

Social development

Introduction

The national and provincial social development departments provide social safety nets to the poor and vulnerable through:

- non-contributory social grants, such as the old age, disability and child support grants
- social welfare services in the form of prevention, treatment, support and counselling programmes to address, for example, the effects of HIV and Aids, drugs and substance abuse, and the vulnerability of children, older people and the disabled
- development programmes in the form of food relief, poverty alleviation and community development initiatives to strengthen the fabric of family and community life.

These services are delivered through provincial delivery systems as well as through partnerships with local governments and non-profit organisations (both community-based organisations and private welfare agencies). These partnerships are facilitated through transfers by provinces to the organisations in addition to the organisations' self-generated funds. Social services are provided in the context of the high prevalence of poverty and unemployment, exacerbated by the growing impact of HIV and Aids.

This chapter is divided into the following sections:

- overall social development expenditure and budget trends
- social grants expenditure and budget trends and service delivery trends, with a focus on the child-related social grants
- social welfare services expenditure and budget trends
- institutional responsibilities and arrangements.

Overall expenditure and budget trends

Table 6.1 shows that overall spending by provincial social development departments grew from R20,9 billion in 2000/01 to R42,4 billion in 2003/04, an average annual growth of 26,6 per cent. By 2006/07 expenditure is expected to grow to R61,9 billion, translating into an average annual growth of 13,4 per cent between 2003/04 and 2006/07. This rapid growth in expenditure is mainly due to the expansion of the social safety net, particularly the introduction and phased extension of the child support grant. The growth in expenditure also accommodates growth in other beneficiaries (particularly in disability beneficiaries), inflation-related increases in grant values, and the introduction of a programme for emergency food relief which started in 2003/04.

Social development is provided through grants, welfare services, and development programmes

Services are delivered by provinces and through partnerships with non-profit organisations

The strong overall growth in expenditure is primarily due to the expansion of the social safety net

Table 6.1 Provincial social development expenditure by economic classification, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
R million							
Current payments	1 852	2 175	2 858	3 826	4 493	5 124	5 783
<i>Of which:</i>							
<i>Compensation of employees</i>	921	1 030	1 209	1 396	1 684	1 828	1 959
Transfers and subsidies	18 970	21 559	29 429	38 491	42 896	49 940	55 872
<i>Of which:</i>							
<i>Social security</i>	18 070	20 569	28 254	37 117	41 383	48 455	54 445
Payments for capital assets	72	100	139	127	197	222	225
Total	20 894	23 833	32 426	42 444	47 586	55 286	61 880
Percentage share							
Current payments	8,9%	9,1%	8,8%	9,0%	9,4%	9,3%	9,3%
<i>Of which:</i>							
<i>Compensation of employees</i>	4,4%	4,3%	3,7%	3,3%	3,5%	3,3%	3,2%
Transfers and subsidies	90,8%	90,5%	90,8%	90,7%	90,1%	90,3%	90,3%
<i>Of which:</i>							
<i>Social security</i>	86,5%	86,3%	87,1%	87,4%	87,0%	87,6%	88,0%
Payments for capital assets	0,3%	0,4%	0,4%	0,3%	0,4%	0,4%	0,4%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Percentage growth (average annual)							
		2000/01 – 2003/04			2003/04 – 2006/07		
Current payments		27,3%			14,8%		
<i>Of which:</i>							
<i>Compensation of employees</i>		14,9%			11,9%		
Transfers and subsidies		26,6%			13,2%		
<i>Of which:</i>							
<i>Social security</i>		27,1%			13,6%		
Payments for capital assets		20,9%			20,8%		
Total		26,6%			13,4%		

Source: National Treasury provincial database

The rapid growth is not just in social grants

In addition to the unprecedented growth in social grants, current payments, which includes the administration of grants, welfare services and development initiatives, also showed rapid real growth, averaging 18,7 per cent a year between 2000/01 and 2003/04. This growth is projected to stay strong in real terms over the medium term at an average annual rate of 9,1 per cent.

Table 6.1 also shows that while the share of social grants increased somewhat over the period 2000/01 to 2003/04, to 87,4 per cent of social development expenditure, this is projected to stay stable as a proportion of expenditure over the medium term.

Conditional grant funding has contributed to the increase in budgets

Social development expenditure is primarily funded from the provincial equitable share, but conditional grant funding to provinces has become more important in recent years for two reasons. Firstly, because of conditional grant funding for social grant arrears, and since 2003/04 because of similar funding for the phasing in of the child support grant to children until they turn 14, and, secondly, for emergency relief. Table 6.2 shows that the child support extension grant increases from R1,2 billion in 2003/04 to R9,3 billion for

2006/07, when the phasing will be completed. The food emergency relief grant remains stable at around R400 million.

