

5

Social development

■ Introduction

Development is not only about the pursuit of faster growth but also about creating a more equitable future. South Africa's economic growth has been both slower and more inequitable than anticipated, and the country needs more inclusive growth that takes into account the interrelatedness of economic and social development.

By investing in key social sectors and effective redistributive mechanisms, government contributes to improving the lives of the country's population, as measured by a range of human development indicators. Provincial social development expenditure plays a critical part in achieving these outcomes, and especially those related to social protection.

However, although state expenditure, benefits and services have made a significant difference to the lives of millions of South Africans, the challenges remaining in the social sector are far-reaching. High levels of inequality persist and this is often linked to social pathologies such as substance abuse, violence against women and children and increasing rates of orphanhood.

These trends have outpaced the ability of the state to provide remedies. For example, a shortage of social workers, partly caused by a lack of funding for non-governmental organisations that employ many of them, along with weaknesses in the courts system, means that child protection services do not provide the levels of foster care needed by the country's many thousands of orphans. Children await trial in prison because there are not enough probation workers or secure care centres, although programmes for diverting young people away from criminal or anti-social activities are starting to take effect. Management information systems in social development departments are largely non-existent, and this greatly hampers planning.

South Africa needs more inclusive growth that takes into consideration the interrelatedness of economic and social development.

It is at the provincial level that the majority of social development spending takes place.

As at the end of April 2013, 30.2 per cent of South Africa’s population received social grants. This chapter reviews the social development landscape within which this takes place, charts budget and expenditure trends and outlines service-delivery achievements.

■ The current landscape

The policy background

The national Department of Social Development is responsible for developing legislation, policies, norms and standards and for monitoring the implementation of policy and service delivery at provincial level. Provincial departments are responsible for implementation. In response to the demand for social welfare services, provincial social development budgets are projected to have almost doubled between 2010/11 and 2016/17, from R9.9 billion to R17.5 billion.

Despite the absence of an overarching legislative framework for the social development sector, significant legislative progress has been made. The Children’s Act (2005), the Older Persons Act (2006) and the Prevention and Treatment of Substance Abuse Act (2008) have been promulgated and are being implemented, guided by the relevant regulations, norms and standards. The sector is currently investigating the development of legislation dealing with disability and victim empowerment. Certain norms and standards are legislated, are enforceable by law and lay down the foundation for quality service provision. Costing models have been developed for key social welfare services; these assist the sector to determine funding gaps and to address disparities between the provinces.

The socio-economic climate

Since 1994, the distribution of social grants has increased very considerably, contributing to improved income levels in poor households. However, inequality has increased, resulting in large disparities in wage income between low-income and upper-income groups.

Table 5.1 Selected demographic indicators by province, 2013

Province	Total Population (thousand)	Percentage of population in rural areas	Percentage of children (aged 0-18 years)	Percentage of dual orphans (age 0 - 17 years)	Percentage of youth (age 15 - 34 years)	Percentage of older persons (=> age 60 years)	Percentage of disabled persons (=> age 5 years)
Eastern Cape	6 615	56.2	40.4	5.1	37.3	8.8	14.2
Free State	2 749	16.6	33.4	7.9	37.3	8.4	16.2
Gauteng	12 721	2.0	28.1	2.1	35.5	7.5	11.6
KwaZulu-Natal	10 449	52.1	39.1	7.0	37.1	7.5	11.7
Limpopo	5 512	87.0	40.3	3.1	39.3	7.7	12.0
Mpumalanga	4 123	57.2	37.5	4.3	38.2	6.7	13.3
Northern Cape	1 160	19.0	35.8	4.1	34.9	9.1	18.8
North West	3 594	55.3	35.7	4.3	35.8	7.5	15.9
Western Cape	6 011	4.4	31.0	1.0	34.0	8.6	10.2
Total	52 934	36.8	35.1	4.2	36.6	7.8	12.6

Source: General Household Survey 2013

The indicators above help to explain the quantity of and demand for social development services. Gauteng and KwaZulu-Natal have the largest populations, and Northern Cape and Free State the smallest. About 40 per cent of the residents of Eastern Cape, KwaZulu-Natal and Limpopo are children below the age of 18 years; Gauteng's child population is around 28 per cent. About 12 per cent of the population has a disability, with Northern Cape having the highest incidence at 18.8 per cent. The percentages of provinces' populations falling into the 'Youth' category (from 15 to 34 years) ranges from 34 per cent in the Western Cape to 39 per cent in Limpopo. At 9 per cent, the Northern Cape has the highest percentage of older persons, above 60 years of age, and Mpumalanga the lowest, at 6.7 per cent.

At 25.2 per cent in the first quarter of 2014, unemployment in South Africa is exceptionally high by international standards. Free State, Mpumalanga and Eastern Cape have the highest unemployment rates, at 34.7, 30.4 and 29.4 per cent respectively. Limpopo, KwaZulu-Natal and Western Cape have the lowest rates, at 18.4, 20.7 and 20.9 per cent respectively.

At over 25 per cent, the unemployment rate remains a serious challenge

Real economic growth, at 1.9 per cent during 2013, remains far below the 5 per cent needed to significantly reduce unemployment. This has raised the demand for social services.

Table 5.2 shows some of the socio-economic indicators that contribute to the number of people seeking welfare assistance. 67 per cent of the country's adults live in poverty, and 50 per cent of children live in poor households.

Table 5.2 Poverty indicators by province

Province	Unemployment rate percentage ¹	Per capita income ²	Percentage of adults earning less than R50k per annum ³	Percentage of grant beneficiaries as at 30 April 2011 ⁴	Percentage of children living in poverty (0-17 years headcount rate) ⁴	Percentage of adults living in poverty (headcount rate) ⁴
Eastern Cape	29.4	33 330	89.2	40.3	33.2	48.9
Free State	34.7	67 796	84.0	33.0	51.0	61.0
Gauteng	25.8	119 361	65.0	17.0	70.0	81.0
KwaZulu-Natal	20.7	41 751	85.6	37.2	40.6	59.6
Limpopo	18.4	39 762	89.6	38.7	36.9	49.5
Mpumalanga	30.4	40 620	83.4	33.0	47.6	63.5
Northern Cape	29.0	48 655	84.1	35.0	52.8	69.3
North West	27.7	56 449	84.9	32.9	45.9	60.8
Western Cape	20.9	98 737	71.9	21.1	74.9	83.3
Total	25.2		79.0	30.0	50.0	67.0

Source:

1. Unemployment rate: LFS 2012 (Q2)

2. Per Capita Income: Gross Domestic Product: Annual Estimates 2002 - 2010, Regional Estimates 2002 - 2010, Third quarter 2011. Statistics South Africa

3. Living Conditions Survey (2008/09)

4. General Household Survey 2013

Provinces' social development budget structure reforms

Outline

Social Development now has five programmes, compared to three previously

The provinces' social development departments provide a wide range of services to many different groups of beneficiaries. In the 2014/15 financial year, the departments put in place a revised programme budget structure. Under the previous structure, provincial departments had only three programmes: Administration, Social Welfare Services, and Research and Development. Services, ranging from substance abuse prevention to child care and protection, were grouped under Programme 2: Social Welfare Services.

