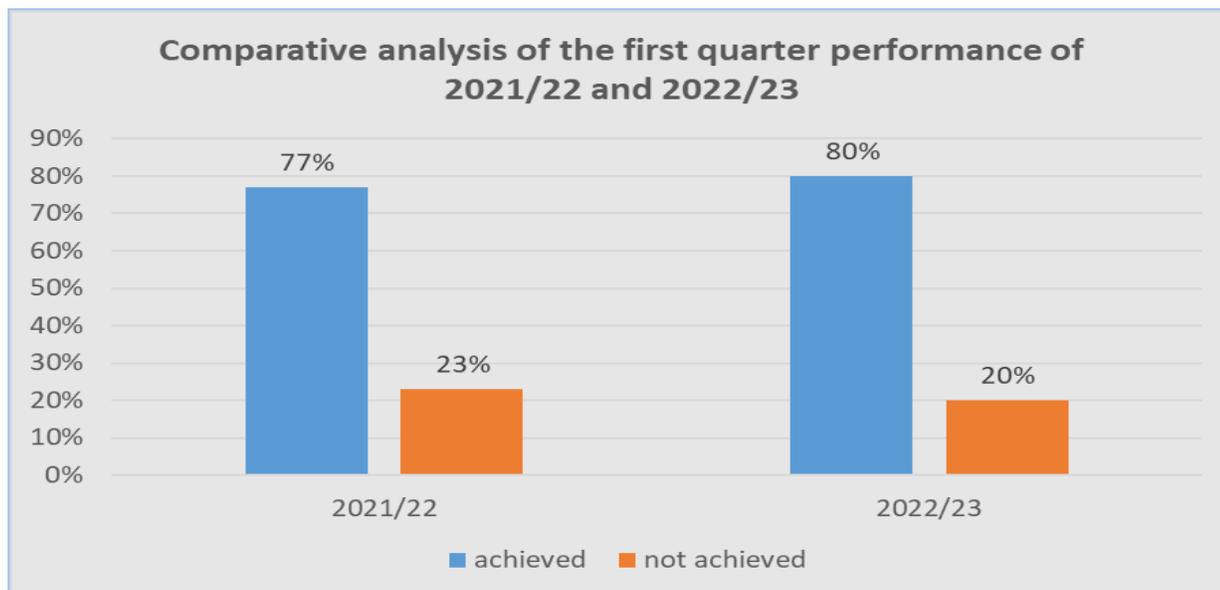
This section focuses on Department’s non-financial performance for the 1st quarter of 2022/23 financial year using the 2022/23 Annual Performance Plan (APP) as a benchmark. As can be seen from Figure 2 below, for the 1st quarter, the department set itself of total of 60 targets and managed to achieve 48 (80%). A total of 12 (20%) of set targets were not achieved.

Figure 2: Overall DSD target performance of the 1st quarter of 2022/2023



Figure 3 below represents a comparison of quarterly performance for the 1st quarters of 2021/22 and 2022/23 financial years.

Figure 3: First quarter target performance for 2021/2022 and 2022/2023



The 2022/23 first quarter performance shows an improvement year-on-year as compared to performance in the same period during the previous year, where only 77 percent of the set targets were achieved.

5.1 Target performance per programme

Table 2: Achievement of targets per programme: Quarter 1 of 2022/2023

Programme	No. of targets achieved	No. of targets not achieved	Total targets	% Performance
Programme 1	7	6	13	54%
Programme 2	0	1	1	0%
Programme 3	8	0	8	100%
Programme 4	18	2	20	90%
Programme 5	15	3	18	83%
Total targets	48	12	60	80%

As shown in Table 2, Programme 1 had the lowest achievement of targets, respectively, compared to other programmes.

The important targets that were achieved across programmes included the following:

- **Entity oversight:** the quarterly implementation of the entity and oversight framework target was achieved. This included submission of the Entity Agreements to all entities for comments and inputs, 3rd quarter reports for SASSA and the NDA were analysed and submitted to the Minister, held meetings to finalise APPs and performance reviews for the 4th quarter.