Table 6.2 Provincial social development conditional grants expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07
	Outcome			Transfers	Preliminary outcome	Medium-term estimates		
Child support extension grant	–	–	–	1 200	1 074	3 650	6 900	9 284
Food emergency relief grant	–	–	–	388	336	388	388	411
HIV and Aids (community-based care) grant	2	14	48	66	63	70	74	79
Social grant arrears	–	–	1 063	–	–	–	–	–
Financial management and improvement of the social security system grant	14	14	8	–	–	–	–	–
Women flagship	2	1	–	–	–	–	–	–
Child support implementation grant	13	–	–	–	–	–	–	–
Total	31	29	1 119	1 654	1 473	4 108	7 362	9 774

Source: National Treasury provincial database

Table 6.1 shows that the compensation of employees as a share of overall spending has declined from 2000/01 to 2003/04. This is because of the rapid growth in social security transfers and despite significant real increases. Though projected to decline somewhat in relative importance over the medium term, table 6.3 shows that compensation of employees continues to grow significantly in real terms. Compensation grew from R921 million in 2000/01 to R1,4 billion in 2003/04 and is expected to reach R2,0 billion by 2006/07.

Compensation of employees spending is declining as a share of overall spending

Table 6.3 Provincial social development compensation of employees expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	140	160	192	210	219	227	235
Free State	101	103	122	139	200	211	221
Gauteng	153	175	193	211	242	265	289
KwaZulu-Natal	166	183	207	234	337	363	390
Limpopo	67	73	97	126	131	139	147
Mpumalanga	39	49	61	72	82	88	93
Northern Cape	44	49	54	64	84	94	100
North West	95	110	135	169	171	210	239
Western Cape	115	129	147	171	219	232	245
Total	921	1 030	1 209	1 396	1 684	1 828	1 959

Source: National Treasury provincial database

Real growth is expected in all provinces, except Northern Cape

Table 6.4 indicates that all provinces, except Northern Cape, expect real growth in their social development budgets over the medium term. While projected growth appears to slow down somewhat in Eastern Cape, Free State and Gauteng, it remains quite high in other provinces.

Table 6.4 Provincial social development expenditure, 2003/04 to 2006/07

R million	2003/04		2004/05	2005/06	2006/07	Percentage growth (Average annual)	
	Adjusted appropriation	Preliminary outcome	Medium-term estimates			2003/04 – 2004/05	2003/04 – 2006/07
Eastern Cape	7 843	8 448	9 146	10 118	11 220	8,3%	9,9%
Free State	2 862	2 911	3 163	3 636	4 021	8,7%	11,4%
Gauteng	5 111	5 323	5 734	6 943	7 448	7,7%	11,8%
KwaZulu-Natal	8 544	9 163	10 355	12 252	13 844	13,0%	14,7%
Limpopo	5 385	5 443	6 249	7 480	8 397	14,8%	15,5%
Mpumalanga	2 639	2 691	3 139	3 625	4 171	16,7%	15,7%
Northern Cape	1 055	1 146	1 115	1 242	1 382	-2,7%	6,5%
North West	3 557	3 532	4 183	4 994	5 768	18,4%	17,8%
Western Cape	3 905	3 788	4 502	4 995	5 629	18,8%	14,1%
Total	40 900	42 444	47 586	55 286	61 880	12,1%	13,4%
Transfers and subsidies							
Eastern Cape	7 091	7 668	8 351	9 133	10 102	8,9%	9,6%
Free State	2 524	2 611	2 760	3 210	3 575	5,7%	11,0%
Gauteng	4 591	4 825	5 162	6 317	6 775	7,0%	12,0%
KwaZulu-Natal	7 784	8 393	9 344	11 083	12 521	11,3%	14,3%
Limpopo	4 895	4 953	5 740	6 939	7 823	15,9%	16,5%
Mpumalanga	2 404	2 464	2 881	3 330	3 713	16,9%	14,6%
Northern Cape	857	978	915	1 031	1 159	-6,4%	5,8%
North West	3 185	3 174	3 740	4 416	5 111	17,8%	17,2%
Western Cape	3 532	3 426	4 004	4 480	5 093	16,9%	14,1%
Total	36 862	38 491	42 896	49 940	55 872	11,4%	13,2%

Source: National Treasury provincial database

All programmes show strong spending growth

Table 6.5 shows that, over the period 2000/01 to 2003/04, spending in all budget programmes grew strongly, averaging 26,6 per cent. Over the medium term, growth is fairly strong in most programmes, except for the population and development trends programme (2,7 per cent) and the development and support services programme (9,0 per cent).