The rationale for the introduction of the new budget structure was to group various services so that their purposes and objectives are clear. It also provides more precise information about programmes' and subprogrammes' budgets and expenditure data and service delivery.

The main reform was to develop a separate programme for services to children and families. This allows the provinces to budget specifically for services to children. These have the largest budget allocations and, as a priority area in terms of the Children's Act (2005), it was sensible to develop a separate programme of services relating to children.

Progress in implementing the new social development budget structure

The process of implementing the new budget structure is ongoing, and information about personnel, budgets and service delivery for each subprogramme will improve over time. All nine provinces have submitted their budgets according to the new structure, and this has already proved useful for both budgeting and analysis. Provinces are to be commended for having made significant progress in implementing the new structure in a short period of time. In key budget areas, it is now possible to see how provincial approaches differ, with evidence of significant variations in per capita allocations and in resource allocations.

Problems with implementing the new social development budget structure

Provinces differ in the ways in which they allocate their social development resources

Analysis of the budgets created through the new structure shows that further work is needed in order for the new system to work wholly correctly. Incorrect allocations are barriers to proper planning and analysis and to improved efficiency and service delivery.

There are two main problems with the implementation of the new budget structure:

- re-allocation of budgets from the Social Welfare Services programme into the three new programmes, historically and over the MTEF period
- allocation of salaries for social service professionals to incorrect programmes and subprogrammes.

Incorrect re-allocations to the new programmes have caused significant problems with trend analysis over the years, without any associated changes to service delivery to explain these trends. For example, the proportion of the total budget allocated to Social Welfare Services is

significantly higher over the historical period than over the MTEF period. This is particularly evident for Eastern Cape, Limpopo and Northern Cape, and indicates that there has been incorrect historical re-allocation in line with the new budget structure.

Table 5.3 Proportion of social welfare services expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			Outcome	Medium-term estimates		
R million							
Eastern Cape	40.3%	45.2%	47.2%	26.8%	20.6%	20.5%	20.1%
Free State	18.5%	17.8%	17.8%	17.3%	17.4%	17.6%	17.1%
Gauteng	23.3%	25.3%	22.3%	19.1%	18.1%	17.2%	17.2%
KwaZulu-Natal	25.3%	22.0%	26.7%	26.0%	20.4%	20.6%	20.1%
Limpopo	35.3%	39.7%	41.7%	46.9%	21.5%	21.9%	21.3%
Mpumalanga	36.8%	34.9%	40.0%	28.3%	37.0%	39.7%	40.0%
Northern Cape	25.6%	28.4%	30.6%	16.0%	14.3%	13.9%	14.0%
North West	48.2%	44.1%	38.0%	29.0%	35.9%	33.6%	31.3%
Western Cape	32.7%	37.6%	35.6%	36.7%	35.1%	35.3%	35.5%
Total	31.4%	32.3%	32.7%	27.3%	23.8%	23.7%	23.3%

Source: National Treasury provincial database

Table 5.4 Proportion of children and families expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			Outcome	Medium-term estimates		
R million							
Eastern Cape	14.4%	14.9%	13.6%	27.6%	35.5%	34.8%	35.7%
Free State	40.2%	39.8%	39.3%	39.2%	36.9%	36.5%	35.0%
Gauteng	43.3%	43.2%	43.7%	46.6%	49.6%	52.0%	51.8%
KwaZulu-Natal	34.5%	42.1%	36.3%	36.1%	39.4%	38.2%	39.8%
Limpopo	17.4%	17.6%	21.3%	19.1%	37.7%	34.5%	33.7%
Mpumalanga	20.6%	21.0%	19.3%	29.0%	25.9%	23.7%	23.7%
Northern Cape	15.2%	16.6%	18.1%	30.1%	33.6%	32.8%	33.0%
North West	12.6%	15.7%	20.6%	27.0%	24.5%	28.0%	31.2%
Western Cape	31.5%	29.7%	32.4%	33.1%	32.4%	33.3%	33.4%
Total	27.6%	29.5%	29.5%	33.8%	37.6%	37.8%	38.2%

Source: National Treasury provincial database

Tables 5.3 and 5.4 show the proportion of provinces' total budgets allocated to Social Welfare Services and to Children and Families respectively. Some provinces, such as Eastern Cape, Limpopo and Northern Cape, appear to have allocated a large proportion of their total budgets to Social Welfare Services between 2010/11 and 2013/14 and a much smaller proportion over the MTEF period. The opposite is evident in Table 5.4, where larger proportions are allocated over the MTEF period to Children and Families. This is because these provinces have re-allocated funds from Social Welfare Services to Children and Families in line with the new budget structure but they have not done it consistently from 2010/11 onwards, resulting in large changes in allocations around 2013/14. Also, several provinces have significantly lower allocations over the historical period compared to the MTEF period.

When tables 5.3 and 5.4 are read together, it is clear that these provinces have not re-allocated historical expenditure from Social Welfare Services, under the old budget structure, to Children and Families under the new structure. This is evident from the proportion of total funds allocated to the programmes in the historical period.

Allocating social service personnel salaries across the relevant subprogrammes remains problematic, and most provinces have not yet allocated compensation of employees funds across subprogrammes within each service delivery programme. This has resulted in very large allocations to the Management and Support subprogrammes; this is problematic as it makes analysis of service delivery difficult. The sector is personnel-intensive and it is important to budget for personnel under the correct subprogramme according to the work they do. This helps to indicate the true cost of delivering services.

However, it is often difficult to allocate personnel across the programmes and subprogrammes. This is complicated by the fact that the sector uses a generic rather than specialist model of service provision, although discussions around specialisation are taking place. Professional staff such as social workers may provide services in more than one subprogramme. Currently, staff responsible for drawing up budgets rarely have access to information which would enable them to allocate staff to subprogrammes. The need to show links between the PERSAL and BAS systems creates further complications.

Budgets and expenditure trends

Social development budgets have grown significantly over the past 10 years, reflecting government's commitment to strengthening delivery of social welfare services. Table 5.5 shows actual and expected expenditure on social development by province between 2010/11 and 2016/17; and Table 5.6 shows social development expenditure as a proportion of provinces' totals over the same period.

Table 5.5 Provincial expenditure on social development by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
R million	Outcome			Outcome	Medium-term estimates		
Eastern Cape	1 564	1 692	1 751	1 965	2 159	2 263	2 375
Free State	713	804	867	963	973	1 019	1 087
Gauteng	1 933	2 351	2 525	2 900	3 525	3 957	4 170
KwaZulu-Natal	1 416	1 934	1 985	2 330	2 498	2 627	2 768
Limpopo	1 004	1 162	1 192	1 315	1 469	1 525	1 604
Mpumalanga	820	927	918	1 133	1 232	1 333	1 406
Northern Cape	478	523	532	604	651	706	739
North West	740	877	915	1 046	1 242	1 343	1 431
Western Cape	1 222	1 317	1 402	1 580	1 756	1 861	1 964
Total	9 891	11 587	12 087	13 836	15 505	16 635	17 544
Percentage growth (average annual)	2010/11 – 2013/14			2013/14 – 2016/17			
Eastern Cape	7.9%			6.5%			
Free State	10.6%			4.1%			
Gauteng	14.5%			12.9%			
KwaZulu-Natal	18.0%			5.9%			
Limpopo	9.4%			6.9%			
Mpumalanga	11.4%			7.5%			
Northern Cape	8.1%			6.9%			
North West	12.2%			11.0%			
Western Cape	8.9%			7.5%			
Total	11.8%			8.2%			