- **Stakeholder and Donor Management Strategy:** a departmental profile on partnerships was updated. The database gives a visual profile of all the partnerships, indicating the total number of partnerships currently held by the Department and the types of partnership, which ranges from academia to the multilateral.
- **Information Management Systems and Technology:** relevant stakeholder on the integration and development of (NISPIs) were consulted. These included the Chief Offices/Government Information Technology Officers.
- **Human Capital Management:** the Government Wide Strategy on the Employment of Social Professionals was consulted with sector departments, entities and South African Council for Social Service Professionals (SACSSP). A joint bid was developed to request funding to National Treasury for sector strategy towards employment of social service professionals.
- **Policy on integrating children's grant beneficiaries with government services:** was consulted with Data Integration Technical Stakeholder team in May 2022, social grants beneficiaries in Gauteng in Mamelodi in June 2022, the National Child Care and Protection Forum (NCCPF) in June 2022 and the Department of Home Affairs (DHA) in June 2022.
- **The Policy on Maternal Support for Vulnerable Pregnant Women and Children:** was consulted with above mentioned stakeholders as well as Grow Great, an NPO dealing with malnutrition and stunting of children, in June 2022.
- **Policy on Voluntary Cover for Retirement and Risk Benefits for Atypical and Informal Sector Workers:** the draft Policy was updated and was consulted with the Women in Informal Employment: Globalizing and Organizing (WIEGO) and the UN Women.
- **The Social Security Bill:** was consulted with Wits University and the International Labour Organization (ILO) and the Technical review team on the Green Paper on Comprehensive Social Security. Editing panel members were appointed.
- **Integrated School Health Programme Implementation Plan (ISHP):** was developed to curb teenage pregnancy. The Tool assists to monitor the performance of different stakeholders against achievement of commitments set in the ISHP targets.
- **The Sinovuyo Teens Parenting Programme:** was developed which seeks to improve caregiver-teen relationship through active social learning, improving caregiver mental health through social support and improving caregiver-teen communication about risky situations for teens in the community. The Tool assists to track the impact of the programme in provinces and identify gaps for further improvements.
- **Foster care:** 126 Social Workers were capacitated on the Adoption Policy Framework and Strategy. Capacitation of social workers aims to provide adoption services in order to ensure that the adoption services are accessible to people who do not have means. A quarterly report system on the implementation of the programme of action on foster care was developed.
- **Draft National Community Development Policy:** was updated. The Policy seeks to clarify roles of key stakeholders and institutional mechanism for effective and efficient delivery of community development services towards building vibrant, equitable, cohesive and sustainable communities.
- **Stakeholder Capacity Building Implementation Plan:** was developed to implement the NPO Mentorship Model. Similarly, a capacity building manual was developed for provinces on the implementation of the DSD Sector Funding Policy. 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 NPO sector

Among the targets not achieved, the Department did not achieve the following targets:

- **Monitoring and Evaluation (M&E):** the Electronic M&E System for the Social Development Sector was not implemented in three (3) provinces as planned.
- **Legal Service:** the quarterly target to Consolidate Public Comments and make inputs into the NPO Bill was not achieved.
- **Children's Amendment Bill:** the quarterly target to publish the Draft Regulations on the Bill in the Government gazette for public comments was not achieved. The Regulations were developed and the draft was being consulted with relevant stakeholders. The

Regulations cannot be published in the gazette until the Act has been passed into law. This implies that the APP target was incorrect.

- **Draft SASSA Amendment Bill and Draft Social Development Bill:** the quarterly targets to consult relevant stakeholders on the Bill were not achieved. The Draft Bills were only screened and assessed in preparation for consultation with stakeholders.
- **Draft NDA Amendment Bill:** the quarterly target to consult on the concept document towards the development of the Bill was not achieved. DSD reported that the reported performance showed that consultation on the development of the NDA Bill were conducted and continuing but there was no evidence to support the reported performance.
- **Draft Policy on Prevention of and Treatment for Substance Use Disorders:** the quarterly target to finalise the SEIAS application processes for the draft Policy on Prevention of and Treatment for Substance Use Disorders was not achieved. No SEIAS certificate was obtained.

6. COMMITTEE DELIBERATIONS AND OBSERVATIONS

- **Development of monitoring tools on the implementation of the Integrated School Health Programme, Sinovuyo Teen Parent Digital Programme and the Family Preservation Programme:** the Committee wanted to know the reason monitoring tools were only planned to be developed during the first quarter after the programmes had already been developed. The Department explained that the tools are mainly for operational purposes to monitor the implementation of the programmes so as to identify challenges and respond accordingly.
- **NPO registration, funding and information management:** the Committee raised a number of issues relating to tracking of NPOs for compliance and funding by different provincial departments, whether the Department has the same position as that of the Gauteng DSD to insource service delivery than rely on NPOs, steps put in place to ensure NPOs compliance, whether non-compliance was the only reason that the Department under spent on this function and monitoring of performance and budget expenditure of NPOs. There was a concern that there are NPOs and NGOs that are working but are not paid on time. Even though there is non-compliance, NPOs do a lot of work for the department.