The share of social development is growing in relation to total expenditure

Flowing from the very rapid real growth in grant expenditure, expenditure by provincial social development departments has been growing rapidly as a proportion of total provincial expenditure, from 18,9 per cent in 2000/01 to 24,8 per cent in 2003/04, as shown in table 6.6. This share continues to grow to 28 per cent in 2006/07. Eastern Cape, KwaZulu-Natal and North West have shares of social development expenditure significantly higher than the national average. These three provinces are projecting to spend just under a third of their budgets on social development by 2006/07. In 2003/04, Gauteng was the only province to still spend less than 20 per cent of its total budget on social development, an indication that the province is relatively better off than the rest.

Table 6.5 Provincial social development expenditure by programme, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Administration	348	493	687	884	1 126	1 210	1 276
Social assistance	19 020	21 556	29 734	39 091	43 442	50 834	57 028
Social welfare services	1 238	1 433	1 618	1 794	2 198	2 373	2 643
Development and support services	219	268	302	569	662	693	736
Population development trends	6	16	28	20	19	21	22
Other	63	67	58	86	137	155	175
Total	20 894	23 833	32 426	42 444	47 586	55 286	61 880
Percentage of total social development expenditure							
Administration	1,7%	2,1%	2,1%	2,1%	2,4%	2,2%	2,1%
Social assistance	91,0%	90,4%	91,7%	92,1%	91,3%	91,9%	92,2%
Social welfare services	5,9%	6,0%	5,0%	4,2%	4,6%	4,3%	4,3%
Development and support services	1,0%	1,1%	0,9%	1,3%	1,4%	1,3%	1,2%
Population development trends	0,0%	0,1%	0,1%	0,0%	0,0%	0,0%	0,0%
Other	0,3%	0,3%	0,2%	0,2%	0,3%	0,3%	0,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Percentage growth (average annual)			2000/01–2003/04	2003/04–2006/07			
Administration			36,4%	13,0%			
Social assistance			27,1%	13,4%			
Social welfare services			13,2%	13,8%			
Development and support services			37,6%	9,0%			
Population development trends			46,0%	2,7%			
Other			11,1%	26,5%			
Total			26,6%	13,4%			

Source: National Treasury provincial database

Table 6.6 Provincial social development expenditure as a percentage of total provincial expenditure, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	22,4%	23,8%	26,0%	28,5%	29,4%	30,1%	30,9%
Free State	17,0%	18,0%	21,7%	25,2%	25,2%	26,6%	27,3%
Gauteng	14,5%	14,9%	16,2%	18,8%	19,2%	21,2%	21,4%
KwaZulu-Natal	19,8%	20,0%	23,7%	26,8%	27,4%	29,3%	30,4%
Limpopo	18,2%	19,0%	22,8%	25,0%	25,7%	27,8%	28,6%
Mpumalanga	18,8%	18,1%	20,9%	23,3%	24,0%	24,9%	26,2%
Northern Cape	24,5%	23,5%	26,3%	27,6%	25,2%	25,8%	26,7%
North West	19,3%	20,6%	23,2%	26,4%	27,4%	29,5%	31,4%
Western Cape	19,2%	19,0%	21,6%	23,1%	24,5%	25,4%	26,5%
Average	18,9%	19,4%	22,2%	24,8%	25,5%	27,0%	28,0%

Source: National Treasury provincial database

Overspending is projected because of grants Despite additional allocations for social grants in the 2003 *Adjusted Estimates*, mainly to cater for unanticipated growth in disability beneficiaries, there was significant over-expenditure in a number of provinces, as is evident from table 6.7. Projected overspending is particularly significant in Eastern Cape, KwaZulu-Natal and Northern Cape.

Table 6.7 Provincial social development estimated expenditure, 2003/04

R million	Adjusted appropriation	Preliminary outcome	Over(+)/under(-) expenditure	% Over(+)/under(-) expenditure
Eastern Cape	7 843	8 448	605	7,7%
Free State	2 862	2 911	49	1,7%
Gauteng	5 111	5 323	212	4,1%
KwaZulu-Natal	8 544	9 163	619	7,2%
Limpopo	5 385	5 443	58	1,1%
Mpumalanga	2 639	2 691	53	2,0%
Northern Cape	1 055	1 146	91	8,6%
North West	3 557	3 532	-24	-0,7%
Western Cape	3 905	3 788	-117	-3,0%
Total	40 900	42 444	1 544	3,8%

Source: National Treasury provincial database

Social development spending is the main contributor to provincial over-expenditure The combined preliminary over-expenditure of R1,5 billion on social development budgets on the back of an adjustment of almost R2,2 billion indicates the difficulty provinces face in staying within their social development budgets.