Source: National Treasury provincial database

Table 5.6 Proportion of social development expenditure to total provincial expenditure by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
R million	Outcome			Outcome	Medium-term estimates		
Eastern Cape	3.2%	3.1%	3.1%	3.2%	3.5%	3.5%	3.6%
Free State	3.4%	3.4%	3.4%	3.5%	3.5%	3.4%	3.6%
Gauteng	3.1%	3.5%	3.4%	3.7%	4.1%	4.2%	4.2%
KwaZulu-Natal	2.1%	2.5%	2.3%	2.5%	2.6%	2.6%	2.6%
Limpopo	2.4%	2.7%	2.6%	2.8%	2.9%	2.9%	2.9%
Mpumalanga	3.1%	3.1%	2.9%	3.4%	3.4%	3.4%	3.4%
Northern Cape	5.1%	4.8%	4.7%	4.6%	5.0%	5.1%	5.3%
North West	3.4%	3.6%	3.6%	3.5%	3.9%	3.9%	4.1%
Western Cape	3.6%	3.6%	3.5%	3.6%	3.7%	3.6%	3.7%
Total	3.0%	3.1%	3.1%	3.3%	3.4%	3.4%	3.5%

Source: National Treasury provincial database

Across all provinces, between 2010/11 and 2013/14 expenditure grew at an annual average rate of 11.8 per cent. Between 2013/14 and 2016/17, it is projected to slow to 8.2 per cent.

While the expenditure share for Social Development remains relatively constant at around 3.3 per cent of total provincial expenditure between 2010/11 and 2016/17, allocations differ at the discretion of each provincial government. There is considerable variation in the average growth rates of

provinces' social development budgets, from a low of 4.1 per cent in Free State to a high of 12.9 per cent in Gauteng. Northern Cape consistently shows the highest proportion share to total provincial expenditure, and KwaZulu-Natal the lowest. This is a cause for concern given that it is one of the most populous and rural of the provinces.

Table 5.7 Social development per capita allocation per poor person, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Rands	Outcome			Outcome	Medium-term estimates		
Eastern Cape	454	491	508	591	627	657	689
Free State	625	705	761	847	854	894	954
Gauteng	526	640	687	794	959	1 077	1 135
KwaZulu-Natal	299	408	419	478	527	555	584
Limpopo	344	399	409	473	504	523	550
Mpumalanga	420	475	470	604	631	682	720
Northern Cape	1 009	1 102	1 121	1 281	1 373	1 489	1 559
North West	430	509	531	614	721	780	831
Western Cape	929	1 001	1 066	1 207	1 335	1 415	1 493
Average	560	637	664	765	837	897	946

Source: National Treasury provincial database, 2010/11 Income and Expenditure Survey

Table 5.7 above shows spending per poor person per province, with an average for all provinces of R837 in 2014/15. Northern Cape has the highest per capita spending; however, this is largely driven by the fixed costs associated with social welfare provision given the province's small population but large geographic area. Limpopo has the lowest per capita spending at R504 per poor person, compared with R1 335 in the Western Cape and R1 373 in the Northern Cape. These variances clearly point to the disparity in resource allocation between provinces, with historically wealthier provinces tending to spend more per poor person.

Table 5.8 shows that provincial social development expenditure for 2010/11 to 2013/14 increased from R9.9 billion to R13.8 billion. It appears that most provincial social welfare departments' capacity to spend has improved, with underspending falling from R398 million in 2010/11 to R138 million in 2013/14.

Table 5.8 Provincial expenditure on social development by province, 2010/11 – 2013/14

R million	Original budget				Outcome			
	2010/11	2011/12	2012/13	2013/14	2010/11	2011/12	2012/13	2013/14
Eastern Cape	1 560	1 711	1 782	2 015	1 564	1 692	1 751	1 965
Free State	722	802	865	951	713	804	867	963
Gauteng	2 219	2 425	2 490	2 896	1 933	2 351	2 525	2 900
KwaZulu-Natal	1 668	1 953	2 048	2 324	1 416	1 934	1 985	2 330
Limpopo	806	1 159	1 166	1 378	1 004	1 162	1 192	1 315
Mpumalanga	881	956	920	1 154	820	927	918	1 133
Northern Cape	464	520	526	604	478	523	532	604
North West	750	882	950	1 073	740	877	915	1 046
Western Cape	1 219	1 332	1 412	1 578	1 222	1 317	1 402	1 580
Total	10 289	11 740	12 160	13 974	9 891	11 587	12 087	13 836
	2010/11	2011/12	2012/13	2013/14	Total under exp	Total (-) over exp	Total under-spending as % of total budgets	
		under/(-) over-spending						
Eastern Cape	-4	19	31	50	101	-4	1.4%	
Free State	9	-2	-2	-11	9	-15	0.3%	
Gauteng	285	74	-34	-3	359	-38	3.6%	
KwaZulu-Natal	252	19	62	-6	333	-6	4.2%	
Limpopo	-198	-3	-26	63	63	-227	1.4%	
Mpumalanga	61	29	2	21	113	-	2.9%	
Northern Cape	-14	-2	-6	-1	-	-23	0.0%	
North West	10	5	35	27	77	-	2.1%	
Western Cape	-3	15	9	-3	24	-5	0.4%	
Total	398	153	73	138	1 079	-317	2.2%	

Source: National Treasury provincial database

■ Budget and expenditure trends by programme

Table 5.9 shows actual and projected provincial expenditure on social development by programme between 2010/11 and 2016/17.

Table 5.9 Provincial expenditure on social development by programme, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
R million	Outcome			Outcome	Medium-term estimates		
Administration	2 121	2 185	2 228	2 356	2 497	2 633	2 762
Social Welfare Services	3 105	3 742	3 949	3 770	3 689	3 936	4 092
Children and Families	2 732	3 416	3 571	4 680	5 824	6 292	6 709
Restorative Services	962	1 054	1 154	1 598	1 895	2 060	2 169
Development and Research	971	1 189	1 184	1 432	1 600	1 714	1 813
Total	9 891	11 587	12 087	13 836	15 505	16 635	17 544
Percentage of total							
Administration	21.4%	18.9%	18.4%	17.0%	16.1%	15.8%	15.7%
Social Welfare Services	31.4%	32.3%	32.7%	27.3%	23.8%	23.7%	23.3%
Children and Families	27.6%	29.5%	29.5%	33.8%	37.6%	37.8%	38.2%
Restorative Services	9.7%	9.1%	9.5%	11.6%	12.2%	12.4%	12.4%
Development and Research	9.8%	10.3%	9.8%	10.4%	10.3%	10.3%	10.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage growth (average annual)	2010/11 – 2013/14			2013/14 – 2016/17			
Administration	3.6%			5.4%			
Social Welfare Services	6.7%			2.8%			
Children and Families	19.6%			12.8%			
Restorative Services	18.4%			10.7%			
Development and Research	13.8%			8.2%			
Total	11.8%			8.2%			

Source: National Treasury provincial database

In 2010/11, provincial departments spent 21.4 per cent of their total social development allocation on Programme 1: Administration. This fell to 17.0 per cent in 2013/14 and is projected to decline further to 15.7 per cent by 2016/17. This downward trend is welcomed and is the result of reducing spending on administrative functions and a move to correctly allocating core and support functions to the relevant programmes and subprogrammes.