The Department explained that the registration and compliance tracking mechanism does not include tracking of funding of NPOs. It is still in the process of developing a system to track the funding which will be implemented before the end of the current financial year. It does not hold the position as that of Gauteng DSD and it will make a follow up on it as it has far reaching implications. To monitor performance of NPOs, department officials visit communities through the roadshow programmes where onsite reporting is done. It also created awareness programmes on the importance of compliance. Furthermore, provinces forward a list of NPOs they intend to fund to the Department and it performs a compliance verification in its database. Also, on quarterly basis the provinces submit their payment reports. With regard to funding, it makes payments in two tranches a year and there is strict monitoring that requires NPOs to submit their progress reports before funds are transferred.

- **Submit on the Social Sector:** the Committee further wanted to know the reason a group of 350 NPOs were not included in the Social Sector summit, even though they participated in 2019. The Department explained that the Summit was hosted in partnership with NEDLAC and the Presidency and because it was a wider platform, the Department had to create a streaming option for those who could not be accommodated. Also the Department was not able to accommodate every NPOs due to budget limitations. However, together with NEDLAC and Presidency it will process all the inputs these NPOs raised. In 2019 it managed to accommodate 3 000 NPOs but due budgetary constraints in 2022 it only managed to accommodate 6 00 NPOs. It is yet to explore and discuss the suggestion of a single funding strategy of NPOs.

- **Over expenditure due to SRD grant hotline:** the Committee wanted to know the progress made in resolving this matter with SASSA. The Department explained that this is a sensitive matter and it continues to pay as it cannot terminate the contract to detriment of beneficiaries. There is a continuing engagement with SASSA. SASSA is working on its procurement processes and once finalised the Department will be reimbursed.
- **Fruitless and wasteful expenditure:** the Committee queried why this expenditure has not been reported in latest quarterly reports. The Department explained this was an oversight and it will be reported on in the coming quarterly reports. For the period under review it had R430 000 fruitless and wasteful expenditure, R1 246 was recoverable and R232 000 was written off.
- **Social Economic Impact Analysis (SEIAS) on draft Policy on Prevention of and Treatment for Substance Use Disorders:** the Committee wanted to know the reason(s) behind the delay in obtaining the certification on this draft Policy. The Department explained that this is the responsibility of the Department of Planning, Monitoring and Evaluation (DPME). There had been back and forth discussions between the two departments because DPME needed more information on the policy. On Monday, 19 September 2022 the department finally received the certificate.
- **Adjudication of appeals:** the Committee wanted to know if the 306 appeals cases adjudicated included appeals on the SRD grant. The Department reported that it includes appeals on SRD grant and the sharp increase will be reflected in the second quarter reporting.
- **Wide Sector Strategy on the Employment of Social Service Professionals:** the Committee wanted to know the status on the submission of the joint bid for the funding for the employment of social workers to National Treasury. The Department reported that it was submitted to National Treasury in July 2022 and it was hoping it will receive feedback by October 2022.
- **Effectiveness of substance abuse treatment centres:** the Committee raised a concern regarding the effectiveness of substance abuse treatment centres, especially after care and re-integration services of users to communities. It had observed an increasing number of young people who committed suicide after they had been released from the treatment centres, mostly from unregistered treatment centres. It wanted to know how is the department addressing this challenge of unregistered treatment centres. The department reported that it funds 13 public treatment centres and hundreds private treatment centres and SANCA facilities subsidised by provinces. In terms of the legislation provinces are required to close all unregistered treatment centres.
- **Capacitation of 100 Service Practitioners on HIV Testing Services Guidelines:** the Committee noted that the Northern Cape department did not participate in the capacity building and wanted to know the reason that was given. The Department reported that the provincial department had cited competing priorities. However, the training had already been done at the time of the reporting.
- **Training of municipalities on the integration of migration issues on the Integrated Development Plans (IDPs):** the Committee noted that the Department did not achieve its target of training 23 municipalities. The department assured the Committee that it will develop a catch up plan that will ensure that all municipalities are trained during the current financial year.
- **Teenage pregnancy and Baby Savers:** the Committee raised a concern regarding the high levels of teenage pregnancy in the country and wanted to know the Department's view on the concept of Baby Savers. The department explained that it does have not any Baby Savers but has 74 temporary safe care places, where abandoned, neglected and abused children are placed for foster care and adoption. The country does not have any registered Baby Savers.

Report to be noted.