Social grants

Recent increases maintain the real value of grants Table 6.8 shows that the maximum value of social grants has been increased annually in recent years, and twice during 1998/99 to compensate for inflation. Between July 1998 and April 2004, the maximum value of the old age, disability and care dependency grants increased from R490 to R740. The child support grant increased to R170, significantly up from its original value of R100 in 1998.

Table 6.8 Value of social grants by type of grant, July 1998 to April 2004

Type of grant	Rand value of grants, per month, with effect from							
	Jul 1998	Oct 1998	Jul 1999	Jul 2000	Jul 2001	Oct 2002	Apr 2003	Apr 2004
Old age	490	500	520	540	570	640	700	740
War veterans	508	518	538	558	588	658	718	740
Disability	490	500	520	540	570	640	700	740
Grant-in-aid	90	90	94	100	110	130	150	170
Foster care	350	360	374	390	410	460	500	560
Care dependency	490	500	520	540	570	640	700	740
Child support	100	100	100	100	110	140	160	170

Source: Socpen system

Social grants spending grew very strongly from R18,0 billion in 2000/01 to an preliminary outcome of R37,1 billion in 2003/04, as shown in table 6.9, an increase of approximately R19 billion over this period.

Table 6.9 Provincial social grants expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	3 682	4 216	5 826	7 560	8 286	9 219	10 291
Free State	1 029	1 240	1 789	2 483	2 623	3 052	3 411
Gauteng	2 027	2 337	3 207	4 495	4 769	5 887	6 307
KwaZulu-Natal	3 789	4 444	6 085	8 168	9 025	10 738	12 154
Limpopo	2 424	2 733	3 936	4 902	5 606	6 695	7 565
Mpumalanga	1 183	1 366	1 788	2 421	2 833	3 296	3 677
Northern Cape	549	573	758	939	877	992	1 117
North West	1 638	1 761	2 322	3 064	3 664	4 398	5 132
Western Cape	1 750	1 899	2 543	3 085	3 701	4 178	4 789
Total	18 070	20 569	28 254	37 117	41 383	48 455	54 445

Source: National Treasury provincial database

Table 6.10 shows that social grants spending remains high as a proportion of provincial social development expenditure, with a slight upward trend since 2000/01. Proportions are particularly high in the poorer provinces, where around 90 per cent of social development budgets goes towards the social grant programme. The extent to which grants absorb provincial social development budgets has tended to crowd out other critical welfare services.

Grants continue to dominate social development budgets

Table 6.10 Provincial social grants expenditure as a percentage of total social development expenditure, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	90,5%	90,4%	90,7%	89,5%	90,6%	91,1%	91,7%
Free State	81,6%	83,6%	85,2%	85,3%	82,9%	83,9%	84,8%
Gauteng	77,2%	77,4%	80,7%	84,4%	83,2%	84,8%	84,7%
KwaZulu-Natal	87,4%	88,0%	88,5%	89,1%	87,2%	87,6%	87,8%
Limpopo	91,7%	92,1%	91,8%	90,1%	89,7%	89,5%	90,1%
Mpumalanga	89,6%	89,5%	87,7%	90,0%	90,2%	90,9%	88,2%
Northern Cape	83,8%	82,0%	83,3%	82,0%	78,7%	79,8%	80,8%
North West	92,1%	86,2%	86,9%	86,7%	87,6%	88,1%	89,0%
Western Cape	79,2%	79,6%	81,0%	81,4%	82,2%	83,6%	85,1%
Total	86,5%	86,3%	87,1%	87,4%	87,0%	87,6%	88,0%

Source: National Treasury provincial database

Further illustrating its relatively high growth, table 6.11 shows that social grant expenditure rose from 2 per cent of gross domestic product (GDP) in 2000/01 to an estimated 3 per cent in 2003/04. This ratio is high compared to most other developing countries, and also high relative to spending on cash social assistance in some high-income countries. Growth of this magnitude relative to GDP raises sustainability questions for the future. A better balance needs to be struck between fighting poverty through cash transfers, and ensuring broad-based development and the creation of opportunities for the poor to participate productively in the South African economy.

The significant growth of grants in relation to GDP raises sustainability questions

Table 6.11 Social grants expenditure as a percentage of GDP¹, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
R million							
Social grant expenditure	18 070	20 569	28 254	37 117	41 383	48 455	54 445
Percentage of GDP ¹	2,0%	2,0%	2,5%	3,0%	3,1%	3,3%	3,4%

1. Gross domestic product as per 2004 Budget Review.

Source: National Treasury provincial database

A major growth factor has been the increase in beneficiary numbers

While increases in grant values have contributed to growing social security expenditure, the major factor has been growing beneficiary numbers. The growth in beneficiary numbers has been due to, firstly, the introduction of the child support grant (in 1998), and, more recently, to the extension of the child support grant to children until they turn 14. In addition, access to disability grants, foster care grants and care dependency grants (for severely disabled children) has also increased rapidly.