The share of the total allocated to Programme 2: Social Welfare Services decreases over the MTEF period, from 27.3 per cent in 2013/14 to 23.3 per cent in 2016/17. This partly reflects the re-allocation of funds over the period, in line with the new budget structure; it also indicates the focus on spending on children in Programme 3.

The share of total funds allocated to Programme 3: Children and Families increases from 33.8 per cent in 2013/14 to 38.2 per cent in 2016/17, continuing the strong growth seen in the historical period. This is explained in part by the focus on early childhood development, a subprogramme of Programme 3 that has received significant additional allocations over recent years. This growth is also driven by the re-allocation of funds over the MTEF period from Programme 2 to Programme 3, in line with the new budget structure.

The share of total funds allocated to Programme 4: Restorative Services increases from 11.6 per cent in 2013/14 to 12.4 per cent by 2016/17

because of R124 million allocated to construct substance abuse treatment centres in the Free State, North West, Northern Cape and Eastern Cape. The share allocated to Programme 5: Development and Research, remains constant, at 10.3 per cent, over the MTEF period.

Table 5.10 Percentages of provincial expenditure on social development by programme and by province, 2010/11 – 2016/17

Province	Administration		Social Welfare Services		Children and Families		Restorative Services		Development and Research	
	2010/11 - 2013/14	2013/14 - 2016/17	2010/11 - 2013/14	2013/14 - 2016/17	2010/11 - 2013/14	2013/14 - 2016/17	2010/11 - 2013/14	2013/14 - 2016/17	2010/11 - 2013/14	2013/14 - 2016/17
Eastern Cape	21.6%	18.7%	39.4%	21.8%	18.0%	33.6%	7.9%	12.3%	13.1%	13.5%
Free State	23.3%	23.4%	17.8%	17.3%	39.6%	36.8%	8.6%	11.1%	10.7%	11.3%
Gauteng	13.8%	11.7%	22.3%	17.8%	44.4%	50.3%	10.8%	10.6%	8.7%	9.6%
Kwa-Zulu Natal	20.1%	18.1%	25.0%	21.7%	37.4%	38.5%	8.9%	10.8%	8.6%	10.9%
Limpopo	23.6%	18.3%	41.3%	27.2%	18.9%	31.7%	2.9%	11.9%	13.3%	10.9%
Mpumalanga	24.2%	20.3%	34.6%	36.6%	22.9%	25.4%	6.7%	7.5%	11.6%	10.2%
Northern Cape	20.9%	16.2%	24.8%	14.5%	20.5%	32.5%	18.2%	19.8%	15.7%	16.9%
North-West	15.1%	14.3%	39.0%	32.6%	19.6%	27.8%	14.8%	15.2%	11.4%	10.1%
Western Cape	13.0%	11.6%	35.7%	35.6%	31.8%	33.1%	16.0%	15.9%	3.6%	3.8%
Total	18.8%	16.1%	30.7%	24.4%	30.4%	37.0%	10.1%	12.2%	10.1%	10.3%

Source: National Treasury provincial database

With the exception of Free State and North West, most provinces are reducing the share of their expenditure on Programme 1: Administration over the MTEF period. However, Eastern Cape, Free State, KwaZulu-Natal, Limpopo and Mpumalanga all maintain administration budgets greater than the provincial average of 16.1 per cent over the period. Gauteng's administration budget decreases from 13.8 per cent of its total social development budget in 2010/11-2013/14 to 11.7 per cent in 2013/14-2016/17. In contrast, Free State's administration budget grows from 23.3 per cent to 23.4 per cent over the same period.

In all provinces except Mpumalanga and Western Cape, there is a notable shift in provincial allocations from Social Welfare Services to Children and Families between 2010/11 and 2016/17. This is partly explained by the focus on Children and Families and partly by incomplete historical re-allocation between the programmes. Eastern Cape, Free State, North West and Northern Cape, the four provinces receiving funds to construct substance abuse treatment centres, all see the allocation to Restorative Services increase over the MTEF period.

Budget and expenditure trends by economic classification

Table 5.11 shows provincial expenditure on Social Development by economic classification. The largest areas of spending are compensation of employees, and transfers and subsidies to non-profit organisations.

Table 5.11 Provincial expenditure on social development by economic classification, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
R million	Outcome			Outcome	Medium-term estimates		
Current payments	5 455	6 392	6 945	7 932	8 797	9 572	10 140
<i>of which:</i>							
<i>Compensation of employees</i>	3 864	4 554	5 119	5 862	6 661	7 289	7 736
<i>Other current payments</i>	1 591	1 838	1 826	2 070	2 135	2 283	2 404
Transfers and subsidies	3 922	4 609	4 459	5 300	6 010	6 335	6 653
<i>of which:</i>							
<i>Non-profit institutions</i>	3 739	4 385	4 379	5 143	5 862	6 170	6 486
Payments for capital assets	498	584	673	594	698	727	751
Payments for financial assets	15	3	10	10	–	–	–
Total	9 891	11 587	12 087	13 836	15 505	16 635	17 544
Percentage of total							
Current payments	55.2%	55.2%	57.5%	57.3%	56.7%	57.5%	57.8%
<i>of which:</i>							
<i>Compensation of employees</i>	39.1%	39.3%	42.4%	42.4%	43.0%	43.8%	44.1%
<i>Other current payments</i>	16.1%	15.9%	15.1%	15.0%	13.8%	13.7%	13.7%
Transfers and subsidies	39.7%	39.8%	36.9%	38.3%	38.8%	38.1%	37.9%
<i>of which:</i>							
<i>Non-profit institutions</i>	37.8%	37.8%	36.2%	37.2%	37.8%	37.1%	37.0%
Payments for capital assets	5.0%	5.0%	5.6%	4.3%	4.5%	4.4%	4.3%
Payments for financial assets	0.2%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage growth (average annual)		2010/11 – 2013/14				2013/14 – 2016/17	
Current payments		13.3%				8.5%	
<i>of which:</i>							
<i>Compensation of employees</i>		14.9%				9.7%	
<i>Other current payments</i>		9.2%				5.1%	
Transfers and subsidies		10.6%				7.9%	
<i>of which:</i>							
<i>Non-profit institutions</i>		11.2%				8.0%	
Payments for capital assets		6.0%				8.2%	
Payments for financial assets		-13.3%				-100.0%	
Total		11.8%				8.2%	

Source: National Treasury provincial database

Between 2010/11 and 2016/17, expenditure on current payments is projected to have increased from 55.2 per cent to 57.8 per cent of total expenditure. This makes it the largest element of social development spending, and is mainly due to compensation of employees. Social development services are labour-intensive and depend on social workers, auxiliary workers, youth development workers, community development workers and probation officers.

Between 2010/11 and 2013/14, spending on compensation of employees, increased by an average of 14.9 per cent per year from R3.9 billion to R5.9 billion. This growth was driven primarily by annual wage adjustments in excess of inflation and by absorbing social work graduates from the scholarship programme initiated by the national Department of Social Development in 2007 to address the country-wide shortage of social workers.