Table 6.12 Social grants beneficiary numbers by type of grant, April 2000 to April 2004

Type of grant	April 2000	April 2001	April 2002	April 2003	April 2004	% growth (average annual)
Old age	1 860 710	1 877 538	1 903 042	2 009 419	2 060 421	2,6%
War veterans	7 554	6 175	5 266	4 594	3 961	-14,9%
Disability	612 614	627 481	694 232	953 965	1 270 964	20,0%
Grant-in-aid	8 748	9 489	10 332	12 787	18 170	20,0%
Foster care	79 937	85 910	95 216	138 763	200 340	25,8%
Care dependency	24 438	28 897	34 978	58 140	77 934	33,6%
Child support	352 617	974 724	1 907 774	2 630 826	4 309 772	87,0%
Total	2 946 618	3 610 215	4 650 840	5 808 494	7 941 562	28,1%
Province						
Eastern Cape	599 578	722 440	903 975	1 071 448	1 501 031	25,8%
Free State	164 717	205 003	275 018	366 979	503 063	32,2%
Gauteng	359 078	425 615	517 070	701 962	976 533	28,4%
KwaZulu-Natal	621 494	792 144	1 024 408	1 344 936	1 836 975	31,1%
Limpopo	395 284	491 680	646 972	808 553	1 152 621	30,7%
Mpumalanga	195 655	250 849	314 734	395 636	580 684	31,3%
Northern Cape	90 682	100 271	124 021	138 969	169 102	16,9%
North West	242 938	304 075	411 123	462 418	637 312	27,3%
Western Cape	277 191	318 136	433 520	517 593	584 241	20,5%
Total	2 946 618	3 610 215	4 650 840	5 808 494	7 941 562	28,1%

Historical numbers adjusted for the phasing out of the state maintenance grant.

Source: Socpen system

The largest increases in beneficiaries were for child support and disability grants

As indicated in table 6.12, social grants beneficiaries have grown rapidly from around 2,9 million beneficiaries in April 2000 to more than 7,9 million beneficiaries in April 2004, an increase of more than 5,0 million over 5 years. The major impact was from the child support grant (with beneficiaries growing by nearly 4 million over the period 2000 to 2004) and the disability grant (just more than 650 000 additional beneficiaries). Access to foster care grants (annual average growth of 25,8 per cent over the period) and the care dependency

grant (annual average growth of 33,6 per cent) also accelerated rapidly, although off a much smaller base. Table 6.12 also shows that rapid beneficiary growth occurred in all the provinces.

The rapid growth in access to disability grants and grants related to children can be contrasted to the steady growth of 2,6 per cent a year in the number of old age grant beneficiaries (roughly in line with the growth of the elderly population). This indicates the high level of coverage of those entitled to old age grants.

Growth in old age grant beneficiaries remains stable

Disability grant

Since 2000/01, spending on disability grants has increased from R4,0 billion to an estimated R10,3 billion by 2003/04, an overall increase of more than R6,3 billion over the period, as shown in table 6.13. In all provinces, except Northern Cape where coverage was already exceptionally high at the beginning of the period, disability spending more than or nearly doubled between 2000/01 and 2003/04. Spending grew particularly rapidly in Free State and KwaZulu-Natal.

Spending on disability grants doubled in all provinces, except Northern Cape

Table 6.13 Provincial disability grant expenditure, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
R million							
Eastern Cape	823	856	1 656	2 419	2 434	2 476	2 635
Free State	212	288	522	863	924	1 094	1 193
Gauteng	399	473	789	1 151	945	1 113	1 154
KwaZulu-Natal	682	974	1 482	2 266	2 478	2 979	3 346
Limpopo	380	373	559	784	757	926	1 047
Mpumalanga	233	266	353	511	564	621	690
Northern Cape	205	213	297	371	226	226	287
North West	450	483	620	801	940	1 088	1 277
Western Cape	589	658	922	1 087	1 349	1 474	1 680
Total	3 973	4 585	7 201	10 253	10 615	11 997	13 309

Source: National Treasury provincial database

Table 6.14 shows that the number of disability grant beneficiaries more than doubled between 2000 and 2004, increasing from 612 614 in April 2000 to more than 1,2 million by April 2004, an overall increase of 658 350. Highest growths were recorded in Eastern Cape, Free State, Gauteng, KwaZulu-Natal and North West.