The increase in the compensation of employees' budget has, however, not been sufficient for the number of social work graduates that need to be absorbed. During the 2013 MTEF process, the sector received an additional R938 million to appoint social work graduates. The national Department of Social Development amended the contracts signed by students to allow them to be absorbed within the non-profit organisation (NPO) sector and other government departments, as well as into provincial social development departments. By 2012/13, 5 866 students had graduated; this number is set to have increased to 13 445 by 2016/17. Compensation of employees as a proportion of total spending on social development is projected to grow from 39.1 per cent in 2010/11 to 44.1 per cent in 2016/17.

Between 2010/11 and 2013/14, personnel numbers grew from 19 868 to 30 013. This includes newly appointed social worker graduates, community care-givers and EPWP workers. This growth in numbers is particularly observed in North West and KwaZulu-Natal.

Over the same period, transfers and subsidies to NPOs grew by 11.2 per cent annually from R3.7 billion to R5.1 billion. This spending category is expected to grow at an average annual rate of 8 per cent between 2013/14 and 2016/17. From 2010/11 to the outer years of the MTEF period, the share of total social development spending allocated to NPOs remains constant at about 37 per cent. There is, however, notable provincial variation in the share of total budgets transferred to these organisations.

Provincial share of total budgets transferred to NPOs differs per province.

From a low base, capital spending increased from R498 million in 2010/11 to R594 million in 2013/14. As a percentage of provinces' total social development expenditure, this ranged from 3.1 per cent in North West to 29.7 per cent in KwaZulu-Natal.

Budget, expenditure and service delivery trends for social welfare services

Table 5.12 Proportion of total administration expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			outcome	Medium-term estimates		
R million							
Eastern Cape	57.9%	61.4%	66.3%	45.5%	38.8%	39.5%	39.3%
Free State	25.9%	25.4%	24.8%	24.2%	24.1%	25.9%	25.8%
Gauteng	14.8%	13.8%	14.2%	14.3%	12.5%	11.1%	11.2%
KwaZulu-Natal	55.6%	55.3%	58.7%	57.6%	51.4%	53.0%	51.0%
Limpopo	59.9%	57.0%	57.5%	57.0%	57.3%	59.3%	58.5%
Mpumalanga	52.1%	54.9%	60.5%	51.0%	52.9%	56.0%	56.1%
Northern Cape	46.2%	44.3%	49.7%	33.4%	50.5%	49.6%	50.1%
North West	52.1%	46.9%	36.5%	34.3%	33.8%	36.4%	35.8%
Western Cape	32.8%	32.7%	33.5%	33.0%	33.8%	32.5%	32.3%
Total	42.5%	42.1%	43.1%	38.3%	36.3%	36.6%	36.1%

Source: National Treasury provincial database

As well as being budgeted for at the programme level, administrative functions are also budgeted for in the management and support

subprogrammes of other programmes. The table above thus reflects total administrative expenditure across all programmes. While a downward trend is evident, the table shows that on average provinces spent 38.3 per cent of their total allocation on administration in 2013/14; this is expected to decrease to 36.1 per cent by 2016/17.

As noted in the information on the budget structure, provinces continue to allocate social service professionals' salaries to the management and support sub-programmes rather than to the service delivery sub-programmes. The main exception to this is Gauteng, where salaries appear to be correctly allocated. As a result, across the MTEF period the province's data shows an annual average of 11.6 per cent of the total allocated to administration compared with an average of 36.3 per cent for all provinces. The provinces are currently being assisted with correctly allocating salaries across subprogrammes so that their budgets accurately reflect the spread of work by social service professionals.

Table 5.13 Provincial expenditure on social welfare services by sub-programme, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			Outcome	Medium-term estimates		
R million							
Management and Support	1 433	1 752	1 991	1 584	1 475	1 658	1 727
Services to Older Persons	715	868	822	884	958	1 036	1 067
Services to Persons with Disabilities	354	404	432	477	473	503	528
HIV and AIDS	564	678	663	727	701	692	724
Social Relief	38	41	41	98	82	46	46
Total	3 105	3 742	3 949	3 770	3 689	3 936	4 092
Percentage of total							
Management and Support	46.2%	46.8%	50.4%	42.0%	40.0%	42.1%	42.2%
Services to Older Persons	23.0%	23.2%	20.8%	23.5%	26.0%	26.3%	26.1%
Services to Persons with Disabilities	11.4%	10.8%	10.9%	12.7%	12.8%	12.8%	12.9%
HIV and AIDS	18.2%	18.1%	16.8%	19.3%	19.0%	17.6%	17.7%
Social Relief	1.2%	1.1%	1.0%	2.6%	2.2%	1.2%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage growth (average annual)	2010/11 – 2013/14			2013/14 – 2016/17			
Management and Support	3.4%			2.9%			
Services to Older Persons	7.3%			6.5%			
Services to Persons with Disabilities	10.5%			3.4%			
HIV and AIDS	8.8%			-0.1%			
Social Relief	36.3%			-22.4%			
Total	6.7%			2.8%			

Source: National Treasury provincial database

The Management and Support sub-programme receives the greatest share of the budget allocation for the Social Welfare Services programme. It is clear that many provinces have not re-allocated personnel spending from the old Social Welfare Service programme to the new service delivery programmes and have not correctly allocated social service professional salaries across the subprogrammes according to the area of work. The amount spent on services to older persons grows by 6.5 per cent over the MTEF period. This is in keeping with the objectives of the Older Persons Act of 2006 which are to maintain and promote the status, well-being,

safety and security of older persons. Whilst there has been a shift in emphasis from institutional care to community-based care to assist older people to remain in their homes, there will always be a need for residential care. Mpumalanga currently houses 1 089 older persons in funded residential facilities managed by NPOs, while North West is in the process of building an old age home in Taung.

Services to people with disabilities are currently not legislated for, but the existing legislative framework makes provision for them. Eastern Cape funds 22 special day care centres providing developmental services to people with disabilities. The sector is currently in discussion about the merits of developing separate legislation relating to such services. However, this could risk further isolating persons with disabilities rather than mainstreaming them.

Children and Families

The Children and Families programme gives effect to the Children's Act. Section 4(2) of the Act obliges government to spend on these services in order to realise the Act's objectives. In addition, the chapter of the Act for each service area includes a provisioning clause which gives detail about the obligation on MECs to provide the service, and about the types of programmes that fall into particular service areas. The provisioning clauses for prevention and early intervention services (Section 146), protection services including child-headed household mentorship schemes, foster care and adoption (Section 105) and child and youth care centres (Section 193) state that the MEC "must" provide and fund these services. In relation to partial care (Section 78), early childhood development (ECD) (Section 93) and drop-in centres (Section 215), the provisioning clauses say that the MEC "may" provide these services. This means that MECs can decide not to provide these services at all, or to fund them only partially. However, they can be compelled to provide or prioritise them if the national Minister prescribes such prioritisation. The Act also states that, for these service areas, priority must be given to funding services in communities where families lack the means to provide themselves with proper shelter, food and other basic necessities of life for their children, and to making services accessible to children with disabilities (Sections 78(4), 93(4) and 215(4)).