There is a close link between increased spending and growth in beneficiary numbers

Table 6.14 Provincial disability grant beneficiary numbers, April 2000 to April 2004

	April 2000	April 2001	April 2002	April 2003	April 2004
Eastern Cape	132 732	138 847	156 307	218 273	301 415
Free State	31 384	34 559	43 780	76 392	108 869
Gauteng	63 615	64 525	69 163	116 706	156 457
KwaZulu-Natal	133 847	136 338	136 783	183 086	284 163
Limpopo	51 693	55 805	65 246	76 297	89 589
Mpumalanga	32 533	33 945	36 895	47 123	65 603
Northern Cape	27 874	25 870	31 503	38 545	42 659
North West	48 987	46 844	54 556	72 363	98 402
Western Cape	89 947	90 748	99 999	125 180	123 807
Total	612 614	627 481	694 232	953 965	1 270 964

Source: Socpen system

Intensive work is under way at present to analyse the rapid growth in disability beneficiary numbers and to ensure the integrity of assessment tools and processes. The following are among the possible causes underlying the growth:

- historically low access in some provinces because of inherited weak administration, which is now improving, and increasing awareness of entitlements
- changing disease burdens, with HIV and Aids (and their implications for tuberculosis) contributing to greater numbers of disabled people
- regulatory changes, such as the removal of the pensions medical officer, which in the past provided a second assessment, and, in some provinces, the introduction of disability assessment panels, which provide increased access in areas without sufficient medical personnel for assessments
- delays in introducing uniform assessment criteria and processes for the country as a whole.

Child-related social grants

Government is committed to giving children access to social security

There is a range of means-tested social grants programmes for children:

- the care dependency grant for disabled children requiring permanent support and care from a care-giver up to and including their age of maturity
- the foster care grant for children in need of care as determined through a Children's Court inquiry
- the child support grant, which will be extended in 2004 from children of 11 years to all children up to their 14th birthday.

The extension of the child support grant and the continuing and improved access to care dependency and foster grants demonstrates government's commitment to progressively realising children's rights to access to social security.

Child support grant

Table 6.15 shows that, between 2000/01 and 2003/04, spending on the child support grant grew somewhat less (by R6,5 billion) than spending on disability grants (by R6,3 billion, see table 6.13). The continued extension of the grant in 2005/06 to include 13-year-olds will see spending continuing to increase to reach R17,2 billion in 2006/07.

Spending on child support grants grew less than spending on disability grants

Table 6.15 Provincial child support grant expenditure, 2000/01 to 2006/07¹

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	297	438	703	1 333	2 013	2 836	3 498
Free State	43	107	227	403	400	486	607
Gauteng	190	283	456	1 059	1 461	1 900	2 056
KwaZulu-Natal	189	504	1 146	1 821	2 386	3 267	4 046
Limpopo	157	437	919	1 336	1 816	2 451	2 602
Mpumalanga	95	157	318	625	785	1 064	1 281
Northern Cape	40	34	74	130	151	210	218
North West	291	313	401	638	1 061	1 477	1 796
Western Cape	110	127	312	525	688	881	1 099
Total	1 411	2 400	4 558	7 869	10 760	14 573	17 203

1. Includes the child support extension conditional grant.

Source: National Treasury provincial database

Table 6.16 shows child support grant beneficiaries increased from 352 617 in 2000 to more than 4,3 million in 2004. Numbers are expected to increase to around 6,8 million at the end of 2006/07, when the extension to 13-year olds will be implemented.

There has been very fast overall growth in child support grant beneficiaries

Table 6.16 Provincial child support grant beneficiary numbers, April 2000 to April 2004

	April 2000	April 2001	April 2002	April 2003	April 2004
Eastern Cape	61 092	168 249	333 117	405 815	728 854
Free State	15 289	49 005	105 912	150 480	241 917
Gauteng	51 629	117 480	200 501	315 897	530 987
KwaZulu-Natal	74 339	239 576	465 350	694 392	1 057 311
Limpopo	58 440	144 759	277 232	407 041	718 116
Mpumalanga	30 940	81 665	139 429	199 834	357 183
Northern Cape	13 508	24 309	41 959	46 412	69 664
North West	34 916	97 916	189 317	206 421	340 574
Western Cape	12 464	51 765	154 957	204 534	265 166
Total	352 617	974 724	1 907 774	2 630 826	4 309 772

Source: Socpen system

Foster care grant

Table 6.17 shows that, between 2000/01 and 2003/04, spending on the foster care grant grew by R889 million from R276 million to R1,2 billion. Foster care grant spending is estimated to grow by a further R1,0 billion to more than R2,1 billion in 2006/07.