Table 5.14 Provincial expenditure on children and families by subprogramme, 2010/11 – 2016/17

R million	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			Outcome	Medium-term estimates		
Management and Support	187	346	337	516	722	776	788
Care and Services to Families	138	190	205	240	240	249	264
Child Care and Protection	859	1 023	1 165	1 643	1 653	1 903	2 106
ECD and Partial Care	994	1 216	1 197	1 359	1 835	1 858	1 936
Child and Youth Care Centres	446	506	594	618	890	932	1 001
Community-Based Care Services for Children	108	135	73	304	483	574	615
Total	2 732	3 416	3 571	4 680	5 824	6 292	6 709
Percentage of total							
Management and Support	6.9%	10.1%	9.4%	11.0%	12.4%	12.3%	11.7%
Care and Services to Families	5.1%	5.6%	5.7%	5.1%	4.1%	4.0%	3.9%
Child Care and Protection	31.4%	29.9%	32.6%	35.1%	28.4%	30.2%	31.4%
ECD and Partial Care	36.4%	35.6%	33.5%	29.0%	31.5%	29.5%	28.8%
Child and Youth Care Centres	16.3%	14.8%	16.6%	13.2%	15.3%	14.8%	14.9%
Community-Based Care Services for Children	4.0%	3.9%	2.1%	6.5%	8.3%	9.1%	9.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage growth (average annual)		2010/11 –			2013/14 –		
		2013/14			2016/17		
Management and Support		40.2%			15.1%		
Care and Services to Families		20.3%			3.2%		
Child Care and Protection		24.1%			8.6%		
ECD and Partial Care		11.0%			12.5%		
Child and Youth Care Centres		11.5%			17.5%		
Community-Based Care Services for Children		41.2%			26.4%		
Total		19.6%			12.8%		

Source: National Treasury provincial database

The Children's Act is more specific than many other pieces of legislation about government's obligation in respect of budgets. As the Act is government's primary law for giving effect to children's constitutional and international rights to care, protection and social services, the budget and expenditure of this subprogramme are a good indication of government's progress or regress in giving effect to these rights. If budgets do not show significant growth each year, it could indicate that government is not making progress in realising children's rights to care, protection and social services, while decreases in budgets for Children's Act services could amount to regressive action which would be contrary to Section 4(2) of the Act and the Bill of Rights.

The Children and Families programme is the largest spending area in the social development budget, making up 38 per cent of the total over the MTEF period. The programme includes partial care, ECD, some prevention and early intervention programmes, child care and protection, foster care, adoption, drop-in centres and child and youth care centres. Between 2010/11 and 2013/14, the budget grew at an average annual rate of 19.6 per cent, and grows at an average annual rate of 12.8 per cent over the MTEF period to reach R6.7 billion in 2016/17. From 2007/08 to 2010/11, it grew particularly rapidly, by up to 30 per cent per year, mainly

as a result of allocations for ECD and other services related to the Children's Act. With the exception of Free State and Mpumalanga, all provinces' share of the total budget allocated to Children and Families increases over the MTEF period.

The share of the programme's allocation received by the Community-Based Care Services for Children subprogramme increases from 6.2 per cent in 2013/14 to 9.2 per cent in 2016/17 as a result of additional allocations to the Isibindi programme. Under this programme, some 10 000 unemployed people will be trained to become child and youth care workers. They will help orphans and vulnerable children in their homes and with access to education, health and general government services. The programme will benefit an estimated 858 000 children, particularly in rural communities.

Early childhood development

Early childhood is the time when the building blocks for a person's life are laid down. Without good nutrition, health care, support from parents and family and opportunities and encouragement to learn and achieve, children tend to perform poorly in school, develop personal and social problems and fall short of their human potential. This deprives them, their families and society of their full participation and contribution.

There is strong international evidence, including from low- and middle-income countries, that increased investment in ECD can significantly improve national educational, health, social and economic outcomes. In terms of human capital development, it leads to improved school performance, more years of completed education and higher earnings in adulthood. In terms of health, it leads to better adult physical and mental health and lower rates of chronic disease; and in terms of social inclusion, it leads to better personal and social adjustment, lower levels of interpersonal violence and a more equitable society. It helps to break the intergenerational cycle of poverty and to lessen dependence on social assistance.

In the short term, good quality investment in ECD results in considerable cost savings and efficiency gains in the health and education sectors as children who benefit from ECD are more likely to be healthy, ready to learn upon entering primary school, stay in school longer and perform well throughout their schooling.

These gains are optimal when support services are provided from conception onwards because the most critical and significant periods of brain development are during the 'first thousand days' of life, from conception to around two years of age.

An essential package of early childhood development services includes nutrition support and health care, social protection, parenting support and information, and access to early learning opportunities. ECD services provided by the provincial social development departments include the development and registration of programmes for children less than five years of age, and monitoring and evaluation of services.

Table 5.15 Number of children in early childhood development by province, 2013/14

Province	Total number of early childhood development centres	Number of registered early childhood development centres	Number of subsidised early childhood development centres	Number of children benefiting from early childhood development	Number of children benefiting from subsidy
Eastern Cape	1 693	936	810	35 615	76 376
Free State	1 495	804	844	64 505	162 841
Gauteng	2 772	1 015	863	55 748	260 329
Kw aZulu-Natal	1 953	1 347	1 322	75 225	107 506
Limpopo	2 774	894	992	66 491	136 670
Mpumanlanga	1 612	450	501	40 541	97 215
North West	874	393	303	19 060	48 030
Northern Cape	475	362	320	18 569	27 660
Western Cape	2 818	1 373	855	59 498	179 814
Total	16 466	7 574	6 810	435 252	1 096 441

Source: National Department of Social Development

The 2013/14 findings of the national audit of ECD suggest that only 46 per cent (7 574 out of 16 466) of all the centres audited are fully registered. 72.6 per cent of registered centres are subsidised by the provincial social development departments; however, not all provinces fund conditionally registered ECD centres. Data from the National Income Dynamics Study 3 suggests that 14.7 per cent of children aged 0-2 years attend ECD centres (pre-schools, crèches, educare centres), 47.3 per cent of children aged 3-4 years and 45.4 per cent of children aged 5-6 years. Over 400 000 children out of over 1 million are in subsidised centres.

Since 2013/14, all provinces are providing subsidies of R15 per child per day. The current target group for subsidisation consists of children from poor households and those with disabilities and living with HIV and AIDS. The audit found that the largest share of registered centres is in rural villages. Given that almost 100 per cent of registered centres are funded, this suggests that the subsidy is reaching the targeted group. One of the key challenges facing the current model of ECD provisioning is that it is largely based on the availability of facilities, and the subsidy model implies that children will attend a facility. This largely excludes the 0-3 year age cohort, which generally does not attend these facilities, and children in areas where infrastructure is poor. Some provinces, such as Free State and Gauteng, are developing alternative ECD models and are providing for home-based visits, playgroups, mobile ECD centres and toy libraries.

Care and Services to Families

The Care and Services to Families subprogramme grows by 4.3 per cent per year over the MTEF period, and includes allocations for some of the programmes listed as prevention and early intervention services in the Children's Act (2005). This subprogramme generally funds at least the following services: counselling for children and families who have suffered abuse, neglect, trauma, grief or loss or who have behavioural or substance abuse problems; parenting skills programmes and family counselling; and family preservation services.

Reforms to foster care

The current foster care system requires the Children's Court to place children in foster care after a social worker assessment and report have been compiled. This causes bottlenecks and backlogs which in 2010 and 2011 resulted in 110 000 SASSA foster child grants lapsing because of invalid or expired court orders. The overburdening of the foster care placement system and heavy human resource demands also mean that social workers, magistrates and court personnel are not able to provide the required protection services to the abused, neglected and exploited children who are the intended beneficiaries of the foster care system. Because, to reduce the backlog, social workers need to finalise as many cases as possible including new placements and extension orders, the quality of work is often poor. Investigations of possible placements are not properly done, and there is inadequate supervision of existing foster placements. This limits reunification services for children who have biological parents or primary caregivers. Furthermore, orphans in need of social assistance do not receive adequate and timely social assistance as applications are often slow.

Given the large numbers involved and the inability of the current policy approach to reach all of these children in need, the issues relating to these categories of children need to be dealt with urgently. More than 1.5 million double and maternal orphans live with extended family members. The foster care system as a permanent benefit has placed an unmanageable burden on the foster child placement system from both the social development and justice perspectives. It is a significant financial burden for government in terms of the amount paid out and the human resources, court and other costs associated with foster care placements, supervision and extensions of placements. Competing pressures have become even more intense since the Children's Act came into operation in April 2010.

Restorative Services

The Crime Prevention and Support subprogramme receives the largest share of this programme's budget, averaging 47.3 per cent over the MTEF period and increasing to R1.0 billion in 2016/17 from the R563 million of 2010/11. Mainly as a result of the Child Justice Act, the budget for the subprogramme grew by 8 per cent between 2011/12 and 2012/13. Provincial social development departments are responsible for providing probation officers' assessments of arrested children before they appear in court. Expenditure is mainly driven by the number of children arrested and therefore of social worker reports required by the courts. This subprogramme also provides for secure care centres. Gauteng manages two such centres, one of which is run by an NPO. In Free State, R9.828 million was allocated for the 2014/15 financial year and will be used for the Thabo Mofutsanyane Secure Care Centre. Mpumalanga funds seven NPOs that provide crime prevention and support services; Gauteng is expanding its social crime prevention and awareness programmes.

Table 5.16 Provincial expenditure on restorative services by subprogramme, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			Outcome	Medium-term estimates		
R million							
Management and Support	65	86	98	235	314	351	365
Crime and Prevention and Support	563	594	641	812	925	958	1 006
Victim Empowerment	102	122	134	207	276	311	329
Substance Abuse, Prevention and Rehabilitation	233	254	281	344	379	441	469
Total	962	1 054	1 154	1 598	1 895	2 060	2 169
Percentage of total							
Management and Support	6.8%	8.1%	8.5%	14.7%	16.6%	17.0%	16.8%
Crime and Prevention and Support	58.5%	56.3%	55.6%	50.8%	48.8%	46.5%	46.4%
Victim Empowerment	10.6%	11.5%	11.6%	12.9%	14.6%	15.1%	15.2%
Substance Abuse, Prevention and Rehabilitation	24.2%	24.0%	24.4%	21.5%	20.0%	21.4%	21.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage growth (average annual)		2010/11 – 2013/14			2013/14 – 2016/17		
Management and Support		53.2%			15.9%		
Crime and Prevention and Support		13.0%			7.4%		
Victim Empowerment		26.6%			16.8%		
Substance Abuse, Prevention and Rehabilitation		14.0%			10.8%		
Total		18.4%			10.7%		

Source: National Treasury provincial database

Substance abuse

The Prevention and Treatment of Substance Abuse Act (2008) prescribes that each province must have at least one treatment centre and one halfway house. However, provision of treatment, prevention, early intervention, reintegration and after-care services is far below the estimates of the act and of the national Drug Master Plan. Treatment services are costly to provide and are mainly available in urban areas. There are currently public treatment centres only in the Western Cape, Mpumalanga, KwaZulu-Natal and Gauteng; one is soon to be operational in Limpopo.

Expenditure on substance abuse prevention and treatment grows from R233 million in 2010/11 to R337 million in 2014/15 and to R469 million in 2016/17. In the 2014 MTEF, R124 million was allocated to build substance abuse treatment centres in Free State, Eastern Cape, Northern Cape and North West. Gauteng provides services through 42 treatment centres with in- and out-patient facilities. KwaZulu-Natal has two state-run centres and funds 14 NPOs which provide in-patient, out-patient and community-based services.

Victim empowerment

The budget for the Victim Empowerment Programme (VEP) grows strongly over the MTEF period, at an average of 14.5 per cent per annum, to reach R329 million by 2016/17. Over the 2014 MTEF period, provinces receive an additional allocation of R150 million to enable them to provide services to an increased number of women and their children at shelters.

Free State started the process of building safe houses; in 2014/15, Gauteng is funding 24 NPO-run shelters for victims of crime and violence; KwaZulu-Natal will use the additional funds to strengthen prevention and awareness programmes by funding emerging organisations; Mpumalanga funds eight victim support centres, six run by NPOs and two state-owned.

Registration and funding of NPOs

NPOs are a major delivery arm of social welfare services and the social development sector relies heavily on them for service delivery. The White Paper for Social Welfare (1997) promotes social development as the collective responsibility of government and civil society, defined as including all institutions and organizations outside of government and primarily driven by NPOs. To receive government funding, NPOs must be registered.

Table 5.17 Total registered non-profit organisations, 2010/11 – 2014/15

Province	2010/11	2011/12	2012/13	2013/14	2014/15
Eastern Cape	6 240	7 104	9 444	10 304	10 382
Free State	3 534	4 058	5 550	6 076	6 163
Gauteng	22 709	26 685	35 155	38 606	39 041
KwaZulu-Natal	14 319	16 385	21 647	23 520	23 789
Limpopo	7 534	9 174	11 964	12 879	13 007
Mpumalanga	4 115	5 022	6 863	7 700	7 809
Northern Cape	1 596	1 807	2 226	2 455	2 476
North West	3 702	4 440	5 882	6 497	6 603
Western Cape	6 903	8 609	11 190	12 404	12 627
Total	70 652	83 284	109 921	120 441	121 897

Source: National Department of Social Development

As at May 2014, almost 121 990 non-profit organisation were registered with the national Department of Social Development. Between 2012/13 and 2013/14, their numbers grew by 9.6 per cent compared with 32.0 per cent in the previous year. Almost one-third of registered NPOs are in Gauteng, and about one-fifth in KwaZulu-Natal.