Spending on foster care grants is growing fast

Table 6.17 Provincial foster care grant expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
		Outcome		Preliminary outcome	Medium-term estimates		
Eastern Cape	–	–	133	182	213	216	230
Free State	34	46	80	134	148	167	196
Gauteng	–	–	107	175	283	443	600
KwaZulu-Natal	53	105	171	264	304	364	386
Limpopo	16	25	55	107	87	120	127
Mpumalanga	12	13	19	36	38	49	53
Northern Cape	27	31	43	54	71	88	104
North West	42	45	58	74	109	159	220
Western Cape	92	99	121	140	181	215	256
Total	276	364	787	1 165	1 433	1 822	2 173

Source: National Treasury provincial database

There has been very fast overall growth in the number of foster care grant beneficiaries

Table 6.18 shows an increase in foster care grant beneficiaries from 79 937 in 2000 to more than 200 000 in 2004. The fast growth in foster care beneficiaries can either be as a result of improvements in the Children's Court inquiry proceedings, which have addressed backlogs and sped up foster care placement, or because more foster care parents and families are available. Growth in foster care beneficiaries between 2000 and 2004 is particularly high in rural and poor provinces, indicating that more beneficiaries are now able to foster vulnerable children in these provinces.

Table 6.18 Provincial foster care grant beneficiary numbers, April 2000 to April 2004

	April 2000	April 2001	April 2002	April 2003	April 2004
Eastern Cape	14 963	16 258	17 030	24 638	36 565
Free State	5 978	6 949	8 529	14 977	23 201
Gauteng	11 522	12 775	13 987	18 942	26 605
KwaZulu-Natal	13 427	15 611	19 519	31 559	46 146
Limpopo	2 686	3 379	5 426	9 683	16 988
Mpumalanga	2 126	2 200	2 290	3 469	6 752
Northern Cape	5 548	5 684	5 531	7 305	8 248
North West	3 121	3 217	3 936	6 991	12 592
Western Cape	20 567	19 837	18 968	21 199	23 243
Total	79 937	85 910	95 216	138 763	200 340

Source: Socpen system

Care dependency grant

Table 6.19 shows that spending on care dependency grants grew from R249 million in 2000/01 to R659 million in 2003/04, an increase of R410 million. Spending is expected to grow further, by R262 million, to an estimated R921 million in 2006/07.

The number of care dependency grants beneficiaries has grown rapidly

Table 6.20 shows a rapid increase in care dependency grant beneficiaries from 24 438 in 2000 to 77 934 in 2004. Growth in care dependency beneficiaries between 2000 and 2004 is particularly high in provinces such as the Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and North West.

Table 6.19 Provincial care dependency grant expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	–	–	94	123	137	139	148
Free State	18	10	20	34	27	39	54
Gauteng	–	–	0	75	70	76	90
KwaZulu-Natal	151	105	23	186	189	227	240
Limpopo	18	31	58	88	89	122	130
Mpumalanga	9	16	23	32	32	39	42
Northern Cape	5	6	10	15	22	30	39
North West	29	32	41	52	71	88	103
Western Cape	18	27	41	55	59	66	75
Total	249	226	309	659	696	826	921

Source: National Treasury provincial database

Table 6.20 Provincial care dependency grant beneficiary numbers, April 2000 to April 2004

	April 2000	April 2001	April 2002	April 2003	April 2004
Eastern Cape	4 980	5 957	7 343	11 737	17 578
Free State	806	1 000	1 329	2 474	3 168
Gauteng	2 342	2 827	3 663	7 312	10 316
KwaZulu-Natal	8 162	9 165	9 841	15 762	19 954
Limpopo	2 228	2 892	4 236	6 629	8 568
Mpumalanga	883	1 175	1 558	3 051	4 141
Northern Cape	662	696	841	1 308	1 784
North West	1 382	1 822	2 325	4 264	6 281
Western Cape	2 993	3 363	3 842	5 603	6 144
Total	24 438	28 897	34 978	58 140	77 934

Source: Socpen system

Social welfare services

Social welfare services are primarily provided by social workers employed by provincial departments, and private and non-profit organisations partly funded by government. The categories of services are: treatment and prevention of substance abuse; care of the aged; crime prevention, rehabilitation of perpetrators and victim empowerment; services to the disabled; and child and youth care and protection. Social welfare services encompass a continuum of care, which includes preventative counselling services, treatment or care in subsidised facilities, community and home-based care centres and after-care services.

Table 6.21 Provincial social welfare services expenditure, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
R million							
Administration	218	294	338	299	475	520	545
Treatment and prevention of substance abuse	41	63	75	69	85	93	127
Care of the aged	320	348	412	383	435	462	514
Crime prevention, rehabilitation and victim empowerment	64	80	81	154	177	189	228
Services to the disabled	144	161	146	164	223	244	287
Child and youth care and protection	452	487	566	724	804	864	942
Total	1 238	1 433	1 618	1 794	2 198	2 373	2 643
Province							
Eastern Cape	202	220	244	255	268	285	298
Free State	110	117	133	157	203	224	231
Gauteng	236	300	334	407	486	530	573
KwaZulu-Natal	209	243	277	308	456	496	535
Limpopo	64	77	92	109	112	120	127
Mpumalanga	55	72	106	87	102	110	262
Northern Cape	51	59	65	70	93	99	105
North West	1	39	51	76	119	145	144
Western Cape	310	307	316	324	360	363	367
Total	1 238	1 433	1 618	1 794	2 198	2 373	2 643

Source: National Treasury provincial database

Growth in social welfare services spending is slower than in social grants spending

Although social welfare services spending grew in real terms over the period 2000/01 to 2003/04, its rate of growth has been slower than social grants spending. Table 6.21 indicates that overall spending on social welfare services grew by more than R500 million over the period to about R1,8 billion.

Welfare spending as a percentage of total social development spending remains low

Table 6.22 shows that social welfare services as a percentage of total social development spending remained low between 2000/01 and 2003/04. On current baseline budgets this is expected to persist over the medium term. In most provinces, welfare services expenditure is 10 per cent or more of social development spending, except in Eastern Cape and Limpopo.

Table 6.22 Provincial social welfare services expenditure as a percentage of total social development expenditure, 2000/01 to 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	9,5%	9,6%	9,3%	10,5%	9,4%	8,9%	8,3%
Free State	18,4%	16,4%	14,8%	14,7%	17,1%	16,1%	15,2%
Gauteng	12,6%	12,0%	11,5%	10,9%	12,8%	12,4%	12,2%
KwaZulu-Natal	12,6%	12,0%	11,5%	10,9%	12,8%	12,4%	12,2%
Limpopo	8,3%	7,9%	8,2%	9,9%	10,3%	10,5%	9,9%
Mpumalanga	10,4%	10,5%	12,3%	10,0%	9,8%	9,1%	11,8%
Northern Cape	16,2%	18,0%	16,7%	18,0%	21,3%	20,2%	19,2%
North West	7,9%	13,8%	13,1%	13,3%	12,4%	11,9%	11,0%
Western Cape	20,8%	20,4%	19,0%	18,6%	17,8%	16,4%	14,9%
Total average	13,0%	13,4%	12,9%	13,0%	13,8%	13,1%	12,7%

Source: National Treasury provincial database

Institutional arrangements and responsibilities

Government decided in October 2002 to centralise responsibility for the social grant function (including administration and delivery) at the national level and to establish a public entity, the South African Social Security Agency, to administer and manage the payment of grants. Two pieces of legislation, the Social Assistance Act (2004) and the Social Security Agency Act (2003), were recently promulgated, and will come into operation on a date to be announced. These provide the legal framework for the transfer of responsibility for the funding, administration and payment of social grants to national government and a national schedule 3 public entity, and for the establishment and operation of the Social Security Agency. Planning and implementation is proceeding in order to have the agency operational by 1 April 2005.

Responsibility for social grants is to be centralised

Shifting the function and establishing the Social Security Agency will see a number of processes unfolding, including:

A significant adjustment in the provincial equitable share is to come

- the separation at the provincial level of the grants function from other functions (particularly welfare services) performed by departments
- the transfer of relevant staff, assets, contracts and liabilities from provinces to the agency and the national department
- the establishment of a new funding mechanism through the national department of social development to the agency, which will see a significant adjustment in the provincial equitable share and the equitable share formula.

The key motivation for the agency is to enhance levels of service delivery through a focused service delivery organisation under the direct control of the Minister of Social Development. The agency will implement services as determined by policy developed by the national department and the minister. Centralisation of the function will also allow for more uniformity in delivery systems across the country and greater equity in access.

Centralisation will enhance service delivery and equity in access

Conclusion

The rapid growth in social grants beneficiaries and spending since 2001 demonstrates the government's commitment to alleviating poverty and its ability to implement increased levels of services. The growth has put significant pressure on administrative systems, however, and limited options for building the ability of the poor to participate productively in the economy. The period ahead, therefore, should see a consolidation of social grant spending and the expansion of the administrative system. This will allow for an increased focus on improving administration (particularly through the establishment of the South African Social Security Agency), for building welfare services, and for strengthening mechanisms and spending items for building the productive participation of all South Africans in the economy.