Table 5.18 Provincial expenditure on institutional capacity building and support by province, 2010/11 – 2016/17

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			outcome	Medium-term estimates		
R million							
Eastern Cape	8	7	7	24	39	53	54
Free State	4	9	12	13	14	15	16
Gauteng	71	93	99	122	132	139	146
KwaZulu-Natal	1	3	4	17	53	76	80
Limpopo	37	35	15	19	11	12	12
Mpumalanga	4	4	2	3	5	5	5
Northern Cape	3	3	3	12	16	19	20
North West	4	8	8	9	12	12	16
Western Cape	2	1	1	1	1	1	2
Total	134	164	149	220	284	332	351
Percentage growth (average annual)	2010/11 – 2013/14			2013/14 – 2016/17			
Eastern Cape	45.4%			30.8%			
Free State	51.1%			6.9%			
Gauteng	19.8%			6.2%			
KwaZulu-Natal	127.9%			67.2%			
Limpopo	-19.8%			-14.7%			
Mpumalanga	-15.1%			24.3%			
Northern Cape	60.9%			20.9%			
North West	33.6%			21.0%			
Western Cape	-12.8%			5.0%			
Total	18.0%			16.9%			

Source: National Treasury provincial database

Provincial social development departments have a budget allocation to support NPOs to build institutional capacity. The table above shows that throughout the period 2010/11 to 2016/17 Gauteng's allocation is substantially larger than those of the other provinces. Western Cape has a history of well-established NPOs and this is reflected in the relatively small budget allocation. That the sector needs a coordinated approach to supporting NPOs' governance and financial management is indicated by the number of non-compliant NPOs which have been de-registered: 7 720 in 2010/11, 8 540 in 2011/12 and 36 428 in 2012/13. This has been taking place as the NPO unit in the national Department of Social Welfare has moved to de-register NPOs failing to comply with the legislation.

Funding for NPOs

Table 5.19 shows the transfer payments to NPOs by service delivery area. Transfers to ECD account for the largest share. This is in line with the sector's focus on ECD expansion. Transfers to child and youth care centres and child protection services support the implementation of the Children's Act of 2005. Transfers for the care of and services to older persons support NPO-managed residential facilities.

Table 5.19 Transfers to non-profit organisations by subprogramme, 2010/11 – 2016/17

R million	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			outcome	Medium term estimates		
Care and Services to Families	115	156	166	181	196	203	213
Care and Services to Older Persons	563	660	622	673	722	795	832
Child and Youth Care Centres	282	303	365	417	463	495	513
Child care and protection services	371	455	524	617	400	420	450
Community Based Care Services to	108	135	73	289	472	566	608
Crime Prevention and support	145	123	127	153	197	225	235
District Management	-	-	1	-	-	-	-
ECD and Partial Care	975	1 191	1 175	1 385	1 739	1 746	1 833
HIV and AIDS	508	608	522	483	512	506	509
Institutional Capacity Building and Support	23	27	14	26	33	30	31
Management and Support	9	10	19	7	4	5	41
Poverty Alleviation and Sustainable	132	141	173	198	257	272	289
Services to Persons with Disabilities	282	316	313	338	364	385	387
Social Crime prevention and support	4	4	4	7	10	10	12
Social Relief	0	0	0	-	-	-	-
Substance abuse, Prevention. Treatment	102	117	133	163	172	188	197
Victim empowerment	74	87	89	152	207	214	221
Women Development	1	1	1	1	12	12	13
Youth Development	45	53	56	102	103	98	102
Total	3 739	3 630	3 576	4 198	4 702	4 955	5 193

Source: National Treasury provincial database

Table 5.20 Proportion of transfers to non-profit organisations to total provincial social development expenditure by province, 2010/11 – 2016/17

R million	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Outcome			outcome	Medium-term estimates		
Eastern Cape	26.5%	23.8%	23.1%	23.2%	23.2%	22.2%	22.7%
Free State	42.1%	39.8%	38.4%	37.7%	37.6%	35.7%	33.4%
Gauteng	51.0%	50.4%	50.7%	54.4%	52.5%	52.9%	52.9%
KwaZulu-Natal	33.4%	35.8%	29.6%	30.7%	32.1%	29.9%	30.4%
Limpopo	27.3%	32.5%	30.5%	27.9%	30.1%	26.9%	25.7%
Mpumalanga	38.8%	36.6%	31.6%	34.8%	37.3%	34.4%	34.4%
Northern Cape	24.3%	27.6%	28.5%	30.3%	29.2%	27.7%	27.8%
North West	26.7%	22.3%	22.2%	21.1%	23.1%	23.4%	23.2%
Western Cape	54.0%	55.3%	54.5%	55.0%	54.9%	56.2%	56.2%
Total	37.8%	37.8%	36.2%	37.2%	37.8%	37.1%	37.0%

Source: National Treasury provincial database

Table 5.20 shows proportion of transfers to non profit organisations to total provincial social development expenditure by province. Provinces differ in terms of the proportion of their total budgets spent on transfer payments to NPOs. In 2014/15, Western Cape budgeted 54.9 per cent of its total to NPOs and North West 23.1 per cent. There also tends to be an inverse relationship between the budget for transfers to NPOs and compensation of employees, reflecting the chosen service delivery model.

NPO-financing policy

The national Department of Social Development is responsible for developing a policy framework for funding NPOs providing social welfare services. In the Free State, a group of NPOs known as NAWONGO took legal action against the provincial department of social development over its NPO funding policy. In response, the department has drafted a revised NPO funding policy which has been found to be reasonable and acceptable by the High Court in Bloemfontein. The national Department of Social Development needs to carefully review the final judgement on the matter, and ensure that the implementation of the policy is done sensibly. The Department also needs to assess what the implications of the Free State court process will be on the development of the national NPO financing policy. It is of great importance that a logical and fair model for funding social welfare services is developed

Medium-term outlook

Strengthening social welfare services requires a range of interventions. Additional funding and reform of the financing framework and policy alone will not be sufficient. However, reform which focuses, firstly, on the effectiveness of financing processes and, secondly, on financing principles, rules and tools could create more funding stability and certainty; improve the ability to plan; increase the focus on service delivery; enable better reporting and data on spending and service delivery; and promote improved resource allocation and demand estimation, prioritisation of the use of resources and better tracking and monitoring of service delivery.

A key area requiring attention over the medium term is a comprehensive sector response to the funding of social welfare services and how this guides the partnership and funding arrangements with NPOs. Whilst government is currently constrained by slow economic growth and limited resources, a long term approach to the funding of social welfare services and NPOs needs to be developed. This should be guided by a framework that outlines what services will be funded, and how they will be funded, in a transparent and consistent manner.

The sector is currently limited by dilapidated and insufficient social welfare infrastructure, a problem compounded by the fact that most social welfare service provision occurs within the NPO sector and thus from privately owned buildings. This limits the potential for government intervention.

Requiring particular attention over the medium term are the rights and needs of children affected by and infected with HIV and AIDS. Communities are finding it difficult to absorb these children into traditional care relationships, and the work done by civil society organisations has limitations. Potential reforms to the foster care system could go a long way towards improving the service offered to these children.

■ Conclusion

Provincial social development departments play an essential role in addressing the human development needs of society's most vulnerable members. Since 1994, South Africa has taken major strides in removing all forms of discrimination, but vast inequalities continue to mark the socioeconomic landscape. Rural provinces, in particular, tend to lag behind and need a commensurate response.

The budgets of provincial social development departments have grown considerably. Over the coming years, the accumulation of more and better-quality data about the impact of this expenditure will enable improved planning and implementation.

Provincial departments need continuously to strengthen their capacity to deliver services and implement the wide range of applicable legislation. Cementing relationships with viable NPOs, and building capacity in emerging organisations, would be one step in the right direction.

